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 Fiscal Year ended February 29, 2024

April 10, 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
Contact	Hiroaki Egawa Executive Officer, Chief Financial Officer, Business Management
Telephone	+81 43-212-6042

Scheduled dates:

Ordinary general meeting of shareholders	May 29, 2024
Commencement of dividend payments	May 1, 2024
Submission of statutory financial report	May 30, 2024
Supplementary materials to the financial results	Available
Fiscal year-end earnings results briefing	Yes (targeted at institutional investors and analysts)

(Amounts rounded down to the nearest million)

1. Consolidated Financial Results for the Fiscal Year ended February 29, 2024 (March 1, 2023, to February 29, 2024)

(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	%
Year ended February 29, 2024	9,553,557	4.8	250,822	19.6	237,479	16.6	44,692	109.0
Year ended February 28, 2023	9,116,823	4.6	209,783	20.3	203,665	21.9	21,381	228.7

Note: Comprehensive income: Year ended February 29, 2024: 188,291 million yen (48.9%)
Year ended February 28, 2023: 126,494 million yen (36.6%)

	Earnings per share	Earnings per share – fully diluted	Return on equity	Ordinary profit to total assets
	yen	yen	%	%
Year ended February 29, 2024	52.25	52.21	4.4	1.9
Year ended February 28, 2023	25.11	25.07	2.2	1.7

Reference: Equity in gains (losses) of equity-method affiliates:
Year ended February 29, 2024: 5,350 million yen
Year ended February 28, 2023: 5,836 million yen

(2) Financial Position

	Total assets	Net assets	Total equity ratio	Net assets per share
	million yen	million yen	%	yen
February 29, 2024	12,940,869	2,087,201	8.1	1,231.59
[excl. Financial Services]	[6,400,626]	[1,621,547]	[14.4]	—
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: February 29, 2024: 1,054,120 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: As a result of organizational changes, certain subsidiaries previously categorized under the "Financial Services Business" segment have been reclassified to the "Other" segment at the beginning of the reporting fiscal year. The consolidated financial position of the Company for the previous fiscal year, excluding the Financial Services Business, has been prepared based on the classification after this change.

(3) Cash Flow Position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	million yen	million yen	million yen	million yen
Year ended February 29, 2024	368,487	(508,876)	(15,867)	1,064,093
Year ended February 28, 2023	433,710	(335,123)	1,853	1,214,462

2. Dividends

Record date or period	Dividend per share					Total dividends paid (full year)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End-first quarter	End-second quarter	End-third quarter	Fiscal year-end	Annual total			
	yen	yen	yen	yen	yen	million yen	%	%
Year ended Feb. 28, 2023	—	18.00	—	18.00	36.00	30,853	143.4	3.1
Year ended Feb. 29, 2024	—	18.00	—	18.00	36.00	30,855	68.9	3.0
Year ending Feb. 28, 2025 (forecast)	—	20.00	-—	20.00	40.00		74.4	

Note: For the fiscal year ending February 28, 2025, the Company intends to distribute an interim ordinary dividend of 18 yen per share along with a commemorative dividend of 2 yen per share. Additionally, a year-end ordinary dividend of 18 yen per share and a commemorative dividend of 2 yen per share are also planned to be distributed.

3. Forecast of Consolidated Earnings for the Fiscal Year ending February 28, 2025
(March 1, 2024, to February 28, 2025)
(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
Six months ending Aug. 31, 2024	—	—	—	—	—	—	—	—	—
Full year	10,000,000	4.7	270,000	7.6	260,000	9.5	46,000	2.9	53.74

Note: AEON has not disclosed earnings forecasts for the first six months.

***Notes**

(1) Changes affecting the consolidation status of significant subsidiaries during the period: None

(2) 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

(3) Number of shares issued (common stock)
1) Number of shares issued at the end of the period (treasury stock included):
February 29, 2024: 871,924,572 shares
February 28, 2023: 871,924,572 shares
2) Number of shares held in treasury at the end of the period:
February 29, 2024: 16,023,950 shares
February 28, 2023: 17,080,259 shares
3) Average number of shares outstanding during the period:
Year ended February 29, 2024: 855,365,291 shares
Year ended February 28, 2023: 851,630,958 shares

* For the number of shares serving as basis for the calculation of earnings per share (consolidated), see "Per-Share Information" on page 35.

For Reference

1. Non-consolidated Financial Results for the Fiscal Year ended February 29, 2024
(March 1, 2023, to February 29, 2024)

(1) Operating Results (Percentage figures represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended February 29, 2024	67,983	22.6	45,846	27.3	26,171	90.6	22,115	24.7
Year ended February 28, 2023	55,433	6.8	36,001	14.8	13,733	(19.3)	17,739	(24.1)

	Earnings per share	Earnings per share – fully diluted
	yen	yen
Year ended February 29, 2024	25.85	25.85
Year ended February 28, 2023	20.83	20.82

(2) Financial Position

	Total assets	Net assets	Total equity ratio	Net assets per share
	million yen	million yen	%	yen
February 29, 2024	1,709,893	666,637	39.0	778.37
February 28, 2023	1,554,205	650,452	41.8	760.47

Reference: Total equity: February 29, 2024: 666,274 million yen February 28, 2023: 650,142 million yen
Total equity = Shareholders' equity plus total accumulated other comprehensive income.

***Audit Status**

This report is not subject to audit by certified public accountant and 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) Outlook for the Fiscal Year Ending February 28, 2025" on page 14.

Accompanying Materials

Contents

1. Review of Operating Results and Financial Statements
(1) Analysis of Operating Results

1) Summary of Operating Results

For the fiscal year ending February 29, 2024, AEON CO., LTD. (hereinafter "AEON") posted consolidated operating revenue of 9,553,557 million yen (up 4.8% year-on-year), operating profit of 250,822 million yen (up 19.6% year-on-year), ordinary profit of 237,479 million yen (up 16.6% year-on-year), which marked record highs. Profit attributable to owners of the parent made a remarkable increase to 44,692 million yen (up 109.0% year-on-year).

During the period under review, uncertainty about the future persisted due to global political instability, the slowing growth of the Chinese economy, and the downside risks associated with monetary tightening policies implemented by governments worldwide. In Japan, there was a normalization of socioeconomic activities that had been stagnant during the COVID-19 pandemic for an extended period. However, despite improvements in the employment and income environment, there was evidence of a polarization in personal consumption behavior. This manifested as a frugal mindset in daily life juxtaposed with aggressive spending on high-value-added products and services. This shift was attributed to rising prices resulting from factors such as the weak yen. Profit attributable to owners of the parent increased significantly due to the increase in profit lines up to the ordinary profit, as well as the gain on sales of shares of subsidiaries and affiliates and non-current assets.

In such an environment, all reportable segments recorded an increase in operating revenues. The GMS (General Merchandising Store) Business, Supermarket Business, and Discount Store Business, which are the components of our core Retail Business, achieved increases in operating profits as a result of product-oriented reforms that placed the private brand (PB) TOPVALU at the center of its strategy, productivity improvement through the use of digital transformation (DX), and cost control efforts centered on profit structure reforms. Operating profit also increased in the Shopping Center Development Business and the Services and Specialty Store Business, which recovered customer traffic due to the normalization of social and economic activities. 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, also reported lower earnings. Additionally, the Health & Wellness Business experienced a decline in demand for COVID-19-related products, contributing to reduced profitability.

Common Group Strategy

· AEON has been diligently implementing the five key reforms outlined in the AEON Group Medium-term Management Plan (FY2021 – FY2025), which include accelerating and evolving the digital shift, establishing unique value through supply chain enhancements, advancing Health & Wellness initiatives for a new era, creating the "AEON Living Zone," and further accelerating the Asian shift. Additionally, the company has been actively pursuing environmental and green initiatives as part of its strategic goals.

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

In its physical stores, AEON Retail Co., Ltd. (hereinafter "AEON Retail") in the GMS Business has nearly completed the installation of self-checkout registers across its food sales floors. The implementation of AI-driven efficiency systems, such as "AI Kakaku," suggesting appropriate discount prices to minimize food loss, "AI Order," predicting demand and optimizing product orders, and "AI Work," automating work schedules, has enhanced sales floor operations and labor productivity. As a result of the expansion of AI Order in the food section, which started with delicatessen products, to daily delivery and processed foods, not only the reform of work styles and productivity improvement in the stores, but also the streamlining of product delivery to the stores is showing its effectiveness as a measure against the 2024 problem in logistics.

In our online channel, we are enhancing our online supermarket services to cater to customers with high demand for reduced shopping time and limited opportunities to visit physical stores. Sales in the traditional online supermarket, which ships from stores, experienced double-digit growth in fiscal year 2023. Our new service, "Green Beans," which ships from the Customer Fulfillment Center (CFC), has garnered customer support due to its diverse product lineup, guaranteed freshness of fresh foods, and the convenience of specifying pickup times in one-hour increments from 7:00 am to 11:00 pm. Since its grand opening in July 2023, the number of registered customers increased to approximately 160,000 as of March 2024.In the latter half of the medium-term management plan, we aim to enhance the customer experience by leveraging individual customer IDs recognized by each company within our group. Utilizing sales data and purchase history information gathered internally and externally through platforms like AEON Card, “iAEON,” “WAON POINT,” and “AEON Pay,” utilized by our customers, we intend to transition from traditional mass marketing to personalized 1-to-1 marketing strategies and maximize the value for our customers.

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

It's nearing the 50th anniversary of the introduction of our PB “J-Cup” ramen noodles back in 1974. With the evolving consumption trends, polarizing towards products with added value and lower-priced products with assured quality, we've responded by developing TOPVALU products. Leveraging the scale of our roughly 17,000 stores in Japan and overseas, along with the Group's infrastructure, we've introduced TOPVALU (value-added type), TOPVALU Best Price (price-appealing type), and TOPVALU Gurinai (environmentally friendly type) in alignment with customer feedback and preferences. TOPVALU's three labels are poised to drive sales among the millennials and generation Xers, positioning themselves as “more exciting next-generation private brands,” with the overarching goal of achieving PB sales of 2 trillion yen by 2025. Additionally, we will concentrate on delivering products in the affordable price range by capitalizing on the Group's procurement scale, enhancing factory utilization rates, and optimizing logistics to realize cost efficiencies even amid inflationary pressures. 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.

Since the announcement of the “Supermarket Reform” in October 2018, the Group has been strategically opening flagship stores in each region of Japan, bolstering profitability. On March 1, 2024, FUJI CO., LTD. (hereinafter "Fuji"), which rolls out the Supermarket Business in the Chugoku, Shikoku, and Hyogo areas, merged with Fuji Retailing Co., Ltd. and Maxvalu Nishinihon Co., Ltd. On the same day, AEON BIG Co., Ltd. (hereinafter “AEON Big”) in the Discount Store Business absorbed Maxvalu Minami Tohoku Co., Ltd. Both reborn Fuji and AEON Big aims at an acceleration of growth through sharing management resources.

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

In February 2024, amidst pressing concerns over medical disparities, health inequalities, and widening regional gaps, the drugstore industry faces a challenging landscape marked by limited room for new store openings, reductions in drug prices, and intensified price competition. In response, with the overarching goal of enhancing health and wellness not only locally but also globally, including in ASEAN countries, the Company, Tsuruha Holdings, Inc., and WELCIA HOLDINGS CO., LTD. have initiated discussions on business integration. This strategic move aims to bolster our competitiveness by establishing Japan's largest drugstore alliance, and expanding our product offerings to include food and household essentials with enhancing drug prescription. Our vision is to create ample growth opportunities for our employees while evolving into a leading global entity with targeted sales reaching approximately three trillion yen, positioning us as the largest in Asia.

· **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. AEON's goal is to align these elements based on local needs in multi-layers, creating a Living Zone that enriches the region. In Japan, under the “Establishing a One Trillion Yen Sales Supermarket in the Kanto Region,” we have made Inageya Co., Ltd. (hereinafter “Inageya”) a consolidated subsidiary, and in the Tokyo metropolitan area, we are strengthening our physical store network by accelerating the opening of My Basket, a small urban food supermarket, in addition to promoting the Green Beans service. In regional areas, we are focusing on mobile supermarkets in areas where shopping is less convenient, and at AEON Malls, which are the core of the region, we are promoting community building and environmental preservation activities in cooperation with local public organizations. Furthermore, in Asia, where there is a great need for financial inclusion that bridges the gap in convenience caused by differences in personal income and creditworthiness, we will roll out financial services that are integrated into daily life through digital channels such as smartphone applications. In the process of accelerating and evolving the Group's digital shift, we intend to play a part in enriching the daily lives of our customers in Japan and overseas by proposing products and services of greater value while visualizing their lifestyles and life stages.

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

In the ASEAN region, we have established a solid business presence spanning over 40 years, dating back to the inauguration of our inaugural store in Malaysia in 1984, following a request from then-Prime Minister Mahathir. Within our ongoing medium-term management strategy, we have identified Vietnam, currently in its demographic dividend phase with robust consumption patterns, as a primary focal point. Leveraging our first loan in the retail sector from the Japan Bank for International Cooperation, we are expediting the establishment of flagship stores in Vietnam's central region, the third economic zone, complementing our existing footholds in the southern and northern regions. In China, despite persistent sluggish consumption growth, there are prospects for market expansion in the central region. Consequently, we inaugurated the fourth AEON Mall Wuhan Jiangxia in Wuhan City, Hubei Province, in November 2023. Additionally, the first AEON Mall Changsha Xingsha in Changsha City, Hunan Province, is scheduled to open in 2024, followed by the completion of the second AEON Mall Changsha Xiangjiang New Area in 2025. As part of the third pillar of our ongoing medium-term management strategy, focusing on advancing health and wellness, we anticipate substantial growth in Asia, particularly in regions lacking comprehensive public insurance systems, where private sector offerings are poised for significant expansion. Leveraging our current infrastructure, we are committed to proactively expanding our business footprint to empower local residents to attain elevated standards of health and wellness.

· **Environment and Green:**

In August 2023, AEON raised funds through its Sustainability Linked Bond to contribute to the realization of a sustainable society through its corporate activities. The bond sets targets for reducing CO_2 emissions, single-use plastic usage, and food waste generation. In the following December, the amount of renewable energy procured from domestic business sites reached approximately 55% of the electricity used in AEON stores in Japan, achieving the interim target by 2030 set in the "AEON Decarbonization Vision" seven years ahead of schedule. Our efforts have been recognized by CDP, a non-profit organization that conducts international environmental research and information disclosure, with the highest rating of A-list in climate change measures for five consecutive years, and also received the highest rating in the Supplier Engagement Review (SER) and was selected as a "Supplier Engagement Leader." Going forward, under the AEON Sustainability Basic Policy, we will continue to promote initiatives to achieve our environmental goals, such as total zero CO_2 emissions by the Group by 2040, and to achieve sustainable growth.

2) Results by Business Segment

Results by segment are as follows.
Effective from the first quarter of the reporting fiscal year, the Company has changed the classification of its reportable segments. For details, please refer to "Changes in Reportable Segments" on page 28.

GMS Business

The GMS Business posted an operating profit of 28,359 million yen (an increase of 14,262 million yen year-on-year) on operating revenue of 3,389,350 million yen (up 3.7% year-on-year).

AEON Retail is intensifying its efforts to reform its revenue structure, aiming to establish a resilient management foundation capable of coping with various cost escalations while striving to maximize gross profit, enhance shopping center revenue, and expand online sales. This strategy increased operating revenue, with profits either increasing or returning to profitability across all types. As human traffic resumed and opportunities for gatherings increased, high-end foods such as sushi and hors d'oeuvres, as well as souvenirs for returning home, performed well. Meanwhile, PB products, particularly those reflecting a frugal mindset like BESTPRICE, also experienced strong performance, indicating a clear polarization in consumption patterns. To bolster gross profit, AEON Retail has been proactively expanding sales areas and diversifying product lineups in high-growth categories, then Food and H&BC (Health and Beauty Care) drove the figures. In the Apparel category, the gross profit margin is on the rise, attributed to the implementation of the “specialty store operation model,” which comprehensively revamps products, enhances the sales floor environment through visual merchandising (VMD), and strengthens customer service operations. Further improvements are expected with the establishment of a SPA (manufacturing retailer) business model. In Home Furnishing category, the Home Furnishing PB line, named HOME COORDY, was renewed in early fall to align with evolving trends and values. Moving forward, AEON Retail aims to standardize product aesthetics with natural and soft colors and patterns, catering to customers' preferences for total coordination. Additionally, profitability will be enhanced through sales floor reforms for improved shopping convenience and strengthened customer service initiatives. 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 supermarkets and implementing strategies such as AEON Black Friday sale and BUZZTTO SALE which are seamlessly integrated with physical stores, across AEON Shop and AEON Shop Online within the E-commerce sector. AEON Retail promotes its revenue structure reforms by combining productivity improvement using digital technology with the reduction of store and headquarters expenses.

AEON Hokkaido Corporation (hereinafter “AEON Hokkaido”) designates the reporting 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 increase in customer traffic was attributed to various factors, including the introduction of cultural and artistic events within the stores, successful AEON Black Friday and New Year's sales, and the launch or revamp of approximately 760 exclusive products, such as the “AEON Hokkaido's crafted *zangi* (Hokkaido-style chicken nuggets).” Additionally, the introduction of apparel and cosmetics products that resonated with the return to outdoor activities and events also played a significant role in revenue growth. In TOPVALU, net sales increased to 110.5% year-on-year, driven by robust sales of products with price reductions and increased volume, leveraging economies of scale across the entire AEON Group. In terms of digital technology, the number of iAEON members increased by approximately 1.7 times during the review period, attributed to enhanced AEON Pay functions and coupon planning. A total of 35 stores were equipped with electronic shelf tags, and 117 stores were equipped with self-checkout registers. Moreover, in collaboration with local communities, Food Drive initiatives were executed at 35 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 August 2023, AEON Hokkaido signed a solar power generation contract, marking the largest off-site Power Purchase Agreement (PPA) in Hokkaido at that time. The supply of power commenced in January 2024.

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. Non-consolidated financial results reached all-time highs in terms of operating revenue and all profit types in this reporting period. In June, the former “AEON KYUSHU app” was integrated into iAEON, and the number of members who have designated AEON KYUSHU stores as their favorites reached approximately 570 thousand. The net sales at the e-commerce site “AEON KYUSHU online” increased to 146.9% of the previous year's level, driven by events such as the “Big Bazaar,” pre-order sales for limited products, and the expansion of local product offerings. It opened new 14 stores including five “WELCIA Plus” stores, a new format combining supermarket and drugstore operations and a compact supermarket “Maxvalu Express” aimed at increasing market share in urban areas. 15 stores underwent renovations, incorporating the introduction of an "Inner & Casual" sales floor rollout with supermarket, emphasizing daily-use apparel. While establishing new touchpoints with customers through product delivery services via Uber Eats and Wolt, as well as AEON's truck-type mobile supermarkets, AEON KYUSHU is also spearheading fresh initiatives in creating specialty stores, exemplified by the launch of “b!olala,” a new shop showcasing organic and environmentally conscious products. Additionally, the company is dedicated to environmental and community contributions, organizing food drives at 278 out of its 338 stores and implementing the PPA model at seven of its stores during the review period.

Supermarket Business/Discount Store Business

The Supermarket Business posted operating profit of 41,911 million yen (an increase of 19,067 million year-on-year) on operating revenue of 2,782,171 million yen (up 5.3% 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 anticipation of logistics challenges in 2024, it initiated full-scale operations at the U.S.M.H Yachiyo Grocery Center (located in Yachiyo City, Chiba Prefecture), a joint distribution center, in September 2023. Equipped with facilities and material handling equipment designed for automation and labor-saving, this center aims to streamline its supply chain processes. In December 2023, U.S.M.H introduced “INNER COLOR DELI,” a collaborative venture with cosmetic company ORBIS Inc., under its original PB “Green Growers.” This initiative offers sustainable products designed to reduce environmental impact, embodying a SPA-style approach. In the realm of digital initiatives, the company has been ramping up the development of diverse products and services, notably “ignica,” following a business alliance agreement inked in December 2023 with VTI Joint Stock Company, a Vietnam-based firm primarily focused on IT services. This collaboration aims to enhance customer value and broaden the scope of product rollout endeavors. 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 119 stores. In pursuit of productivity enhancement, electronic shelf tags have been deployed across 107 stores, while demand forecasting-based ordering systems have been implemented throughout all stores. Additionally, food drive initiatives aimed at supporting local communities have expanded to cover 77 stores. KASUMI CO., LTD. faced revenue and profit declines in the current fiscal year, attributed to the time needed to establish customer engagement with the “Scan & Go Card” introduced in July 2023. However, operating revenue and net gross profit have shown signs of recovery in the recent period. Maxvalu Kanto Co., Ltd. is collaborating with local governments to launch mobile supermarket services in areas where access to shopping is inconvenient, and some stores revitalized their stores based on the opinions of individual store employees. Each of the operating companies is actively pursuing initiatives challenging that are customized to local characteristics and requirements.

Before the merger of three companies, with the aim of evolving into a corporate group capable of meeting diverse customer needs and fostering co-creation in the Chugoku, Shikoku, and Hyogo regions in March 2024, Fuji had been collaborating among the three companies to generate synergies. This collaboration included joint development of food products and the introduction of TOPVALU, targeting 820 items, including 500 food items and 320 apparel and home furnishing items. In the non-store business, encompassing mobile supermarkets and e-commerce, the company has deployed 127 dedicated vehicles across 81 stores in eight prefectures. Additionally, delivery services such as "Wolt" are available at 27 stores, with a strong emphasis on offering new services aimed at addressing customer inconveniences. The three fundamental strategies outlined in the three-year medium-term management plan unveiled in January 2024 are centered on “establishing a corporate culture,” “reforming existing businesses,” and “integrating business infrastructure to create synergies.” With a focus on fostering a stronger corporate culture capable of harnessing the combined strengths of the integrated companies, the merger will entail aligning product policies, advancing marketing efforts, optimizing infrastructure, and maximizing synergies. Furthermore, Fuji will prioritize the promotion of ESG management practices, aspiring to become a corporate group that makes the greatest positive impact on the community, while remaining agile and responsive to evolving customer behaviors.

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 230 stores and introducing an automated ordering support system utilizing weather forecast data for the agricultural category in all stores. Furthermore, as part of its customer engagement initiatives, the company distributed coupons through iAEON, operated 17 mobile supermarkets, increased the number of online supermarkets to 26, expanded the area where unmanned stores named “Maxmart” operate, and extended its product delivery service using Uber Eats to 60 locations. Additionally, the company is actively involved in environmental conservation and social contribution initiatives, fostering coexistence with local communities. This includes donating 0.1% of the amount spent on nine types of local WAONs, such as the “Shizuoka Mt. Fuji WAON,” and expanding the number of stores equipped with “*Omoiyari* (Consideration) Cashier,” where customers requiring assistance can pay at their leisure, taking their time at the checkout.

Inageya operates within the Tokyo metropolitan area of Tokyo, Kanagawa, Saitama, and Chiba, prioritizing customer needs and enhancing local convenience. Since becoming a subsidiary of AEON in November 2023, the company has proactively introduced initiatives such as TOPVALU and AEON Pay to differentiate itself from competitors. Moreover, it has enhanced convenience by offering 23 mobile supermarkets in collaboration with Tokushimaru Inc. to serve customers unable to visit stores easily. Additionally, the company has adapted its holiday policies, with some stores now open on New Year's Day and the remaining stores opening on the second day of the New Year, discontinuing the traditional three-day closure.

The Discount Store Business posted operating profit of 8,489 million yen (an increase of 4,806 million yen year-on-year) on operating revenue of 400,428 million yen (up 4.4% year-on-year). As the price of many daily necessities continues to rise, putting pressure on household budgets, for standard products and discount store-specific PB following the EDLP (Everyday Low Price) strategy, sales per customer are on the rise, driven by case sales that prioritize low prices per unit and emphasize bulk purchases. In addition to prioritizing the development of a discount store format with established low-cost operations, which includes initiatives to streamline store operations and reduce labor-intensive tasks, we also concentrated on enhancing customer convenience through the utilization of iAEON and AEON Pay.

Health and Wellness Business

The Health and Wellness Business posted operating profit of 42,600 million yen (a decrease of 2,227 million yen year-on-year) on operating revenue of 1,235,115 million yen (up 7.4% year-on-year).

At WELCIA HOLDINGS CO., LTD. (hereinafter “Welcia Holdings”) and its consolidated subsidiaries, during the reporting 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. Welcia Holdings reinforced the sales of TOPVALU in addition to its originally developed private brands of “*Karada* (Body) Welcia” and “*Kurashi* (Life) Welcia.” In the prescription drugs section, the number of prescriptions increased due to a higher number of stores dispensing prescription drugs (2,159 stores in Japan and overseas as of February 29, 2024) and a recovery of patients’ frequency of seeing doctors. After the introduction of the WAON POINT service in stores nationwide, the number of WELCIA members, which are participants in WELCIA’s loyalty program, surged to 10.72 million. With this increase in membership, efforts to attract customers have intensified, focusing on maximizing the usage of point cards and apps. The fleet of mobile store vans, known as “*Uetan* Go,” designed to enhance community safety and inclusivity with the concept of “a town where no one is left behind,” expanded to 17 by the end of the fiscal year. These vans also provided temporary services in areas affected by the Noto Peninsula earthquake in January 2024.

Financial Services Business

The Financial Services Business posted an operating profit of 51,231 million yen (a decrease of 7,814 million yen year-on-year) on operating revenue of 483,502 million yen (up 6.3% year-on-year).

In Japan and overseas, AEON Financial Service Co., Ltd. (hereinafter “AFS”) is strategically investing and establishing the foundation for medium- to long-term growth. This includes enhancing convenience through the utilization of the Group's shared loyalty points, expanding mobile services, fostering new business ventures, and advancing digital financial inclusion initiatives.

In Japan, to integrate the AEON Living Zone with financial services and seamlessly offer products and services tailored to customer needs, AFS revamped the smartphone app “AEON Wallet” as a comprehensive financial gateway. Additionally, it expanded the functionality and availability of the QR payment service “AEON Pay” to more locations. Those brought to the number of deposit accounts at

AEON BANK, which reached 8.58 million (a growth of 300 thousand from the beginning of the fiscal year), the number of active cardholders in Japan was 31.49 million (an increase of 670 thousand from the beginning of the fiscal year), and the credit card shopping transaction volume remained steady at 7,081,482 million yen (an increase of 8.5% year-on-year). In the asset-building service, where demand is growing amid rising stock prices, AFS transferred investment trust accounts in January 2024 as part of a comprehensive business alliance with Monex, Inc. This move involves financial products intermediary business, outsourcing system management, and back-office operations, allowing AFS to focus its management resources on customer services like investment consulting.

Overseas, AFS decided to make Post and Telecommunication Finance Company Limited (referred to as “PTF”), a personal loans provider in Vietnam, a wholly owned subsidiary in October 2023. In Malaysia, preparations are underway for the opening of AEON BANK (M) BERHAD in 2024, a new type of digital bank aimed at meeting customers' financial needs and enhancing accessibility to financial services, aligning with the concept of financial inclusion in Asian countries. In the Greater China region, AEON CREDIT SERVICE (ASIA) CO.,LTD., a local subsidiary in Hong Kong, installed UnionPay International's “UnionPay QR” in its smartphone app to enable seamless payment with mainland China. NFC (Near Field Communication) payments have also been introduced to enhance convenience. These initiatives resulted in the operating revenue and operating profit in the area reaching record highs. In the Mekong area, in response to increasing demand for e-commerce and smartphone payments, AFS introduced a new digital credit service called “Next Gen” and a QR code-based payment feature named “Scan to pay.” These services are issued entirely without physical cards through the smartphone app of its local subsidiary, AEON THANA SINSAP (THAILAND) PCL. In Vietnam, AFS plans to expand its personal loans business through the acquisition of PTF as a subsidiary, complementing its existing in-house installment sales. In the Malay area centering on Malaysia, both credit card shopping transaction volumes and installment sales of individual items saw double-digit year-on-year increases. This growth can be attributed to collaborative usage measures with AEON CO.(M)BHD. and the introduction of a motorcycle loan program for electric vehicles (EV bikes). In Indonesia, the local subsidiary PT AEON Credit Service Indonesia launched a new BNPL (Buy Now Pay Later) payment service, “QRIS PayLater,” in October. AFS group is stepping up the introduction of financial services that meet the financial needs of customers in each country where it operates.

Shopping Center Development Business

The Shopping Center Development Business earned operating profit of 47,348 million yen (an increase of 2,106 million yen year-on-year) on operating revenue of 468,342 million yen (up 5.6% 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 fiscal year 2023, AEON Mall embarked on initiatives outlined in its inaugural three-year medium-term management plan. These initiatives include the pursuit of business opportunities in overseas growth markets, innovation in business models within Japan, and the creation of novel business paradigms that depart from traditional frameworks. Additionally, AEON Mall is committed to fortifying its financial footing and organizational resilience through a sustainability-focused approach, laying a solid foundation for its three-year plan.

In Japan, AEON Mall opened four new malls in fiscal year 2023, prioritizing the creation of inviting spaces that cater to customers' serenity and comfort while enhancing the unique characteristics of each location. Existing malls saw a focus on customer engagement and sales uplift through strategic events and initiatives leveraging mall assets, including app integrations and WAON POINT incentives, resulting in a sales performance at existing mall specialty stores reaching 105.6% of the previous fiscal year's level. Moreover, AEON Mall ventured into business innovation by establishing the corporate venture capital “Life Design Fund” and introducing collaborative delivery services for tenant companies. In line with ESG principles, AEON Mall expanded its renewable energy initiatives, such as the “AEON MALL Power Plant” and customer-participatory EV charging services like “V2AEON MALL,” and solar power generation from farms, alongside efforts to promote biodiversity conservation through alliances such as the “30 by 30 Alliance for Biodiversity,” and tries to expand related information disclosure through LEAP approach which TNFD advocates aligned with international standards.

Overseas, 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 Indonesia, AEON Mall Deltamas (Bekasi Province) opened in March 2024. In Cambodia, the Sihanoukville FTZ Logistics Center, situated in the special economic zone adjacent to the Sihanoukville Port, has been 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 operating profit of 17,284 million yen (an increase of 7,013 million yen year-on-year) on operating revenue of 797,491 million yen (up 4.2% year-on-year).

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. In addition to bolstering account sales, the company's track record and expertise in servicing diverse facilities have garnered high praise, prompting its expansion into new sectors and facilities. 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 or visualization of electricity use through digital devices. In addition, it expanded its overseas business in China and ASEAN countries and took various other measures under the three basic policies of the medium-term management plan: Customer-Oriented Management, Promotion of DX, and Group Management.

AEON Fantasy Co., Ltd. ad 1,167 stores as of February 29, 2024, consisting of 703 in Japan and 464 overseas. In the domestic business, the capsule toy and prizes divisions are aggressively expanding their strategic small-scale outlets, Toys Spot Palo (capsule toy division) and Prize Spot Palo (prizes division), by a total of 106 stores. Furthermore, resuming investment in new models after a three-year hiatus in the medal division has resulted in record-breaking sales in the current review period. Additionally, two “*Chikyu no Niwa* (Garden on Earth)” facilities, serving as playgrounds where children can play and learn about nurturing the future of the earth and its people, along with “Mieux Forest,” an entertainment-focused glamping facility, have been well-received. Internationally, the ASEAN operations achieved record-breaking sales and operating profit 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 terms of sales channel expansion, the number of stores at the end of fiscal year 2023, which saw accelerated openings primarily within the AEON Group, fell short of the initial plan of 1,258 stores due to closures. In order to differentiate its products and brand and cater to customer preferences, CAN DO has developed merchandising (MD) for both 100-yen products that align with defensive spending patterns and higher-priced products that offer added value. Additionally, the company is expediting the development of hobby and preference goods, including original products licensed from Disney, and is working to standardize product displays across stores under the leadership of the headquarters, thus eliminating disparities. 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. As a result of magazine tie-up sales promotion plans implemented five times (in March, April, May, October, and November) during the peak sales period of regular-priced products, same-store sales increased 102.2% year on year. By expanding product procurement from China and the ASEAN region and reducing the cost of goods sold, the gross profit margin improved by 4.9 percentage points year-on-year. In terms of rebranding, COX successfully completed the transformation of 63 stores into the family-oriented fashion and lifestyle select shop named “ikka THE BEAUTIFUL LIFE GREEN STORE,” offering apparel and accessories from the ikka brand as well as daily necessities from the LBC brand. Furthermore, the official EC platform “TOKYO DESIGN CHANNEL,” which has intensified its efforts to attract members through in-store promotions, expanded sales of products through collaborations with influencers, leading to overall EC sales reaching 106.4% of the previous year's level.

International Business

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

The International Business posted operating profit of 10,372 million yen (a decrease of 2,486 million yen year-on-year) on operating revenue of 508,741 million yen (up 2.3% year-on-year).

In the ASEAN region, the GDP growth rates of individual countries witnessed a sharp decline from initial projections due to the Ukraine-Russia conflict and ongoing economic tensions between the U.S. and China throughout the year. In Thailand, the Consumer Price Index (CPI) experienced negative growth for the first time in three years. Governments across the region responded by implementing various economic stimulus measures, including subsidies, provision of essential goods, tax reductions, and visa exemptions for tourists. While a return to pre-2019 levels remains ambitious, there is optimism for improved business conditions in 2024 compared to the previous year. Amid this challenging environment, AEON CO.(M) BHD. enhanced its gross profit margin in food products compared to the previous year, attributed to its emphasis on fulfilling customers' lifestyle needs. Additionally, its operating profit margin from shopping center revenues also saw improvement owing to increased tenant occupancy rates. Similarly, AEON Vietnam Co., Ltd. experienced significant growth in food sales by expanding its lineup with 230 TOPVALU products, further solidifying its position in the market. In the non-food category, the company is making strides as a SPA (specialty retailer of private label apparel) by introducing PBs such as MY CLOSET for apparel and HOME COORDY for home furnishing. To drive future growth, AEON is committed to localizing both product development and production processes, reducing reliance on imports and strengthening its presence in the region.

In China, despite initial hopes for a rebound from the strict zero-COVID policy in 2022, the challenging environment persisted with sluggish consumption and a downturn in the real estate sector. As a result, real GDP growth in 2023 reached only 5.2%, a modest increase of 2 percentage points from the previous year. While there was growth in tourism and dining out following the easing of travel restrictions, the demand for goods saw a gradual decline. However, AEON (HUBEI) CO., LTD. in the Hubei region, including the Wuhan Jiangxia store opened in November 2023, continued to perform well. By accurately adapting to evolving consumer preferences before and after the pandemic, we will focus on enhancing profitability across China through initiatives such as expanding our private brand offerings, promoting sales of products sourced from Southeast Asia, accelerating store expansions, and integrating digital tools in our retail outlets.

3) Implementation of Corporate Governance During the Period

AEON is reforming its corporate governance on an ongoing basis as a way to support the foundation upon which to continually increase corporate value. In 2003, AEON transitioned to a “company with committees” structure (currently the “company with a nomination committee and other committees” structure), which segregates the management oversight functions of the Board of Directors and business execution functions. A majority of AEON’s directors are outside directors, and the Nomination Committee, Compensation Committee, and Audit Committee are each chaired by outside directors, thereby further enhancing management transparency and fairness. In 2016, AEON established the Basic Policy on Corporate Governance, which stipulates the Group’s basic stances on corporate management and corporate governance, and this Basic Policy on Corporate Governance constitutes a set of guidelines for corporate activities.

In addition to fulfilling the resolutions and reporting requirements mandated by the Companies Act and other pertinent laws, the Board of Directors actively engages in robust discussions pertaining to critical aspects of the Company's management from a long-term perspective, all with the overarching goal of fostering sustainable growth and enhancing corporate value. Drawing upon insights and suggestions aimed at bolstering the efficacy of the Board, fiscal year 2023 witnessed the Board's commitment to governance through proactive measures such as advance briefings on pivotal matters like management integration. This proactive approach facilitated comprehensive discussions during Board meetings, enriched by the wealth of knowledge and experience contributed by external directors. Furthermore, we have bolstered our efforts to provide comprehensive information encompassing the environmental analysis and numerical data pertinent to the Company's operations, thus furnishing stakeholders with valuable insights conducive to monitoring business performance.

Status of Implementation of the Board of Directors Meetings and Each Committee

(* Denotes outside director)

	Meetings Held	Members	Main Functions
Board of Directors	8	Chairperson: Motoya Okada Akio Yoshida, Yuki Habu, *Takashi Tsukamoto, *Peter Child, *Carrie Yu, *Makoto Hayashi	- Oversee the work performance of the directors and executive officers. - Make decisions on matters stipulated under Article 416 of the Companies Act as well as matters that cannot be entrusted to the executive officers.
Audit Committee	9	Chairperson: * Makoto Hayashi *Takashi Tsukamoto, *Carrie Yu	- Audit the work performance of the directors and executive officers. - Decide the content of proposals to nominate, dismiss, or forgo the reappointment of the accounting auditor, which are submitted to the General Meeting of Shareholders.
Nomination Committee	4	Chairperson: * Takashi Tsukamoto *Peter Child, Motoya Okada	- Decide the content of proposals for the nomination or dismissal of directors, which are submitted to the General Meeting of Shareholders.
Compensation Committee	3	Chairperson: *Takashi Tsukamoto *Peter Child, Motoya Okada	- Decide individual compensation, etc. received by directors and executive officers.

4) Fulfillment of Corporate Social Responsibility During the Fiscal Year

In order to fulfill its social responsibility as a corporate citizen and continuously increase its corporate value, AEON promotes sustainable management that balances the realization of a sustainable society and the Group’s growth. Based on the AEON Sustainability Principle, AEON is advancing a variety of initiatives centered on the three themes of the environment, health and people, and communities, and has also positioned sustainability as a central issue for business in its medium-term management plan, and as a core part of the growth strategy. Also, the AEON 1% Club Foundation works to nurture the next generation and promote friendship and goodwill programs with other countries, while the AEON Environmental Foundation engages in tree-planting activities and supports environmental conservation activities. All of the above initiatives are part of AEON’s wide-ranging environmental and social contribution activities.

AEON Sustainability Principle
AEON aims to realize a sustainable society and ensure Group growth based on our basic principle of “pursuing peace, respecting humanity, and contributing to local communities, always with the customer’s point of view as its core”. In conducting activities, we will think globally and advance activities locally from both environmental and social viewpoints in actively pursuing sustainability with many different stakeholders.

Toward Realization of a Sustainable Society

・ Decarbonization of society

Based on its belief that reducing energy use in business activities contributes to the mitigation of global warming, since 2008 AEON has established detailed numerical targets, and is working to reduce CO2 emissions. Under the AEON Decarbonization Vision established in 2018, AEON aims to reduce the net amount of CO2 emitted by stores to zero, with focus on the three perspectives of "stores," "products and logistics," and "working together with customers." In December 2023, AEON's domestic business sites procured 3,706 million kWh of renewable energy, equivalent to about 55% of the electricity used in AEON's domestic stores, seven years ahead of schedule. AEON also aims to switch to 100% renewable energy at all AEON Malls in Japan by fiscal year 2025.

・ Reducing the use of disposable plastics
Based on the AEON Plastic Usage Policy, AEON is aiming to facilitate a new lifestyle that is carbon-free and recycles resources. AEON is working on the sustainable use of plastics based on the three main pillars of reducing the use of disposable plastics, switching from fossil fuel-derived plastics to eco-friendly materials, and building a store-based resource-recycling model.

As part of our commitment to reducing single-use plastic, we have initiated a gradual transition from plastic bags to paper bags in the apparel and living goods sections of AEON and AEON Style stores nationwide, commencing in October 2023.

Additionally, we have launched new initiatives such as recycling stretch film used for packaging, which was previously disposed of as waste, and introducing plastic bags partially made from this recycled material.

・ Nurturing and supporting children who will be tomorrow's leaders

a. AEON Children's Cafeteria Support Group
Ensuring children's food security is a major and constant issue, particularly for child-rearing households facing economic difficulties. In response to this, in December 2020 AEON launched the AEON Children's Cafeteria Support Group and commenced support activities. As part of these activities, in December 2023, AEON held its sixth donation drive, raising approximately 31 million yen to donate to the NPO, National Children's Cafeteria Support Center "Musubie." The NPO is allocating the donated funds from AEON, totaling 186.8 million yen collected since spring 2020, to support the reopening of Children's Cafeterias, procurement of food for the Cafeterias, and organizing seasonal events. AEON will also continue to help build local communities in which people support one another and are connected by the bonds of mutual assistance. Related activities include coordinating with companies, schools, local governments, and organizations that provide aid to local children, and providing spaces at our store locations to give customers opportunities to get directly involved in Children's Cafeteria support activities.

b. AEON CHEERS CLUB
The AEON 1% Club operates experiential learning clubs, known as "AEON CHEERS CLUB," primarily catering to elementary and junior high school students, at neighboring areas of AEON stores located throughout Japan. The clubs are designed to nurture children's thinking skills and foster in them an interest in areas like nature and the environment. In fiscal year 2023, AEON CHEERS CLUB "KASUMI Tsukuba" was newly established at KASUMI CO., LTD., and "WELCIA Shizuoka," the second club operated by WELCIA HOLDINGS CO., LTD., was established and commenced activities. Additionally, a "CHEERS Farm" was inaugurated at AEON Ibaraki Ushiku Farm, offering participants an opportunity to engage in various farming activities from sowing and planting to harvesting. AEON will continue to create a wide range of opportunities for children to learn about the environment and society.

(2) Analysis of Financial Condition
Consolidated Assets, Liabilities, Net Assets, and Cash Flows (millions of yen)

	Fiscal year to end-February,			
	2024	2023	2022	2021
Total assets	12,940,869	12,341,523	11,633,083	11,481,268
Interest-bearing debt Breakdown:	3,715,695	3,483,126	3,290,957	3,145,713
Interest-bearing debt of financial subsidiaries	1,312,938	1,210,924	1,087,852	1,043,469
Interest-bearing debt excluding that of financial subsidiaries	2,402,756	2,272,202	2,203,105	2,102,243

Net assets	2,087,201	1,970,232	1,812,423	1,755,776
Cash and cash equivalents, end of period	1,064,093	1,214,462	1,090,923	1,217,054
Cash flows from operating activities	368,487	433,710	204,452	396,461
Cash flows from investing activities	(508,876)	(335,123)	(343,854)	(341,814)
Cash flows from financing activities	(15,867)	1,853	(2,207)	24,290

Consolidated Assets, Liabilities, and Net Assets

Consolidated assets as of February 29, 2024, were 12,940,869 million yen, an increase of 599,346 million yen, or 4.9%, from the end of the previous fiscal year (February 28, 2023). The increase is mainly attributable to increases of 200,776 million yen in loans and bills discounted for banking business,160,048 in securities, 113,543 million yen in property, plant and equipment, 79,665 million yen in notes and accounts receivable-trade, 57,009 million yen in operating loans receivable, 38,956 million yen in investment securities, and which offset a 144,189 million yen decline in million yen in cash and deposits, among other factors.

Consolidated liabilities as of February 29, 2024, were 10,853,667 million yen, an increase of 482,377 million yen, or 4.7%, from February 28, 2023. The increase is mainly attributable to increases of 141,028 million yen in deposits for banking business, 88,291 million yen in long-term loans payable (including the current portion of long-term loans payable), 50,000 million yen in commercial papers, 45,106 million yen in bonds, which offset a decline of 15,855 million yen in contract liabilities, among other factors.

Consolidated net assets as of February 29, 2024, were 2,087,201 million yen, an increase of 116,968 million yen, or 5.9%, from February 28, 2023.

Consolidated Cash Flows

Cash and cash equivalents

The balance of cash and cash equivalents as of February 29, 2024, was 1,064,093 million yen, a decrease of 150,368 million yen, or 87.6%, from February 28, 2023.

Cash flows from operating activities

Net cash provided by operating activities was 368,487 million yen, a decrease in cash provided of 65,222 million yen, or 85.0% year-on-year. The decrease in cash provided is mainly attributable to an increase of 145,270 million yen in loans receivable in the banking business, and a decrease of 77,730 million yen in deposits in the banking business, which offset an increase from 125,374 million yen decrease in cash in notes and accounts receivable-trade.

Cash flows from investing activities

Net cash used in investing activities was 508,876 million yen, an increase in net cash used of 173,753 million yen, or 151.8% year-on-year. This increase in cash used is mainly attributable to a decrease of 177,491 million yen in proceeds from sales and redemption of securities in banking business, and an increase of 25,388 million yen in the purchase of non-current assets, which offset a decrease of 22,103 million yen in the acquisition of securities in the banking business, and others.

Cash flows from financing activities

Net cash used in financing activities was 15,867 million yen, an increase in cash used of 17,720 million yen year-on-year. The increase in expenditures is attributable to a decrease of 39,834 million yen in proceeds from long-term loans payable and an increase of 25,166 million yen in the purchase of investments in subsidiaries not involving a change in the scope of consolidation, which offsets an increase of 46,927 million yen from the issuance of bonds.

(3) Outlook for the Fiscal Year Ending February 28, 2025

Consolidated Operating Results Forecast (Millions of yen)

	Fiscal year ending February 28, 2025	Fiscal year ended February 29, 2024 (actual results)
Operating revenue	10,000,000	9,553,557
Operating profit	270,000	250,822
Ordinary profit	260,000	237,479
Profit attributable to owners of the parent	46,000	44,692

For operating results in the fiscal year ending February 28, 2025, AEON will work to improve profitability by soundly executing the five growth strategies 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), and is aiming to achieve record-high operating revenue, operating profit, and ordinary profit. Although forecasts by segment will not be disclosed, AEON is targeting profit growth in all segments. The forecast considers foreseeable environmental changes, inflation, rising electricity costs, the 2024 logistics issue, wage increases, and the effects of countermeasures. While segment-specific earnings forecasts are not disclosed, profit growth is anticipated across all segments.

The Company plans to issue an annual dividend of 40 yen per share, comprising a regular dividend of 36 yen per share and a commemorative dividend of 4 yen per share for the 50th anniversary of the Company's listing.

Please refer to AEON's website for an overview of AEON's Medium-term Management Plan:
https://www.aeon.info/en/ir/policy/strategy/ (Medium-term Management Plan, sustainable management initiatives)

(4) Dividend Policy and Dividends for the Fiscal Year Ended February 29, 2024, and the Fiscal Year Ending February 28, 2025

1) Basic Medium- to Long-Term Policy
AEON considers maintaining an optimal balance between providing shareholder returns and improving corporate value through medium- to long-term growth a key management priority, and will continue to set a dividend policy that takes consolidated operating results into consideration.

(Dividends)
AEON has set a target of a consolidated dividend payout ratio of 30% while maintaining its annual dividend payment at or above the prior-year level and will strive for further earnings growth and shareholder returns.

(Primary uses of internal reserves)
AEON will utilize internal reserves as funds for growth investments essential for future business development and meet shareholder expectations through corporate value enhancement achieved from medium- to long-term growth.

2) Dividends for the Fiscal Year Ended February 29, 2024, and Starting Date for Dividend Payments
By resolution of the Board of Directors at a meeting held on April 10, 2024, the year-end dividend payment from retained earnings for the fiscal year ended February 29, 2024, will be 18 yen per share. The total annual dividend for the fiscal year will therefore be 36 yen per share, including the interim payment of 18 yen per share. The starting date for dividend payments (effective date) is Wednesday, May 1, 2024.

3) Dividend Forecast for the Fiscal Year Ending February 28, 2025
In commemoration of the Company's 50th anniversary since listing on the Tokyo Stock Exchange and in recognition of the enduring support from our shareholders, we have formulated a dividend plan for the fiscal year ending February 28, 2025. This plan entails an annual dividend of 40 yen per share,

comprising an interim dividend of 18 yen and a year-end dividend of 18 yen per share based on our fundamental policy. Additionally, as part of the commemorative dividend, we intend to distribute an interim dividend of 2 yen and a year-end dividend of 2 yen per share.

2. Management Strategies and Policies

(1) Basic Policy on Management

Since 2006, the Articles of Incorporation have embraced the fundamental philosophy of "Pursuing peace, respecting humans, and contributing to local communities, always with customers as our starting point." This guiding principle underscores our commitment to ensuring that all of our approximately 600,000 employees worldwide understand the Group's ethos and pass it on to future generations. To effectively communicate this stance to our stakeholders and foster deeper understanding, we have revised our basic philosophy, providing context and implications, and integrated it into our Articles of Incorporation following the General Shareholders' Meeting in May 2023. Anchored in the ethos of "Everything we do, we do for our customers," we continually monitor market dynamics and customer needs to enhance corporate value. Our goal is to evolve into a group that fosters sustainable growth and contributes to local communities over the long term.

In 2001, the Company underwent a significant transformation and rebranded as AEON, signaling its aspiration to evolve into a forward-looking enterprise for the 21st century, envisioning a future filled with dreams. In October 2022, AEON reevaluated its vision for the future and articulated the "AEON Group Future Visio" with the guiding principle of "Create a future lifestyle that leads to a smile for each and every person." For further insights into AEON's vision statement, please visit the following webpage:
https://www.aeon.info/en/company/code_of_conduct/ (AEON Group Future Vision)

(2) Medium-term Management Strategy

AEON Group's Sustainable Growth

AEON anticipates significant and rapid changes in its ongoing business environment, necessitating a corporate group that can adapt and evolve accordingly. Embracing these unprecedented changes as opportunities for substantial growth, AEON launched its Medium-term Management Plan (FY2021-FY2025) in April 2021. This plan outlines AEON's vision for 2030, aspiring towards circular and sustainable management practices that enhance community life across Japan, China, and the ASEAN countries where the Group operates. In addition to further accelerating the "shift to regional markets," "shift to digital markets," "shift to Asian markets" and the "shift in investments" that support these shifts, which the AEON Group has been working on up until this point, the AEON Group will aim to build a business foundation that enables sustainable growth by working on "Five Reforms" (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) as strategies shared across the entire Group, as well as accelerate environmental initiatives which are rapidly increasing in importance. By doing so, AEON will significantly reform the Group's business structure and transform itself into a highly profitable corporate group. We are committed to investing in our human capital to sustain growth, exemplified by our announcement of wage increases for part-time employees, who constitute 80% of our workforce, for the second consecutive year.

Promotion of Diversity

To foster further growth and enhance the Group's expansion, we are committed to creating a corporate environment where all employees can thrive and contribute actively. To achieve satisfaction among employees, their families, customers, and the Company, derived from diversity, we have coined the term "*daimanzoku* (great satisfaction)" and are actively engaged in various initiatives across the Group. We must remain innovative and adapt to changing times by nurturing an environment where a diverse range of talents can flourish and contribute. We continue to promote women's initiatives and address biases and assumptions that impede their advancement. Through targeted training programs involving management at various levels and general employees, with a total of 3,822 participants, we aim to foster ongoing awareness and action. Our "*daimanzoku*" Awards, now in its 10th year, highlight best practices from Group companies, including case studies from overseas, with 28 companies reporting on 30 initiatives. These initiatives span community engagement by female employees, customer-centric sales floor strategies, product development, hourly employee management roles, gender-diverse decision-making positions, cultural reforms, well-being programs, and the creation of LGBTQ+ friendly shopping environments, all contributing significantly to value creation through diversity. Notably, our Group companies have made strides in expanding employment opportunities and supporting the activities of individuals with disabilities, resulting in a 2.85% employment rate for people with disabilities.

Investment in human capital

Believing in and respecting each individual, AEON fosters an environment where individuals can thrive in their abilities and ideas, grow, and evolve into better human beings through work and learning. To realize our growth strategy, we are dedicated to strengthening the development, promotion, and recruitment of human resources. As digital transformation (DX) progresses, we have set a target of 2,000 employees in digital roles by 2025 and are actively securing talent through internal training and external hiring. Additionally, we have implemented consecutive 7% wage increases over two years for our approximately 400,000 part-time employees, who represent 80% of the retail industry workforce. We are committed to creating an environment that enables them to play a more active role. As a group of companies committed to innovation, we aim to achieve sustainable growth through investments in human capital and efforts to enhance productivity.

3. Basic Policy Regarding Selection of Accounting Standards

The AEON Group uses Japanese accounting standards for its financial reporting. Regarding the adoption of International Financial Reporting Standards (IFRS), AEON will take appropriate measures in consideration of various developments in and outside Japan.

4. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
	Amount	Amount
Assets		
Current assets		
Cash and deposits	1,309,725	1,165,536
Call loans	10,373	1,192
Notes and accounts receivable - trade	1,877,761	1,957,426
Securities	508,223	668,271
Inventories	596,708	625,291
Operating loan	502,737	559,747
Loans and bills discounted for banking business	2,462,327	2,663,103
Other	543,011	527,098
Allowance for doubtful accounts	(129,109)	(122,751)
Current assets	7,681,759	8,044,917
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,630,449	1,645,556
Tools, furniture and fixtures, net	212,266	234,059
Land	1,043,143	1,071,310
Leased assets, net	99,930	93,920
Construction in progress	78,909	102,332
Other, net	236,746	267,808
Property, plant and equipment	3,301,444	3,414,988
Intangible assets		
Goodwill	145,160	139,788
Software	148,348	167,986
Leased assets	26,248	26,191
Other	36,269	41,284
Intangible assets	356,026	375,251
Investments and other assets		
Investment securities	263,947	302,904
Net defined benefit asset	25,729	44,216
Deferred tax assets	145,431	157,799
Guarantee deposits	412,691	416,991
Deposits for stores in progress	1,720	2,439
Other	159,597	187,497
Allowance for doubtful accounts	(6,825)	(6,136)
Investments and other assets	1,002,292	1,105,712
Non-current assets	4,659,764	4,895,951
Assets	12,341,523	12,940,869

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,039,947	1,073,189
Deposits for banking business	4,392,204	4,533,233
Short-term loans payable	453,904	480,274
Current portion of long-term loans payable	346,338	333,475
Current portion of bonds	167,920	160,429
Commercial papers	75,000	125,000
Lease obligations	67,311	69,563
Income taxes payable	48,344	52,027
Contract liabilities	243,376	227,520
Provision for bonuses	38,260	47,932
Provision for loss on store closing	2,706	11,982
Provision for point card certificates	6,529	6,730
Notes payable - facilities	57,453	55,969
Other	538,579	595,585
Current liabilities	7,477,878	7,772,914
Non-current liabilities		
Bonds payable	905,541	958,138
Long-term loans payable	1,157,865	1,259,019
Lease obligations	291,267	314,115
Deferred tax liabilities	31,669	47,900
Provision for directors' retirement benefits	350	316
Provision for loss on store closing	6,228	6,731
Provision for contingent loss	48	44
Provision for loss on interest repayment	5,180	2,802
Net defined benefit liability	18,653	15,535
Asset retirement obligations	116,891	122,093
Long-term guarantee deposited	264,994	268,256
Reserve for insurance policy liabilities	54,338	48,358
Other	40,382	37,441
Non-current liabilities	2,893,412	3,080,753
Liabilities	10,371,290	10,853,667

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
	Amount	Amount
Net assets		
Shareholders' equity		
Capital stock	220,007	220,007
Capital surplus	299,667	288,337
Retained earnings	411,758	425,596
Treasury shares	(22,936)	(20,543)
Shareholders' equity	908,498	913,399
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	41,711	68,233
Deferred gains or losses on hedges	257	417
Foreign currency translation adjustment	45,825	67,154
Remeasurements of defined benefit plans	(3,716)	4,916
Total accumulated other comprehensive income	84,077	140,720
Subscription rights to shares	1,173	1,155
Non-controlling interests	976,482	1,031,925
Net assets	1,970,232	2,087,201
Liabilities and net assets	12,341,523	12,940,869

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

(Millions of yen)

	Year ended February 28, 2023	Year ended February 29, 2024
	Amount	Amount
Operating revenue		
Net sales	7,961,711	8,337,277
Operating revenue from financial services business	401,081	424,722
Other operating revenue	754,030	791,557
Operating revenue	9,116,823	9,553,557
Operating costs		
Cost of sales	5,725,286	5,953,919
Operating cost from financial services business	53,608	53,826
Operating cost	5,778,894	6,007,745
Gross profit	2,236,425	2,383,358
Operating gross profit	3,337,929	3,545,811
Selling, general and administrative expenses		
Advertising expense	115,700	131,860
Provision of allowance for doubtful accounts	59,782	70,951
Employees' salaries and bonuses	1,087,456	1,145,730
Provision for bonuses	38,260	47,932
Legal and employee benefits expenses	190,838	202,598
Utilities expenses	235,949	216,235
Depreciation	300,122	310,693
Repair and maintenance	188,305	204,800
Rents	425,879	436,161
Amortization of goodwill	16,188	16,498
Other	469,661	511,526
Selling, general and administrative expenses	3,128,145	3,294,989
Operating profit	209,783	250,822
Non-operating income		
Interest income	4,728	5,570
Dividend income	3,666	4,460
Share of profit of entities accounted for using equity method	5,836	5,350
Penalty income from leaving tenants	2,713	2,139
Reversal of allowance for doubtful accounts	563	512
Other	18,609	16,392
Non-operating income	36,117	34,427
Non-operating expenses		
Interest expenses	35,750	39,066
Other	6,484	8,703
Non-operating expenses	42,235	47,769
Ordinary profit	203,665	237,479
Extraordinary income		
Gain on sales of non-current assets	11,375	7,645
Gain on sales of shares of subsidiaries and associates	24,068	—
Gain on sales of investment securities	422	4,186
Gain on step acquisition	3,290	5,102
Other	8,892	3,782
Extraordinary income	48,048	20,717

Extraordinary losses		
Impairment loss	51,269	45,848
Provision for loss on store closing	5,929	11,150
Loss on retirement of non-current assets	4,229	3,716
Loss on closing of stores	1,898	3,795
Loss (gain) on valuation of investment securities	4,423	6,428
Other	15,614	5,787
Extraordinary losses	83,365	76,726
Profit before income taxes	168,347	181,470
Income taxes		
Current	78,996	87,175
Deferred	4,980	(10,568)
Income taxes	83,976	76,607
Profit	84,371	104,863
Profit attributable to non-controlling interests	62,989	60,171
Profit attributable to owners of parent	21,381	44,692

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Year ended February 28, 2023	Year ended February 29, 2024
	Amount	Amount
Profit	84,371	104,863
Other comprehensive income		
Valuation difference on available-for-sale securities	(17,497)	30,485
Deferred gains or losses on hedges	3,362	327
Foreign currency translation adjustment	55,727	42,534
Remeasurements of defined benefit plans, net of tax	620	10,608
Share of other comprehensive income of entities accounted for using equity method	(89)	(528)
Other comprehensive income	42,123	83,427
Comprehensive income	126,494	188,291
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	45,794	101,335
Comprehensive income attributable to non-controlling interests	80,700	86,956

(3) Consolidated Statement of Changes in Equity

Year ended February 28, 2023 (March 1, 2022 – February 28, 2023)

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity
Balance at the beginning of the period	220,007	296,285	415,503	(34,030)	897,766
Cumulative effects of changes in accounting policies			5,602		5,602
Restated balance	220,007	296,285	421,106	(34,030)	903,369
Changes of items during the period					
Dividends of surplus			(30,728)		(30,728)
Profit attributable to owners of the parent			21,381		21,381
Purchase of treasury shares				(17)	(17)
Disposal of treasury shares		(8,294)		11,112	2,817
Change in the ownership interest of parent due to transactions with non-controlling interests		11,676			11,676
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	3,382	(9,347)	11,094	5,129
Balance at the end of the period	220,007	299,667	411,758	(22,936)	908,498

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	47,335	(1,187)	17,512	(3,995)	59,665	1,290	853,701	1,812,423
Cumulative effects of changes in accounting policies					-			5,602
Restated balance	47,335	(1,187)	17,512	(3,995)	59,665	1,290	853,701	1,818,025
Changes of items during the period								
Dividends of surplus								(30,728)
Profit (loss) attributable to owners of the parent								21,381
Purchase of treasury shares								(17)
Disposal of treasury shares								2,817
Change in the ownership interest of parent due to transactions with non-controlling interests								11,676
Net changes of items other than shareholders' equity	(5,623)	1,445	28,312	278	24,412	(116)	122,781	147,077
Total changes of items during the period	(5,623)	1,445	28,312	278	24,412	(116)	122,781	152,206
Balance at the end of the period	41,711	257	45,825	(3,716)	84,077	1,173	976,482	1,970,232

Year ended February 29, 2024 (March 1, 2023 – February 29, 2024)

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity
Balance at the beginning of the period	220,007	299,667	411,758	(22,936)	908,498
Changes of items during the period					
Dividends of surplus			(30,854)		(30,854)
Profit attributable to owners of the parent			44,692		44,692
Purchase of treasury shares				(14)	(14)
Disposal of treasury shares		40		2,407	2,448
Change in the ownership interest of parent due to transactions with non-controlling interests		(11,370)			(11,370)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(11,329)	13,837	2,393	4,901
Balance at the end of the period	220,007	288,337	425,596	(20,543)	913,399

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	41,711	257	45,825	(3,716)	84,077	1,173	976,482	1,970,232
Changes of items during the period								
Dividends of surplus								(30,854)
Profit (loss) attributable to owners of the parent								44,692
Purchase of treasury shares								(14)
Disposal of treasury shares								2,448
Change in the ownership interest of parent due to transactions with non-controlling interests								(11,370)
Net changes of items other than shareholders' equity	26,521	160	21,328	8,633	56,643	(18)	55,442	112,067
Total changes of items during the period	26,521	160	21,328	8,633	56,643	(18)	55,442	116,968
Balance at the end of the period	68,233	417	67,154	4,916	140,720	1,155	1,031,925	2,087,201

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Year ended February 28, 2023	Year ended February 29, 2024
	Amount	Amount
Cash flows from operating activities		
Profit before income taxes	168,347	181,470
Depreciation	321,084	328,435
Amortization of goodwill	16,188	16,498
Increase (decrease) in allowance for doubtful accounts	(5,974)	(11,296)
Increase (decrease) in provision for loss on interest repayment	(1,760)	(2,377)
Increase (decrease) in provision for bonuses	871	8,446
Increase (decrease) in net defined benefit liability	1	897
Decrease (increase) in net defined benefit asset	(6,621)	(7,127)
Interest and dividend income	(8,394)	(10,031)
Interest expenses	35,750	39,066
Foreign exchange losses (gains)	4,393	3,277
Share of (profit) loss of entities accounted for using equity method	(5,836)	(5,350)
Gain on sales of non-current assets	(11,375)	(7,645)
Loss on sales and retirement of non-current assets	4,255	6,780
Impairment loss	51,269	45,848
Loss (gain) on sales of short-term and long-term investment securities	(413)	(4,264)
Loss (gain) on sale of shares of subsidiaries and associates	(24,068)	—
Loss (gain) on step acquisitions	(3,290)	(5,102)
Decrease (increase) in notes and accounts receivable - trade	(183,521)	(58,146)
Decrease (increase) in inventories	(24,236)	(15,221)
Decrease (increase) in operating loans receivable	(35,505)	(26,917)
Decrease (increase) in cash loans and bills discounted for banking business	(55,505)	(200,776)
Increase (decrease) in notes and accounts payable - trade	39,701	14,943
Increase (decrease) in deposits for banking business	218,758	141,028
Increase/decrease in other assets/liabilities	19,262	20,577
Other, net	18,915	25,862
Subtotal	532,297	478,875
Interest and dividend income received	10,776	13,137
Interest expenses paid	(35,382)	(38,770)
Income taxes paid	(73,982)	(84,754)
Net cash provided by (used in) operating activities	433,710	368,487

	Year ended February 28, 2023	(Millions of yen) Year ended February 29, 2024
	Amount	Amount
Cash flows from investing activities		
Purchase of securities	(22,215)	(22,579)
Proceeds from sales and redemption of securities	41,203	23,480
Acquisition of securities for banking business	(612,512)	(590,409)
Proceeds from sales and redemption of securities in banking business	638,649	461,157
Purchase of non-current assets	(370,848)	(396,236)
Proceeds from sales of non-current assets	28,864	28,735
Purchase of investment securities	(6,761)	(18,180)
Proceeds from sales of investment securities	5,974	11,915
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(11,966)	(4,531)
Payments for guarantee deposits	(12,730)	(12,605)
Proceeds from collection of guarantee deposits	19,253	15,526
Proceeds from guarantee deposits received	22,295	23,481
Repayments of guarantee deposits received	(22,774)	(21,355)
Other, net	(31,556)	(7,275)
Net cash provided by (used in) investing activities	(335,123)	(508,876)
Cash flows from financing activities		
Increase (decrease) in short-term bank loans and commercial papers	4,267	71,283
Proceeds from long-term loans payable	454,880	415,046
Repayments of long-term loans payable	(354,678)	(365,778)
Proceeds from issuance of bonds	149,159	196,087
Redemption of bonds	(146,040)	(156,802)
Purchase of treasury shares	(17)	(14)
Proceeds from share issuance to non-controlling shareholders	6,101	1,986
Repayments to non-controlling shareholders	(3,380)	(18,841)
Repayments of lease obligations	(67,211)	(72,965)
Cash dividends paid	(30,728)	(30,854)
Dividends paid to non-controlling interests	(24,276)	(26,532)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	12,119	2,745
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,397)	(26,564)
Other, net	3,056	(4,661)
Net cash provided by (used in) financing activities	1,853	(15,867)
Effect of exchange rate change on cash and cash equivalents	11,077	5,888
Net increase (decrease) in cash and cash equivalents	111,516	(150,368)
Cash and cash equivalents, beginning of the period	1,090,923	1,214,462
Increase in cash and cash equivalents resulting from share exchange	12,022	—
Cash and cash equivalents, end of the period	1, 214,462	1,064,093

(5) Notes on the Consolidated Financial Statements

Notes and other supplementary information for the consolidated balance sheet, the consolidated statement of income and consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows are omitted from this report.

(Notes on the Going-concern Assumption)
Not applicable

(Changes in Accounting Policy)
(Application of Accounting Standard for Fair Value Measurement)
The “Guidance on Accounting Standard for Measurement of Fair Value” (ASBJ Guidance No. 31, issued on June 17, 2021, hereinafter referred to as the “Guidance”) has been adopted since the start of the reporting fiscal year. The new accounting policy outlined in the Guidance is implemented prospectively, following the transitional treatment specified in Paragraph 27-2 of the Guidance. The impact of this modification on the consolidated financial statements is deemed immaterial.

(Changes in Presentation)
(Consolidated Statement of Income and Related Statements)
(i) “Gain on sales of investment securities,” previously categorized under “Other” within “Extraordinary income” in the prior consolidated fiscal year, is now separately reported under “Extraordinary income” in the reporting consolidated fiscal year, reflecting its increased significance in terms of amount. Additionally, “Insurance income” and “Subsidy income,” previously listed separately under “Extraordinary income,” have been included in “Other” within “Extraordinary income” due to their diminished significance in terms of amount.
(ii) “Loss on store closing” and “Loss on valuation of investment securities,” previously grouped under “Other” within “Extra ordinary loss” in the prior consolidated fiscal year, are now separately reported as “Extraordinary loss” in the current consolidated fiscal year due to their increased significance in terms of amount. Furthermore, “Loss on disaster,” previously listed separately under “Extraordinary loss,” has been included in “Other” within “Extraordinary loss” owing to its diminished significance in terms of amount.

The consolidated financial statements for the previous fiscal year have been reclassified to reflect the changes in presentation described in (i) and (ii) above.
As a result, “Insurance income” of 5,849 million yen, “Subsidy income” of 1,620 million yen, and “Others” of 1,844 million yen, which were separately presented in “Extraordinary income,” were reclassified as “Gain on sales of investment securities” of 422 million yen and “Others” of 8,892 million yen.
In addition, “Loss on disaster” of 7,563 million yen, “Loss on new infectious disease” of 4,370 million yen, and “Other” of 10,003 million yen, which were listed under “Extraordinary loss,” were reclassified into “Loss on store closing” of 1,898 million yen, “Loss on valuation of investment securities” of 4,423 million yen, and “Other” of 15,614 million yen.

(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 an ownership interest in the Company with the aim of further enhancing corporate value over the mid to long term.
The ESOP Trust has adopted the gross accounting method, and the Company’s stock held by the ESOP Trust was included in treasury shares under net assets. At the end of the fiscal year ended February 29, 2024, the book value of treasury shares and long-term loans payable (including the current portion) recorded in accordance with the adoption of the gross

accounting method were 2,577 million yen (1,115,400 shares) and 3,250 million yen, respectively.

(Segment and Other Information)

[Segment Information]

1. Overview of Reportable Segments

AEON has adopted the “nomination committee and other committees system” as its governance model. Under the system, operational supervision and operational execution functions are explicitly divided and allocated to individual directors and executive officers. The system enables swift management decision-making by delegating significant authority to executive officers to enable them to achieve medium- and long-term targets.

AEON’s reportable segments are components of its operations about which segment-specific financial statements are available. These segments are subject to periodic examinations to enable AEON’s management to decide how to allocate resources and assess performance.

Led by AEON CO., LTD, a pure holding company, the Group companies conduct various business operations centering on retail store operations, including financial services operations, shopping center development operations, and services and specialty store operations.

The main operations in each reportable segment and other businesses are thus as follows.

The GMS Business includes general merchandise stores (GMS), and other related businesses.

The Supermarket Business includes supermarkets, convenience stores, and small-scale supermarkets.

The Discount Store Business includes discount stores.

The Health & Wellness Business includes drugstores, pharmacies, and other related businesses.

The Financial Services Business includes credit card, fee-based services, banking, and insurance businesses.

The Shopping Center Development Business includes the development and leasing of shopping centers and malls.

The Services and Specialty Store Business includes facilities management services, amusement services, food services, specialty stores that sell family casual apparel and footwear, flat-rate discount store business, and other related businesses.

International Business includes retail stores in the ASEAN region and China.

Other Businesses include mobile marketing business, digital, and other related businesses.

2. Changes in Reportable Segments

As a result of organizational adjustments, certain subsidiaries previously classified under the “Financial Services Business” segment have been reallocated to the “Other” segment, effective from the current reporting fiscal year. The segment data for the preceding consolidated fiscal year has been adjusted to reflect this reclassification method.

3. Operating revenue, income/loss, assets, liabilities, and other items by reportable segment
Year ended February 28, 2023 (March 1, 2022 – February 28, 2023)

(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	3,169,185	2,627,577	382,646	1,148,940	401,081	360,441	574,387
(2) Intersegment revenue or transfers	99,856	14,542	844	749	53,835	83,040	191,232
Total	3,269,042	2,642,119	383,490	1,149,689	454,917	443,482	765,620
Segment income (loss)	14,097	22,844	3,682	44,828	59,045	45,242	10,270
Segment assets	1,439,375	1,140,007	63,919	573,484	6,658,068	1,775,210	423,420
Segment interest-bearing debt	328,892	246,041	11,199	92,399	1,211,408	916,419	119,492
Other items:							
Depreciation	49,032	47,785	3,394	20,095	39,991	86,900	21,107
Share of profit (loss) of entities accounted for using the equity method	174	2,122	-	681	9	-	96
Impairment loss	16,605	14,349	541	6,123	777	7,773	3,622
Investment in entities accounted for using the equity method	1,974	24,392	-	6,372	234	-	359
Increase in property, plant and equipment, and intangible assets	72,451	69,651	5,287	37,563	40,302	119,176	18,596

	Reportable segment		Other	Total	Adjustments *1, 2	Reported in the consolidated financial statements*3
	International	Total				
Operating revenue:						
(1) Revenue attributable to customers	493,378	9,157,640	6,791	9,164,432	(47,608)	9,116,823
(2) Intersegment revenue or transfers	4,049	448,150	44,261	492,412	(492,412)	-
Total	497,428	9,605,791	51,052	9,656,844	(540,020)	9,116,823
Segment income (loss)	12,859	212,870	(4,162)	208,708	1,075	209,783
Segment assets	441,728	12,515,214	152,336	12,667,551	(326,027)	12,341,523
Segment interest-bearing debt	206,830	3,132,682	10,388	3,143,071	340,055	3,483,126
Other items:						
Depreciation	39,794	308,101	8,410	316,511	4,572	321,084
Share of profit (loss) of entities accounted for using the equity method	1	3,085	2,336	5,421	414	5,836
Impairment loss	1,295	51,088	111	51,199	70	51,269
Investment in entities accounted for using the equity method	0	33,334	39,693	73,027	6,116	79,143
Increase in property, plant and equipment, and intangible assets	15,251	378,281	23,675	401,956	8,388	410,345

Notes: 1. Main components of the minus 47,608 million yen in adjustments for operating revenue attributable to customers are as follows:

(a) minus 106,893 million yen in adjustments to service transactions reported in the reportable segment information, and

(b) Minus 59,112 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.

2. Main components of the minus 1,075 million yen in adjustments for segment loss are as follows:

(a) 2,422 million yen in income of the pure holding company (AEON CO., LTD.) not attributable to any of the business segments,

(b) 719 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 2,098 million yen in intersegment transaction eliminations.

3. Adjustments for segment income (loss) are based on operating profit reported in the Consolidated Statement of Income for the corresponding period.

Year ended February 29, 2024 (March 1, 2023 – February 29, 2024)

(Millions of yen)

	Reportable segment						
	GMS	Supermarket	Discount store	Health & Wellness	Financial Services	Shopping Center Development	Services and Specialty Store
Operating revenue: (1) Revenue attributable to customers	3,287,501	2,768,291	399,207	1,234,329	424,722	383,652	591,853
(2) Intersegment revenue or transfers	101,849	13,880	1,220	786	58,779	84,690	205,638
Total	3,389,350	2,782,171	400,428	1,235,115	483,502	468,342	797,491
Segment income (loss)	28,359	41,911	8,489	42,600	51,231	47,348	17,284
Segment assets	1,460,490	1,248,871	72,042	604,177	6,942,325	1,862,403	434,984
Segment interest-bearing debt	329,723	247,329	5,044	90,101	1,313,365	971,229	131,499
Other items: Depreciation	48,144	48,448	3,328	21,205	41,637	90,264	20,697
Share of profit (loss) of entities accounted for using the equity method	155	1,714	—	728	(35)	(7)	87
Impairment loss	16,597	12,272	1,409	7,001	1,297	2,079	4,043
Investment in entities accounted for using the equity method	2,072	16,778	—	5,821	—	6,865	323
Increase in property, plant and equipment, and intangible assets	90,005	66,471	5,416	28,374	45,407	157,668	29,208

	Reportable segment		Other	Total	Adjustments *1, 2	Reported in the consolidated financial statements*3
	International	Total				
Operating revenue: (1) Revenue attributable to customers	504,469	9,594,027	10,924	9,604,951	(51,394)	9,553,557
(2) Intersegment revenue or transfers	4,272	471,116	48,168	519,285	(519,285)	—
Total	508,741	10,065,144	59,092	10,124,237	(570,680)	9,553,557
Segment income (loss)	10,372	247,597	(11,555)	236,041	14,780	250,822
Segment assets	462,689	13,087,984	161,509	13,249,494	(308,624)	12,940,869
Segment interest-bearing debt	222,484	3,310,777	8,349	3,319,126	396,568	3,715,695
Other items: Depreciation	39,691	313,419	10,109	323,529	4,906	328,435
Share of profit (loss) of entities accounted for using the equity method	1	2,645	2,412	5,057	293	5,350
Impairment loss	1,110	45,813	—	45,813	35	45,848
Investment in entities accounted for using the equity method	0	31,861	39,841	71,703	6,241	77,944
Increase in property, plant and equipment, and intangible assets	35,046	457,600	13,204	470,805	5,312	476,117

Notes: 1. Main components of the minus 51,394 million yen in adjustments for operating revenue attributable to customers are as follows:

(a) Minus 111,565 million yen in adjustments to service transactions reported in the reportable segment information, and
(b) 60,606 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.

2. Main components of the 14,780 million yen in adjustments for segment income are as follows:
(a) 2,305 million yen in income of the pure holding company (AEON CO., LTD.) not attributable to any of the business segments,
(b) 13,208 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 754 million yen in intersegment transaction eliminations.

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

[Related Information]

Year ended February 28, 2023 (March 1, 2022 – February 28, 2023)

1. Information by merchandise and service

The information is omitted here because the same information is presented in the “Segment Information” above.

2. Information by geographic area

(1) Operating revenue

(Millions of yen)

Japan	ASEAN	China	Other	Total
8,349,832	447,092	318,769	1,129	9,116,823

Note: Operating revenues are based on the location of customers and classified into countries or regions.

(2) Property, plant and equipment

(Millions of yen)

Japan	ASEAN	China	Other	Total
2,655,437	417,622	226,455	1,928	3,301,444

3. Information by major customer

The information is omitted here because no customer accounts for more than 10% of the operating revenue on the Consolidated Statement of Income.

Year ended February 29, 2024 (March 1, 2023 – February 29, 2024)

1. Information by merchandise and service

The information is omitted here because the same information is presented in the “Segment Information” above.

2. Information by geographic area

(1) Operating revenue

(Millions of yen)

Japan	ASEAN	China	Other	Total
8,739,316	487,202	326,282	756	9,553,557

Note: Operating revenues are based on the location of customers and classified into countries or regions.

(2) Property, plant and equipment

(Millions of yen)

Japan	ASEAN	China	Other	Total
2,684,483	446,480	281,853	2,170	3,414,988

3. Information by major customer

The information is omitted here because no customer accounts for more than 10% of the operating revenue on the Consolidated Statement of Income.

[Impairment loss on non-current assets by reportable segment]

Year ended February 28, 2023 (March 1, 2022 – February 28, 2023)

The information is omitted here because the same information is presented in the “Segment Information” above.

Year ended February 29, 2024 (March 1, 2023 – February 29, 2024)

The information is omitted here because the same information is presented in the “Segment Information” above.

[Amortization for and unamortized balance of goodwill by reportable segment]

Year ended February 28, 2023 (March 1, 2022 – February 28, 2023)

(Millions of yen)

	Reportable segment					
	GMS	Supermarket	Discount store	Health & Wellness	Financial Services	Shopping Center Development
Amortization for the fiscal year ended Feb. 28, 2023	2,227	2,935	—	5,868	1,528	2,371
Balance at Feb. 28, 2023	6,974	32,813	—	65,715	10,897	10,624

	Reportable segment			Other	Adjustments	Total
	Services and Specialty Store	International	Total			
Amortization for the fiscal year ended Feb. 28, 2023	1,258	—	16,188	—	—	16,188
Balance at Feb. 28, 2023	18,135	—	145,160	—	—	145,160

Year ended February 29, 2024 (March 1, 2023 – February 29, 2024)

(Millions of yen)

	Reportable segment					
	GMS	Supermarket	Discount store	Health & Wellness	Financial Services	Shopping Center Development
Amortization for the fiscal year ended Feb. 29, 2024	2,227	3,107	—	6,091	1,391	2,371
Balance at Feb. 29, 2024	4,674	41,197	—	59,273	9,528	8,252

	Reportable segment			Other	Adjustments	Total
	Services and Specialty Store	International	Total			
Amortization for the fiscal year ended Feb. 29, 2024	1,307	—	16,498	—	—	16,498
Balance at Feb. 29, 2024	16,861	—	139,788	—	—	139,788

[Gain on negative goodwill by reportable segment]

Year ended February 28, 2023 (March 1, 2022 – February 28, 2023)

Not applicable

Year ended February 29, 2024 (March 1, 2023 – February 29, 2024)

Not applicable

(Per Share Information)

	Year ended February 28, 2023 (March 1, 2022 – February 28, 2023)	Year ended February 29, 2024 (March 1, 2023 – February 29, 2024)
Net assets per share (yen)	1,161.12	1,231.59
Earnings (loss) per share (yen)	25.11	52.25
Earnings per share - fully diluted (yen)	25.07	52.21

(Note) Data for calculation 1.

1. Net assets per share

	February 28, 2023	February 29, 2024
Total net assets on the consolidated balance sheets (millions of yen)	1,970,232	2,087,201
Net assets attributable to common shares (millions of yen)	992,576	1,054,120
Main component of difference: Non-controlling interests (millions of yen)	976,482	1,031,925
Number of common shares issued (thousands of shares)	871,924	871,924
Number of common shares in treasury (thousands of shares)	17,080	16,023
Number of common shares used for calculation of net assets per share (thousands of shares)	854,844	855,900

2. Earnings per share and earnings per share - fully diluted

	Year ended February 28, 2023 (March 1, 2022 – February 28, 2023)	Year ended February 29, 2024 (March 1, 2023 – February 29, 2024)
Profit attributable to owners of the parent (millions of yen)	21,381	44,692
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to common shares of parent (millions of yen)	21,381	44,692
Average number of common shares outstanding (thousands of shares)	851,630	855,365
Main components of adjustment for profit attributable to owners of parent used to calculate earnings per share - fully diluted (millions of yen) Changes in equity interest resulting from issuance of subscription rights to shares by consolidated subsidiaries	(25)	(26)
Adjustment for profit attributable to owners of the parent (millions of yen)	(25)	(26)
Increase in the number of common shares used to calculate earnings per share - fully diluted (thousands of shares)	165	176
Residual securities not included in the calculation for earnings per share - fully diluted because they have no dilutive effect	—	—

Note: The average number of common shares outstanding for the fiscal year ended February 28, 2023 does not include the Company's common shares held by the ESOP Trust (the number of shares that the trust held as of February 28, 2023 was 2,136 thousand shares; as of February 29, 2024, 1,115 thousand shares). The average number of common shares held by the trust was 2,739 thousand shares for the fiscal year ended February 28, 2023, and 1,629 thousand shares for the fiscal year ended February 29, 2024.

(Material Subsequent Events)

Not applicable