



Brief Report of Financial Results (Unaudited)

(For the nine Months Ended November 30, 2024)

January 9, 2025

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 Nine Months ended November 30, 2024 and for the Nine Months ended November 30, 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
Nine Months ended November 30, 2024	388,772	9.3	37,917	45.2	38,941	43.7	13,763	55.4
Nine Months ended November 30, 2023	355,764	7.4	26,110	-37.2	27,095	-39.2	8,856	-60.4

(Note) Comprehensive income; The 3rd Quarter of Fiscal 2024; 28,116 million (-26.1%),
 The 3rd Quarter of Fiscal 2023; 38,022 million (-6.0%)

(yen)

	Net Income per Share	Fully Diluted Net Income per Share
Nine Months ended November 30, 2024	63.76	63.75
Nine Months ended November 30, 2023	41.03	41.03

(2) Financial Position

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

	Total Assets	Net Assets	Total equity ratio	Net Assets per Share
Nine Months ended November 30, 2024	7,384,625	582,536	6.3	2,140.09
February 29, 2024	6,945,571	574,316	6.6	2,123.47

(Note) Own capital; Nine Months ended November 30, 2024; 462,004million
 February 28, 2024; 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 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

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

Nine Months ended November 30, 2024	216,010,128 shares
Year ended February 29, 2024	216,010,128 shares

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

Nine Months ended November 30, 2024	129,549 shares
Year ended February 29, 2024	139,844 shares

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

Nine Months ended November 30, 2024	215,875,439 shares
Nine Months ended November 30, 2023	215,860,120 shares

※ Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

※ 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 revenue for the third quarter of the current fiscal year was ¥388.772 billion (109.3% year-on-year), consolidated operating profit was ¥37.917 billion (145.2% year-on-year), and consolidated ordinary profit was ¥38.941 billion (143.7% year-on-year), recording an increase in revenue and profit. Profit attributable to owners of the parent for the quarter was ¥13.763 billion (155.4% year-on-year), partially due to the reporting of the amount of some of the off-line transactions executed using a specific payment service provided under particular conditions for credit card shopping in Japan using credit cards issued by the Group recognized as unlawful unauthorized use by third parties as bad debt related expenses under extraordinary losses.

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. Having set our ideal state for 2030 to 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.

During the consolidated third quarter under review, the Japanese economy showed a gradual recovery trend, supported by better employment and income situations and a departure from the deflationary economy with the lifting of the negative interest rates policy by the Bank of Japan. On the other hand, consumer confidence remained low due to the inflation caused by further increases in raw materials prices and persistently high energy prices. In overseas markets, the outlook remains uncertain due to the continued political instability worldwide, the slow recovery of the Chinese economy, and the sluggish income growth and continuous inflation in the Asian markets where the Group operates have hindered swift economic recovery.

In response to these circumstances, AFS pursued increased asset profitability through the growth of transaction volumes and trade receivables by offering products and services that address customers' changing settlement and financing needs in Japan and overseas. Moreover, to further improve productivity, we worked to increase customer convenience. We promoted cross-selling by seamlessly providing products and services in a cross-sectional manner at customer touchpoints, including stores, contact centers, and apps. We also worked to increase the accuracy of credit decisions and strengthen our debt collection framework by utilizing digital technology, including AI.

In reviewing our business portfolio, we aim 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, we are consolidating the settlement-related businesses of the AEON Group to maximize the value provided to customers in the AEON Living Zone and to implement efficient business operations and strategic investments in pursuit of the overall optimization of the AEON Group. On October 28, 2024, AFS acquired the WAON Value issuer business from AEON Retail Co., Ltd., in the General Merchandising Store (GMS) business. We will provide a convenient payment service by integrating the electronic money "WAON" and code payment system "AEON Pay" to combine the merchant networks and customer base of the two payment channels.

Turning our eyes overseas, AEON Bank (M) Berhad, which operates a new form of banking services as a digital bank, was launched in Malaysia on May 26, 2024, to expand its customer base. Furthermore, our subsidiary, ACS TRADING VIETNAM, CO., LTD., launched a joint point accumulation program to serve as the infrastructure for building the AEON Living Zone in Vietnam. We will maximize group synergies by expanding the AEON Group's common customer base.

AFS has built security systems, including introducing a user verification service (3D Secure) and 24/7 monitoring of anomaly detection to identify unauthorized use and prevent unauthorized credit card use, such as phishing attacks, which are increasing in Japan. In addition, AFS is sharing the latest information and strengthening countermeasures by deepening cooperation with external organizations, such as by joining the Japan Cybercrime

Control Center, a public-private partnership organization, as a partner. We will continue strengthening our security system to provide safe financial services to our customers.

Operating results for the nine months of the fiscal year ended November 30, 2024 are as follows:

(Unit : Millions of yen)

	Previous 3Q	3Q	Changes	Ratio
Operating revenue	355,764	388,772	33,008	9.3%
Operating profit	26,110	37,917	11,806	45.2%
Ordinary profit	27,095	38,941	11,845	43.7%
Profit (loss) attributable to owners of parent (△)	8,856	13,763	4,906	55.4%

Segment results for the nine months of the fiscal year ended November 30, 2024 are as follows:

(Unit : Millions of yen)

		Operating revenue			Operating profit (loss) (△)		
		Previous 3Q	3Q	Ratio	Previous 3Q	3Q	Ratio or changes
Domestic	Retail	127,030	144,964	14.1%	△387	9,908	10,296
	Solution	138,614	137,657	△0.7%	977	2,222	127.3%
	Domestic Total※	213,787	226,484	5.9%	△561	12,238	12,800
Global	China	22,166	26,029	17.4%	6,327	6,406	1.3%
	Mekong	67,503	71,587	6.1%	10,195	10,246	0.5%
	Malay	53,675	66,448	23.8%	9,946	8,745	△12.1%
	Global Total※	143,346	164,065	14.5%	26,469	25,398	△4.0%
Total		408,990	446,687	9.2%	27,060	37,530	38.7%
Adjustments		△53,225	△57,914	—	△949	387	—
Consolidated statements appropriation		355,764	388,772	9.3%	26,110	37,917	45.2%

※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 ¥144.964 billion (114.1% year-on-year) and an operating profit of ¥9.908 billion (up ¥10.296 billion from the same period last year).

During the consolidated third quarter under review, revenue and profit increased, driven by the steady rise in the balance of the trade receivables, primarily from revolving credit and installment finance, as well as solid income from investment securities.

In the retail business, the balance of the trades receivables increased with the expansion of revolving credit, installment finance, and cash advances as a result of the promotion of initiatives to improve the user interface and experience for the website and the “AEON Wallet” smartphone application, combined with enhanced individual customer approach using AI.

The convenience of revolving and installment payments was improved through features such as a simulation function that allows users to confirm payment amounts on the website 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 payments. We also promoted revolving and installment payment usage by, for example, conducting joint sales promotion programs with consumer electronics supply stores, etc. with high installment payment needs, as well as a usage campaign targeting card members who have used revolving payments in the past. In card cashing services, we strengthened approaches to individual customers utilizing an AI-driven scoring system and improved visibility by adding an internet cashing application option to “AEON Wallet.” As a result of the above, the balance of trade receivables increased steadily, with the balance of receivables from revolving credit card purchases and installment finance of ¥352.675 billion (up ¥41.905 billion from the beginning of the period) and the balance of cashing receivables of ¥433.180 billion (up ¥20.858 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 October 1, 2024, following the revision in May 2024.

Concerning yen deposits, more favorable interest rates were introduced for customers 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 to strengthen the appeal to customers. In addition, as a result of efforts to attract more deposits, including special interest rate campaigns for time deposits targeting new account opening and bonus payments, AEON Bank's deposit balance increased to ¥4,892.256 billion (up ¥352.884 billion from the beginning of the period).

In housing loans, we raised our posted floating interest rate on housing loans by 0.15% to 2.62% per annum on October 1, 2024, to improve profitability. At the same time, we continued the media and storefront promotion of 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. As a result of these efforts, the volume of housing loan transactions rose to ¥445.378 billion (106.7% year-on-year). In comparison, the outstanding balance of residential housing loans before the securitization of receivables reached ¥2,912.864 billion (an increase of ¥98.539 billion from the beginning of the fiscal year).

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 in shopping centers to hold events, such as seminars on new NISA and iDeCo, to actively promote insurance consultations to meet the strong demand. This resulted in steady growth in asset formation-related sales.

On December 2, 2024, we started the integrated operation of AEON Bank branches and AEON Insurance Consultation services, which provide insurance agency services. We will further improve customer convenience by providing various financial services at one location.

In insurance, AEON Allianz Life Insurance Co., Ltd. pursued promotional sales initiatives, primarily in urban areas with strong demand for insurance, to improve recognition of the “Genki Passport,” a lifetime medical insurance plan for individuals. In addition, AEON S.S. Insurance promoted sales of smartphone insurance, which covers the cost of repairs for smartphone failures and damage, by adding an option for application through “AEON Mobile,” a

communication business by AEON Retail Co., Ltd.

AEON Bank, Ltd. (Hereinafter “AEON Bank”) received a business improvement order from the Financial Services Agency on December 26, 2024, concerning its management framework for anti-money laundering and counter-terrorist financing measures (hereinafter “AML/CTF”), under the provisions of Article 26, Paragraph 1 of the Banking Act. AEON Bank and AFS take this administrative action very seriously, sincerely reflect on the matter, and will improve the management framework.

AEON Bank has established the “AML/CTF Risk Management Framework Improvement Committee” as an organization directly reporting to the Board of Directors to prepare a business improvement plan according to the order and to enhance the framework for AML/CTF measures. We will implement the business improvement order under the management and supervision of the Board, while also utilizing external expertise.

<Domestic Solution Business>

Operating revenue in the domestic solution business was ¥137.657 billion (99.3% of the same period the previous year), and operating profit was ¥2.222 billion (227.3% of the same period the previous year).

During the consolidated third quarter 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 “AEON Pay” and expand the network of merchant stores. Operating profit saw an increase despite the increase in the balance of the trades receivables and increase in bad debt-related expenses due to the reporting compensation cost for victims of unauthorized credit card use from phishing attacks, which are increasing in Japan, offset by the diminished operating expenses from the transfer of a subsidiary, along with a year-over-year drop in sales promotion costs attributable to such factors as the persistent execution of cost-efficient marketing initiatives.

In the solutions business, we focused on strengthening our ties with the business partners to expand our customer base while continuously enhancing the efficiency of our web-based member recruitment by reviewing affiliate and other advertising channels and the method of operation. We also strengthened cooperation with the AEON Group companies, including the issuance of a new affiliated card with Fuji Co., Ltd., to enhance our customer base in the Chugoku, Shikoku, and Hyogo areas and launch a program exclusive to new members that offer 5% discount on purchases at eligible AEON Group stores such as AEON Mall for one month from joining. The code-based payment platform “AEON Pay” promoted new users by adding features that enable cash deposits at ATMs to 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 32.23 million (up 0.74 million from the beginning of the period).

Within the context of credit card shopping, the growth in unit spending has been limited as the consumers are focused on controlling daily consumption due to rising prices, despite improving real wages in Japan. 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 AEON Pay aims to become an easy-to-use payment method for every situation, we implemented initiatives to expand the scope of member stores to retailers such as drugstores and electronics stores and to service sector outlets such as karaoke bars in addition to cafes, restaurants and convenience stores, where there is significant demand for small payments. As a result, credit card purchase volume amounted to ¥5,561.139 billion (105.8% year-on-year).

<Global China Area>

Operating revenue in the China Area was ¥26.029 billion (117.4% year-on-year), and operating profit was ¥6.406 billion (101.3% year-on-year).

Hong Kong, a key area in Greater China, is experiencing an increasing financial burden on consumers due to factors such as the delayed economic recovery influenced by the stagnant Chinese economy and rising prices. Under these circumstances, we continuously worked to improve payment convenience to increase the top line, and the operating revenue for the third quarter of the current fiscal year under review increased from the previous fiscal year. However, operating profit remained flat from the same period the previous year due to the increase in bad debt-related expenses, despite our continued efforts to strengthen our credit and collection processes by improving

credit accuracy through a more sophisticated scoring model using external credit data and by offering more customized payment plan proposals to our customers.

AEON Credit Service (Asia) Co., Ltd. (hereinafter “ACSA”), a subsidiary based in Hong Kong, continued to promote mobile payment methods to cater to the increasing number of visitors to the mainland by enabling ACSA-issued cards to be used for Near Field Communication (NFC) transactions in addition to the code payment, which is widely used in China. In addition to the above, the initiatives aimed at boosting the use of “AEON CARD WAKUWAKU” with special offers for e-commerce transactions, which is in high demand among the youth, and the collaboration on sales promotions with the AEON Group retailer AEON Stores (Hong Kong) Co. Ltd., contributed to a record card shopping transaction volume in local currency basis for the September - November period, reaching ¥161.132 billion (123.3% year-on-year) for the consolidated third quarter under review.

In card cashing and personal loans, we continued to strengthen individualized approach to customers via SMS and ACSA’s smartphone application notice functions based on data analysis. We further met the various needs of our customers, such as by enabling customers to complete the card cashing application 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 ¥35.868 billion (113.7% year-on-year), while loan transactions totaled ¥24.655 billion (97.4% year-on-year).

< Global Mekong Area >

The Mekong Area's operating revenue and profit were ¥71.587 billion (106.1% year-on-year) and ¥10.246 billion (100.5% year-on-year), respectively.

In Thailand, a key area in the Mekong Area, even with a boost in real GDP growth, soaring energy expenses and inflation continue to pressure household budgets and increase short-term demand for funds. As a result, AEON Thana Sinsap (Thailand) PCL. (hereinafter “ATS”), our subsidiary, incorporated in Thailand, saw solid cashing and small loan transactions and increased operating revenue. On the other hand, operating profit remained at the same level as in the previous year, with the efforts to control bad debt expenses by enhancing the accuracy of its screening and credit monitoring processes and strengthening its debt collection, resulting in a rise in personnel expenses.

ATS continuously promoted the “Scan to Pay” code payment service and “AEON Next Gen,” a digital credit service launched in January 2024 in response to the penetration of e-commerce and smartphone-based payment solutions. This service allows users to access credit lines via the ATS smartphone application without needing physical credit cards. In November 2024, sales promotion utilizing social media, etc., was enhanced to expand the younger customer base by launching “AEON PRiMO,” a Visa brand digital credit service. As a result, credit card purchase volume amounted to ¥163.325 billion (113.5% year-on-year).

Implementing 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, resulted in a rise in the volume of transactions to ¥89.584 billion (110.5% year-on-year).

In addition, ATS worked to strengthen debt collection by early identification of high-risk credits based on the Non-Performing Loan (NPL) scores to reduce bad debt-related expenses. Furthermore, ATS continuously strengthened the credit and collection system, including the introduction of a new scoring model for loan assessment in August 2024.

Our subsidiary, ACS TRADING VIETNAM, CO., LTD., launched the “WAON POINT” joint point accumulation program at AEON VIETNAM CO., LTD. retail stores in October 2024. It will serve as the infrastructure for further developing the AEON Living Zone in Vietnam. The program will be expanded to AEON Group companies in Vietnam and external members to lead to data utilization, such as mutual customer referrals using the common ID.

In October 2023, AFS made Post and Telecommunication Finance Company Limited (hereinafter, “PTF”), which provides personal loans in Vietnam, a wholly owned subsidiary, by acquiring its shares. On December 30, 2024, the State Bank of Vietnam approved the 100% acquisition of PTF shares. Upon completion of the acquisition, PTF will start providing new financial services centering on personal loans and expanding its business.

< Global Malay Area >

The Malay Area reported operating revenue of ¥66.448 billion (123.8% year-on-year) and operating profit of ¥8.745 billion (87.9% year-on-year).

The Malaysian economy is experiencing a growth trend thanks to increased consumer spending and rising real incomes, backed by an improved employment landscape, such as the record low unemployment rate since the COVID-19 pandemic. Under such circumstances, operating revenues increased year-on-year, 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, there was a rise in bad debt-related expenses due to an increase in the balance of trade receivables, credit screening, and personnel expenses to strengthen the credit and collection system. In addition, the operating profit underperformed year-on-year due to increased costs related to the intensified promotion campaign for AEON Bank (M) Berhad (hereinafter “ABKM”), which operates the digital bank business and was launched in May 2024.

The Malay Area saw a steady growth in the number of new card members as AEON Credit Service (M) Berhad (hereinafter “ACSM”), a local subsidiary in Malaysia, improved convenience by updating the smartphone application to install digital credit functions that enable immediate issuance and improving the credit card application process. Furthermore, ACSM aimed at enhancing the advantages of utilizing its services and boosting brand power by opening a new branch that features a lounge exclusively accessible to members of its programs and implemented a joint usage promotion project to commemorate the 40th anniversary of AEON CO. (M) BHD., the AEON Group's retail business. Consequently, the volume of card shopping transactions in the area reached ¥53.330 billion (128.8% 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 uses external credit information in addition to AI-powered scoring for small motorcycle loans. In addition, joint sales promotions with member stores and preferential interest rates offered according to the customer's credit scores resulted in the volume of installment finance transactions in the Malay Area reaching ¥105.103 billion (119.7% year-on-year).

In personal loans, the automated approval function was strengthened to improve assessment efficiency by utilizing external credit data in addition to past usage. Furthermore, we ran cross-selling promotions with AEON INSURANCE BROKER (M) SDN. BHD., which engages in the insurance brokerage business, such as the implementation of the cash-back campaign for early internet loan applicants that added insurance as an optional extra. As a result, personal loan transactions in the Malay Area were ¥58.270 billion (120.2% year-on-year).

ABKM was launched in May 2024 and promoted the provision of deposit, debit card, and code payment services through a smartphone application, a channel familiar to its customers, in its efforts to intensify sales promotions through social media and other channels to better reach younger customers.

(2) Consolidated Financial Condition

(Assets)

Total assets at the end of the third quarter interim period under review increased by ¥439.053 billion from the end of the previous consolidated fiscal year to ¥7,384.625 billion. This is a consequence of the fact that, while loans and bills discounted increased by ¥441.405 billion and securities for banking business rose by ¥88.923 billion due to an increase in the outstanding balance of card cashing and personal loans, these gains were partially offset by a ¥131.779 billion reduction in cash and deposits due to factors including the decrease in the money deposited with the Bank of Japan.

(Liabilities)

Total liabilities at the end of the third quarter interim period under review increased by ¥430.833 billion from the end of the previous consolidated fiscal year to ¥6,802.088 billion. The main cause of this is that, while accounts payable increased by ¥147.229 billion thanks to the growth in the volume of card shopping transactions and deposits rose by ¥360.432 billion due to the wider use as a card shopping account, interest-bearing debt decreased by ¥45.413 billion.

(Net Assets)

Total net assets at the end of the third quarter interim period under review increased by ¥8.219 billion from the end of the previous third quarter fiscal year to ¥582.536 billion. This was due to a ¥13.763 billion increase in quarter net income attributable to owners of the parent, a ¥6.776 billion increase in foreign currency translation adjustments, and a ¥4.614 billion increase in non-controlling interests, while retained earnings decreased by ¥11.441 billion due to the payment of year-end and interim dividends, valuation difference on available-for-sale securities decreased by ¥4.822 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 November 30, 2024
Assets		
Current assets		
Cash and deposits	665,558	533,778
Call loans	1,192	1,599
Accounts receivable - installment	1,843,488	1,854,637
Lease receivables and investments in leases	11,601	14,174
Operating loans	* 2 918,824	* 2 994,287
Loans and bills discounted for banking business	* 2 2,339,225	* 2 2,705,168
Securities for banking business	572,248	661,171
Securities for insurance business	15,873	14,036
Monetary claims bought	58,546	64,369
Money held in trust	116,695	110,337
Other	194,901	244,048
Allowance for doubtful accounts	△120,707	△123,608
Total current assets	6,617,447	7,073,999
Non-current assets		
Property, plant and equipment	32,146	32,884
Intangible assets		
Goodwill	11,684	10,548
Software	125,144	140,101
Other	3,550	3,248
Total intangible assets	140,379	153,898
Investments and other assets	155,045	123,479
Total non-current assets	327,570	310,262
Deferred assets	553	362
Total assets	6,945,571	7,384,625
Liabilities		
Current liabilities		
Accounts payable - trade	268,536	415,766
Deposits for banking business	4,538,363	4,898,796
Short-term borrowings	249,422	127,524
Current portion of long-term borrowings	165,716	217,508
Current portion of bonds payable	83,355	81,297
Commercial papers	95,000	11,900
Provision for bonuses	5,006	7,382
Provision for point card certificates	689	665
Other provisions	129	82
Other	187,491	160,053
Total current liabilities	5,593,712	5,920,977
Non-current liabilities		
Reserve for insurance policy liabilities	48,358	43,550
Bonds payable	240,604	224,124
Long-term borrowings	451,111	577,901
Retirement benefit liability	2,128	2,355
Provision for loss on interest repayment	2,518	1,192
Other provisions	302	364
Deferred tax liabilities	1,998	1,515
Other	30,521	30,104
Total non-current liabilities	777,542	881,110
Total liabilities	6,371,254	6,802,088

(Millions of yen)

	As of February 29, 2024	As of November 30, 2024
Net assets		
Shareholders' equity		
Share capital	45,698	45,698
Capital surplus	119,144	118,729
Retained earnings	286,022	288,328
Treasury shares	△357	△330
Total shareholders' equity	450,508	452,425
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△21,643	△26,465
Deferred gains or losses on hedges	212	△14
Foreign currency translation adjustment	29,272	36,049
Remeasurements of defined benefit plans	44	10
Total accumulated other comprehensive income	7,885	9,579
Share acquisition rights	6	0
Non-controlling interests	115,916	120,531
Total net assets	574,316	582,536
Total liabilities and net assets	6,945,571	7,384,625

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

(Millions of yen)

	Nine months ended November 30, 2023	Nine months ended November 30, 2024
Operating revenue		
Revenue from credit card business	93,429	102,268
Revenue from installment sales finance business	39,371	37,577
Financing revenue	112,965	124,475
Recoveries of written off receivables	11,600	13,871
Financial revenue	25,267	35,276
Insurance revenue	9,584	9,754
Fees and commissions	48,481	53,971
Other	15,062	11,576
Total operating revenue	355,764	388,772
Operating expenses		
Financial expenses	21,748	27,251
Insurance expenses	9,109	9,444
Fees and commissions payments	7,960	7,955
Selling, general and administrative expenses	288,542	303,741
Other	2,292	2,462
Total operating expenses	329,654	350,855
Operating profit	26,110	37,917
Non-operating income		
Dividend income	137	123
Gain on investments in investment partnerships	82	179
Foreign exchange gains	631	447
Subsidy income	—	146
Other	138	138
Total non-operating income	989	1,035
Non-operating expenses		
Miscellaneous losses	4	11
Total non-operating expenses	4	11
Ordinary profit	27,095	38,941
Extraordinary income		
Gain on sale of non-current assets	10	21
Gain on sale of investment securities	—	39
Gain on liquidation of investment securities	89	—
Total extraordinary income	99	60
Extraordinary losses		
Loss on disposal of non-current assets	396	430
Impairment losses	151	38
Loss on sale of shares of subsidiaries	—	2,306
Loss on liquidation of subsidiaries	18	—
Management integration expenses	469	—
System migration related expenses	90	—
Bad debt related expenses	—	* 2,817
Other	—	172
Total extraordinary losses	1,127	5,765
Profit before income taxes	26,068	33,235
Income taxes - current	9,225	15,815
Income taxes - deferred	△618	△4,718
Total income taxes	8,606	11,097
Profit	17,462	22,138
Profit attributable to non-controlling interests	8,605	8,375
Profit attributable to owners of parent	8,856	13,763

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended November 30, 2023	Nine months ended November 30, 2024
Profit	17,462	22,138
Other comprehensive income		
Valuation difference on available-for-sale securities	2,561	△4,697
Deferred gains or losses on hedges	510	△792
Foreign currency translation adjustment	17,447	11,501
Remeasurements of defined benefit plans, net of tax	41	△34
Total other comprehensive income	20,560	5,977
Comprehensive income	38,022	28,116
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	22,297	15,457
Comprehensive income attributable to non-controlling interests	15,725	12,659

(3) Notes on the Consolidated Financial Statements

(Key Principles Underlying the Preparation of Quarterly Consolidated Financial Statements)

The quarterly consolidated financial statements have been prepared in compliance with Article 4, Paragraph 1 of the Tokyo Stock Exchange's "Rules for the Preparation of Quarterly Financial Statements" and Japanese Generally Accepted Accounting Principles (J-GAAP) for quarterly financial reporting.

(Notes on the Going-concern Assumption) Not applicable

(Changes in the Scope of Consolidation or Application of the Equity Method)

(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.

(Significant changes in the scope of application of the equity method during the period) Not applicable

(Changes in the matters on the business year, etc. of Consolidated Subsidiary) Not applicable

(Additional Information)

(Agreement on Acquisition of Equity)

The Company resolved at a meeting of its Board of Directors held on October 20, 2023, to acquire an equity interest in Post and Telecommunication Finance Company Limited (hereinafter, "PTF"), a finance company in Vietnam, and to make PTF a wholly owned subsidiary of AFS by entering into an equity transfer agreement (hereinafter "the Agreement"), and concluded the Agreement.

This case will be carried out on the assumption that the relevant legal procedures in Vietnam have been completed.

1. Background and Purpose of the Transaction

Starting in Hong Kong in 1987, we are operating in 10 Asian countries and is committed to financial inclusion in each country and region.

The AEON Group has positioned Vietnam, where the average age is young and the economy is expected to continue growing, as an important country in its overseas strategy, and is expanding its retail store network. We started its business in 2008, and has been working to provide services closely related to the lives of its customers, focusing mainly on its own installment sales of home appliances and motorcycles. In order to further accelerate the expansion of the AEON Life Area in Vietnam, the AEON Group has decided to acquire 100% of Capital Contribution at PTF, which operates consumer loan business in Vietnam. As the fourth pillar of our company's overseas business, we will work to enrich the lives of Vietnamese customers by strengthening our growth strategy and expanding our product and service lineup.

2. Overview of the subsidiary company to be changed

(Japanese yen: 1 Vietnamese dong =0.0061 yen)

(1) Company Name	Post and Telecommunication Finance Company Limited		
(2) Location	No.3, Dang Thai Than, Hoan Kiem, Hanoi		
(3) Title and name of representative	Nguyen Minh Thang, Chairman of the Members' Council		
(4) Business	Financial industry		
(5) Capital	1.55 trillion Vietnamese dong Approx. 9.4 billion yen (*)		
(6) Date of establishment	October 10, 1998		
(7) Major shareholders and shareholding ratio	Southeast Asia Commercial Joint Stock Bank (Ownership: 100%)		
(8) Relationship between the listed company and relevant company	Capital relationship	No matters to be stated	
	Personal relationship	No matters to be stated	
	Business relationship	No matters to be stated	
(9) Financial status and business performance from the last three fiscal years (Unit: 1 million Vietnamese dong)			
Fiscal year-end	December 2021	December 2022	December 2023
Net assets	540,836	749,476	1,298,135
Total assets	3,083,932	6,341,679	5,638,239
Net operating income	146,488	677,348	351,567
Net income	28,206	208,640	48,659

*Capital as of the end of the fiscal year ending December 2023

3. Overview of the Seller

(Japanese yen: 1 Vietnamese dong =0.0061 yen)

(1) Name	Southeast Asia Commercial Joint Stock Bank		
(2) Location	198 Tran Quang Khai, Ly Thai To Ward, Hoan Kiem District, Hanoi		
(3) Title and name of representative	Le Van Tan, Chairman of the Board of Directors		
(4) Business	Banking		
(5) Capital	24,957,000 million Vietnamese dong Approximately 152.2 billion yen (*)		
(6) Date of establishment	March 25, 1994		
(7) Net assets	30,296,839 million Vietnamese dong Approximately 184.8 billion yen (*)		
(8) Total assets	266,121,915 million Vietnamese dong Approximately 1,623.3 billion yen (*)		
(9) Relationship between the company	Capital relationship	No matters to be stated	
	Personal relationship	No matters to be stated	
	Business relationship	No matters to be stated	
	Status as related party	No matters to be stated	

*Capital, net assets, and total assets as of 31 December 2023

4. Purchase Price and Status of Shares held before and after the Transaction

(1) Voting Rights before the Transfer holding Ratio	0%
(2) Purchase Price	4.3 trillion Vietnamese dong Approximately 26.2 billion yen (Japanese yen: 1 Vietnamese dong =0.0061 yen)
(3) Voting Rights after the Transfer holding Ratio	100%

5. Schedule of share acquisition

(1) Resolution at Board of Director' meeting	October 20, 2023
(2) Conclusion of contract	October 20, 2023
(3) Scheduled to execute share transaction	2024 (planned)

The execution date of the agreement is subject to the status of fulfillment of the conditions precedent in the Agreement.

6. Future Outlook

The impact of this transaction on the consolidated results for FY2024 onwards is being calculated.

(Transfer of WAON value issuer business to the Company through absorption-type split)

The Company resolved at a meeting of its Board of Directors held on October 28, 2024, to implement an organizational restructuring by transferring the WAON value issuer business (hereinafter “AR Value Issuer Business”) operated by AEON Retail (hereinafter, “AEON Retail”) to the Company through a simple absorption-type company split (hereinafter, the “Absorption-type Company Split”) by entering into an absorption-type split agreement with AEON Retail, and concluded the agreement.

1. Background and Purpose

The Company promotes reform towards further growth with strategic utilization of management resources across the Group to expand financial instruments and services centering on payment services and aims to become an intimate financial group to its customers. WAON value issuer business grew by promoting cashless payments by AEON Retail and AEON Bank to their respective customers. Based on the above-stated basic principle, we have decided to implement the Absorption-type Company Split under the belief that consolidating the WAON value issuer business in AFS Group, which is in charge of the comprehensive financial services for AEON Group, for further growth of payment services will enable efficient business operation and strategic investments in pursuit of overall optimization of financial services for AFS Group, and is most effective for improving customer convenience.

AFS Group will continue to provide competitive products and services and aim to realize payment methods that will be chosen by the customers.

*WAON value issuer business: Electric money “WAON” issuing business. Operated by AEON Retail and AEON Bank since its launch in 2007.

2. Summary of the Absorption-type Company Split

(1) Summary of the Transferred Business

AR Value Issuer Business will be transferred.

(2) Method of Business Combination

An absorption-type company split (simple absorption-type company split) with the Company as the succeeding company and AEON Retail as the absorbed company.

(3) Allocation under the Company Split

The Company shall, upon the Absorption-type Company Split, allocate to the absorbed company the amount of money calculated by making adjustments to 12,500 million yen (hereinafter, the “Base Compensation”) based on the difference between the amount of assets and liabilities to be transferred

which was the basis of the calculation of the Base Compensation and the assets and liabilities to be transferred as of the effective date of the Absorption-type Company Split.

3. Summary of Accounting Process

The Absorption-type Company Split is expected to constitute a “common control transaction” as prescribed in the “Accounting Standards for Business Combination.”

Goodwill is expected to be recorded on the Company's consolidated financial statements with the Absorption-type Company Split, but the amount is undetermined.

4. Schedule of share acquisition

(1) Resolution at Board of Director' meeting	December 28, 2024
(2) Conclusion of contract	December 28, 2024
(3) Date of the Business Transfer	February 28, 2025 (planned)

* For the Company, which is the succeeding company, the Absorption-type Company Split is a simplified absorption-type company split as prescribed in the Companies Act, Article 796, Paragraph 2. Therefore, it will be executed without the approval of its general shareholders' meeting.

* For AEON Retail, which is the absorbed company, the Absorption-type Company Split is a simplified absorption-type company split as prescribed in the Companies Act, Article 784, Paragraph 2. Therefore, it will be executed without the approval of the meeting of the general shareholders of AEON Retail.

5. Future Outlook

The impact of this transaction on the consolidated results for FY2024 onwards is being calculated.

(Notes on Quarterly Consolidated Balance Sheet)

1. Contingent Liabilities

Debt Guarantees

	As of February 29, 2024	As of November 30, 2024
Credit guarantee services for general customers operated by AFS Group	34,024	9,756

*2. Loan Commitment Agreement

Lessor

(1) AFS Group engages in incidental businesses to the credit card business, including cashing. The unused loan commitment for the business is as stated below.

	As of February 29, 2024	As of November 30, 2024
Total Loan Commitment	10,536,297	10,751,601
Total Loans Executed	556,926	599,878
Difference: Unused loan commitment	9,979,371	10,151,722

The above figures include the amount of securitized receivables.

Furthermore, the above loan commitment agreement includes a screening of the uses of funds and credit status, etc., of the borrower as the condition of loans, and the full amount may not necessarily be used.

(2) AFS Group has executed overdraft and credit line agreements for corporate customers' loans. These agreements promise loans up to set limits upon application for loans by customers unless there are violations of conditions set forth in the agreement. Unused loan commitment for these agreements is stated below.

	As of February 29, 2024	As of November 30, 2024
Difference: Unused loan commitment	18,564	23,033
Of which, underlying agreement period is less than one year	1,015	3,947

As many of these agreements expire without extension of loans, the balance of unused loan commitment itself does not necessarily affect the future cash flow. Many of these agreements include a clause that allows refusal of the loan application or reduction of the agreed limit in the event of a change in the financial environment, preservation of claims, and other adequate reasons. In addition, the customers' business conditions are regularly captured after the execution of the agreement following the predetermined internal procedures, and review of the agreement and measures for credit preservation, etc., are implemented as necessary.

(3) AEON Bank, Ltd., which is a subsidiary of the Company, executes revolving credit agreements to supplement liquidity for joint management designated money trusts it has set up. These agreements aim to avoid a temporary decrease in funding capacity at the time of refinancing. In addition, these agreements state that the execution of the loan is optional, and not promised.

	As of February 29, 2024	As of November 30, 2024
Difference: Unused loan commitment	59,535	59,940
Of which, underlying agreement period is less than one year	16,933	28,106

(Notes on Quarterly Consolidated Statement of Income)

*Bad debt-related expenses

Nine Months ended November 30, 2023 (March 1 - November 30, 2023)

Not applicable

Nine Months ended November 30, 2024 (March 1 - November 30, 2024)

The amount recognized as unlawful unauthorized use by third parties for some of the off-line transactions executed using a specific payment service provided under particular conditions for credit card shopping in Japan using credit cards issued by AFS Group (some transactions where the credit card company does not perform verification at the time of purchase of goods, etc. by a customer) is reported as bad debt-related expenses under extraordinary losses.

(Notes on Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows have not been prepared for the nine months ended November 30, 2024. Depreciation and amortization (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the nine months are as follows:

	Nine Months ended November 30, 2023	Nine Months ended November 30, 2024
Depreciation	23,496	23,047
Amortization of Goodwill	1,232	1,184

(Notes on Shareholders' Equity)

Nine Months ended November 30, 2023

1. Dividend Payment

Resolutions	Type of Shares	Total Dividend Amount (Million Yen)	Dividend per Share (Yen)	Record Date	Effective Date	Source of Dividend
Board of Directors' Meeting on April 21, 2023	Ordinary Shares	7,123	33.00	February 28, 2023	May 9, 2023	Retained Earnings
Board of Directors' Meeting on October 10, 2023	Ordinary Shares	5,396	25.00	August 31, 2023	November 14, 2023	Retained Earnings

2. Dividends with a record date within the third quarter of the current consolidated fiscal year but an effective date after the end of the third quarter of the current consolidated fiscal year

Not applicable

3. Significant Changes in the Amount of Shareholders' Equity

Not applicable

Nine Months ended November 30, 2024

1. Dividend Payment

Resolutions	Type of Shares	Total Dividend Amount (Million Yen)	Dividend per Share (Yen)	Record Date	Effective Date	Source of Dividend
Board of Directors' Meeting on April 19, 2024	Ordinary Shares	6,044	28.00	February 29, 2024	May 9, 2024	Retained Earnings
Board of Directors' Meeting on October 8, 2024	Ordinary Shares	5,396	25.00	August 31, 2024	November 14, 2024	Retained Earnings

1. Dividends with a record date within the third quarter of the current consolidated fiscal year but an effective date after the end of the third quarter of the current consolidated fiscal year

Not applicable

2. Significant Changes in the Amount of Shareholders' Equity

Not applicable

(Segment information)

For 3rd 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 quarterly consolidated financial statements
	Domestic		Global					
	Retail	Solutions	China Area	Mekong Area	Malay Area			
Sales								
Revenues from external customers	122,955	89,306	22,166	67,492	53,675	355,598	166	355,764
Transactions with other segments	4,074	49,307	—	10	—	53,392	△53,392	—
Operating revenue	127,030	138,614	22,166	67,503	53,675	408,990	△53,225	355,764
Operating profit (loss)	△387	977	6,327	10,195	9,946	27,060	△949	26,110

(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:

166 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 △949 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 22,817 million yen for Domestic Retail, 53,911 million yen for Domestic Solutions, 3,861 million yen for China Area, 6,111 million yen for Mekong Area, and 5,390 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 3rd quarter of FY2024

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

(Millions of yen)

	Reportable segments					Total	Reconciling items	Per quarterly consolidated financial statements
	Domestic		Global					
	Retail	Solutions	China Area	Mekong Area	Malay Area			
Sales								
Revenues from external customers	143,112	81,584	26,029	71,574	66,448	388,749	23	388,772
Transactions with other segments	1,852	56,073	—	13	—	57,938	△57,938	—
Operating revenue	144,964	137,657	26,029	71,587	66,448	446,687	△57,914	388,772
Operating profit (loss)	9,908	2,222	6,406	10,246	8,745	37,530	387	37,917

(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:

23 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 387 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 24,678 million yen for Domestic Retail, 57,545 million yen for Domestic Solutions, 4,684 million yen for China Area, 6,897 million yen for Mekong Area, and 6,289 million yen for the Malay Area.

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

(Revenue Recognition)

Information on the analysis of revenues arising from customer contracts is as stated in “(4) Notes on the Quarterly Consolidated Fiscal Statements (Segment Information).”

(Per Share Information)

Quarterly profit per share and the basis for calculation and diluted quarterly profit per share and the basis for calculation are stated below.

	Nine Months ended November 30, 2023	Nine Months ended November 30, 2024
(1) Quarterly profit per share	41.03 yen	63.76 yen
Basis for Calculation		
Profit attributable to owners of parent (million yen)	8,856	13,763
Amount not attributable to common stockholders (million yen)	—	—
Quarterly profit for common stocks attributable to owners of parent (million yen)	8,856	13,763
Average number of shares outstanding during the period (thousand shares)	215,860	215,875
(2) Diluted quarterly profit per share	41.03 yen	63.75 yen
Basis for Calculation		
Quarterly profit adjustment attributable to owners of parent (million yen)	—	—
Increase in the number of common stocks (thousand shares)	12	3
Descriptions of potentially dilutive common shares that were not included in the computation of diluted quarterly profit per share because of their anti-dilutive effect that had significant changes from the end of the previous consolidated fiscal year	—	—