



# Brief Report of Financial Results (Unaudited)

(For the six Months Ended August 31, 2024)

October 8, 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  
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## 1. Business performance (For the Six Months ended August 31, 2024 and for the Six Months ended August 31, 2023)

### (1) Consolidated Operating Results

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

	Operating revenue	Percentage Change	Operating profit	Percentage Change	Ordinary profit	Percentage Change	Profit attributable to owners of parent	Percentage Change
Six Months ended August 31, 2024	255,790	7.7	27,142	33.8	27,111	27.2	10,215	41.2
Six Months ended August 31, 2023	237,555	7.2	20,290	△36.3	21,314	△38.0	7,236	△60.2

(Note) Comprehensive income; The 2nd Quarter of Fiscal 2024; 19,711 million ( △35.2%),

The 2nd Quarter of Fiscal 2023; 30,406 million ( △14.8%)

(yen)

	Net Income per Share	Fully Diluted Net Income per Share
Six Months ended August 31, 2024	47.32	47.32
Six Months ended August 31, 2023	33.53	33.52

### (2) Financial Position

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

	Total Assets	Net Assets	Total equity ratio	Net Assets per Share
August 31, 2024	7,312,897	583,603	6.4	2,155.87
February 29, 2023	6,945,571	574,316	6.6	2,123.47

(Note) Own capital; August 31, 2024; 465,406 million

February 28, 2023; 458, 394 million

## 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	—	25.00	—	—	—
February 2025 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, 2025)

(Millions of yen, %)  
(% is the percentage of change to the previous year)

	Operating revenue	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): Yes  
New: - companies, Excluded: 1 company (AEON Product Finance Co., Ltd.)
- (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):  
August 31, 2024; 216,010,128 shares, Fiscal 2023; 216,010,128 shares  
2) Number of shares held in treasury at end of period:  
August 31, 2024; 131,708 shares; Fiscal 2023; 139,844 shares  
3) Average number of shares outstanding during the period:  
Six Months ended August 31, 2024: 215,873,193 shares  
Six Months ended August 31, 2023: 215,858,079 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) Overview of Operating Results for the Period

### I. Consolidated Financial Results

Consolidated operating revenues for the current interim period was ¥255.790 billion (107.7% year-on-year), consolidated operating profit was ¥27.142 billion (133.8% year-on-year), and consolidated ordinary profit was ¥27.111 billion (127.2% year-on-year), indicating growth in both revenue and profit. Profit attributable to owners of the parent for the interim period was ¥10.215 billion (141.2% year-on-year), exceeding the prior year across all profit levels.

During the consolidated interim period under review, the Japanese economy showed a gradual recovery trend, supported by better employment and income situations. However, personal consumption remained weak, owing to persistent thrifty spending linked to rising prices from the yen's prolonged depreciation, labor shortages, and other contributing factors. In overseas markets, the combination of persistent political instability worldwide and slow recovery of the Chinese economy, along with continuous inflation, has hindered swift economic recovery.

In response to these circumstances, AFS pursued an increase in transaction volumes and trade receivables by offering products and services that address the changing settlement and financing needs of customers in Japan and overseas. Moreover, to further improve productivity, we worked to increase the accuracy of credit decisions, strengthen our debt collection framework, thoroughly control expenses, and transform touchpoints into ones that can provide products and services in a cross-sectional manner, for the creation of a seamless customer experience.

The Company defines Group's raison d'être in Our Purpose, to brings '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.

Having set our ideal state for 2030 become "A community-based global company that brings finance closer to everyone," we have positioned our medium-term management plan (FY2021-FY2025) as a "Transformation Phase" toward achieving this goal. We are also undertaking initiatives, such as reviewing our business portfolio to optimize it in response to changes in the business environment, as well as creating new business models through the use of digital technology.

Under the basic policy of "Second founding: Value chain transformation and new network creation," our medium-term management plan, termed the Transformation Phase, is designed to deliver innovative financial services to customers in the countries where we operate. This involves enhancing our settlement infrastructure, which is central to our operations, and reallocating management resources to launch new businesses that utilize digital technology in the rapidly growing Asian markets.

Looking at Japan, on March 25, 2024, we transferred all outstanding shares of AEON Product Finance Co., Ltd. (currently Orico Product Finance Co., Ltd.), an installment finance company, to Orient Corporation. Furthermore, in order to consolidate the settlement-related businesses of the AEON Group and maximize the value provided to customers in the AEON Living Zone, a decision was made on July 18, 2024, to transfer the credit card business operated by Fuji Card Service Co., Ltd., a subsidiary of Fuji Co., Ltd. (hereinafter 'Fuji'), to AEON Bank Ltd., one of AFS's subsidiaries. We are looking to enhance our customer base in the Chugoku, Shikoku, and Hyogo regions by deepening our collaboration with Fuji in settlement services, including the issuance of new tie-up cards.

Turning our eyes overseas, as of May 26, 2024, AEON Bank (M) Berhad, which operates a new form of banking services as a digital bank, launched deposit, debit card, code payment, and other services in Malaysia, in an effort to expand its customer base as the first digital bank in the country to offer services based on Islamic banking principles.

Operating results for the six months of the fiscal year ended August 31, 2024 are as follows:

(Unit : Millions of yen)

	Previous 2Q	2Q	Changes	Ratio
Operating revenue	237,555	255,790	18,235	7.7%
Operating profit	20,290	27,142	6,852	33.8%
Ordinary profit	21,314	27,111	5,797	27.2%
Profit (loss) attributable to owners of parent (△)	7,236	10,215	2,978	41.2%

Segment results for the six months of the fiscal year ended August 31, 2024 are as follows:

(Unit : Millions of yen)

		Operating revenue			Operating profit (loss) (△)		
		Previous 2Q	2Q	Ratio	Previous 2Q	2Q	Ratio or changes
Domestic	Retail	85,740	95,818	11.8%	411	7,092	6,681
	Solution	93,085	92,221	△0.9%	2,242	4,153	85.2%
	Domestic Total※	144,224	148,454	2.9%	1,600	9,478	7,878
Global	China	14,267	17,298	21.2%	4,268	3,985	△6.6%
	Mekong	45,070	47,676	5.8%	6,888	6,829	△0.9%
	Malay	34,880	43,518	24.8%	7,303	6,749	△7.6%
	Global Total※	94,218	108,493	15.2%	18,460	17,564	△4.9%
Total		273,045	296,534	8.6%	21,114	28,810	36.4%
Adjustments		△35,489	△40,743	—	△824	△1,668	—
Consolidated statements appropriation		237,555	255,790	7.7%	20,290	27,142	33.8%

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

## II. Business Segment Information

### <Domestic Retail Business>

Domestic and retail businesses reported an operating revenue of ¥95.818 billion (111.8% year-on-year), along with an operating profit of ¥7.092 billion (up ¥6.681 billion from the same period last year).

During the consolidated interim period under review, both revenue and profit increased, driven by a steady rise in the balance of trade receivables, primarily from revolving credit and installment finance, as well as consistent income from investments in securities.

In the retail business, the convenience of revolving and installment payments was improved through features such as a simulation function that allows users to confirm payment amounts, as well as a function to switch to revolving payments by transaction or date. These features, implemented on the web and in the “AEON Wallet” smartphone application in the previous fiscal year, along with continuous improvements to the application’s visibility and user interface, led to an increase in the number of users of revolving and installment payments. In the area of card cashing services, we launched initiatives to encourage usage and strengthened approaches to individual customers utilizing an AI-driven scoring system. As a result of the above, the balance of trade receivables increased steadily, with the outstanding balance of revolving credit and installment sales receivables of ¥341.418 billion (up ¥30.648 billion from the beginning of the period) and the balance of cashing receivables of ¥421.554 billion (up ¥9.232 billion from the beginning of the period).

In response to the Bank of Japan's review of its monetary policy and changing interest rate situation, AEON Bank Ltd. (hereinafter “AEON Bank”) revised its yen deposit and loan interest rates on May 1, 2024.

Concerning yen deposits, we have introduced more favorable interest rates for those customers who are in the upper levels of the “AEON Bank My Stage” program, which grants rewards based on the stage determined by the customer's transaction history. In addition, as a result of efforts to attract more deposits, including special interest rate campaigns for time deposits targeting those who open a new account or designate an existing account as a salary account, AEON Bank's deposit balance increased to ¥4,849.405 billion (up ¥310.032 billion from the beginning of the period).

In the area of various loan products, we raised our posted floating interest rate on housing loans by 0.1% per annum to improve profitability. At the same time, we continuously endeavored to increase transaction volume by enhancing the appeal of benefits unique to the Group. These efforts included not only setting competitive and preferential interest rates to attract new contracts but also continuously promoting the “AEON Select Club,” which offers a 5% discount on purchases at AEON Group stores every day, exclusively for subscribers of a housing loan program whose benefits were expanded and revised in the previous fiscal year. As a result of these efforts, the volume of housing loan transactions rose to ¥320.263 billion (121.7% year-on-year), while the outstanding balance of residential housing loans prior to the securitization of receivables reached ¥2,886.102 billion (an increase of ¥71.777 billion from the beginning of the fiscal year). In addition, we encouraged the use of unsecured loans by highlighting the benefits of purpose-driven loans to cardholders and enhanced the promotion of these loans at AEON Group retail locations.

In asset formation services, to address the rising demand for asset management among our clients, we enhanced our investment trusts by expanding the variety of stocks available, through a comprehensive business alliance between AEON Bank and Monex, Inc. in the financial products intermediary operations. We also took advantage of physical stores located in shopping centers where customers can stop by while shopping to hold seminars on asset management and meet their consultation needs for insurance and other services in addition to investment trusts. This resulted in steady growth in asset formation-related sales.

Furthermore, with the aim of meeting the financing needs of suppliers to AEON Group companies, we launched a supply chain financing service, utilizing the commercial transaction information generated between the two parties.

In the realm of insurance, we actively pursued promotional sales initiatives by leveraging digital contact points such as “AEON Wallet,” as well as physical locations in partnership with AEON Group retail outlets. As part of this strategy, AEON Allianz Life Insurance Co., Ltd. advanced the marketing of “Genki Passport,” a lifetime medical insurance plan for individuals, while AEON S.S. Insurance Co., Ltd. consistently pushed for sales of “Smartphone

Insurance," which covers repair expenses for damaged or broken smartphones.

### <Domestic Solution Business>

Operating revenue in the domestic solutions business was ¥92.221 billion (99.1% year-on-year), and operating profit was ¥4.153 billion (185.2% year-on-year).

During the consolidated interim period under review, operating revenue remained unchanged from the previous year, as the impact of the transfer of AEON Product Finance Co., Ltd. (currently Orico Product Finance Co., Ltd.), an installment finance company, was offset by the efforts to expand the customer base for credit card and code payment services and boost the number of merchant stores. Operating profit saw an increase as a result of diminished operating expenses from the transfer of a subsidiary, along with a year-over-year drop in sales promotion costs, which is attributable to such factors as the persistent execution of cost-efficient marketing initiatives.

In the solutions business, we continuously focused on strengthening our ties with the AEON Group and other business partners in order to expand our customer base, while also enhancing the efficiency of our web-based member recruitment, by reviewing affiliate and other advertising channels, in addition to the method to operate them. We have also introduced the Japanese Public Key Infrastructure (JPKI), a public service for personal authentication that utilizes electronic certificates embedded in the IC chip of the Social Security and Tax Number Card to confirm a customer's identity when they apply for a credit card online. This move is aimed at not only simplifying the application process through the automation of some data inputs and eliminating the need to capture document images, while also strengthening security to prevent fraudulent submissions, such as those involving identity theft. The code-based payment platform "AEON Pay" is now available to a wider range of customers, thanks to its integration into smartphone applications offered by AEON Group companies and the addition of new features that enable cash deposits at ATMs, alongside standard credit card payments and bank account recharges. These efforts led to a consistent increase in the number of credit card and AEON Pay members, bringing the total active cardholders in Japan to 32 million (up 0.51 million from the beginning of the period).

Within the context of credit card shopping, we strived to enhance transaction volumes despite a challenging economic backdrop, where growth in unit spending has been limited due to rising prices and an increased awareness of financial self-defense. Our strategies included joint promotional campaigns with AEON Group companies, business partners, and member stores, as well as efforts to increase recognition of "Customer Appreciation Day," a benefit program launched in April 2024 that provides Gold members with a 5% discount on purchases made on the 20th and 30th of each month at AEON Malls nationwide. Furthermore, as a result of our initiative to expand the scope of AEON Pay member stores to drugstores, electronics retailers, and other outlets in everyday payment settings in addition to fast food shops and vending machines, where there is significant demand for small payments, we achieved a card shopping transaction volume of ¥3,705.490 billion (106.1% year-on-year).

### <Global China Area>

In Greater China, operating revenue and operating profit were ¥17.298 billion (121.2% year-on-year) and ¥3.985 billion (93.4% year-on-year), respectively.

Hong Kong, a key area in Greater China, is experiencing an increasing financial burden on consumers, due to such factors as the delayed economic recovery influenced by the stagnant Chinese economy and rising prices. Under these circumstances, while we continuously worked to strengthen our credit and collection processes by improving the accuracy of credit decisions through a more sophisticated scoring model and by offering more customized payment plan proposals to our customers, we saw a decrease in operating profit year-on-year, primarily because of higher bad debt expenses than those recorded in the previous fiscal year.

AEON Credit Service (Asia) Co., Ltd. (hereinafter "ACSA"), a subsidiary based in Hong Kong, actively encouraged mobile payment methods like code payments and Near Field Communication (NFC) transactions, which are widely used in China, to cater to the increasing number of visitors to the mainland. Additionally, ACSA worked to boost the

volume of card transactions by promoting their use at theme parks during the summer holiday season. In addition to the above, the initiatives aimed at boosting the use of e-commerce, which is in high demand particularly among the youth, and the continuous collaboration on sales promotions with AEON Stores (Hong Kong) Co. Ltd. contributed to a consistent rise in card shopping transaction volumes, which reached ¥104.656 billion (124.7% year-on-year).

In the areas of card cashing and personal loans, we offered individualized assistance and in-person proposals to customers via SMS and telemarketing. Additionally, in order to enhance user convenience, we enabled customers to complete the process via a mobile app by introducing a function to apply for card cashing and offering personal loans that allow for instant, paperless borrowing. Consequently, the card cashing transaction volume reached ¥23.861 billion (118.4% year-on-year), while loan transactions totaled ¥18,040 billion (126.2% year-on-year).

Moreover, to accommodate the need for face-to-face consultations on loans and insurance, we opened new branches in shopping malls that are directly linked to easily accessible train stations, in an effort to enhance our customer contact points in both the real world and digital space.

### <Global Mekong Area>

Looking at the Mekong Area, operating revenue and operating profit were ¥47.676 billion (105.8% year-on-year) and ¥6.829 billion (99.1% year-on-year), respectively.

In Thailand, even with a boost in real GDP growth, soaring energy expenses and inflation put pressure on household budgets and increased short-term demand for funds. As a consequence of meeting these financial needs from customers, AEON Thana Sinsap (Thailand) PCL. (hereinafter “ATS”), our subsidiary incorporated in Thailand, saw a surge in cashing and small loan transactions and recorded an increase in its operating revenue compared to the previous year.

On the other hand, due to the gradual removal of the debt relief measures implemented by the government during the pandemic, individuals’ debt repayment capacity has declined. As a result, bad debt expenses continued to rise, even though ATS worked to enhance the accuracy of its screening and credit monitoring processes and strengthened its debt collection efforts. A rise in personnel expenses due to higher wages had an effect as well. Consequently, operating profit remained at the same level as in the previous year.

ATS continuously promoted the “Scan to Pay” code payment service, as well as “Next Gen,” a digital credit service launched in January 2024 in response to growing demand for e-commerce and smartphone-based payment solutions. This service allows users to access credit lines via the ATS smartphone application without the need for physical credit cards. ATS now accepts VISA brand cards in addition to the existing MasterCard for the Scan to pay service, aiming to improve the usage rate by expanding the customer base who can use the service at merchants that accept code-based payments and comply with the EMV standard, the unified standard set by international brands, spreading across Thailand.

The implementation of preferential interest rate strategies aimed at reactivating inactive members, along with efforts to enhance the appeal of the products through social media and online ads, led to a rise in the volume of transactions to ¥63.031 billion (121.0% year-on-year).

To boost the accuracy of its credit assessments, ATS partnered with a FinTech firm that provides artificial intelligence credit scoring solutions in August 2024. Through this partnership, ATS plans to implement a new AI-driven scoring model for small loans to individuals starting in the fiscal year ending in February 2026. This will allow ATS to establish highly accurate credit assessment processes tailored to the changing economic environment of its customers, while also improving convenience by reducing the time required for credit screening.

### <Global Malay Area>

The Malay Area reported operating revenue of ¥43.518 billion (124.8% year-on-year) and operating profit of ¥6.749 billion (92.4% year-on-year).

The Malaysian economy is experiencing a growth trend thanks to increased consumer spending and improvements in tourism and exports, which are attributable to rising real incomes backed by an improved employment landscape



and government support programs for low-income households. Under such circumstances, operating revenues increased over the previous interim period, driven by consistent growth in transaction volumes in the core motorcycle installment finance business and other personal loans, resulting in a higher balance of operating receivables. On the other hand, bad debt-related expenses increased on a year-on-year basis due to a constant increase in the balance of trade receivables and the reversal of the allowance for doubtful accounts in the corresponding period last year following a review of expected credit losses (ECL). Operating profit underperformed the previous consolidated interim period as a result of an increase in expenses related to the intensified promotion campaign for the Digital Bank opened in May 2024.

The Malay Area saw a steady growth in the card shopping transaction volume as AEON Credit Service (M) Berhad (hereinafter “ACSM”), a local subsidiary in Malaysia implemented a joint usage promotion project to commemorate the 40th anniversary of AEON CO. (M) BHD., the AEON Group's retail business, entering the Malaysian market. Furthermore, ACSM opened a new flagship store in the capital city of Kuala Lumpur, which features a lounge and a branch that are exclusively accessible to members of its programs, aimed at enhancing the advantages of utilizing ACSM's services and boosting its brand power. Consequently, the volume of card shopping transactions in the Malay Area reached ¥33.825 billion (125.8% year-on-year).

In the motorcycle loan business, we continued to work on enhancing the accuracy of our credit decisions by employing an instant provisional credit extension function that makes use of external credit information, in addition to AI-powered scoring for small motorcycle loans. Furthermore, joint sales promotions with member stores led to a steady growth in the transaction volume. As a result of these initiatives, the volume of installment finance transactions in the Malay Area amounted to ¥73.318 billion (126.4% year-on-year).

AEON Bank (M) Berhad, which operates the digital bank business and was launched in May 2024 as a new form of banking, promoted the provision of deposit, debit card, and code payment services through a smartphone application, a channel familiar to its customers. It achieved a steady progress in its efforts to increase the number of accounts and deposit balances by intensifying sales promotions through social media and other channels including AEON Group stores, in order to better reach younger customers who are more receptive to digital banking.

## **(2) Consolidated Financial Condition**

### **(Assets)**

Total assets at the end of the consolidated interim period under review increased by ¥367.326 billion from the end of the previous consolidated fiscal year to ¥7,312.897 billion. This is a consequence of the fact that, while loans and bills discounted increased by ¥370.249 billion and securities for banking business rose by ¥85.6 billion due to an increase in the outstanding balance of card cashing and personal loans, these gains were partially offset by a ¥42.239 billion decrease in accounts receivable from installment transactions and a ¥54.548 billion reduction in cash and deposits following the exclusion of subsidiaries from the scope of consolidation due to business divestitures.

### **(Liabilities)**

Total liabilities at the end of the consolidated interim period under review increased by ¥358.039 billion from the end of the previous consolidated fiscal year to ¥6,729.294 billion. The main cause of this is that, while accounts payable increased by ¥128.637 billion thanks to the growth in the volume of card shopping transactions and deposits rose by ¥327.635 billion due to the wider use as a card shopping account, interest-bearing debt decreased by ¥68.206 billion.

### **(Net Assets)**

Total liabilities at the end of the consolidated interim period under review increased by ¥9.286 billion from the end of the previous consolidated fiscal year to ¥583.603 billion. This was due to a ¥10.215 billion increase in interim net income attributable to owners of the parent, a ¥4.029 billion increase in foreign currency translation adjustments, and a ¥2.277 billion increase in non-controlling interests, while retained earnings decreased by ¥6.044 billion due to the payment of year-end dividends and valuation difference on available-for-sale securities decreased by ¥0.501 billion.

## **(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 August 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	665,558	611,009
Call loans	1,192	13,218
Accounts receivable - installment	1,843,488	1,801,248
Lease receivables and investments in leases	11,601	13,714
Operating loans	918,824	944,202
Loans and bills discounted for banking business	2,339,225	2,684,096
Securities for banking business	572,248	657,848
Securities for insurance business	15,873	14,999
Monetary claims bought	58,546	53,226
Money held in trust	116,695	115,820
Other	194,901	210,936
Allowance for doubtful accounts	△120,707	△116,384
Total current assets	6,617,447	7,003,937
Non-current assets		
Property, plant and equipment	32,146	31,456
Intangible assets		
Goodwill	11,684	10,895
Software	125,144	133,316
Other	3,550	3,349
Total intangible assets	140,379	147,561
Investments and other assets	155,045	129,521
Total non-current assets	327,570	308,539
Deferred assets	553	420
Total assets	6,945,571	7,312,897
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	268,536	397,173
Deposits for banking business	4,538,363	4,865,998
Short-term borrowings	249,422	88,742
Current portion of long-term borrowings	165,716	196,237
Current portion of bonds payable	83,355	95,230
Commercial papers	95,000	16,790
Provision for bonuses	5,006	4,782
Provision for point card certificates	689	711
Other provisions	129	42
Other	187,491	157,348
Total current liabilities	5,593,712	5,823,057
Non-current liabilities		
Reserve for insurance policy liabilities	48,358	46,254
Bonds payable	240,604	223,055
Long-term borrowings	451,111	597,833
Retirement benefit liability	2,128	2,372
Provision for loss on interest repayment	2,518	1,627
Other provisions	302	328
Deferred tax liabilities	1,998	1,850
Other	30,521	32,914
Total non-current liabilities	777,542	906,236
Total liabilities	6,371,254	6,729,294

(Millions of yen)

	As of February 29, 2024	As of August 31, 2024
Net assets		
Shareholders' equity		
Share capital	45,698	45,698
Capital surplus	119,144	119,922
Retained earnings	286,022	290,181
Treasury shares	△357	△336
Total shareholders' equity	450,508	455,465
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△21,643	△22,145
Deferred gains or losses on hedges	212	△1,212
Foreign currency translation adjustment	29,272	33,301
Remeasurements of defined benefit plans	44	△2
Total accumulated other comprehensive income	7,885	9,941
Share acquisition rights	6	2
Non-controlling interests	115,916	118,193
Total net assets	574,316	583,603
Total liabilities and net assets	6,945,571	7,312,897

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

(Millions of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Operating revenue		
Revenue from credit card business	61,436	67,796
Revenue from installment sales finance business	25,956	24,627
Financing revenue	74,550	82,291
Recoveries of written off receivables	7,861	9,599
Financial revenue	17,697	23,234
Insurance revenue	6,455	6,486
Fees and commissions	32,804	37,162
Other	10,793	4,591
Total operating revenue	237,555	255,790
Operating expenses		
Financial expenses	14,884	17,136
Insurance expenses	6,052	6,003
Fees and commissions payments	5,430	5,225
Selling, general and administrative expenses	189,352	198,720
Other	1,546	1,562
Total operating expenses	217,265	228,648
Operating profit	20,290	27,142
Non-operating income		
Dividend income	85	86
Gain on investments in investment partnerships	46	62
Foreign exchange gains	782	—
Subsidy income	—	146
Other	114	78
Total non-operating income	1,028	373
Non-operating expenses		
Foreign exchange losses	—	401
Miscellaneous losses	4	3
Total non-operating expenses	4	404
Ordinary profit	21,314	27,111
Extraordinary income		
Gain on sale of non-current assets	5	4
Total extraordinary income	5	4
Extraordinary losses		
Loss on disposal of non-current assets	297	351
Impairment losses	150	4
Loss on sale of shares of subsidiaries	—	2,306
Loss on liquidation of subsidiaries	18	—
Management integration expenses	448	—
Other	1	39
Total extraordinary losses	916	2,701
Profit before income taxes	20,402	24,414
Income taxes - current	6,849	11,198
Income taxes - deferred	365	△2,841
Total income taxes	7,214	8,357
Profit	13,187	16,056
Profit attributable to non-controlling interests	5,951	5,840
Profit attributable to owners of parent	7,236	10,215

## Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Profit	13,187	16,056
Other comprehensive income		
Valuation difference on available-for-sale securities	1,459	△483
Deferred gains or losses on hedges	668	△1,830
Foreign currency translation adjustment	15,060	6,015
Remeasurements of defined benefit plans, net of tax	30	△47
Total other comprehensive income	17,218	3,654
Comprehensive income	30,406	19,711
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,060	12,270
Comprehensive income attributable to non-controlling interests	12,345	7,440

**(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 2nd quarter of FY2023

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

(Millions of yen)

	Reportable segments					Total	Reconciling items	Per semi-annual consolidated financial statements
	Domestic		Global					
	Retail	Solutions	China Area	Mekong Area	Malay Area			
Sales								
Revenues from external customers	82,549	60,663	14,267	45,062	34,880	237,424	131	237,555
Transactions with other segments	3,191	32,422	—	7	—	35,621	△35,621	—
Operating revenue	85,740	93,085	14,267	45,070	34,880	273,045	△35,489	237,555
Operating profit (loss)	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 △824 million 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 3,554 million yen for the Malay Area, and 0 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 FY2024

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

(Millions of yen)

(Amounts in yen)

	Reportable segments					Total	Reconciling items	Per semi-annual consolidated financial statements
	Domestic		Global					
	Retail	Solutions	China Area	Mekong Area	Malay Area			
Sales								
Revenues from external customers	93,008	54,283	17,298	47,667	43,518	255,775	14	255,790
Transactions with other segments	2,810	37,938	—	9	—	40,758	△40,758	—
Operating revenue	95,818	92,221	17,298	47,676	43,518	296,534	△40,743	255,790
Operating profit (loss)	7,092	4,153	3,985	6,829	6,749	28,810	△1,668	27,142

(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:

14 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 △1,668 million 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 16,959 million yen for Domestic Retail, 38,366 million yen for Domestic Solutions, 3,006 million yen for China Area, 4,680 million yen for Mekong Area, and 4,167 million yen for the Malay Area.

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