



Brief Report of Financial Results (Unaudited)

(For the Three Months Ended May 31, 2024)

July 11, 2024

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

Contact: Tomoyuki Mitsufuji, Director, Managing Executive Officer

1. Business performance (For the Three Months ended May 31, 2024 and for the Three Months ended May 31, 2023)

(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
Three Months ended May 31, 2024	127,928	9.7	15,249	65.9	15,977	66.6	6,083	69.1
Three Months ended May 31, 2023	116,600	9.0	9,191	△39.9	9,588	△41.5	3,596	△54.6

(Note) Comprehensive income; The 1st Quarter of Fiscal 2024; 12,349 million (△21.4%),
The 1st Quarter of Fiscal 2023; 15,712 million (△17.1%)

(yen)

	Net Income per Share	Fully Diluted Net Income per Share
Three Months ended May 31, 2024	28.18	28.18
Three Months ended May 31, 2023	16.66	16.66

(2) Financial Position

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

	Total Assets	Net Assets	Total equity ratio	Net Assets per Share
Three Months ended May 31, 2024	6,998,302	580,438	6.5	2,119.78
Fiscal 2022 ended February 29, 2024	6,945,571	574,316	6.6	2,123.47

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

2. Cash Dividends

(yen)

(Base date)	Dividend per share				
	First quarter period	Interim period	Third quarter period	Term end	Annual
February 2024 term	—	25.00	—	28.00	53.00
February 2025 term	—				
February 2025 term (Estimated)		25.00	—	28.00	53.00

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

3. Projections (For the fiscal year ending February 28, 2025)

(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	520,000	7.1	55,000	9.8	55,000	7.5	21,000	0.5	97.28

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

※Notes

- (1) Change in significant subsidiary during the term
(Change in specified subsidiary that caused a change in the scope of consolidation): No
- (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
① Change due to a newly issued accounting requirement: No
② Change other than ①: No
③ Change accounting quotation: No
④ Restatement: No
- (4) Number of shares issued (Common stock)
1) Number of shares issued at end of period (treasury stock included):
May 31, 2024; 216,010,128 shares, Fiscal 2023; 216,010,128 shares
2) Number of shares held in treasury at end of period:
May 31, 2024; 139,967 shares; Fiscal 2023; 139,844 shares
3) Average number of shares outstanding during the period:
Three Months ended May 31, 2024: 215,870,241 shares
Three Months ended May 31, 2023: 215,857,641 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

During the first quarter of the current fiscal year under review, consolidated operating revenue amounted to ¥127,928 million (109.7% of the same period last year), consolidated operating profit was ¥15,249 million (165.9% of the same period last year), and consolidated ordinary profit was ¥15,977 million (166.6% of the same period last year), recording increase in revenue and profit. In addition, profit attributable to the owners of the parent was 6,083 million yen (169.1% of the same period last year).

During the first quarter, consumer spending lacked momentum due to the deterioration of consumer sentiment and increased thriftiness due to rising prices caused by prolonged weakness in the yen, labor shortage and other factors. Overseas, economic recovery is taking time due to the continued global political instability, delayed recovery of the Chinese economy, and ongoing inflation.

Under such circumstances, the Company endeavored to expand the customer base, volume of credit card purchase transactions, and outstanding receivables balance by offering financial services in response to the consumption trends of customers and their financial and asset management needs. In addition to continued efforts to enhance credit monitoring and strengthen the debt collection system, efforts to improve cost control measures were implemented, including the review of measures to expand the customer base and promote credit card usage. Moreover, seamless services were promoted with the expansion of touchpoints, integrating real and digital contact points in Japan and overseas.

The Company defines Group's raison d'être in Our Purpose, to "bring 'finance' closer to everyone. By committing to each and every person, we brighten up everyday lives with peace of mind and smiles," to achieve sustainable growth through the provision of financial services. Under Our Purpose, the Company aims to provide financial services that respond to changes in the life stage and living environment of all customers in Asian countries, from the "perspective of consumers." This is our strength as a financial group originating from the retail industry.

In addition, we have set the goal for 2030 as "A community-based global company that 'makes finance more closer,'" and the medium-term management plan (FY2021-2025) is positioned as the transformation phase to achieve our goal. We are reviewing our business portfolio in response to changes in the business environment and creating new business models utilizing digital technology.

Our basic policy under the transformation phase of medium-term management plan is "Second Founding: Innovation in the Value Chain and Creation of Networks." To pursue happiness of customers in the countries and regions that we operate in through innovative financial services, we are strengthening our core business area of payment service infrastructure and promoting reallocation of management resources to create new business utilizing digital technology in the rapidly growing Asian countries.

On March 25, 2024, the Company transferred all shares issued of AEON Product Finance Co., Ltd. (currently Orico Product Finance Co., Ltd.), engaged in the installment financial business, to Orient Corporation.

In Malaysia, AEON BANK (M) BERHAD, engaged in the digital bank business which is a new banking format, started operation with deposit, debit card services, and code payment systems on May 26, 2024.

In addition, we aim to expand our network as an infrastructure constructing AEON Living Zone that connects AEON Group with customers, communities, and business partners including member stores by providing financial services that are rooted in the local community,

To promote the affluent lives of the local people and actively contribute to the prosperity of local communities, the Company and its consolidated subsidiary FeliCa Pocket Marketing K.K. (Hereinafter, "FPM") decided to participate in a regional trading company funded by Saitama City, local economic organizations and corporations. The Company will participate as the issuer of the local currency, and FPM will participate as the developer of the community app and provide experience and know-how concerning the regional currency business. We will

revitalize the local community and improve convenience, including with cashless payment.

Operating results for the first quarter of the fiscal year ended May 31, 2024 are as follows:

(Unit : Millions of yen)

	Previous 1Q	1Q	Change	Ratio
Operating revenue	116,600	127,928	11,328	9.7%
Operating profit	9,191	15,249	6,058	65.9%
Ordinary profit	9,588	15,977	6,389	66.6%
Profit (loss) attributable to owners of parent (△)	3,596	6,083	2,486	69.1%

Segment results for the first quarter of the fiscal year ended May 31, 2024 were as follows:

(Unit : Millions of yen)

		Operating revenue			Operating profit (loss) (△)		
		Previous 1Q	1Q	Ratio	Previous 1Q	1Q	Ratio
Domestic	Retail	42,808	48,566	13.5%	75	5,305	5,229
	Solution ※2	45,894	46,331	1.0%	1,216	2,276	87.2%
	Total ※1、2	71,659	75,323	5.1%	840	6,331	5,490
Global	China	6,746	8,604	27.5%	2,154	1,953	△9.4%
	Mekong	21,694	23,142	6.7%	2,707	2,586	△4.5%
	Malay	16,911	21,438	26.8%	3,290	4,219	28.2%
	Total※1	45,352	53,186	17.3%	8,152	8,758	7.4%
Total		134,054	148,084	10.5%	9,444	16,339	73.0%
Adjustments		△17,454	△20,155	—	△252	△1,090	—
Consolidated statements appropriation		116,600	127,928	9.7%	9,191	15,249	65.9%

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

*2. As a result of the merger with its consolidated subsidiary, AEON Credit Service Co., Ltd. on June 1, 2023, 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 previous second quarter of the consolidated fiscal year. Segment results for the previous first quarter of the consolidated fiscal year are presented based on the revised segment categories.

[Business Segment Information]

<Domestic Retail Business>

In the domestic retail business, operating revenue was ¥48,566 million (113.5% of the same period last year), and operating profit was ¥5,305 million (¥5,229 million increase from the same period last year).

During the first quarter of the current fiscal year, operating profit increased significantly from the previous year due to an increase in securities investment revenue and a steady increase in operating receivables, mainly from revolving credit card purchases and installment finance, recording increase in revenue and profit.

In the retail business, AEON Bank, Ltd. (hereinafter “AEON Bank”) continued in-store and other efforts to strengthen the advertising of the benefits of “AEON Select Club” which was enhanced to expand housing loan transaction volume last year. It offers a daily 5% discount on purchases at AEON Group stores, as a benefit offered only to housing loans holders. As a result of the effort to appeal unique benefits provided by the Group, housing loan transaction volume totaled ¥175,538 million (126.4% of the same period last year), and the outstanding balance of housing loans before securitization increased to ¥2,864,279 million, up ¥49,954 million from the beginning of the fiscal year.

In asset formation service, the bank expanded the number of investment trusts handled to meet the growing asset management needs of our customers through a comprehensive business alliance of financial instruments intermediary service between AEON Bank and Monex, Inc. In addition, the bank took advantage of its brick-and-mortar stores, where customers can drop by when they shop at the AEON stores, to hold asset management seminars, including on NISA, and to meet the needs for consultation on insurance and other products. This resulted in a steady increase in asset formation-related sales.

On May 1, 2024, we revised the interest rate on Japanese yen deposit accounts and loans in response to the Bank of Japan's monetary policy revision and the change in the interest rate environment.

For the Japanese yen deposit account, AEON Bank enhanced deposit acquisition efforts by offering a premium interest rate for customers in higher stages of the “AEON Bank My Stage” which offers special benefits according to the stage determined based on the customer’s transaction status. The bank also promoted term deposits with the special interest rate campaign, resulting in an increase of the deposit balance to ¥4,564,002 million, up ¥24,629 million from the beginning of the period.

In revolving credit purchases and installment finance, functions were expanded to enable customers to change their payment method to revolving payment by statement or by date, online, or via on the smartphone app. In addition, the bank strived to improve the visibility of the smartphone app. The bank also promoted usage with outbound calls and joint sales promotion programs with consumer electronics supply stores, etc., which have high installment payment needs. In cash advance business, improved customer usability by adding a function that allows customers to change payment method to revolving payment online or on the smartphone app during the previous fiscal year and continued measures to promote use of the service resulted in increased cash advance users.

As a result, the balance of receivables from revolving credit card purchases and installment finance was ¥330,393 million, up ¥19,623 million from the beginning of the fiscal year, and the balance of cash advance receivables was ¥427,138 million, up ¥14,816 million from the beginning of the fiscal year. As such, the operating receivables balance increased steadily.

In the insurance-related business, AEON Allianz Life Insurance Co., Ltd. promoted group life insurance services for borrowers of housing loans and loans for studio apartments of the Group companies, and also enhanced sales of the “Genki Passport,” a whole life medical insurance for retail customers. In addition, AEON S.S. Insurance promoted sales of smartphone insurance, which covers the cost of repairs for smartphone failures and damage, including through the Company’s app, “AEON Wallet.”

<Domestic Solution Business>

In the domestic solution business, operating revenue was ¥46,331 million (101.0% of the same period last year), and operating profit was ¥2,276 million (187.2% of the same period last year).

During the first quarter of the current fiscal year, the Company endeavored to expand the customer base and to increase the volume of credit card purchase transactions. As a result, operating revenue exceeded the same period of the previous year, absorbing the impact of the transfer of AEON Product Finance Co., Ltd. (currently Orico Product Finance Co., Ltd.), a consolidated subsidiary engaged in the installment financial business. Moreover, the operating profit increased due to the impact of the transfer of the subsidiary and the decrease in sales promotion expenses of the same period last year as a result of initiatives to improve efficiency, including the review of operations to acquire new card members.

*As a result of the merger with its consolidated subsidiary, AEON Credit Service Co., Ltd., on June 1, 2023, we reviewed our financial reporting categories and transferred the amounts that were previously not included in any business segment to the Solution segment from the previous second quarter of the consolidated fiscal year. Accordingly, the comparison with the same period the previous year is prepared based on the classification after the review.

In the solution business, we strengthened collaborations with partner companies, including the AEON Group companies, to expand our customer base. In addition, the efficiency of our online initiatives to boost membership improved via the review of operation methods and advertising channels, including the affiliates. We increased customer ID for the code payment system "AEON Pay" through improved convenience, such as installation on smartphone apps of AEON Group companies and the addition of a bill payment function that enables payment by reading the barcode on the utility bills for electricity, gas, and water. As a result, the number of valid card members in Japan rose to 31,770,000, up by 280,000 from the beginning of the fiscal year.

In the credit card shopping business, unit spending was sluggish due to the increased awareness of the cost of living by inflation and the government's measures to reduce drastic change in electricity and gas prices. Efforts were made to expand the transaction volume, including the joint sales promotion measures by AEON Group, partner companies and member stores, and the launch of the "Customer Appreciation Day" benefits for only Gold members, providing a 5% discount on shopping on the 20th and 30th of each month in AEON malls all over the country. In addition, we enhanced initiatives that will lead to daily use closely related to local communities. As part of this effort, we expanded the number of locations where AEON Pay is available, such as fast-food outlets and drug stores, etc., where demand for speedy payment is high. We also participated in cashless/cashback business to support programs by municipalities to revitalize the regional economy. These initiatives contributed to a steady increase in the number of the users and the transaction volume of AEON Pay. As a result, credit card purchase volume amounted to ¥1,849,864 million (105.3% of the same period last year).

<Global China Area>

In the China Area, operating revenue was ¥8,604 million (127.5% of the same period last year), and operating profit was ¥1,953 million (90.6% of the same period last year).

In Hong Kong, a major area within the China Area, GDP growth was solid. However, customers are under increased pressure due to the delay in economic recovery, which is affected by factors such as the sluggish Chinese economy, rising prices, and rising housing loan interest rates. Under such circumstances, we continued our efforts to improve credit accuracy by refining the scoring model, enhancing proposals for repayment methods tailored to customers' circumstances, and strengthening the collection system by utilizing external contractors. However, operating profit decreased from the same period the previous year due to the increase in bad debt-related expenses.

AEON CREDIT SERVICE (ASIA) CO., LTD. (hereinafter, "ACSA"), the local subsidiary in Hong Kong, endeavored to increase the volume of credit card purchase transactions via card use promotion campaign to capture the growing demand for traveling to Japan and China, and promotion of mobile payments such as code

payment, which is the primary payment method in China, and Near Field Communication (NFC). In addition, credit card purchase volume increased steadily to ¥52,694 million (129.5% of the same period last year) as a result of continued efforts to promote credit card usage, including the joint sales promotion programs with AEON Stores (Hong Kong) Co., Limited, a retail business subsidiary of the AEON Group.

For cash advances and personal loans, approaches to increasing new users were enhanced, including personalized promotions through social media, telemarketing and face-to-face proposals. As a result, the transaction volume of cash advances reached ¥11,765 million (124.3% of the same period last year), and the transaction volume of personal loans was ¥8,870 million (124.0% of the same period last year), respectively.

<Global Mekong Area>

In the Mekong Area, operating revenue was ¥23,142 million (106.7% of the same period last year), and operating profit was ¥2,586 million (95.5% of the same period last year).

In Thailand, bad debt-related expenses increased due to the pressures on household budgets from the rise in energy prices and inflation and the decline in repayment capacity as a result of the gradual cancellation of debt relief measures by the government related to COVID-19 pandemic. Under such circumstances, efforts were made to control costs by utilizing AI and external contractors to improve the accuracy of credit analysis and monitoring and strengthened the collection system with customer attribute analysis using Non-Performing Loan (NPL) scores. However, these could not absorb the increase in personnel expenses for strengthening the collection system and bad debt-related expenses, and the results saw an increase in revenue but a decline in profits.

AEON Thana Sinsap (Thailand) PCL. (hereinafter, “ATS”), a local subsidiary in Thailand launched "Next Gen" digital credit, the cardless type product issued on the ATS smartphone app and the "Scan to pay" code payment service in January 2024, in response to growing EC demand and smartphone payment needs to strengthen to acquire new members focused on young people. The expansion of these functions has led to improved usage rates thanks to the convenience of immediate credit provision upon joining to make code payments at EMV-compliant merchant locations throughout Thailand, in addition to EC merchants. As a result, credit card purchase volume in the Mekong Area amounted to ¥57,297 million (125.6% of the same period last year).

In personal loans, ATS promoted using digital touchpoints to encourage reuse by dormant card members. This included a zero-interest program for amounts used through "Prompt Pay," an app for electronic payments and transfers between accounts offered by the Thai government, and an enhanced promotion via the internet. Through these efforts, the transaction volume reached ¥31,625 million (127.0% of the same period last year).

In October 2023, the Company resolved to acquire 100% shares in Post and Telecommunication Finance Company Limited (hereinafter, “PTF”), a financial company in Vietnam, and to conclude an equity transfer agreement in which PTF became the Company’s wholly-owned subsidiary. In Vietnam, ACS TRADING VIETNAM CO., LTD., a local subsidiary of the Company, commenced business related mainly to in-house installment sales of home appliances, motorcycles, etc., in 2008, and has been working to provide services that are rooted in the lives of local customers. The Company aims to expand business in Vietnam through the provision of new financial services focused on personal loans by making PTF a subsidiary.

<Global Malay Area>

In the Malay Area, operating revenue was ¥21,438 million (126.8% of the same period last year), and operating profit was ¥4,219 million (128.2% of the same period last year). Operating receivables balance increased due to the steady increase in the amount of personal loan transactions in addition to the mainstay installment sales finance business for motorcycles and other products. As a result, operating revenue and operating profit increased significantly from the same period the previous year, recording an increase in revenue and profit.

In the Malay Area, AEON CREDIT SERVICE (M) BERHAD (hereinafter, “ACSM”), a local subsidiary in

Malaysia, implemented joint programs with AEON CO. (M) BHD., a retail business subsidiary of the AEON Group celebrating its 40th anniversary in Malaysia, and held events at shopping centers to acquire new customers and promote use. Owing to these efforts, the amount of credit card purchase transactions in the Malay Area totaled ¥16,072 million (121.3% of the same period last year).

For motorcycle loans, ACSM continued to introduce an immediate credit function that utilizes external credit information and refined small sized two-wheel vehicle credit management by introducing AI credit scoring. In addition, ACSM focused on promoting use, including via joint promotional campaigns with merchants, and developing a user-friendly environment by introducing a system that sets interest rates according to transaction status and a simplified application procedure corresponding to the ratio of deposits. As a result, installment finance volume in the Malay Area reached ¥35,747 million (121.9% of the same period last year).

AEON BANK (M) BERHAD (hereinafter, “ABKM”), which operates a digital bank business, a new banking format, started operation with deposit, debit card services, and code payment systems on May 26, 2024. ABKM is the first digital bank to adopt Islamic banking products and services in Malaysia. It is contributing to financial inclusion by providing financial services to all people, offering services that are easy to access and rooted in daily lives via smartphone apps which are familiar channels for the customers.

Moreover, starting in March 2024, PT. AEON CREDIT SERVICE INDONESIA, a local subsidiary in Indonesia, started issuing AEON JCB Precious Card, a new credit card under the JCB brand. In Indonesia, cashless payment, including smartphone payment, is expanding rapidly. However, the credit card holder ratio is very low. As further expansion of the cashless payment market is expected with population growth and economic development, we will provide payment services aligned to the needs of local customers through payment methods such as the Buy Now Pay Later (BNPL) service “QRIS PayLater” launched during the previous fiscal year and expand the credit card lineup to match the customer’s lifestyle.

(2) Consolidated Financial Condition

(Assets)

Total assets at the end of the first quarter increased by ¥52,730 million from the end of the previous fiscal year to ¥6,998,302 million. This was mainly due to an increase in loans of ¥345,943 million due to an increase in card cash advances, personal loan and housing loan transactions, an increase in securities for banking business of ¥43,254 million, and a decrease of ¥116,076 million because consolidated subsidiary was excluded from the scope of consolidation, and a decrease in cash and deposits of ¥245,326 million.

(Liabilities)

Total liabilities increased by ¥46,608 million from the end of the previous fiscal year to ¥6,417,863 million. This was due to an increase in accounts payable-trade of ¥38,304 million because of the expansion of operating receivables, an increase in deposits of ¥29,704 million due to the expansion of cash deposit. Other factors include a decrease of in interest-bearing debt of ¥4,365 million.

(Net Assets)

Total net assets increased by ¥6,121 million from the end of the previous fiscal year to ¥580,438 million. This was due to an increase of ¥6,083 million due to the posting of net profit attributable to owners of parent, ¥6,889 million in foreign exchange translation adjustments, ¥6,918 million in non-controlling interests. Other factors include a decrease of ¥6,044 million in retained earnings due to payment of term-end dividends and ¥8,039 million in valuation difference on available for sale securities.

(3) Consolidated Earnings Forecast

As of now, there is no change in the earnings forecast announced on April 9, 2024.

2. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of February 29, 2024	As of May 31, 2024
Assets		
Current assets		
Cash and deposits	665,558	420,231
Call loans	1,192	3,006
Accounts receivable - installment	1,843,488	1,727,411
Lease receivables and investments in leases	11,601	11,711
Operating loans	918,824	964,524
Loans and bills discounted for banking business	2,339,225	2,639,468
Securities for banking business	572,248	615,502
Securities for insurance business	15,873	15,881
Monetary claims bought	58,546	57,502
Money held in trust	116,695	118,580
Other	194,901	202,993
Allowance for doubtful accounts	△120,707	△114,088
Total current assets	6,617,447	6,662,725
Non-current assets		
Property, plant and equipment	32,146	32,271
Intangible assets		
Goodwill	11,684	11,290
Software	125,144	131,594
Other	3,550	3,449
Total intangible assets	140,379	146,335
Investments and other assets	155,045	156,487
Total non-current assets	327,570	335,093
Deferred assets	553	483
Total assets	6,945,571	6,998,302
Liabilities		
Current liabilities		
Accounts payable - trade	268,536	306,841
Deposits for banking business	4,538,363	4,568,068
Short-term borrowings	249,422	142,588
Current portion of long-term borrowings	165,716	198,842
Current portion of bonds payable	83,355	60,203
Call money	—	14,000
Commercial papers	95,000	6,670
Provision for bonuses	5,006	5,837
Provision for point card certificates	689	654
Other provisions	129	96
Other	187,491	173,457
Total current liabilities	5,593,712	5,477,259
Non-current liabilities		
Reserve for insurance policy liabilities	48,358	47,498
Bonds payable	240,604	246,035
Long-term borrowings	451,111	612,421
Retirement benefit liability	2,128	2,314
Provision for loss on interest repayment	2,518	2,063
Other provisions	302	312
Deferred tax liabilities	1,998	1,231
Other	30,521	28,726
Total non-current liabilities	777,542	940,604
Total liabilities	6,371,254	6,417,863

(Millions of yen)

	As of February 29, 2024	As of May 31, 2024
Net assets		
Shareholders' equity		
Share capital	45,698	45,698
Capital surplus	119,144	119,277
Retained earnings	286,022	286,061
Treasury shares	△357	△357
Total shareholders' equity	450,508	450,679
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△21,643	△29,682
Deferred gains or losses on hedges	212	448
Foreign currency translation adjustment	29,272	36,161
Remeasurements of defined benefit plans	44	△9
Total accumulated other comprehensive income	7,885	6,917
Share acquisition rights	6	6
Non-controlling interests	115,916	122,835
Total net assets	574,316	580,438
Total liabilities and net assets	6,945,571	6,998,302

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

(Millions of yen)

	Three months ended May 31, 2023	Three months ended May 31, 2024
Operating revenue		
Revenue from credit card business	30,838	33,508
Revenue from installment sales finance business	12,712	12,001
Financing revenue	36,339	40,744
Recoveries of written off receivables	3,548	4,559
Financial revenue	10,194	13,206
Insurance revenue	3,337	3,156
Fees and commissions	15,814	19,066
Other	3,815	1,684
Total operating revenue	116,600	127,928
Operating expenses		
Financial expenses	7,646	8,113
Insurance expenses	3,335	2,768
Fees and commissions payments	2,620	2,736
Selling, general and administrative expenses	93,038	98,275
Other	767	783
Total operating expenses	107,408	112,678
Operating profit	9,191	15,249
Non-operating income		
Dividend income	63	69
Gain on investments in investment partnerships	18	38
Foreign exchange gains	259	478
Subsidy income	—	146
Other	57	60
Total non-operating income	398	794
Non-operating expenses		
Share of loss of entities accounted for using equity method	—	64
Miscellaneous losses	1	1
Total non-operating expenses	1	66
Ordinary profit	9,588	15,977
Extraordinary income		
Gain on sale of non-current assets	2	2
Total extraordinary income	2	2
Extraordinary losses		
Loss on disposal of non-current assets	201	319
Impairment losses	150	29
Loss on sale of shares of subsidiaries	—	2,306
Management integration expenses	59	—
Total extraordinary losses	411	2,655
Profit before income taxes	9,179	13,324
Income taxes - current	3,570	5,958
Income taxes - deferred	△556	△1,513
Total income taxes	3,013	4,444
Profit	6,166	8,879
Profit attributable to non-controlling interests	2,569	2,796
Profit attributable to owners of parent	3,596	6,083

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended May 31, 2023	Three months ended May 31, 2024
Profit	6,166	8,879
Other comprehensive income		
Valuation difference on available-for-sale securities	5,357	△8,101
Deferred gains or losses on hedges	△358	474
Foreign currency translation adjustment	4,535	11,151
Remeasurements of defined benefit plans, net of tax	10	△54
Total other comprehensive income	9,546	3,470
Comprehensive income	15,712	12,349
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,298	5,115
Comprehensive income attributable to non-controlling interests	4,414	7,234

(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

(Significant change in the scope of consolidation during the period)

AEON Financial Service Co., Ltd. transferred all shares of its consolidated subsidiary AEON Product Finance Co., Ltd. in the first quarter of the current consolidated fiscal year. Due to this transfer, AEON Product Finance Co., Ltd. was excluded from the scope of consolidation.

(Segment Information)

For 1st quarter of FY2023

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

(Millions of yen)

	For the three month 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	41,507	29,661	6,746	21,690	16,911	116,517	82	116,600
Internal operating income between segments	1,300	16,232	—	3	—	17,536	△17,536	—
Total	42,808	45,894	6,746	21,694	16,911	134,054	△17,454	116,600
Segment Profit	75	1,216	2,154	2,707	3,290	9,444	△252	9,191

(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:

82 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 △252million 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 8,393 million yen for Domestic Retail, 17,870 million yen for Domestic Solutions, 1,211 million yen for China Area, 1,907 million yen for Mekong Area, and 1,758 million yen for the Malay Area, and 2 million yen for Adjustments respectively.

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

For 1st quarter of FY2024

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

(Millions of yen)

(mmions of yen)

	For the three month ended May 31, 2024							
	Domestic		Global			Total	Adjustments	Consolidated financial statements appropriation
	Retail	Solutions	China Area	Mekong Area	Malay Area			
Operating income								
Operating revenue from external parties	46,361	28,377	8,604	23,139	21,438	127,921	6	127,928
Internal operating income between segments	2,205	17,953	—	3	—	20,162	△20,162	—
Total	48,566	46,331	8,604	23,142	21,438	148,084	△20,155	127,928
Segment Profit	5,305	2,276	1,953	2,586	4,219	16,339	△1,090	15,249

(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:

6 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 △1,090million 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 8,547 million yen for Domestic Retail, 20,330 million yen for Domestic Solutions, 1,512 million yen for China Area, 2,194 million yen for Mekong Area, and 2,098 million yen for the Malay Area.

2. Notes relating to changes in reportable segments etc.

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

The business segment information for the previous first quarter of the fiscal year disclosed for comparison with the current first quarter of the fiscal year has been prepared based on the business segment after this change. It differs from the business segment information for the previous first quarter of the fiscal year disclosed during the previous fiscal year.

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