

This is an abridged translation of the original Japanese document and is provided for informational purposes only.  
If there are any discrepancies between this and the original, the original Japanese document prevails.

## Financial Results for the Six Months ended August 31, 2023

October 11, 2023

Company name **AEON CO., LTD.**  
Listings Tokyo Stock Exchange (Prime Market)  
Security code 8267  
URL <http://www.aeon.info/en/>  
Representative Akio Yoshida, President  
Contact Hiroaki Egawa  
Executive Officer, Finance and Business Management  
Telephone +81 43-212-6042

Scheduled dates:

Submission of statutory quarterly financial report October 13, 2023  
Commencement of dividend payments October 30, 2023  
Supplementary materials to the quarterly results Available  
Quarterly earnings results briefing Yes (targeted at institutional investors and analysts)

(Amounts rounded down to the nearest million)

### 1. Consolidated Financial Results for the Six Months ended August 31, 2023

(March 1, 2023, to August 31, 2023)

#### (1) Operating Results

(Percentage figures represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of the parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended August 31, 2023	4,711,335	5.0	117,623	22.7	111,906	17.4	23,318	29.3
Six months ended August 31, 2022	4,487,184	3.3	95,877	23.3	95,321	22.3	18,038	293.1

Note: Comprehensive income: Six months ended August 31, 2023: 132,258 million yen (6.8%)  
Six months ended August 31, 2022: 123,794 million yen (96.8%)

	Earnings per share	Earnings per share – fully diluted
	yen	yen
Six months ended August 31, 2023	27.27	27.25
Six months ended August 31, 2022	21.25	21.23

#### (2) Financial Position

	Total assets	Net assets	Total equity ratio	Net assets per share
	million yen	million yen	%	yen
August 31, 2023	12,755,827	2,060,459	8.2	1,224.94
[excl. Financial Services]	[6,275,926]	[1,609,614]	[14.7]	-
February 28, 2023	12,341,523	1,970,232	8.0	1,161.12
[excl. Financial Services]	[6,078,040]	[1,544,061]	[14.5]	-

Reference: 1. Total equity: August 31, 2023: 1,047,815 million yen February 28, 2023: 992,576 million yen  
Total equity = Shareholders' equity plus total accumulated other comprehensive income.

2. The figures in square brackets represent consolidated financial position excluding the Financial Services Business.

Note: Due to organizational changes, certain subsidiaries that were previously categorized under the "Financial Services Business" segment have been reclassified under the "Other" segment, effective from the first quarter of the fiscal year ending February 29, 2024. The consolidated financial position of the Company for the preceding fiscal year has been prepared in accordance with the revised classification method after the change.

## 2. Dividends

Record date or period	Dividend per share				
	End-first quarter	End-second quarter	End-third quarter	Fiscal year-end	Annual total
Year ended February 28, 2023	yen -	yen 18.00	yen -	yen 18.00	yen 36.00
Year ending February 29, 2024	-	18.00			
Year ending February 29, 2024 (forecast)			-	18.00	36.00

Note: No changes were made to the latest release of dividend forecasts.

## 3. Forecast of Consolidated Earnings for the Fiscal Year ending February 29, 2024 (March 1, 2023, to February 29, 2024)

(Percentage figures represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of the parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	9,400,000	3.1	220,000	4.9	210,000	3.1	25,000	16.9	29.25

Notes: No changes were made to the latest release of earnings forecasts.

### \*Notes

- (1) Changes affecting the consolidation status of significant subsidiaries during the period: None
- (2) Application of special accounting treatment for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement:
  - 1) Changes in accordance with amendments to accounting standards: Yes
  - 2) Changes other than the above 1): None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (4) Number of shares issued (common stock)
  - 1) Number of shares issued at the end of the period (treasury stock included):
    - August 31, 2023: 871,924,572 shares
    - February 28, 2023: 871,924,572 shares
  - 2) Number of shares held in treasury at the end of the period:
    - August 31, 2023: 16,520,202 shares
    - February 28, 2023: 17,080,259 shares
  - 3) Average number of shares outstanding during the period:
    - Six months ended August 31, 2023: 855,092,099 shares
    - Six months ended August 31, 2022: 848,774,395 shares

The Company's stock held by the Employee Stock Ownership Plan Trust (August 31, 2023: 1,590,400 shares, February 28, 2023: 2,136,600 shares) is included in the number of shares held in treasury.

**\*Quarterly review status**

This report is exempt from the quarterly review by a certified public accountant or audit firm.

**\*Appropriate Use of Earnings Forecasts and Other Important Information**

(Note on the forward-looking statements)

The above forecasts, which constitute forward-looking statements, are based on information available to the Company as of the date of the release of this document. Actual results may differ materially from the above forecasts due to a range of factors.

For the forecasts herein, please refer to “(3) Consolidated Earnings Forecast” on page 10.

## **Accompanying Materials**

### **Contents**

1. Review of Operating Results and Financial Statements	2
(1) Analysis of Operating Results	2
(2) Consolidated Financial Condition	9
(3) Consolidated Earnings Forecast	10
2. Consolidated Financial Statements and Main Notes	11
(1) Consolidated Balance Sheet	11
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	14
(3) Consolidated Statement of Cash Flows	16
(4) Notes on the Consolidated Financial Statements	18
(Notes on the Going-concern Assumption)	18
(Notes on Significant Changes in the Amount of Shareholders' Equity)	18
(Changes in Accounting Policy)	18
(Additional Information)	18
(Segment Information)	19
(Material Subsequent Events)	20

## **1. Review of Operating Results and Financial Statements**

### **(1) Analysis of Operating Results**

#### **Summary of Operating Results**

For the first six months of the fiscal year ending February 29, 2024 (March 1, 2023 - August 31, 2023), AEON CO., LTD. (hereinafter “AEON”) posted consolidated operating revenue of 4,711,335 million yen (up 5.0%), operating profit of 117,623 million yen (up 21,746 million yen), ordinary profit of 111,906 million yen (up 16,585 million yen), which marked record highs in the same period of the previous fiscal year. Profit attributable to owners of the parent was 23,318 million yen (up 5,279 million yen).

In the first six months of the fiscal year under review, all reportable segments recorded an increase in net sales amid continued price hikes caused by soaring raw material prices, Russia's invasion of Ukraine, and the weak yen, which led to a marked polarization of consumption toward high-value-added products and value-added products. Operating profit increased in the GMS (General Merchandising Store) Business, the Supermarket Business, the Discount Store Business, and the Health and Wellness Business which expanded sales of private brands and improved productivity with digital technology and reduced power consumption. Operating profit also increased in the Shopping Center Development Business and the Services and Specialty Store Business, which recovered customer traffic compared with the COVID-19 pandemic period. Conversely, there was a decrease in profit in the Financial Services Business, mainly attributed to an increase in the provision of allowances for doubtful accounts, which aligned with the balance of operating receivables.

#### **1) Common Group Strategy**

- AEON has been soundly executing the five reforms set forth in the AEON Group Medium-term Management Plan (FY2021 – FY2025) (accelerate and evolve the shift to digital, create unique value with a supply chain-focused outlook, evolve health and wellness in response to the new era, create the “AEON Living Zone,” and further accelerate the shift to Asian markets).
- In the GMS Business and the Supermarket Business, AEON worked to introduce self-scanning and self-checkout systems. As a result, AEON enhanced customer convenience through shorter wait times at the cash register and through better productivity as a result of improved operational efficiency in stores. AI-driven efficiency systems, such as “AI Kakaku,” which suggests appropriate discount prices to reduce disposal-related food loss, “AI Order,” which predicts demand and optimizes product orders, and “AI Work,” which automatically drafts work schedules/rosters, have advanced, resulting in improvements in gross profit margin and productivity. In addition, AEON Financial Service Co., Ltd.’s overseas subsidiaries and affiliates have aggressively introduced “AI credit scoring” and “AI collection scoring.” Even in markets where a certain number of customers have no external credit information, they respond to customers’ financial needs through refining screening with “AI scoring.” At the same time, they aim to improve the efficiency of credit screening and collection operations. On the online front, online supermarket sales, which ship products from stores, have increased. In addition, AEON started the online market “Green Beans,” which ships from a customer fulfillment center. The service areas for Green Beans have expanded to include seven special wards in Tokyo, as well as four cities in Chiba Prefecture, and two wards in Kawasaki City, Kanagawa Prefecture, starting from September. Customers will be able to designate delivery times within one-hour windows between 7 a.m. and 11 p.m., select from up to 50,000 items including high-quality fresh produce, and place the kind of large orders that customer fulfillment centers make possible. The service will meet the needs of customers with a strong need to shorten shopping time and limited opportunities to visit stores, such as working parents and families with small children. A second customer fulfillment center is scheduled to launch operations in 2026 in Hachioji City, Tokyo Metropolitan area. The center will be attached to a commercial complex scheduled to open by AEON Mall Co., Ltd. in 2025.
- During nearly 50 years since its launch, the position of private brands has changed from offering quality equivalent to a national brand at a low price to a source of differentiation and competitive advantage

that embodies the corporate philosophy. Amid increases in household expenses due to price hikes of daily necessities, AEON has garnered the backing of our customers for creating and presenting distinctive value through our private brands, including TOPVALU which provides new ideas and excitement for everyday life, “BESTPRICE” that our customers can feel confident in choosing every day, and “Gurinai” which aspires to make products that are safe for nature and our bodies and help create a sustainable future “Organic & Natural brand” that lead to a sustainable future. For the ongoing fiscal year, AEON aims to achieve sales of 1.5 trillion yen for private brands as a whole, including 1 trillion yen for the three TOPVALU brands by converting half of the approximately 5,000 items except perishables and delicatessen to new or renewed products. “TOPVALU Premium Draft Beer” which uses 100% rare German hops while maintaining the same 100% maltiness, and “TOPVALU Café Gohan” which are chilled ready-to-eat meals arranged from popular menus for food carts around the world, are just a few examples of the new ideas and excitement we are bringing to customers' daily lives. We will continue to introduce new and exciting products to make our customers' daily lives more enjoyable. Furthermore, by 2025, all TOPVALU products will be replaced with environmentally friendly 3R products developed to meet one or more of the following three criteria: Reduce, Reuse, and Recycle. By choosing TOPVALU for their daily shopping, customers are able to naturally participate in the 3R activities, thus leading to consumption activities that consider solutions to social issues.

- The company will continue to provide products, services, and venues to meet new health needs, including in the area of presymptomatic states. Specifically, AEON will leverage its strengths to provide customers visiting commercial complexes such as AEON Malls and new business model stores that combine dispensing prescription drugs and SM operated by AEON KYUSHU CO., LTD. with a one-stop shop offering not only pharmaceutical products but also food, exercise, clothing, and other products that support good health. We will also offer one-stop shopping for health-supporting foods, exercise, travel, and other products/activities. In July, we took part in the formation of the Japan Optimized Nutritional Food Association. Its mission is to develop a novel food system ensuring that everyone can effortlessly access nutritionally balanced foods, thereby promoting well-being.
- The realization of AEON's “AEON Living Zone” concept is set to come to fruition by implementing the five key reforms outlined in the medium-term management plan. These reforms include the introduction of unique high-value products, leveraging digital technology, promoting health and wellness for a healthier and more enriched lifestyle, and adopting a green strategy. AEON's goal is to align these elements based on local needs in multi-layers, creating a Living Zone that enriches the region. AEON will work to improve customer satisfaction by combining sales data and purchase history information within and outside the Group and using it for individualized marketing that visualizes needs. WELCIA HOLDINGS LTD. in the Health and Wellness Business completed the introduction of “WAON POINTS” to its group stores this fiscal year, and the number of new members exceeded 5 million. AEON Financial Service Co., Ltd. has introduced a system that allows AEON BANK, LTD. to use AEON Pay by linking it to a bank account outside the AEON Group, even if the customer does not have an AEON Card. Those are adding more and more people to our AEON Living Zone.
- AEON has positioned Vietnam as its key market in the ASEAN region, as it is currently enjoying a demographic dividend and has a population with a high propensity to consume. AEON is pursuing strategic dominance in Vietnam through multi-format store openings, including online stores. The company's aim is to support the lifestyles of local residents through further localization and create an AEON Living Zone. The first loan to a retailer from the Japan Bank for International Cooperation (JBIC) which has provided loans aimed at improving Japan's global competitiveness will strengthen GMS and SM's expansion in Vietnam, where AEON aims to open 30 stores by 2030. In July, following Hanoi in the north in 2022, AEON opened a Super Supermarket in Binh Duong New City, located in the center of a major economic zone in the south, to bring the reliable quality of TOPVALU, and HOME COORDY which is a PB in Home Furnishing, to the local market.
- In August, AEON raised funds through its Sustainability Link Bond with the aim of contributing to the realization of a sustainable society through its corporate activities. The bond sets targets for reducing CO2 emissions, single-use plastic usage, and food waste generation, and if these targets are not met,

AEON will donate funds to organizations that are engaged in activities that contribute to decarbonization. This is the first bond issue of its kind in Japan with targets for the promotion of resource recycling, alongside CO2 emissions. In addition, at all 523 AEON and AEON STYLE stores, plastic shopping bags, which were not distributed free of charge throughout the Group prior to the revision of the Containers and Packaging Recycling Law, will be replaced by paid paper bags made of environmentally friendly FSC certified paper and vegetable-based ink in Apparel and Home Furnishing products sales floor from October 2023. Together with the customers, AEON will continue to examine the wasteful and disposable use of resources and promote efforts to realize a decarbonized society.

## **2) Business Segment Information**

Results by segment are as follows.

### **GMS Business**

The GMS Business posted operating profit of 3,615 million yen (increase of 7,369 million yen year-on-year) on operating revenue of 1,671,074 million yen (up 4.5% year-on-year) for the first six months of the fiscal year.

AEON Retail Co., Ltd. (hereinafter “AEON Retail”) is accelerating its revenue structure reforms to establish a management base able to withstand a wide range of cost increases while pursuing gross profit maximization, shopping center revenue improvement, and expansion of online sales. To boost gross profit, AEON Retail has been actively expanding sales areas and diversifying product lineups in high-growth categories. By product category, in Apparel, yukata and swimsuits are being sold to meet summer vacation leisure and travel demand, and the company is improving the product turnover rate with tight inventory controls based on an individualized assessment of sales timing and prices. At large stores, in addition to improving sales floors, AEON Retail is introducing and promoting new models that include work styles, such as shifting to customer service by improving productivity. In Food, the company undertook product renewal efforts aimed at enhancing added value in TOPVALU and Delicatessen. Furthermore, in the burgeoning frozen foods segment, it introduced new specialty stores called “@FROZEN” and expanded existing sales areas, culminating in a year-on-year increase of 3.4% in overall same-store sales for the entire Food category. In the Health and Beauty Care category, the same-store sales grew 104.0% year-on-year, fueled by the increased need for beauty products as mask-wearing restrictions eased and people resumed going out. To improve shopping center revenue, AEON Retail focused on measures to attract customers, reduce shopping floor vacancy rates, and increase temporary utilization of space by tenants to recover the customer traffic that declined due to the pandemic, resulting in improved tenant rent revenue. To boost online sales, the company expanded online supermarket services, increased the number of in-store pick-up locations, and expanded and enhanced product offerings by drawing on GMS Business strengths. Besides expanding the scale of AEON Shop Online and bolstering the advertising revenue business, the company introduced “MySCUE,” a senior care business that leverages its network of wellness-related group companies and business partners. AEON Retail promotes its revenue structure reforms by combining productivity improvement using digital technology with reduction of store and headquarters expenses in response to strategic increases in personnel costs and soaring commodity and energy prices.

AEON Hokkaido Corporation conducted a new store opening and large-scale refurbishments of seven stores as part of its efforts to increase the added value of products and stores, reform its revenue structure, and collaborate with local communities. In addition to expanding the delicatessen and frozen food sales floors and handling more regional products, the company has improved the shopping environment by updating refrigerated and frozen cases and introducing self-checkout and electronic shelf tags to reduce electricity consumption and improve operational efficiency. In merchandise, the company developed and renewed approximately 360 original products that are unique to the company, and net sales of TOPVALU increased by 13.1% year-on-year. In addition to Food, sales of travel and cosmetics were strong in Apparel and Home Furnishing products as well, in response to the record-hottest summer and the resumption of social and seasonal events. In terms of digital usage, the number of iAEON members

increased approximately 1.4 times in the first half of the year due to the enhancement of the AEON Pay function and coupon plans and net sales of the online supermarket continued to grow by 5.9% year-on-year. In addition, the company promoted cooperation with local communities through the implementation of “food drives” at 27 stores and by planning products and making donations related to social contributions to children's cafeterias.

In May, AEON KYUSHU CO., LTD. established “More for our precious Kyushu” as a purpose and published it on its website, together with the six material issues identified. The company advanced the initiatives of strengthening the food category, specializing in the non-food category, promoting digital transformation, and contributing to the environment and local communities. In the first six months of the fiscal year under review, non-consolidated financial results reached all-time highs in terms of operating revenue and all profit types. In June, the “AEON KYUSHU app” was transitioned to iAEON, resulting in a membership increase of approximately 270,000 by the end of August compared to the end of May, with a total membership count reaching approximately 430,000. Additionally, the inaugural “Big Bazaar,” an exclusive online shopping sale event, took place in August. During the first half of the review period, “AEON KYUSHU Online” experienced an impressive year-on-year sales growth of 51%.

### **Supermarket Business / Discount Store Business**

The Supermarket Business posted operating profit of 16,484 million yen (increase of 7,939 million yen year-on-year) on operating revenue of 1,353,824 million yen (up 3.4% year-on-year), and the Discount Store Business posted operating profit of 4,249 million yen (increase of 3,369 million yen) on operating revenue of 200,494 million yen (up 4.8% year-on-year) for the first six months of the fiscal year.

United Supermarket Holdings, Inc. commenced a three-year medium-term business plan in the fiscal year under review. The plan focuses on increasing store revenues through merchandise and store transformation, increasing non-store revenues through Online Merges with Offline (OMO), and expanding the business domain by leveraging its intellectual property holdings in the fiscal year under review. In September, the company commenced the provision of products from the “U.S.M.H Yachiyo Grocery Center (located in Yachiyo City, Chiba Prefecture),” which serves as a collaborative distribution center within the group. This initiative aims to establish a sustainable distribution system that optimizes store operations. To enhance customer convenience, the company is prioritizing investments in e-commerce settlement capabilities and comprehensive self-checkout systems, alongside capital investments that will result in labor-saving measures. The Maruetsu, Inc. has extended its “Online Delivery” service to encompass 41 stores and its utilization of Uber Eats to reach 108 stores. In July, KASUMI CO., LTD. introduced the “Scan & Go Card,” a reward card featuring prepaid functionality designed to provide customized benefits aligned with individual customer preferences and requirements. Maxvalu Kanto Co., Ltd. is collaborating with local governments to launch mobile supermarket services in areas where access to shopping is challenging. Each of the operating companies is actively pursuing initiatives that are customized to local characteristics and requirements.

Fuji Co., Ltd. (hereinafter “Fuji”) outlines its management vision as “Realizing overwhelming security and excitement for both customers and employees,” and continually focuses on responding to the latest needs from the viewpoint of customers, and aims to maximize profits at each stage by reducing both waste loss and costs. Fuji Retailing Co., Ltd. (hereinafter, “Fuji Retailing”), a consolidated subsidiary of Fuji, is moving forward with plans to open new stores in Ehime and Hiroshima prefectures as focus areas. Fuji Retailing is also working to refurbish its sales floors by resuming events canceled during the COVID-19 pandemic, mainly at large stores. In Food products, the comprehensive rollout of TOPVALU in September, following its launch in June, was strategically aimed at catering to both price-conscious and value-driven customers. Concurrently, sales in Apparel and Home Furnishing continued to thrive, capitalizing on consumer preferences related to travel, outdoor activities, and seasonal demand. The mobile supermarket, which is working to further expand its business, is now providing service from a total of 46 bases, with 81 vehicles operating on 243 routes. Maxvalu Nishinohon Co., Ltd. (hereinafter “Maxvalu Nishinohon”) also revised its supply chain, with a focus on being community-based and bolstering fresh foods, in addition to opening new stores and revitalizing existing stores centered on the



western part of Hyogo Prefecture, Okayama City, Hiroshima City, Yamaguchi Prefecture, Kagawa Prefecture, and the San'in area. Also, Maxvalu Nishinohon worked on initiatives aimed at solidifying non-store businesses, including the mobile supermarket business and the e-commerce business. With regard to product offerings, in recognition of the increasing demand for ready-made meals, the company introduced bento lunchboxes and processed foods crafted from locally sourced ingredients as "Buyer Three Stars" products across all its stores. Furthermore, we concentrated on enhancing our range of freshly prepared evening and late-night food options. Alongside the commencement of operations at the Hyogo Process Center in March, the company is actively striving to enhance productivity through digital initiatives. This includes the expansion of stores equipped with "My-Pi Register," enabling customers to make purchases by scanning items with a dedicated terminal, and the utilization of iAEON.

Maxvalu Tokai Co., Ltd. (hereinafter "Maxvalu Tokai") works to develop stores and provide products and services rooted in local communities to embody its brand message of "Making dreams a reality and bringing people together through delicious foods." In terms of products, Maxvalu Tokai expanded its lineup of "Jimono" products, which are beloved by local residents, as a means of supporting producers. It also worked to co-develop products that take balanced meals into consideration, thereby endeavoring to suggest healthy dietary habits. The company also bolstered the sales of growth category products, which included the incorporation of products from the French frozen food specialist Picard into two of its stores located in Nagoya City. In response to the growing desire of customers seeking to economize, the company worked to strengthen the product lineup of small-sized products suitable for single-use applications, in addition to sales promotions on special promotion days and increasing TOPVALU sales. In addition, the introduction of cashless self-checkout registers was completed at a total of 201 stores, and efforts were made to improve convenience in checkout and reduce cashier-related operations. As part of its efforts to create customer contact points, the company expanded the number of locations for its product delivery service using Uber Eats to a total of 43.

### **Health and Wellness Business**

The Health and Wellness Business posted operating profit of 24,260 million yen (increase of 684 million yen year-on-year) on operating revenue of 613,795 million yen (up 8.6% year-on-year) for the first six months of the fiscal year.

At WELCIA HOLDINGS CO., LTD. (hereinafter "Welcia Holdings") and its consolidated subsidiaries, in the first six months of the fiscal year under review, demand for masks and antigen test kits, and free PCR testing declined along with the drop in infection. However, there are also signs of a recovery in demand for cosmetics, reflecting increased opportunities to go out, and in demand from visitors to Japan, reflecting the relaxation of behavioral restrictions in various countries. In the product sales category, same-store sales remained steady on the back of increased demand for out-of-home use such as cosmetics and body care products. In the prescription drugs section, the number of prescriptions increased due to a higher number of stores dispensing prescription drugs (2,070 stores in Japan as of August 31, 2023) and a recovery of patients' frequency of seeing doctors. In addition, in March 2023, the WAON POINT service began to be introduced to stores nationwide to strengthen customer attraction measures. With respect to selling, general, and administrative expenses, despite the significant increase in utility costs due to soaring fuel prices, Welcia Holdings worked on cost optimization through initiatives to reduce energy consumption in stores and the improved efficiency of store operations by promoting automated ordering. To better serve the local customers and prevent heatstroke, cooling shelters were installed at "Welcafe," allowing people to rest for free during hot days.

### **Financial Services Business**

The Financial Services Business posted operating profit of 21,622 million yen (decrease of 10,802 million yen year-on-year) on operating revenue of 237,657 million yen (up 6.4% year-on-year) for the first six months of the fiscal year.

Both in Japan and overseas, AEON Financial Service Co., Ltd. promotes investments targeting medium- to long-term growth and upgrades to its base, including enhancing convenience by utilizing the common

Group-wide points system, bolstering mobile services, and creating new businesses, while working to advance digital financial inclusion.

In Japan, in response to evolving customers' lifestyles and values, AEON BANK, LTD. (hereinafter "AEON BANK"), a consolidated subsidiary of the company, made efforts to both face-to-face consultations that leverage the strengths of physical stores and improvement of convenience by IT technology, which was certified by the Ministry of Economy, Trade and Industry as a "DX Certified Business." In addition, The company promoted the "Welcia Card," a new co-branded card with Welcia Holdings and AEON Card membership for customers of Green Beans, and strengthened cooperation within the AEON Group by promoting the use of AEON Pay to capture demand for small-value payments. These efforts have contributed to a consistent rise in the number of deposit accounts at AEON BANK, which reached 8.47 million (a growth of 190,000 from the beginning of the fiscal year). Additionally, the number of active domestic cardholders increased to 31.18 million (up 360,000 from the beginning of the fiscal year), and the credit card shopping transaction volume amounted to 3,491,991 million yen (up 9.8% year-on-year).

Overseas, the rebound in consumer activity has resulted in a substantial upsurge in credit card shopping transactions and consumer installment credit. In Greater China, AEON CREDIT SERVICE (ASIA) CO., LTD. (referred to as "ACSA") has executed a strategy to boost card usage in Hong Kong, which is experiencing an economic recovery. ACSA has also facilitated seamless QR code payments with mainland China by integrating UnionPay International's code payment system, "UnionPay QR," into ACSA's smartphone app. In the Mekong area, the company is actively promoting the utilization of digital touchpoints, including a cash-back plan linked to "Prompt Pay," an electronic payment and account-to-account transfer application issued by the Thai government. In the Malay area, the transaction volume of personal loans increased significantly by 147.1% year-on-year. This surge can be attributed to our efforts to encourage usage by enhancing convenience, including the introduction of e-KYC (online identity verification) and an immediate provisional credit function, which was rolled out for applications for customer installment credit, where transaction volume continued to grow.

### **Shopping Center Development Business**

The Shopping Center Development Business posted operating profit of 25,087 million (increase of 2,064 million yen year-on-year) on operating revenue of 233,243 million yen (up 7.8% year-on-year) for the first six months of the fiscal year.

AEON Mall Co., Ltd. (hereinafter "AEON Mall") aims to be a company that creates, expands, and deepens "connections" and co-creates activities that lead to a sustainable regional future, based on the 2030 vision "AEON Mall is a Regional Co-Founder." that was newly formulated in May.

In Japan, as customers had more opportunities to go out and the need for cool-share spots during the heat wave, sales of specialty stores in existing malls (91 malls) during the first six months of the fiscal year under review increased by 7.6% year-on-year. AEON Mall intends to enhance its efforts to boost customer purchasing motivation by leveraging marketing data, including integration with the "AEON MALL app" and the WAON POINT program. This approach aims to attract more customers and drive higher sales during seasonal events. In terms of business creation, AEON Mall established the "Life Design Fund," a corporate venture capital fund, and provides joint delivery services to tenant companies of specialty stores. To actualize ESG management, alongside the expansion of our existing "Mall power plants," we are actively advancing new initiatives, including the "V2AEON MALL" EV charging service with customer involvement, the adoption of biogas power generation, and the implementation of solar power generation from farms.

Overseas, in Vietnam, its most important store opening area, the company will promote an area dominance strategy even in the surrounding cities in the central area, in addition to the southern area centered on Ho Chi Minh and the northern area centered on Hanoi. In China, it has positioned the inland provinces of Hubei and Hunan, which have high growth potential, as the key areas for opening new stores, and are accelerating the opening of new stores with the aim of achieving a 50-mall overseas structure by the end of fiscal year 2025. Moreover, AEON Mall is transitioning from a singular mall

format to a novel value-creating model customized to the unique attributes of each region. This transformation involves a thorough examination of the challenges encountered in individual countries and regions, as well as the exploration of fresh business opportunities beyond the confines of traditional retail facilities. In Cambodia, AEON Mall took a significant step in June by inaugurating the initial phase of a logistics center within a special economic zone situated near the Port of Sihanoukville, and the center commenced full operation in July. This facility is poised to function as the foundation for a forthcoming logistics venture, encompassing in-house customs clearance and warehouse operations.

### **Services and Specialty Store Business**

The Services and Specialty Store Business posted operating profit of 11,600 million yen (increase of 5,663 million yen year-on-year) on operating revenue of 401,878 million yen (up 6.6% year-on-year) for the first six months of the fiscal year.

During the first six months of the fiscal year under review, AEON DELIGHT CO., LTD. recorded an increase in net sales in all seven businesses. Both net sales and operating profit were higher than those in the same period of the previous year. The company increased its share among customers by expanding its services through strengthening account sales and by accepting contracts for properties at other locations for the same customer. In addition, the company began offering services at a wide variety of new facilities by continuing its customer-oriented proposal activities that draw on its accumulated experience and know-how, including energy conservation and epidemic prevention measures. At the same time, to build a sustainable business model, the company promoted the following: the development of “area management,” a new facility management model that efficiently manages multiple facilities; and DX, including the automation of routine operations using digital devices.

AEON Fantasy Co., Ltd. (hereinafter “AEON Fantasy”) had 1,118 stores as of August 31, 2023, consisting of 678 in Japan and 440 overseas. In the domestic business, the capsule toy division and prizes division, which continue to aggressively open their strategic small-scale stores Toys Spot Palo (capsule toy division) and Prize Spot Palo (prizes division), and the medal division also maintained strong performance. In July, AEON Fantasy opened “Mieux Forest,” an entertainment-type glamping facility and activities that combine the know-how accumulated over many years in family-oriented events have been well received. Overseas, the China business experienced a remarkable recovery with a year-on-year increase of 45.7% in sales during the first six months of the fiscal year under review. Additionally, the ASEAN operations achieved record-breaking sales and profit during the same six-month period driven by Malaysia and the Philippines particularly.

CAN DO CO., LTD. (hereinafter “CAN DO”) set out to expand sales channels, differentiate its products and brands, and enhance corporate value in order to maximize synergies with the AEON Group through collaboration, and also bolster its initiatives to enhance customer satisfaction. In an effort to expand sales channels, CAN DO expedited the opening of new stores. Consequently, the total number of stores reached 1,260 as of August 31, 2023. In terms of differentiating its products and brand, in pursuit of products popular with customers, CAN DO built merchandising (MD) for 100-yen products that fit into the defensive spending patterns and other-price products that provide added value, and CAN DO is developing environmentally friendly products. In terms of enhancing corporate value, CAN DO promoted the “creation of connections in the AEON Living Zone” by introducing WAON and controlled store opening and facility management costs by jointly purchasing fixtures and equipment with the AEON Group. CAN DO is also improving profitability through IT and digitalization.

COX CO., LTD. (hereinafter “COX”) focuses on the priority strategies of improvement in gross profit margin through strengthening brand power and merchandising reforms, increasing e-commerce sales by improving e-commerce operations and bolstering the Direct to Consumer (D-to-C) business, and bringing about a recovery in store sales through reforms to sales methods and sales floors. In the first six months of the fiscal year under review, concerted efforts to convert existing brands into the family-oriented fashion and lifestyle select shop “ikka THE BEAUTIFUL LIFE GREEN STORE,” to place information in magazines via tie-up features to sell at full-price, and to extend the validity period of coupons to encourage repeat visits, resulted in a year-on-year increase of 6.4% in same-store sales. In e-commerce,

COX endeavored to boost sales by redesigning the “ikka” brand websites to align with the demographics of buyers and also conducted a thorough review of its sales promotion policy on other companies' e-commerce platforms, channel by channel, with the aim of enhancing profitability.

### **International Business**

(AEON's consolidated financial statements for the International Business reflect results mainly for January through June)

The International Business posted operating profit of 5,818 million yen (decrease of 1,517 million yen year-on-year) on operating revenue of 254,729 million yen (up 3.8% year-on-year) for the first six months of the fiscal year.

In ASEAN countries, the macroeconomic environment is challenging due to the international situation, particularly the sharp increase in prices of various resources attributed to the situation in Ukraine and Russia. In this context, AEON CO. (M) BHD. is prioritizing strategies aimed at attracting customers during the post-Ramadan celebrations, while concurrently emphasizing competitive pricing on essential products tailored to align with customers' lifestyle preferences. In anticipation of the expected rise in labor costs following the implementation of the revised employment law in January, our primary focus is on enhancing productivity by leveraging digital technology. This includes increasing the utilization rate of self-checkout terminals and installing additional terminals at our highest-performing stores. In e-commerce, by constantly improving product lineups and the delivery rate within the designated time in response to customers' changing purchasing trends in line with behavioral regulation conditions. As a result, net sales of the online supermarket “myAEON2go” keep increasing by approximately 30% year-on-year. AEON Vietnam Co., Ltd. managed to achieve sales growth in the first half of the year, even in the face of consumers being directly impacted by reduced working hours and employment adjustments due to the economic downturn. The sales of Food and essential items in the Health and Beauty Care remained robust, and we anticipate further gains in the second half of the year due to government economic stimulus measures, including the reduction in the value-added tax rate, which commenced in July.

In China, despite the challenging conditions of a real estate recession and sluggish import-export activities, the relaxation of COVID-19 restrictions has resulted in a resurgence in the number of customers and an upward trajectory in apparel sales. Furthermore, AEON (HUBEI) CO.,LTD. has maintained strong performance in both sales and profits. In e-commerce, the overall market temporarily shrank due to the recovery of the flow of people to brick-and-mortar stores and the decline in demand for bulk purchases under COVID-19-related regulations. In this environment, the company is strengthening its own AEON app and aiming to maintain net sales at the same level as the previous fiscal year in the fiscal year under review.

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

### **Consolidated Assets, Liabilities, and Net Assets**

Consolidated assets as of August 31, 2023, were 12,755,827 million yen, an increase of 414,303 million yen, or 3.4%, from the end of the previous fiscal year (February 28, 2023). The increase is mainly attributable to increases of 172,147 million yen in notes and accounts receivable-trade, 121,280 million yen in securities, 86,420 million yen in loans and bills discounted for banking business, 47,702 million yen in operating loan, and other factors.

Consolidated liabilities as of August 31, 2023 were 10,695,367 million yen, an increase of 324,077 million yen, or 3.1%, from February 28, 2023. The increase is mainly attributable to increases of 108,943 million yen in deposits for banking business, 59,378 million yen in notes and accounts payable - trade, 56,441 million yen in long-term loans payable (including the current portion of long-term loans payable), 26,283 million yen in bonds payable (including the current portion of long-term bonds payable), and other factors.

Consolidated net assets as of August 31, 2023 were 2,060,459 million yen, an increase of 90,226 million yen, or 4.6%, from February 28, 2023.

Cash and cash equivalents decreased 46,063 million yen to 1,083,984 million yen as of August 31, 2023.

Net cash provided by operating activities in the six months ended August 31, 2023, was 165,164 million yen, mainly reflecting increases of 284,127 million yen in profit before income taxes, excluding depreciation and amortization and other non-cash expenses and 108,943 million yen in deposits for banking business, which offset increases of 150,847 million yen in notes and accounts receivable – trade and 864,020 million yen in cash loans and bills discounted for banking business.

Net cash used in investing activities was 278,119 million yen, mainly reflecting 257,362 million yen in acquisition of securities for banking business and 193,338 million yen in purchase of non-current assets, which offset 164,715 million yen in proceeds from sales and redemption of securities in banking business.

Net cash used in financing activities was 26,415 million yen, mainly reflecting 206,493 million yen in repayments of long-term loans payable and 105,775 million yen in redemption of bonds, which offset 234,093 million yen in proceeds from long-term loans payable and 129,277 million yen in proceeds from issuance of bonds.

### **(3) Consolidated Earnings Forecast**

The consolidated earnings forecast for the year ending February 29, 2024, is unchanged from the forecast announced on April 12, 2023.

\*Since AEON CO., LTD. is a pure holding company, non-consolidated forecasts are not disclosed.

**2. Consolidated Financial Statements and Main Notes**  
**(1) Consolidated Balance Sheet**

	As of February 28, 2023 Amount	(Millions of yen) As of August 31, 2023 Amount
<b>Assets</b>		
Current assets		
Cash and deposits	1,309,725	1,168,163
Call loans	10,373	1,653
Notes and accounts receivable - trade	1,877,761	2,049,909
Securities	508,223	629,503
Inventories	596,708	598,497
Operating loan	502,737	550,440
Loans and bills discounted for banking business	2,462,327	2,548,747
Other	543,011	527,065
Allowance for doubtful accounts	(129,109)	(130,466)
Current assets	7,681,759	7,943,514
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,630,449	1,655,083
Tools, furniture and fixtures, net	212,266	227,051
Land	1,043,143	1,063,176
Construction in progress	78,909	88,485
Other, net	336,676	367,654
Property, plant and equipment	3,301,444	3,401,450
Intangible assets		
Goodwill	145,160	137,318
Software	148,348	159,536
Other	62,518	63,582
Intangible assets	356,026	360,437
Investments and other assets		
Investment securities	263,947	294,993
Net defined benefit asset	25,729	28,194
Deferred tax assets	145,431	147,784
Guarantee deposits	412,691	408,173
Other	161,318	177,928
Allowance for doubtful accounts	(6,825)	(6,649)
Investments and other assets	1,002,292	1,050,424
Non-current assets	4,659,764	4,812,312
Assets	12,341,523	12,755,827

	As of February 28, 2023	(Millions of yen) As of August 31, 2023
	Amount	Amount
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,039,947	1,099,326
Deposits for banking business	4,392,204	4,501,148
Short-term loans payable	453,904	464,086
Current portion of long-term loans payable	346,338	261,735
Current portion of bonds	167,920	163,002
Commercial papers	75,000	77,494
Income taxes payable	48,344	43,183
Provision for bonuses	38,260	37,073
Provision for loss on store closing	2,706	4,508
Provision for point card certificates	6,529	6,819
Other provision	1,253	656
Notes payable - facilities	57,453	53,535
Other	848,014	887,394
Current liabilities	7,477,878	7,599,965
Non-current liabilities		
Bonds payable	905,541	936,742
Long-term loans payable	1,157,865	1,298,909
Deferred tax liabilities	31,669	41,105
Provision for loss on store closing	6,228	7,573
Provision for loss on interest repayment	5,180	3,617
Other provision	399	355
Net defined benefit liability	18,653	17,021
Asset retirement obligations	116,891	116,600
Long-term guarantee deposited	264,994	267,501
Reserve for insurance policy liabilities	54,338	52,019
Other	331,649	353,954
Non-current liabilities	2,893,412	3,095,401
Liabilities	10,371,290	10,695,367

	As of February 28, 2023 Amount	(Millions of yen) As of August 31, 2023 Amount
<b>Net assets</b>		
Shareholders' equity		
Capital stock	220,007	220,007
Capital surplus	299,667	296,003
Retained earnings	411,758	419,649
Treasury shares	(22,936)	(21,661)
Shareholders' equity	908,498	914,000
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	41,711	60,171
Deferred gains or losses on hedges	257	1,319
Foreign currency translation adjustment	45,825	75,759
Remeasurements of defined benefit plans	(3,716)	(3,435)
Total accumulated other comprehensive income	84,077	133,815
Subscription rights to shares	1,173	1,276
Non-controlling interests	976,482	1,011,367
Net assets	1,970,232	2,060,459
Liabilities and net assets	12,341,523	12,755,827



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

	(Millions of yen)	
	Six months ended August 31, 2022	Six months ended August 31, 2023
	Amount	Amount
Operating revenue		
Net sales	3,920,850	4,108,442
Operating revenue from financial services business	197,562	208,973
Other operating revenue	368,771	393,919
Operating revenue	4,487,184	4,711,335
Operating costs		
Cost of sales	2,824,056	2,938,716
Operating cost from financial services business	26,470	27,526
Operating cost	2,850,527	2,966,242
Gross profit	1,096,793	1,169,725
Operating gross profit	1,636,656	1,745,092
Selling, general and administrative expenses	1,540,779	1,627,469
Operating profit	95,877	117,623
Non-operating income		
Interest income	2,046	2,634
Dividend income	1,820	2,262
Share of profit of entities accounted for using equity method	3,054	2,600
Other	14,061	10,501
Non-operating income	20,983	17,998
Non-operating expenses		
Interest expenses	17,713	19,077
Other	3,826	4,637
Non-operating expenses	21,539	23,715
Ordinary profit	95,321	111,906
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	23,617	—
Gain on step acquisition	3,290	—
Reversal of provision for loss on store closing	227	249
Insurance income	2,698	301
Other	4,119	787
Extraordinary income	33,952	1,338
Extraordinary losses		
Impairment loss	5,715	5,192
Loss on retirement of non-current assets	1,475	1,336
Loss on valuation of investment securities	4,191	3,977
Provision for loss on store closing	3,014	4,840
Other	8,245	2,464
Extraordinary losses	22,642	17,812
Profit before income taxes	106,631	95,433
Income taxes		
Income taxes-current	38,749	40,815
Income tax adjustments	10,088	(47)
Income taxes	48,838	40,767
Profit	57,793	54,665
Profit attributable to non-controlling interests	39,754	31,347
Profit attributable to owners of the parent	18,038	23,318

## Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Six months ended August 31, 2022	Six months ended August 31, 2023
	Amount	Amount
Profit	57,793	54,665
Other comprehensive income		
· Valuation difference on available-for-sale securities	(23,060)	19,272
· Deferred gains or losses on hedges	4,039	1,791
· Foreign currency translation adjustment	85,812	55,883
· Remeasurements of defined benefit plans, net of tax	(627)	431
· Share of other comprehensive income of entities accounted for using equity method	(163)	213
Other comprehensive income	66,000	77,593
Comprehensive income	123,794	132,258
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	50,357	73,055
Comprehensive income attributable to non- controlling interests	73,436	59,202

**(3) Consolidated Statement of Cash Flows**

	(Millions of yen)	
	Six months ended August 31, 2022	Six months ended August 31, 2023
	Amount	Amount
Cash flows from operating activities		
Profit before income taxes	106,631	95,433
Depreciation	159,670	162,365
Amortization of goodwill	7,920	8,214
Increase (decrease) in allowance for doubtful accounts	(5,078)	(3,348)
Increase (decrease) in provision for loss on interest repayment	(1,612)	(1,563)
Increase (decrease) in provision for bonuses	(5,145)	(1,708)
Increase (decrease) in net defined benefit liability	689	(8)
Decrease (Increase) in net defined benefit asset	(3,283)	(3,089)
Interest and dividend income	(3,867)	(4,897)
Interest expenses	17,713	19,077
Share of (profit) loss of entities accounted for using equity method	(3,054)	(2,600)
Impairment loss	5,715	5,192
Loss (gain) on sale of shares of subsidiaries and associates	(23,617)	—
Loss (gain) on step acquisitions	(3,290)	—
Decrease (increase) in notes and accounts receivable – trade	(144,174)	(150,847)
Decrease (increase) in inventories	(3,257)	1,467
Decrease (increase) in operating loans receivable	(19,211)	(19,144)
Decrease (increase) in cash loans and bills discounted for banking business	(43,876)	(86,420)
Increase (decrease) in notes and accounts payable - trade	70,387	55,209
Increase (decrease) in deposits for banking business	154,208	108,943
Increase/decrease in other assets/liabilities	(8,432)	25,750
Other, net	33,797	16,541
Subtotal	288,833	224,566
Interest and dividend income received	4,924	6,023
Interest expenses paid	(17,883)	(18,951)
Income taxes paid	(41,953)	(46,475)
Net cash provided by (used in) operating activities	233,920	165,164

	(Millions of yen)	
	Six months ended August 31, 2022	Six months ended August 31, 2023
	Amount	Amount
<b>Cash flows from investing activities</b>		
Purchase of securities	(8,252)	(12,637)
Proceeds from sales and redemption of securities	20,816	12,678
Acquisition of securities for banking business	(443,001)	(257,362)
Proceeds from sales and redemption of securities in banking business	351,524	164,715
Purchase of non-current assets	(161,445)	(193,338)
Proceeds from sales of non-current assets	11,859	3,156
Purchase of investment securities	(1,707)	(9,768)
Proceeds from sales of investment securities	276	834
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(11,543)	(289)
Payments for guarantee deposits	(6,958)	(6,615)
Proceeds from collection of guarantee deposits	7,375	9,125
Proceeds from guarantee deposits received	11,542	12,319
Repayments of guarantee deposits received	(11,368)	(10,466)
Other, net	(12,868)	9,528
<b>Net cash used in investing activities</b>	<b>(253,751)</b>	<b>(278,119)</b>
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term bank loans and commercial papers	60,437	5,631
Proceeds from long-term loans payable	176,127	234,093
Repayments of long-term loans payable	(146,311)	(206,493)
Proceeds from issuance of bonds	79,557	129,277
Redemption of bonds	(90,800)	(105,775)
Proceeds from share issuance to non-controlling shareholders	3,847	1,951
Repayments to non-controlling shareholders	(127)	(13,809)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(934)	—
Repayments of lease obligations	(31,715)	(38,136)
Cash dividends paid	(15,302)	(15,427)
Dividends paid to non-controlling interests	(13,440)	(14,635)
Other, net	5,340	(3,091)
<b>Net cash provided by financing activities</b>	<b>26,679</b>	<b>(26,415)</b>
Effect of exchange rate change on cash and cash equivalents	20,253	8,892
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>27,102</b>	<b>(130,478)</b>
Cash and cash equivalents, beginning of period	1,090,923	1,214,462
Increase in cash and cash equivalents resulting from merger	12,022	—
<b>Cash and cash equivalents, end of period</b>	<b>1,130,047</b>	<b>1,083,984</b>

#### **(4) 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

(Changes in Accounting Policy)

(Application of Accounting Standard for Revenue Recognition)

Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021, hereinafter "the Guidance") has been applied from the beginning of the first quarter of this fiscal year. The Company has decided to apply the Guidance in accordance with the transitional treatment stipulated in Paragraph 27-2 of the Guidance in the future. Note that this change gives no impact on the quarterly consolidated financial statements.

(Additional Information)

(Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts)

The Company has introduced the Employee Stock Ownership Plan Trust ("ESOP Trust") incentive scheme that provides the Company's workforce with ownership interest in the Company with the aim of further enhancing corporate value over the mid to long term.

The Company's stock held by the ESOP Trust was included in treasury shares under net assets with a book value of 3,674 million yen for 1,590,400 shares as of August 31, 2023. The book value of long-term loans payable (including the current portion) recorded in accordance with the adoption of the gross accounting method was 4,550 million yen.

## (Segment Information)

I. Six months ended August 31, 2022 (March 1 – August 31, 2022)

## 1. Operating revenue and income/loss by reportable segment

(Millions of yen)

	Reportable segment						
	GMS	Supermarket	Discount Store	Health and Wellness	Financial Services	Shopping Center Development	Services and Specialty Store
Operating revenue:							
(1) Revenue attributable to customers	1,549,417	1,301,939	191,022	565,060	197,562	174,941	282,305
(2) Intersegment revenue or transfers	49,432	7,253	365	367	25,885	41,420	94,864
Total	1,598,850	1,309,193	191,388	565,427	223,448	216,362	377,169
Segment income (loss)	(3,754)	8,544	880	23,576	32,425	23,023	5,936

	Reportable segment		Other*1	Total	Adjustments*2,3	Reported in the quarterly consolidated statement of income*4
	International	Total				
Operating revenue:						
(1) Revenue attributable to customers	243,233	4,505,483	3,965	4,509,448	(22,264)	4,487,184
(2) Intersegment revenue or transfers	2,206	221,796	21,964	243,761	(243,761)	-
Total	245,439	4,727,280	25,930	4,753,210	(266,026)	4,487,184
Segment income (loss)	7,336	97,968	(300)	97,668	(1,790)	95,877

Notes: 1. "Other" segment includes business segments not categorized as reportable segments such as digital business.

2. Main components of the minus 22,264 million yen in adjustments for revenue attributable to customers are as follows:

- (a) minus 50,078 million yen in adjustments to transactions reported in the reportable segment information, and
- (b) 27,731 million yen in "operating revenues from equity-method affiliates" of Group companies attributable to AEON Group merchandise supply that is part of head office functions and does not fall into any of the business segments.

3. Main components of the minus 1,790 million yen in adjustments for segment income (loss) are as follows:

- (a) 1,333 million yen in income of the pure holding company (AEON CO., LTD.) not attributable to any of the business segments,
- (b) minus 2,173 million yen in loss of Group companies attributable to AEON Group merchandise supply that does not fall into any of the business segments, and
- (c) minus 967 million yen in intersegment transaction eliminations.

4. Segment income (loss) adjustments are based on operating profit reported in the quarterly Consolidated Statement of Income for the corresponding period.

II. Six Months ended August 31, 2023 (March 1 – August 31, 2023)

1. Operating revenue and income/loss by reportable segment

(Millions of yen)

	Reportable segment						
	GMS	Supermarket	Discount Store	Health and Wellness	Financial Services	Shopping Center Development	Services and Specialty Store
Operating revenue:							
(1) Revenue attributable to customers	1,619,598	1,347,083	199,867	613,412	208,973	191,016	298,320
(2) Intersegment revenue or transfers	51,475	6,741	627	383	28,684	42,226	103,557
Total	1,671,074	1,353,824	200,494	613,795	237,657	233,243	401,878
Segment income (loss)	3,615	16,484	4,249	24,260	21,622	25,087	11,600

	Reportable segment		Other*1	Total	Adjustments *2,3	Reported in the quarterly consolidated statement of income*4
	International	Total				
Operating revenue:						
(1) Revenue attributable to customers	252,685	4,730,958	4,341	4,735,300	(23,964)	4,711,335
(2) Intersegment revenue or transfers	2,044	235,740	23,595	259,335	(259,335)	—
Total	254,729	4,966,698	27,936	4,994,635	(283,300)	4,711,335
Segment income (loss)	5,818	112,739	(3,861)	108,877	8,745	117,623

Notes: 1. “Other” segment includes business segments not categorized as reportable segments such as digital business.

2. Main components of the minus 23,964 million yen in adjustments for revenue attributable to customers are as follows:

- (a) minus 54,070 million yen in adjustments to transactions reported in the reportable segment information, and
- (b) 29,949 million yen in “operating revenues from equity-method affiliates” of Group companies attributable to AEON Group merchandise supply that is part of head office functions and does not fall into any of the business segments.

3. Main components of the minus 8,745 million yen in adjustments for segment income (loss) are as follows:

- (a) 1,957 million yen in income of the pure holding company (AEON CO., LTD.) not attributable to any of the business segments,
- (b) 6,892 million yen in income of Group companies attributable to AEON Group merchandise supply that does not fall into any of the business segments, and
- (c) minus 116 million yen in intersegment transaction eliminations.

4. Segment income (loss) adjustments are based on operating profit reported in the quarterly Consolidated Statement of Income for the corresponding period.

2. Change of reportable segment

In line with organizational changes, from the first quarter of the fiscal year ending February 29, 2024, the Company has reclassified some of the subsidiaries included in the Financial Services Business segment to include them in Other. For reference, segment information for the six months ended August 31, 2022, was prepared based on the current segmentation.

(Material Subsequent Events)

Not applicable