

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 Nine Months ended November 30, 2023

January 12, 2024

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

Scheduled dates:

Submission of statutory quarterly financial report January 15, 2024
Commencement of dividend payments -
Supplementary materials to the quarterly results Available
Quarterly earnings results briefing Yes (For institutional investors and analysts)

(Amounts rounded down to the nearest million)

1. Consolidated Financial Results for the Nine Months ended November 30, 2023

(March 1, 2023, to November 30, 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	%
Nine months ended November 30, 2023	7,025,855	4.5	142,823	26.8	133,115	23.8	18,359	-
Nine months ended November 30, 2022	6,721,786	4.2	112,679	26.3	107,556	28.2	(3,682)	-

Note: Comprehensive income: Nine months ended November 30, 2023: 152,272 million yen (16.3%)
Nine months ended November 30, 2022: 130,957 million yen (123.0%)

	Earnings per share	Earnings per share – fully diluted
	yen	yen
Nine months ended November 30, 2023	21.47	21.44
Nine months ended November 30, 2022	(4.33)	-

Note: Even though the Company has dilutive shares, Earnings per share - fully diluted for the nine months ended November 30, 2022 is not stated because a net loss per share was recorded for the period.

(2) Financial Position

	Total assets	Net assets	Total equity ratio	Net assets per share
	million yen	million yen	%	yen
November 30, 2023	13,010,497	2,079,393	8.0	1,215.65
[excl. Financial Services]	[6,490,742]	[1,628,290]	[14.1]	-
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: November 30, 2023: 1,040,168 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 the 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
	yen	yen	yen	yen	yen
Year ended February 28, 2023	-	18.00	-	18.00	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	9,500,000	4.2	240,000	14.4	230,000	12.9	33,000	54.3	38.60

Notes: Changes were made to the release of earnings forecasts on April 12, 2023.

*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):

November 30, 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:

November 30, 2023: 16,276,099 shares

February 28, 2023: 17,080,259 shares

3) Average number of shares outstanding during the period:

Nine months ended November 30, 2023: 855,226,539 shares

Nine months ended November 30, 2022: 850,627,941 shares

The Company's stock held by the Employee Stock Ownership Plan Trust (November 30, 2023: 1,364,000 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	10
(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) Notes on the Consolidated Financial Statements	16
(Notes on the Going-concern Assumption)	16
(Notes on Significant Changes in the Amount of Shareholders' Equity)	16
(Changes in Accounting Policy)	16
(Additional Information)	16
(Segment Information)	17
(Material Subsequent Events)	19

1. Review of Operating Results and Financial Statements

(1) Analysis of Operating Results

Summary of Operating Results

For the first nine months of the fiscal year ending February 29, 2024 (March 1, 2023 – November 30, 2023), AEON CO., LTD. (hereinafter “AEON”) posted consolidated operating revenue of 7,025,855 million yen (up 4.5%), operating profit of 142,823 million yen (up 30,143 million yen), ordinary profit of 133,115 million yen (up 25,559 million yen), which marked record highs in the same period of the previous fiscal year. Profit attributable to owners of the parent was 18,359 million yen (an improvement of 22,042 million yen).

In the period 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 Supermarket Business, and the Discount Store 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. In addition, the GMS (General Merchandising Store) Business, which is the core of the Retail Business, incurred a smaller loss than in the previous year. Conversely, profit decreased in the Financial Services Business, mainly due to an increase in the provision of allowances for doubtful accounts, which aligned with the balance of operating receivables. The International Business, marked by the deteriorating macroeconomic environment in the region with several downward revisions of GDP growth rates, also reported lower earnings. Additionally, the Health & Wellness Business experienced a decline in demand for COVID-19 related products, contributing to reduced profitability.

1) Common Group Strategy

- AEON has been soundly executing the five reforms and initiatives of environment and green outlined 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).

- **Acceleration and evolution of the digital shift:**

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 11 special wards in Tokyo, as well as eight cities in Chiba Prefecture, and Kawasaki City, Kanagawa Prefecture, as of the end of November 2023. 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.

· **Establishment of unique value by supply chain:**

As for products, for 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. In the current fiscal year, with the goal of reaching 2 trillion yen in sales by 2025, AEON is targeting total sales of 1.5 trillion yen for private brands. This includes reaching 1 trillion yen with the three TOPVALU brands—TOPVALU, BESTPRICE, and Gurinai. The strategy involves transforming half of the approximately 5,000 items, excluding perishables and delicatessen, into new or updated products. Additionally, the plan includes introducing value-added products to appeal to the younger generation. We aim to broaden our customer demographic by introducing products such as “TOPVALU Café Gohan” which are chilled ready-to-eat meals inspired by popular international food cart menus, “TOPVALU Salad Bowl with Millet Rice,” a frozen meal designed for those who are conscious about health and efficient use of time; and “TOPVALU Kraftel,” a novel beverage tailored to contemporary alcohol consumption trends. In light of the recent stabilization of prices for raw materials such as wheat and cooking oil, we are reassessing our delivery methods and passing on the benefits of scale through group-wide efforts to customers by implementing price reductions and increasing volumes on selected TOPVALU items. Furthermore, by 2025, all TOPVALU products will be replaced with environmentally friendly 3R products developed with our suppliers to meet one or more of the following three criteria: Reduce, Reuse, and Recycle. By choosing TOPVALU for their daily shopping, customers can naturally participate in the 3R activities, thus leading to consumption activities that consider solutions to social issues.

In October, AEON entered into a technology partnership with Mujin Inc. to collaboratively develop a next-generation automation model for the AEON Group's common logistics network. The partnership focuses on achieving “data linkage across the entire supply chain,” “automation and intelligence in logistics operations,” and “optimal allocation of next-generation facilities.” The goal is to enhance the overall supply chain efficiency through data and automation technology. As the initial phase of the group-wide logistics restructuring, AEON will commence the construction of a next-generation automated model center and extend its implementation across the group.

· **Advancement of Health & Wellness for a new era:**

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.

· **Creation of the “AEON Living Zone:**

The realization of the “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. In November, pursuing the “1 trillion yen sales of SM in the Kanto region” concept, AEON completed a tender offer to acquire up to 51% of Inageya Co. Ltd. Additionally, to maintain the existing alliance with DCM Holdings, Co., Ltd. (hereinafter “DCMHD”), and Keiyo Co., Ltd. (hereinafter “Keiyo”), AEON opted to acquire a proportional value of DCMHD shares, aligning with the proceeds generated from the sale of AEON's Keiyo shares amid DCMHD's takeover bid for Keiyo.

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 6.5 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, and by introducing a personal transfer system that allows users to transfer their balances to each other. Those are adding more and more people to our AEON Living Zone.

· **Further acceleration of the Asian shift:**

In ASEAN, AEON has positioned Vietnam as its key market in Asia, 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 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 China, the newly launched AEONMALL WUHAN JIANGXIA in Hubei Province commenced operations in November after a two-and-a-half-year period. Situated amid commercial districts, public service zones, and corporate research and development hubs, the locale boasts a total population of 1.43 million residents and employees within a 20-minute radius, presenting a highly promising area poised for future market expansion.

· **Environment and Green:**

In August, AEON raised funds through its Sustainability Link Bond to contribute 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, are being 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) Results by Business Segment

Results by segment are as follows.

GMS Business

The GMS Business posted an operating loss of 1,291 million yen (an improvement of 13,515 million yen year-on-year) on operating revenue of 2,490,160 million yen (up 4.1% year-on-year) for the first nine 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 and saw revenue increase in the period under review. To bolster gross profit, AEON Retail has been proactively expanding sales areas and diversifying product lineups in high-growth categories, then Food and Health and Beauty Care drove the figures. In Apparel, to further improve the gross profit margin, AEON Retail is rolling out and expanding the "specialty store model," which strengthens customer service by revamping the sales floor environment and operations. In Home Furnishing, it renewed the "HOME COORDY" line of private-brand products in autumn, transforming the sales floor into a place where it is possible to offer coordinated proposals of products and services that match the lifestyles of customers. 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, resulting in improved tenant rent revenue. To enhance digital sales, it focused on scaling up its online supermarket and implementing strategies such as AEON Black Friday sale, seamlessly integrated with physical stores, across AEON

Shop and AEON Shop Online within the EC sector. Pioneering the evolution of the Health and Wellness Business through digital technology, AEON Retail introduced “MySCUE,” a senior care business, in September. Additionally, in collaboration with KAKEHASHI Inc. and Otsuka Pharmaceutical Co., Ltd., it initiated a demonstration project in October where pharmacists leverage health information to provide health care services that contribute to people's well-being without their explicit awareness. 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 (hereinafter “AEON Hokkaido”) designates the current fiscal year, the third year of its five-year medium-term management plan, as a pivotal period for establishing a business model to achieve its management vision of becoming a company that supports health and wellness in Hokkaido. The company is actively engaged in initiatives to add value to products and stores, promote customerization, reform profit structure, and collaborate with the community. Throughout the review period, 20 stores were equipped with electronic shelf tags, and 32 stores received new or additional self-checkout registers, bringing the cumulative total to 118 stores, thereby enhancing operational efficiency. Additionally, three new stores were opened, and eight stores underwent substantial revitalization efforts. In Food, approximately 690 original products were developed or renewed, including “Chilled Ready Meals supervised by famous Hokkaido hotels,” with efforts to boost sales and consumption of Hokkaido scallops affected by import restrictions on Japanese seafood. In Apparel and Home Furnishing, AEON Hokkaido addressed customer needs with collaborative products from major national brand manufacturers, including original outers and non-slip shoes catering to the rising demand for outings. TOPVALU, strengthening its sales, maintained double-digit growth with an 11.2% year-on-year increase. In terms of digital technology, the iAEON member count increased approximately 1.5 times during the review period, attributed to enhanced AEON Pay functions and coupon planning. The Internet supermarket also made progress, enabling shorter delivery times with new locations at four stores. Moreover, in collaboration with local communities, 'Food Drive' initiatives were executed at 32 stores, and a comprehensive collaboration agreement was established with Rakuno (Dairy) Gakuen Educational Corporation to enhance economic circulation through the efficient utilization of food waste at stores and the sale of fattened beef cattle.

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 (DX), and contributing to the environment and local communities. In the first nine 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 transition of the “AEON KYUSHU app” to iAEON led to a significant increase in the number of members who have designated AEON stores as their favorites, reaching approximately 500 thousand in line with expectations. Moreover, the usage of AEON PAY, along with the utilization of 'Gotcha Coupon,' saw a year-on-year increase of 5.6 times and 123.3%, respectively. In Fukuoka Prefecture, we are expanding our store network by opening one GMS store, five SM stores including a compact SM "Maxvalu Express" aimed at increasing market share in urban areas, one home improvement center, and four new "WELCIA Plus" stores, a new format combining SM and drugstore operations. In "AEON's mobile supermarket" for local residents who have difficulty in shopping, we are promoting cooperation with online supermarkets to meet the needs for large products and bulk purchases. At the pre-order sales event held prior to the AEON Black Friday sale at physical stores, high-unit-price products performed well, and net sales at the e-commerce site increased significantly by 55.9% year-on-year.

Supermarket Business / Discount Store Business

The Supermarket Business posted an operating profit of 21,870 million yen (up 14,429 million yen year-on-year) on operating revenue of 2,026,157 million yen (up 3.4% year-on-year).

United Supermarket Holdings, Inc. (hereinafter “U.S.M.H”) initiated 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, boosting non-store revenues through Online Merges with Offline (OMO), and expanding the business domain by leveraging its intellectual property holdings. In September, the company began providing products from the “U.S.M.H Yachiyo Grocery Center (located in Yachiyo City, Chiba Prefecture),” a collaborative distribution center within the group. This initiative aims to establish a sustainable distribution system that optimizes store operations. U.S.M.H.'s original private brand, “Green Growers,” which offers sustainable products contributing to reducing

environmental impact, signed an exclusive sales contract with BEYOND MEAT, INC., a U.S. company manufacturing plant-based meat substitutes. Additionally, U.S.M.H. introduced the “INNER COLOR DELI,” a collaborative project with cosmetic company ORBIS Inc. The company is dedicated to promoting original values that contribute to building a sustainable society. Among the subsidiaries of U.S.M.H, the Maruetsu, Inc. has extended its “Online Delivery” service to encompass 44 stores and its utilization of Uber Eats to reach 116 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, and the number of card issued reached over 1.05 million. Now equipped with a system to leverage accumulated purchasing data, the company is progressively implementing plans and services tailored to individual customers. Maxvalu Kanto Co., Ltd. is collaborating with local governments to launch mobile supermarket services in areas where access to shopping is challenging, and three stores revitalized their stores based on the opinions of individual store employees. Each of the operating companies is actively pursuing initiatives that are customized to local characteristics and requirements.

Fuji Co., Ltd. (hereinafter “Fuji”) defines its management vision as “Realizing overwhelming security and excitement for both customers and employees,” and strives to become the corporate group that contributes the most to the community by adapting flexibly and promptly to changes in customer behavior and society. 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. The company is already collaborating with Maxvalu Nishinohon Co., Ltd. (hereinafter “Maxvalu Nishinohon”), which is set to establish a newly integrated company on March 1, 2024, to generate synergies through the joint development of Food products. In September, TOPVALU was fully introduced, and the plan is to sequentially roll out 500 Food products and 320 Apparel and Home Furnishing items. The mobile supermarket, which is working to further expand its business, is now providing service from a total of 48 bases in 6 prefectures with 84 vehicles and increased sales by 31.4% year-on-year. 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 EC business. The mobile supermarket business has expanded its operations to 31 stores in 9 prefectures with 41 specialized vehicles, mainly in mountainous areas and islands, and is focusing on providing new services that solve customer inconveniences, such as the delivery service by Uber Eats and Wolt rolled out at a total of 8 stores. In terms of product offerings, in addition to bento lunchboxes and processed foods developed using local ingredients, we rolled out carefully selected “Buyer Three Stars” products across all its stores, and focused on strengthening sales of TOPVALU, deepening the Tuesday market, and expanding freshly prepared foods after evening hours. The company is actively working on enhancing productivity through digital initiatives, including the expansion of stores equipped with “My-Pi Register,” allowing customers to make purchases by scanning items with a dedicated terminal, and the utilization of iAEON, alongside the use of process centers.

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, to support producers. The company also focused on developing healthier products, such as promoting “Chanto Gohan (Square Meals),” which proposes healthy eating habits through products that consider dietary balance. 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. Furthermore, Maxvalu Tokai enhanced customer convenience and operational efficiency by implementing cashless self-checkout registers across 223 stores and introducing an automated ordering support system utilizing weather forecast data for the agricultural category in all stores. Furthermore, as part of its efforts to create customer contact points, the company distributed coupons through iAEON, expanded product delivery service using “Uber Eats” to 56 locations, and operates 13 mobile supermarkets.

The Discount Store Business posted operating profit of 6,098 million yen (up 4,841 million yen year-on-year) on operating revenue of 299,761 million yen (up 4.9% year-on-year). As the price of many daily necessities continues to rise, putting pressure on household budgets, the unit price per item and sales per customer are increasing due to the appeal of case sales and large-volume products to meet the need for

bulk purchases and low unit prices. In response to the increase in labor and logistics costs, the DS Business is reviewing delivery efficiency, mainly by improving loading efficiency, and reorganizing its logistics network and distribution bases. It is also improving customer convenience through the introduction of self-checkout registers and the use of iAEON and AEON Pay.

Health and Wellness Business

The Health and Wellness Business posted an operating profit of 30,464 million yen (down 422 million yen year-on-year) on operating revenue of 914,593 million yen (up 7.6% year-on-year).

At WELCIA HOLDINGS CO., LTD. (hereinafter “Welcia Holdings”) and its consolidated subsidiaries, during the first nine months of the fiscal year under review, demand for masks, antigen test kits, and free PCR testing declined with the decrease in infections. However, there was a simultaneous 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 general cold remedy sales due to the early outbreak of influenza and increased demand for out-of-home use such as cosmetics. In addition to its own private brands, “Karada (Body) Welcia” and “Kurashi (Life) Welcia,” sales of TOPVALU have also been increasing. In the prescription drugs section, the number of prescriptions increased due to a higher number of stores dispensing prescription drugs (2,117 stores as of November 30, 2023) and a recovery of patients’ frequency of seeing doctors. In addition, after the installment of WAON POINT service to stores nationwide, WELCIA members, which are members of WELCIA’s loyalty program, increased over 9.9 million. Concerning 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 improve the efficiency of store operations by promoting automated ordering. In line with the policy to end cigarette sales by the end of fiscal 2025, we began offering the “WELCIA Smoking Cessation Support Program” in December to support customers who are trying to quit smoking.

Financial Services Business

The Financial Services Business posted an operating profit of 27,249 million yen (down 14,723 million yen year-on-year) on operating revenue of 355,158 million yen (up 6.6% year-on-year).

In Japan, in response to the changing lifestyles and values of our customers, AEON Financial Service Co., Ltd. (hereinafter “AEON Financial Service”) is working to enhance convenience through the use of IT technology and personal consultation by leveraging the strengths of our physical stores. We have also strengthened cooperation within and outside the AEON Group by expanding the number of locations where AEON Pay can be used and by jointly planning promotional activities with member stores. Those brought to the number of deposit accounts at AEON BANK, which reached 8.54 million (a growth of 250 thousand from the beginning of the fiscal year), the number of active cardholders in Japan was 31.32 million (an increase of 500 thousand from the beginning of the fiscal year), and the credit card shopping transaction volume remained steady at 5,257,118 million yen (an increase of 9.4% year-on-year).

Overseas, despite a difficult earnings environment due to the deteriorating macroeconomic environment, inflation, and the reduction of support measures under COVID-19 by various governments, the credit card shopping transaction volume and installment sales continued to increase as consumer activity recovered. In the Greater China region, AEON CREDIT SERVICE (ASIA) CO.,LTD., a local subsidiary in Hong Kong, installed UnionPay International's “UnionPay QR” code payment system in its smartphone app to enable seamless payment with mainland China. NFC (Near Field Communication) payments have also been introduced to enhance convenience. In the Mekong area, the company is promoting 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 Vietnam, based on the idea of financial inclusion, the company decided to make Post and Telecommunication Finance Company Limited a wholly-owned subsidiary in October and aim to expand its business in new financial services, mainly personal loans. In the Malay area, the company is working to improve convenience and refine credit by shortening the review process through the use of digital and AI, in addition to joint measures with AEON Malaysia. In Indonesia, the local subsidiary PT AEON Credit Service Indonesia launched a new BNPL (Buy Now Pay Later) payment service, “QRIS PayLater,” in October. AEON Financial Service group is stepping up the introduction of financial services that meet the consumption trends and financial needs of customers in each country where it operates.

Shopping Center Development Business

The Shopping Center Development Business posted an operating profit of 34,590 million yen (up 1,213 million yen year-on-year) on operating revenue of 347,268 million yen (up 5.8% year-on-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 from AEON Mall’s efforts to attract them during Halloween and Black Friday sales, sales of specialty stores in existing malls (91 malls) during the first nine months of the fiscal year under review increased by 6.2% year-on-year. Alongside the summer cool share program, AEON Malls in Japan will transition to warm share spots from December to February 2024. In tandem with endeavors to enhance customer purchasing motivation through marketing data, including collaboration with apps and WAON POINT programs, AEON Mall aims to attract customers and boost sales during the seasonal transition, leveraging the assets of the malls. 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, AEON Mall is accelerating the opening of new stores to achieve a 50-mall overseas structure by the end of fiscal year 2025. In Vietnam, a key focus for store openings, the company plans to implement an area dominance strategy, extending beyond the southern area centered on Ho Chi Minh and the northern area centered on Hanoi, to include the surrounding cities in the central area—the Third Economic Bloc of the country. In China, the company has identified the inland provinces of Hubei and Hunan, with high growth potential, as key areas for new store openings. Following the launch of Wuhan Jiangxia in November, the company plans to open a large mall in Changsha, the capital of Hunan Province, experiencing rapid economic growth, in 2024 and 2025. In Cambodia, the Sihanoukville FTZ Logistics Center, situated in the special economic zone adjacent to the Sihanoukville Port, has been fully operational since July. It serves as a new logistics business base, managing all customs clearance and warehouse operations in-house. 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.

Services and Specialty Store Business

The Services and Specialty Store Business posted an operating profit of 12,075 million yen (up 6,042 million yen year-on-year) on operating revenue of 593,556 million yen (up 4.7% year-on-year).

During the first nine months of the fiscal year under review, AEON DELIGHT CO., LTD. recorded an increase in net sales in all seven businesses. Among them, double-digit growth was recorded in the Construction Work, which increased orders for energy-saving related work and renovation and repair work, and in the Materials / Supplies Sourcing Services, which increased orders for various materials reflecting cost increases appropriately in selling prices. 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. The company expanded its service offerings to various new facilities, leveraging its customer-centric proposal activities based on accumulated experience and expertise. Simultaneously, to establish a sustainable business model, the company advanced “area management,” an efficient model for managing multiple facilities, and embraced DX, including automating routine operations through digital devices. Additionally, the company initiated the acceptance of specified skilled foreign workers in building cleaning roles in November.

AEON Fantasy Co., Ltd. (hereinafter “AEON Fantasy”) had 1,150 stores as of November 30, 2023, consisting of 699 in Japan and 451 overseas. In the domestic business, the capsule toy division and prizes division are actively expanding their strategic small-scale stores, Toys Spot Palo (capsule toy division) and Prize Spot Palo (prizes division), into new locations like station buildings and department stores. The medal division also sustained robust performance, supported by promotions during the Black Friday sale period. AEON Fantasy launched new facilities in March and July, showcasing the expertise gained over the years. These include “Chikyu no Niwa (Garden on Earth),” a playground where children can play and learn about nurturing the future of the earth and its people, and “Mieux Forest,” an entertainment-focused

glamping facility. Internationally, the ASEAN operations achieved record-breaking sales and profits in the same nine-month period, with significant contributions from Malaysia and the Philippines.

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 1,272 as of November 30, 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 is developing hobby and preference goods. In October, CAN DO opened a “lifestyle store (New Can★Do)” in the Marunouchi and Otemachi areas (Chiyoda-ku, Tokyo), marking the first 100-yen store in those locations. To enhance corporate value, CAN DO is exploring headquarter-led operations and self-checkout systems to improve customer convenience, reduce costs, and make upfront investments. Additionally, CAN DO is enhancing profitability by jointly purchasing fixtures and equipment with the AEON Group, controlling store opening and facility management costs, and advancing IT and digitalization initiatives.

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 nine months of the fiscal year, COX completed the transformation of 63 stores into the family-oriented fashion and lifestyle select shop “ikka THE BEAUTIFUL LIFE GREEN STORE.” The gross profit margin improved by 5.1 percentage points year-on-year. This improvement was propelled by efforts to reduce costs through careful management of both full-price and discount sales. Additionally, expanding product procurement from China and the ASEAN region contributed to this positive outcome. In EC, COX aimed to boost sales by aligning its brand websites with customer demographics and conducting a thorough review of its sales promotion policy on other companies' EC platforms. In physical stores, COX enhanced the training system to boost sales through improved customer service and introduced more enticing coupons to encourage repeat visits.

International Business

(AEON’s consolidated financial statements for the International Business reflect results mainly for January through September).

The International Business posted an operating profit of 7,038 million yen (down 1,895 million yen year-on-year) on operating revenue of 380,317 million yen (up 2.7% year-on-year).

In ASEAN, there have been a number of downward revisions in GDP growth rate forecasts due to the lingering effect of the US-China friction and the situation in Ukraine and Russia. In this environment, AEON CO.(M) BHD. (hereinafter “AEON Malaysia”) saw an improvement in tenant occupancy rates compared to the same period of the previous year. It was able to maintain strong performance with AEON VIETNAM CO., LTD. (hereinafter “AEON Vietnam”) in daily necessities thanks to successful price appeal measures such as Everyday Low Price (EDLP), which responded to consumers’ needs, although sales of Apparel and Home Furnishing were weak. In both countries, as a result of the efforts to offer a product lineup closely tailored to the needs of local customers at newly opened SM stores, they have been well received, especially for ready-to-eat items such as delicatessen products. Furthermore, sales of the online supermarket “myAEON2go” increased by 40% year-on-year in AEON Malaysia and this expertise is planned to be shared with AEON Vietnam, which was launched in October, to expand the customer base.

In China, in the challenging conditions of a real estate recession and sluggish import-export activities, the government’s measures to stimulate consumption and stay-home demand for Food and Home Furnishing, which had grown under COVID-19, have all shrunk. However, the relaxation of COVID-19 restrictions has led to 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 November 30, 2023, were 13,010,497 million yen, an increase of 668,974 million yen, or 5.4%, from the end of the previous fiscal year (February 28, 2023). The increase is mainly attributable to increases of 250,583 million yen in notes and accounts receivable-trade, 232,520 million yen in securities, 185,346 million yen in loans and bills discounted for banking business, 76,142 million yen in operating loan, and other factors.

Consolidated liabilities as of November 30, 2023, were 10,931,104 million yen, an increase of 559,813 million yen, or 5.4%, from February 28, 2023. The increase is mainly attributable to increases of 105,618 million yen in notes and accounts payable-trade, 83,834 million yen in deposits for banking business, 83,757 million yen in long-term loans payable (including the current portion of long-term loans payable), 49,144 million yen in short-term loans payable, and other factors.

Consolidated net assets as of November 30, 2023, were 2,079,393 million yen, an increase of 109,160 million yen, or 5.5%, from February 28, 2023.

(3) Consolidated Earnings Forecast

As for the consolidated earnings forecast for the year ending February 29, 2024, the various structural reforms and thorough cost control measures that the Company has pursued to date have been successful, and profitability, particularly in the retail business, has improved significantly. As a result, operating revenue, operating profit, and ordinary profit reached record highs, and net income attributable to owners of the parent company significantly exceeded our initial forecast for the first nine months of the fiscal year under review. For details, please refer to the “Notice Concerning Revisions to Full-Year Financial Results Forecasts” released today (January 12, 2024).

*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

	(Millions of yen)	
	As of February 28, 2023 Amount	As of November 30, 2023 Amount
Assets		
Current assets		
Cash and deposits	1,309,725	921,674
Call loans	10,373	1,394
Notes and accounts receivable - trade	1,877,761	2,128,345
Securities	508,223	740,744
Inventories	596,708	666,414
Operating loan	502,737	578,880
Loans and bills discounted for banking business	2,462,327	2,647,673
Other	543,011	529,991
Allowance for doubtful accounts	(129,109)	(131,038)
Current assets	7,681,759	8,084,079
Non-current assets		
Property, plant, and equipment		
Buildings and structures, net	1,630,449	1,683,001
Tools, furniture and fixtures, net	212,266	238,389
Land	1,043,143	1,074,223
Construction in progress	78,909	103,792
Other, net	336,676	364,885
Property, plant, and equipment	3,301,444	3,464,292
Intangible assets		
Goodwill	145,160	144,666
Software	148,348	167,055
Other	62,518	68,951
Intangible assets	356,026	380,673
Investments and other assets		
Investment securities	263,947	303,589
Net defined benefit asset	25,729	29,597
Deferred tax assets	145,431	153,423
Guarantee deposits	412,691	416,058
Other	161,318	185,300
Allowance for doubtful accounts	(6,825)	(6,517)
Investments and other assets	1,002,292	1,081,452
Non-current assets	4,659,764	4,926,417
Assets	12,341,523	13,010,497

	As of February 28, 2023 Amount	(Millions of yen) As of November 30, 2023 Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,039,947	1,145,565
Deposits for banking business	4,392,204	4,476,039
Short-term loans payable	453,904	503,049
Current portion of long-term loans payable	346,338	326,753
Current portion of bonds	167,920	162,932
Commercial papers	75,000	145,530
Income taxes payable	48,344	30,163
Provision for bonuses	38,260	63,232
Provision for loss on store closing	2,706	5,480
Provision for point card certificates	6,529	6,625
Other provision	1,253	1,093
Notes payable - facilities	57,453	59,889
Other	848,014	955,251
Current liabilities	7,477,878	7,881,607
Non-current liabilities		
Bonds payable	905,541	923,312
Long-term loans payable	1,157,865	1,261,207
Deferred tax liabilities	31,669	47,653
Provision for loss on store closing	6,228	7,372
Provision for loss on interest repayment	5,180	2,880
Other provision	399	364
Net defined benefit liability	18,653	16,335
Asset retirement obligations	116,891	120,813
Long-term guarantee deposited	264,994	269,514
Reserve for insurance policy liabilities	54,338	49,764
Other	331,649	350,278
Non-current liabilities	2,893,412	3,049,497
Liabilities	10,371,290	10,931,104

	(Millions of yen)	
	As of February 28, 2023	As of November 30, 2023
	Amount	Amount
Net assets		
Shareholders' equity		
Capital stock	220,007	220,007
Capital surplus	299,667	296,046
Retained earnings	411,758	399,263
Treasury shares	(22,936)	(21,118)
Shareholders' equity	908,498	894,199
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	41,711	69,223
Deferred gains or losses on hedges	257	375
Foreign currency translation adjustment	45,825	79,614
Remeasurements of defined benefit plans	(3,716)	(3,244)
Total accumulated other comprehensive income	84,077	145,968
Subscription rights to shares	1,173	1,223
Non-controlling interests	976,482	1,038,001
Net assets	1,970,232	2,079,393
Liabilities and net assets	12,341,523	13,010,497

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

	(Millions of yen)	
	Nine months ended November 30, 2022	Nine months ended November 30, 2023
	Amount	Amount
Operating revenue		
Net sales	5,872,089	6,129,270
Operating revenue from financial services business	293,755	312,277
Other operating revenue	555,941	584,307
Operating revenue	<u>6,721,786</u>	<u>7,025,855</u>
Operating costs		
Cost of sales	4,234,820	4,387,204
Operating cost from financial services business	39,354	40,129
Operating cost	<u>4,274,174</u>	<u>4,427,333</u>
Gross profit	<u>1,637,269</u>	<u>1,742,065</u>
Operating gross profit	<u>2,447,612</u>	<u>2,598,521</u>
Selling, general and administrative expenses	<u>2,334,932</u>	<u>2,455,698</u>
Operating profit	<u>112,679</u>	<u>142,823</u>
Non-operating income		
Interest income	3,347	3,943
Dividend income	2,063	2,504
Share of profit of entities accounted for using equity method	4,444	4,544
Other	17,301	14,531
Non-operating income	<u>27,156</u>	<u>25,523</u>
Non-operating expenses		
Interest expenses	26,737	29,070
Other	5,542	6,160
Non-operating expenses	<u>32,279</u>	<u>35,231</u>
Ordinary profit	<u>107,556</u>	<u>133,115</u>
Extraordinary income		
Gain on sales of investment securities	6	2,977
Gain on sales of shares of subsidiaries and associates	23,617	-
Gain on step acquisition	3,290	5,102
Insurance income	2,848	339
Other	5,151	1,521
Extraordinary income	<u>34,913</u>	<u>9,940</u>
Extraordinary losses		
Impairment loss	7,777	6,683
Loss on retirement of non-current assets	3,667	2,091
Loss on valuation of investment securities	4,537	6,324
Provision for loss on store closing	4,193	6,096
Other	14,097	4,505
Extraordinary losses	<u>34,273</u>	<u>25,702</u>
Profit before income taxes	<u>108,196</u>	<u>117,354</u>
Income taxes		
Current	54,689	61,435
Deferred	8,002	(2,267)
Income taxes	<u>62,692</u>	<u>59,168</u>
Profit	<u>45,504</u>	<u>58,185</u>
Profit attributable to non-controlling interests	<u>49,186</u>	<u>39,826</u>
Loss attributable to owners of the parent company	<u>(3,682)</u>	<u>18,359</u>

Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Nine months ended November 30, 2022	Nine months ended November 30, 2023
	Amount	Amount
Profit	45,504	58,185
Other comprehensive income		
· Valuation difference on available-for-sale securities	(17,365)	29,500
· Deferred gains or losses on hedges	2,594	517
· Foreign currency translation adjustment	100,982	63,828
· Remeasurements of defined benefit plans, net of tax	(649)	776
· Share of other comprehensive income of entities accounted for using equity method	(108)	(536)
Other comprehensive income	85,453	94,087
Comprehensive income	130,957	152,272
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	44,053	80,250
Comprehensive income attributable to non- controlling interests	86,904	72,022

(3) Notes on the Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Changes in Accounting Policy)

(Application of Accounting Standard for Fair Value Measurement)

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 work force 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 3,151 million yen for 1,364,000 shares as of November 30, 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 3,900 million yen.

(Segment Information)

I. Nine Months ended November 30, 2022 (March 1 – November 30, 2022)

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	2,317,505	1,949,032	285,101	849,488	293,755	266,181	423,825
(2) Intersegment revenue or transfers	74,107	10,859	630	558	39,338	61,918	142,994
Total	2,391,612	1,959,891	285,731	850,047	333,094	328,100	566,819
Segment income (loss)	(14,807)	7,441	1,256	30,887	41,973	33,377	6,032

	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	367,198	6,752,088	5,563	6,757,651	(35,865)	6,721,786
(2) Intersegment revenue or transfers	3,158	333,565	33,198	366,763	(366,763)	-
Total	370,357	7,085,653	38,761	7,124,415	(402,629)	6,721,786
Segment income (loss)	8,934	115,096	(1,256)	113,840	(1,161)	112,679

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

2. Main components of the minus 35,865 million yen in adjustments for revenue attributable to customers are as follows:
 - (a) minus 80,130 million yen in adjustments to transactions reported in the reportable segment information, and
 - (b) 44,138 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 1,161 million yen in adjustments for segment income (loss) are as follows:
 - (a) 2,001 million yen in income of the pure holding company (AEON CO., LTD.) not attributable to any of the business segments,
 - (b) minus 1,636 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 1,548 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. Nine Months ended November 30, 2023 (March 1 – November 30, 2023)
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	2,413,563	2,015,865	298,825	914,006	312,277	284,303	441,344
(2) Intersegment revenue or transfers	76,597	10,292	936	586	42,881	62,965	152,212
Total	2,490,160	2,026,157	299,761	914,593	355,158	347,268	593,556
Segment income (loss)	(1,291)	21,870	6,098	30,464	27,249	34,590	12,075

	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	377,208	7,057,395	7,506	7,064,901	(39,046)	7,025,855
(2) Intersegment revenue or transfers	3,108	349,580	35,597	385,178	(385,178)	—
Total	380,317	7,406,976	43,103	7,450,079	(424,224)	7,025,855
Segment income (loss)	7,038	138,096	(6,928)	131,168	11,654	142,823

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

2. Main components of the minus 39,046 million yen in adjustments for revenue attributable to customers are as follows:

- (a) minus 84,513 million yen in adjustments to reconcile certain service transactions that are presented gross in reportable segments to net amounts in the quarterly consolidated statements of income because they are incidental revenues, and
- (b) 45,826 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 11,654 million yen in adjustments for segment income (loss) are as follows:

- (a) 2,226 million yen in income of the pure holding company (AEON CO., LTD.) not attributable to any of the business segments,
- (b) 9,853 million yen in profit of Group companies attributable to AEON Group merchandise supply that does not fall into any of the business segments, and
- (c) minus 441 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 nine months ended November 30, 2022, was prepared based on the current segmentation.

(Material Subsequent Events)

I. Issuance of bonds from a consolidated subsidiary

Our consolidated subsidiary, AEON Mall Co., Ltd. issued unsecured bonds. A summary of the bond issue is as follows.

1. Bond name	AEON Mall 36th Unsecured Corporate Bond (With limited pari passu clause between bonds)
2. Amount of issue	10,500 million yen
3. Face amount	100 million yen
4. Coupon rate	0.480%
5. Issue price	100 yen per face value of 100 yen
6. Issue date	December 14, 2023
7. Method and maturity of redemption	Lump-sum redemption on December 14, 2026
8. Collateral	Not secured by any collateral or guarantees, and no assets are specifically reserved for the Bonds.
9. Use of proceeds	Used to redeem commercial paper matured by December 2023

1. Bond name	AEON Mall 37th Unsecured Corporate Bond, Green Bond (With limited pari passu clause between bonds)
2. Amount of issue	25,000 million yen
3. Face amount	100 million yen
4. Coupon rate	1.107%
5. Issue price	100 yen per face value of 100 yen
6. Issue date	December 14, 2023
7. Method and maturity of redemption	Lump-sum redemption on December 14, 2028
8. Collateral	Not secured by any collateral or guarantees, and no assets are specifically reserved for the Bonds.
9. Use of proceeds	Used to offset the reduction in cash on hand resulting from expenditures on facilities for AEON Mall Kawaguchi and AEON Mall Toki, both qualified projects under the Green Finance Framework

1. Bond name	AEON Mall 38th Unsecured Corporate Bond (With limited pari passu clause between bonds)
2. Amount of issue	5,500 million yen
3. Face amount	100 million yen
4. Coupon rate	1.426%
5. Issue price	100 yen per face value of 100 yen
6. Issue date	December 14, 2023
7. Method and maturity of redemption	Lump-sum redemption on December 13, 2030
8. Collateral	Not secured by any collateral or guarantees, and no assets are specifically reserved for the Bonds.
9. Use of proceeds	Used to redeem commercial paper matured by December 2023

1. Bond name	AEON Mall 39th Unsecured Corporate Bond (With limited pari passu clause between bonds)
2. Amount of issue	9,000 million yen
3. Face amount	100 million yen
4. Coupon rate	1.859%
5. Issue price	100 yen per face value of 100 yen
6. Issue date	December 14, 2023
7. Method and maturity of redemption	Lump-sum redemption on December 14, 2033
8. Collateral	Not secured by any collateral or guarantees, and no assets are specifically reserved for the Bonds.
9. Use of proceeds	Used to redeem commercial paper matured by December 2023

II. Impact of the 2024 Noto Peninsula Earthquake

Some of our consolidated subsidiaries suffered partial damage to their stores as a result of the Noto Peninsula Earthquake that occurred on January 1, 2024. The main assets damaged were buildings and structures, tools, furniture and fixtures, and inventories, and the amount of damage is currently under investigation.

While it is currently challenging to provide a precise estimate of the earthquake's impact on the Company's financial position, business performance, and cash flows, the Company anticipates incurring losses related to the retirement of fixed assets and restoration costs, among other factors.