



Brief Report of Financial Results (Unaudited)

(For the six Months Ended August 31, 2023)

October 10, 2023

Company name **AEON Financial Service Co., Ltd.**
 Listings Tokyo Stock Exchange, Prime Market
 Security code 8570
 URL <https://www.aeonfinancial.co.jp/en/>
 Representative Kenji Fujita, President and CEO
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1. Business performance (For the six Months ended August 31, 2023 and for the Six Months ended August 31, 2022)

(1) Consolidated Operating Results

(Millions of yen truncated to the nearest million, %, yen)

	Operating income	Percentage Change	Operating profit	Percentage Change	Ordinary profit	Percentage Change	Profit attributable to owners of parent	Percentage Change
Six Months ended August 31, 2023	237,555	7.2	20,290	△36.3	21,314	△38.0	7,236	△60.2
Six Months ended August 31, 2022	221,579	-	31,857	△4.2	34,390	0.6	18,204	0.3

(Note) Comprehensive income; The 1st Quarter of Fiscal 2023; 30,406 million (△14.8%),

The 1st Quarter of Fiscal 2022; 35,678 million (15.3%)

(yen)

	Net Income per Share	Fully Diluted Net Income per Share
Six Months ended August 31, 2023	33.53	33.52
Six Months ended August 31, 2022	84.34	84.33

(Note) "Accounting Standards for Revenue Recognition" (Corporate Accounting Standards No. 29, March 31, 2020) have been applied since the beginning of the first quarter of the current consolidated accounting period, and each figure for the second quarter of the fiscal year ending February 28, 2023 is the value after the application of the accounting standard, etc., and the rate of change in operating revenue from the same quarter of the previous year is not shown.

(2) Financial Position

(Millions of yen truncated to the nearest million, %, yen)

	Total Assets	Net Assets	Total equity ratio	Net Assets per Share
Six Months ended August 31, 2023	6,913,200	561,508	6.4	2,062.55
February 28, 2022	6,659,468	541,133	6.5	2,014.29

(Note) Own capital; Six Months ended August 31, 2023; 445,230 million

February 28, 2022; 434, 800 million

2. Cash Dividends

(yen)

	Dividend per share				
(Base date)	First quarter period	Interim period	Third quarter period	Term end	Annual
February 2023 term	—	20.00	—	33.00	53.00
February 2024 term	—	25.00			
February 2023 term (Estimated)			—	28.00	53.00

(Note) Amendments from the most recently published dividend forecast : No

3. Projections (For the fiscal year ending February 28, 2024)

(Millions of yen, %)

(% is the percentage of change to the previous year)

	Operating income	YoY	Operating profit	YoY	Ordinary profit	YoY	Profit attributable to owners of parent	YoY	Net income per share
Full term	480,000	1.5	61,000	3.6	61,000	△0.9	27,000	△12.0	125.08

(Note) Amendments from the most recently published projections forecast : No
Interim projections forecast are not disclosed

※Notes

(1) Changes in significant subsidiary during the period

(changes in specified subsidiaries resulting in the change in scope of consolidation) : Yes

New: - companies, Excluded: 1 company (AEON Credit Service Co., Ltd.)

(Note) For details, please refer to "2. Quarterly Consolidated Financial Statements and Major Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in significant subsidiaries during the period)" on page 12.

(2) Application of accounting treatment specific to the preparation of quarterly consolidated financial statements: No

(3) Change in accounting principle, procedure, disclosure, etc. concerning preparation of consolidated financial statements

①Change due to a newly issued accounting requirement: Yes

②Change other than ①: No

③Change accounting quotation: No

④Restatement: No

(4) Number of shares issued (Common stock)

1) Total number of issued shares at the end of the period (including treasury shares)

Six Months ended August 31, 2023	216,010,128 shares
Year ending February 28, 2023	216,010,128 shares

2) Number of shares held in treasury at end of period (including treasury shares)

Six Months ended August 31, 2023	145,822 shares
Year ending February 28, 2023	152,400 shares

3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six Months ended August 31, 2023	215,858,079 shares
Six Months ended August 31, 2022	215,840,136 shares

※ This Brief Report of Financial Results (Unaudited) is not required for submission for quarterly audit review.

※ Projections above are based on management's assumptions using information available at the time of publication. Owing to various factors, actual results may differ from these projections.

※ The Company provides FACT BOOK on its business and performance on its website.

Accompanying Materials

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1. Review of Operating Results and Financial Statements

(1) Analysis of Operating Results

As of June 1, 2023, the Company merged with its subsidiary, AEON Credit Service Co., Ltd., and launched a new management structure. Having set its basic policy under the current Medium-Term Management Plan, which covers the period from FY2021 to FY2025, to be “Second Founding: Value Chain Transformation and New Network Creation,” the Company is pushing forward with reform to promote the Group's growth. Through this business integration, we aim to become the financial group closest to our customers, by strategically utilizing management resources across the Group, further speeding up decision-making, and expanding the scope of the Group's financial products and services with a focus on the payment service.

Furthermore, with an eye to sustainable growth of the Group as a whole through the provision of financial services, we have announced “Our Purpose” to redefine our reasons for existence. Under the Purpose, all officers and employees are encouraged to consider independently what they can do to enrich our customers’ lives and act autonomously, thereby enabling the Company to provide financial services that can be tailored to every customer’s changing life stage and living conditions, from a perspective of consumers – the strength of a financial group that has its origin in the retail industry.

In the business environment during the first half of the consolidated fiscal year under review, the domestic economy showed a moderate recovery trend, thanks to the improved employment and income environment and the recovery in personal consumption, which were driven by the lift of action restrictions following the downgrading of COVID-19 to category 5 under the Infectious Disease Act. On the other hand, Japan's economic outlook remains uncertain due to the emergence of downside risks in overseas economies caused by continued tight monetary policies adopted by countries except for Japan, fluctuations in financial and capital markets, and increasing consumer thriftiness resulting from rising prices. Under these circumstances, the Company endeavored to increase the volume of credit card payments and other settlement transactions along with the balance of trade receivables, by providing financial services that were in line with customers' consumption trends and financing needs in each country of operation, both in Japan and overseas. Consequently, consolidated operating revenue totaled ¥237,555 million (107.2% year-on-year). Consolidated operating profit was ¥20,290 million (63.7% year-on-year) and consolidated ordinary profit was ¥21,314 million (62.0% year-on-year) due to an increase in expenses resulting from a rise in the provision of allowance for doubtful accounts caused by the buildup of trade receivables, despite ongoing efforts to improve the loan screening accuracy and strengthen the debt collection process. Profit attributable to owners of parent amounted to ¥7,236 million (39.8% year-on-year) due to the reporting of expenses associated with the management integration with the consolidated subsidiary as an extraordinary loss.

Operating results for the six months of the fiscal year ended August 31, 2023 are as follows:

(Unit : Millions of yen)

	Previous 2Q	2Q	Changes	Ratio
Operating revenue	221,579	237,555	15,976	7.2%
Operating profit	31,857	20,290	△11,567	△36.3%
Ordinary profit	34,390	21,314	△13,076	△38.0%
Profit (loss) attributable to owners of parent (△)	18,204	7,236	△10,967	△60.2%

Segment results for the six months of the fiscal year ended May 31, 2023 were as follows:

(Unit : Millions of yen)

		Operating revenue			Operating profit (loss) (△)		
		Previous 2Q	2Q	Ratio	Previous 2Q	2Q	Ratio
Domestic	Retail	85,761	85,740	△0.0%	4,078	411	△89.9%
	Solution *2	87,633	93,085	6.2%	6,400	2,242	△65.0%
	Domestic Total*1*2	141,932	144,224	1.6%	9,921	1,600	△83.9%
Global	China	10,500	14,267	35.9%	3,407	4,268	25.3%
	Mekong	41,233	45,070	9.3%	9,596	6,888	△28.2%
	Malay	28,938	34,880	20.5%	8,878	7,303	△17.7%
	Global Total*1	80,662	94,218	16.8%	21,882	18,460	△15.6%
Total		254,058	273,045	7.5%	32,360	21,114	△34.8%
Adjustments*1		△32,478	△35,489	—	△503	△824	—
Consolidated statements appropriation		221,579	237,555	7.2%	31,857	20,290	△36.3%

*1 Figures in domestic total and global total are those after offsetting inter-segment transactions that are included in each business.

*2 As a result of the management integration on June 1, 2023 between the Company and AEON Credit Service Co., Ltd., a consolidated subsidiary of the Company, we reviewed our financial reporting categories and transferred the amounts that were previously included in the “Adjustments” that were not included in any business segment previously to the “Solution” segment from the first half of the consolidated fiscal year. Segment results for the previous first half of the consolidated fiscal year are presented based on the revised segment categories.

[Business Segment Information]

<Domestic Retail Business>

In the domestic retail business segment, AEON Bank, Ltd. (hereafter the “Bank”) continued to offer competitive interest rate plans for housing loans and enhanced the benefits of the “AEON Select Club,” a program that offers 5% discounts every day on purchases at AEON Group stores as a special advantage available only to AEON Bank mortgage loan borrowers. As a result of its consistent efforts to promote the program at the stores and website, the number of inquiries and pre-applications increased. Furthermore, a simulation function has been added to the website to enable borrowers to check the amount of shopping discounts that are available depending on the level of use of the AEON Group’s services. Owing to these initiatives, the number of loan contracts increased and the Bank’s outstanding residential mortgages before securitization totaled ¥2,734,937 million (up ¥74,020 million from the beginning of the period).

In response to the changing lifestyles and values of its customers, the Bank is committed to addressing the need for face-to-face consultations continuously by leveraging the strengths of its physical stores, while working to improve convenience through the use of information technologies so that customers can easily access the Bank’s financial

services from home and anywhere, at any time. In the first half of the fiscal year under review, the Bank added an “online consultation service” to its smartphone application that allows users to consult with the same representative as the one at the physical store while sharing the operation screen, as well as a function to send and receive messages to and from the representative. The Bank also introduced an AI auto-response function to its call center, establishing a system that can deliver voice-enabled responses to inquiries at any time, even outside of manned operation time. In recognition of these efforts and the appropriate information disclosure to stakeholders, the Bank was certified as a “DX-certified Business Operator” under the DX Certification Initiative launched by the Ministry of Economy, Trade and Industry.

The number of deposit accounts at the end of the second quarter increased to 8.47 million (up 190,000 from the beginning of the period) and the deposit balance increased to ¥4,509,721 million (up ¥110,005 million from the beginning of the period), thanks to an increase in the number of members of AEON Card Select, a type of AEON card that combines credit card and cash card functions.

In the area of shopping revolving and installment payments, the Bank implemented joint sales promotion plans with its business partners and enhanced customers’ convenience by adding a simulation function that allows customers to check the amount of their revolving and installment payments themselves on the web and the smartphone application. Consequently, the balance of receivables increased to ¥284,532 million (up ¥19,170 million from the beginning of the period).

In the area of card cashing, the Bank continued to implement campaign programs that meet the funding need arising from a recovery in outgoing demand and other factors, as well as to promote the use of service based on a customer’s past usage. Moreover, the balance of receivables increased steadily to ¥402,678 million (up ¥7,367 million from the beginning of the period), owing to the improved convenience achieved by the addition of a function that allows customers to change their payment method to the revolving payment on the web and smartphone application.

AEON Allianz Life Insurance Co., Ltd. reported a steady volume of transactions as a result of its efforts to promote group credit life insurance products to the borrowers of mortgage loans, studio condominium loans, and renovation loans offered by the AEON Group companies.

As a consequence, operating revenue in the domestic retail business segment amounted to ¥85,740 million (100.0% year-on-year). Operating profit totaled ¥411 million (10.1% year-on-year), mainly due to the disposal of financial instruments in the banking business in the first quarter in consideration of the risk of future interest rate increases.

<Domestic Solution Business>

In the solutions business segment, the Company strengthened partnerships with the AEON Group by implementing new card enrollment/usage campaigns both in stores and on the web, promoting the “Welcia Card,” a new co-branded card with Welcia Holdings Co., Ltd., and conducting the AEON Card solicitation campaign on the website of “Green Beans,” a new online supermarket operated by AEON Next Co., Ltd. As a result, the number of new member registrations in the period totaled under review 840,000 and the number of active cardholders in Japan totaled 31.18 million (up 360,000 from the beginning of the period).

The use of credit cards for shopping continued to increase in the leisure and travel-related industries along with public transportation, as activity restrictions due to the impact of COVID-19 were lifted. In addition, the transaction volume of credit card payments amounted to ¥3,491,991 million (109.8% year-on-year), thanks to strong sales at the AEON Group and other food supermarkets and drugstores, joint sales promotions with partner companies such as electronics retailers, and the capture of small payment demand through the promotion of the use of AEON Pay, a barcode payment system.

On June 14, 2023, to further improve the convenience of AEON Pay, we enhanced its functionality by including, in addition to the existing credit card payment function, the charge payment function, which enables users to make payments from a linked bank account, together with the point redemption function, which allows for one-stop payment using WAON points. Moreover, we saw a steady increase in the number of AEON Pay members and the number of locations where AEON Pay can be used, as a result of efforts to promote initiatives rooted in local communities by participating in local governments’ projects intended to promote cashless payments and consumer spending.

In the installment payment business segment, the Company saw a transaction volume of ¥103,598 million (106.0% year-on-year), as a result of continued efforts to promote the use at member stores, particularly those in the automobile industry.

Consequently, operating revenue of the domestic solutions business reached ¥93,085 million (106.2% year-on-year). Operating profit stood at ¥2,242 million (35.0% year-on-year), mainly due to an increase in sales promotion expenses that were used to expand the customer base.

Incidentally, as a result of the management integration on June 1, 2023, we reviewed our financial reporting categories and allocated the amounts that were not included in any business segment previously to the Solutions business segment. Accordingly, year-on-year comparisons were calculated based on the revised reporting categories.

<Global China Area>

In the China area, Hong Kong's economy is gradually showing signs of recovery, as human flows are recovering following the lifting of activity restrictions and consumption is growing thanks to the government's economic stimulus measures. Under such circumstances, AEON Credit Service (Asia) Co., Ltd. (hereinafter "ACSA"), a local subsidiary in Hong Kong, commemorated the 30th anniversary of AEON Card issuance in Hong Kong in August 2023 by implementing a variety of measures to promote the use of the Card, including a plan to award up to 20 times more points on the 10th of every month and an interest-free installment payment campaign. In addition, in response to the increase in the number of tourists visiting China following the removal of all restrictions on travel between Hong Kong and mainland China, the "UnionPay QR" bar code payment service provided by UnionPay International has been incorporated into the ACSA smartphone app, enabling AEON UnionPay Card members to seamlessly use the bar code payment service in China. As a result of these initiatives, transaction volume of credit card payments increased to ¥83,959 million (131.6% year-on-year).

In the card cashing and personal loan segments, ACSA continued its efforts to enhance the appeal of products by, for example, renewing smartphone apps and making an active use of social media. As a consequence, ACSA achieved a card cashing transaction volume of ¥20,161 million (137.6% year-on-year) and loan transaction volume of ¥14,298 million (128.1% year-on-year).

Resultantly, operating revenue and operating profit in the China area amounted to ¥14,267 million (135.9% year-on-year) and ¥4,268 million (125.3% year-on-year), respectively.

<Global Mekong Area>

In Mekong area, amid soaring energy prices and inflationary pressures on household budgets in Thailand, our main country of operation, our Thai subsidiary AEON Thana Sinsap (Thailand) PCL (hereinafter "AEONTS") resumed the "AEON Thanks Day" sales promotion program with its business partners after a break due to the COVID-19 pandemic, and continued to promote the use of EC and strengthen recruitment of new members. As a result, the volume of credit card payment transactions in the Mekong area grew to ¥96,972 million (121.0% year-on-year).

In the personal loan business segment, AEONTS promoted the use of our loan products through the use of digital touchpoints, including the addition of a function that allows customers to check their usage via a smartphone app, as well as the implementation of a program that gives a cash back according to the amount spent on "Prompt Pay"—an electronic payment and account-to-account transfer application issued by the Thai government. As a result, the transaction volume increased to ¥52,096 million (111.3% year-on-year).

In addition, with the aim of improving customer satisfaction and operation capabilities based on customer feedback, AEONTS performed social listening to collect and analyze customer feedback received via not only conventional call centers and smartphone apps but social media. It also introduced AI talkbot. to the process of making calls to customers so as to improve the efficiency of debt collection operations.

As a result, operating revenue in Mekong area amounted to ¥45,070 million (109.3% year-on-year), while operating profit was ¥6,888 million (71.8% year-on-year) due to an increase in the balance of trade receivables as well as an increase in provision of allowance for doubtful accounts resulting from the economic slowdown in Thailand and a decrease in the consumer repayment capacity caused by inflation.

<Global Malay Area>

In Malay area, AEON Credit Service (M) Berhad (hereinafter “ACSM”), a local subsidiary in Malaysia, implemented joint sales promotion programs such as “Customer Appreciation Day” at AEON Co. (M) BHD., a retail business of the AEON Group, along with usage promotion campaigns to meet leisure and travel demand on holidays and other occasions. As a result, the volume of credit card payment transactions totaled ¥26,879 million (112.9% year-on-year). Furthermore, ACSM worked to expand its membership base by strengthening in-store membership recruiting in line with the recovery of human flow, relocating branches to locations where customers can visit easily, and increasing the number of membership recruiting booths.

With regard to motorcycle loans, in response to purchase needs via social media and other online channels, ACSM shortened the screening time by introducing an immediate provisional credit function using external credit information to all member stores, and implemented joint sales promotion programs with major member stores. Consequently, the volume of installment payment transactions in Malay area totaled ¥58,015 million (114.6% year-on-year).

Furthermore, in order to improve convenience, ACSM introduced e-KYC (online identity verification) and immediate provisional credit functions, which had been used in the installment payment application process, to web-based personal loan applications, while strengthening online advertising and promoting telemarketing. As a result, the volume of personal loan transactions increased to ¥31,689 million (147.1% year-on-year).

Consequently, operating revenue in the Malay area reached ¥34,880 million (120.5% year-on-year). On the other hand, operating profit stood at ¥7,303 million (82.3% year-on-year) for the reason that, in the corresponding period of the previous year, the Malaysian government provided a support package to those who suffered from the COVID-19 pandemic, making it easier for ACSM customers to repay their loans. As a result, the provision of allowance for doubtful accounts decreased significantly, leading to a year-on-year increase in expenses in the first half of the fiscal year under review.

(2) Consolidated Financial Condition

(Assets)

Total assets at the end of the second quarter increased by ¥253,731 million from the end of the previous fiscal year to ¥6,913,200 million. This was mainly due to an increase in accounts receivable- installment of ¥163,791 million due to an increase in card shopping transactions, an increase in loans of ¥129,638 million due to an increase in card cash advances, personal loan and housing loan transactions, and an increase in securities for banking business of ¥122,504 million.

(Liabilities)

Total liabilities increased by ¥233,357 million from the end of the previous fiscal year to ¥6,351,692 million. This was due to an increase in accounts payable-trade of ¥31,171 million, an increase in interest-bearing debt of ¥84,515 million because of the expansion of operating receivables, and an increase in deposits of ¥108,115 million due to the expansion of cash deposit.

(Net Assets)

Total net assets increased by ¥20,374 million from the end of the previous fiscal year to ¥561,508 million. This was due to an increase of ¥7,236 million due to the posting of net profit attributable to owners of parent, ¥2,475 million in foreign exchange translation adjustments, ¥9,942 million in non-controlling interests, and ¥1,548 million in valuation difference on available for sale securities, other factors include a decrease of ¥7,123 million in retained earnings due to payment of term-end dividends.

(3) Consolidated Earnings Forecast

As of now, there is no change in the earnings forecast announced on April 11, 2023.

2. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of February 28, 2023	As of August 31, 2023
Assets		
Current assets		
Cash and deposits	842,615	698,093
Call loans	10,373	1,653
Accounts receivable - installment	1,769,588	1,933,380
Lease receivables and investments in leases	11,951	11,510
Operating loans	845,262	899,920
Loans and bills discounted for banking business	2,160,775	2,235,756
Securities for banking business	460,545	583,049
Securities for insurance business	18,134	17,393
Monetary claims bought	22,534	20,158
Money held in trust	123,894	123,258
Other	200,590	189,933
Allowance for doubtful accounts	△127,445	△128,469
Total current assets	6,338,823	6,585,639
Non-current assets		
Property, plant and equipment	31,925	32,015
Intangible assets		
Goodwill	13,191	12,368
Software	113,906	123,425
Other	3,942	3,750
Total intangible assets	131,040	139,544
Investments and other assets	157,008	155,297
Total non-current assets	319,974	326,857
Deferred assets	670	703
Total assets	6,659,468	6,913,200
Liabilities		
Current liabilities		
Accounts payable - trade	255,662	286,834
Deposits for banking business	4,397,953	4,506,069
Short-term borrowings	221,934	264,926
Current portion of long-term borrowings	117,858	123,037
Current portion of bonds payable	85,237	55,260
Commercial papers	75,000	77,494
Provision for bonuses	4,365	4,823
Provision for point card certificates	798	715
Other provisions	190	48
Other	185,509	195,956
Total current liabilities	5,344,510	5,515,167
Non-current liabilities		
Reserve for insurance policy liabilities	54,338	52,019
Bonds payable	264,826	276,539
Long-term borrowings	417,238	470,197
Retirement benefit liability	2,151	2,364
Provision for loss on interest repayment	4,822	3,294
Other provisions	232	259
Deferred tax liabilities	1,286	1,189
Other	28,928	30,661
Total non-current liabilities	773,824	836,525
Total liabilities	6,118,335	6,351,692

(Millions of yen)

As of February 28, 2023 As of August 31, 2023

Net assets		
Shareholders' equity		
Share capital	45,698	45,698
Capital surplus	120,270	120,265
Retained earnings	278,172	277,766
Treasury shares	△390	△373
Total shareholders' equity	443,750	443,356
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△27,661	△26,076
Deferred gains or losses on hedges	120	515
Foreign currency translation adjustment	18,738	27,552
Remeasurements of defined benefit plans	△147	△117
Total accumulated other comprehensive income	△8,950	1,873
Share acquisition rights	13	15
Non-controlling interests	106,319	116,262
Total net assets	541,133	561,508
Total liabilities and net assets	6,659,468	6,913,200

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income Consolidated
Statement of Income

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Operating revenue		
Revenue from credit card business	55,422	61,436
Revenue from installment sales finance business	23,215	25,956
Financing revenue	67,670	74,550
Recoveries of written off receivables	7,569	7,861
Financial revenue	17,203	17,697
Insurance revenue	7,137	6,455
Fees and commissions	31,434	32,804
Other	11,926	10,793
Total operating revenue	221,579	237,555
Operating expenses		
Financial expenses	11,167	14,884
Insurance expenses	6,490	6,052
Fees and commissions payments	6,163	5,430
Selling, general and administrative expenses	164,394	189,352
Other	1,506	1,546
Total operating expenses	189,721	217,265
Operating profit	31,857	20,290
Non-operating income		
Dividend income	75	85
Gain on investments in investment partnerships	250	46
Foreign exchange gains	1,257	782
Subsidy income	117	—
Compensation income	734	—
Other	109	114
Total non-operating income	2,545	1,028
Non-operating expenses		
Loss on valuation of investment securities	10	—
Miscellaneous losses	1	4
Total non-operating expenses	11	4
Ordinary profit	34,390	21,314
Extraordinary income		
Gain on sale of non-current assets	3	5
Total extraordinary income	3	5
Extraordinary losses		
Loss on disposal of non-current assets	237	297
Impairment losses	11	150
Loss on liquidation of subsidiaries	—	18
Management integration expenses	—	448
Infectious Disease Related Cost	14	—
Other	1	1
Total extraordinary losses	265	916
Profit before income taxes	34,129	20,402
Income taxes - current	6,703	6,849
Income taxes - deferred	2,454	365
Total income taxes	9,157	7,214
Profit	24,971	13,187
Profit attributable to non-controlling interests	6,766	5,951
Profit attributable to owners of parent	18,204	7,236

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Profit	24,971	13,187
Other comprehensive income		
Valuation difference on available-for-sale securities	△17,220	1,459
Deferred gains or losses on hedges	2,852	668
Foreign currency translation adjustment	25,051	15,060
Remeasurements of defined benefit plans, net of tax	23	30
Total other comprehensive income	10,707	17,218
Comprehensive income	35,678	30,406
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,345	18,060
Comprehensive income attributable to non-controlling interests	18,333	12,345

(3) Notes on the Consolidated Financial Statements

(Notes on the Going-concern Assumption) Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity) Not applicable

(Change in significant subsidiary during the term)

AEON Financial Service Co., Ltd. merged its consolidated subsidiaries, AEON Credit Service Co., Ltd., in the second quarter of the current consolidated fiscal year.

Due to this merger, AEON Credit Service Co., Ltd. was excluded from the scope of consolidation.

(Changes in Accounting Policy)

(Application of Guidance of Accounting Standard for Fair Value Measurement)

The Guidance of Accounting Standard for Fair Value Measurement (ASBJ Statement No. 31, June 17, 2021)

has been applied from the beginning of the first quarter of this fiscal year. In accordance with the transitional treatment set forth in Paragraph 27-2 of the Guidance of Accounting Standard for Financial Instruments, the Company has opted to prospectively apply the new accounting policies set forth in the Guidance of Accounting Standard for Fair Value Measurement.

Note that this change has no impact on the quarterly consolidated financial statements.

(Segment Information)

For 2nd quarter of FY2022

1. Operating income and profit/loss is reported based on business segments as follows:

(Millions of yen)

(millions of yen)

	For the six months ended August 31, 2023							
	Domestic		Global			Total	Adjustments	Consolidated financial statements appropriation
	Retail	Solutions	China Area	Mekong Area	Malay Area			
Operating income								
Operating revenue from external parties	84,154	56,901	10,500	41,207	28,938	221,538	41	221,579
Internal operating income between segments	1,606	28,729	0	16	—	32,519	△32,519	—
Total	85,761	85,631	10,500	41,223	28,938	254,058	△32,478	221,579
Segment Profit	4,078	6,941	3,407	9,596	8,878	32,360	△1503	31,857

(Notes) 1. Operating income is stated in here in replacement of sales turnover of general corporations

2. The amounts shown in the 'adjustments' portion are as follows:

41 million yen shown in the 'Operating revenue from external parties' section includes Operating income of holding companies which do not fall under the category of any business segments.

Adjustment amount of △1,043million yen shown in 'Segment profit' represents the net amount after elimination of Operating profit belonging to holding companies which do not fall under the category of any business segments and internal operating income between segments.

3. Segmental profit has been adjusted with the operating profit in the quarterly consolidated income statement.

4. Revenue arising from contracts with parties subject to revenue recognition accounting standards, which are included in operating revenue from external parties for the term was 16,799 million yen for Domestic Retail, 32,027 million yen for Domestic Solutions, 1,924 million yen for China Area, 3,598 million yen for Mekong Area, and 3,119 million yen for the Malay Area, and 102 million yen for Adjustments respectively.

2. Notes on loss on disposal of non-current assets and goodwill on each segments : No

For 2nd quarter of FY2023

1. Operating income and profit/loss is reported based on business segments as follows:

(Millions of yen)

(millions of yen)

	For the six months ended May 31, 2023							
	Domestic		Global			Total	Adjustments	Consolidated financial statements appropriation
	Retail	Solutions	China Area	Mekong Area	Malay Area			
Operating income								
Operating revenue from external parties	82,549	60,663	14,267	45,062	34,880	237,424	131	237,555
Internal operating income between segments	3,191	32,422	—	7	—	35,621	△35,621	—
Total	85,740	93,085	14,267	45,070	34,880	237,045	△35,489	237,555
Segment Profit	411	2,242	4,268	6,888	7,303	21,114	△824	20,290

(Notes) 1. Operating income is stated in here in replacement of sales turnover of general corporations

2. The amounts shown in the 'adjustments' portion are as follows:

131 million yen shown in the 'Operating revenue from external parties' section includes Operating income of holding companies which do not fall under the category of any business segments.

Adjustment amount of △824million yen shown in 'Segment profit' represents the net amount after elimination of Operating profit belonging to holding companies which do not fall under the category of any business segments and internal operating income between segments.

3. Segmental profit has been adjusted with the operating profit in the quarterly consolidated income statement.

4. Revenue arising from contracts with parties subject to revenue recognition accounting standards, which are included in operating revenue from external parties for the term was 15,428 million yen for Domestic Retail, 36,177 million yen for Domestic Solutions, 2,538 million yen for China Area, 3,883 million yen for Mekong Area, and 3,544 million yen for the Malay Area, and 87 million yen for Adjustments respectively.

2. Notes relating to changes in reportable segments etc.

AEON Financial Service Co., Ltd. (hereinafter "the Company") merged its consolidated subsidiaries, AEON Credit Service Co., Ltd., on Jun 1, 2023, with a review of the administrative segmentation. From the second quarter of this fiscal year, the Company, which had been classified under the Adjustments, have been reclassified under the Domestic Solutions.

The business segment information herein disclosed for the previous consolidated cumulative second quarter has been prepared on the basis of the business segment before this change.

3. Notes on loss on disposal of non-current assets and goodwill on each segments : No