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Financial Results for the Six Months ended August 31, 2024

October 9, 2024

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

Scheduled dates:

Submission of statutory semi-annual financial report	October 15, 2024
Commencement of dividend payments	October 28, 2024
Supplementary materials to the quarterly results	Available
Quarterly earnings results briefing	Yes (targeted at institutional investors and analysts)

(Amounts rounded down to the nearest million)

1. Consolidated Financial Results for the Six Months ended August 31, 2024 (March 1, 2024 to August 31, 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	%
Six months ended August 31, 2024	4,999,435	6.1	98,600	(16.2)	89,819	(19.7)	5,488	(76.5)
Six months ended August 31, 2023	4,711,335	5.0	117,623	22.7	111,906	17.4	23,318	29.3

Note: Comprehensive income: Six months ended August 31, 2024: 50,041 million yen (-62.2%)
Six months ended August 31, 2023: 132,258 million yen (6.8%)

	Earnings per share	Earnings per share – fully diluted
	yen	yen
Six months ended August 31, 2024	6.41	6.40
Six months ended August 31, 2023	27.27	27.25

(2) Financial Position

	Total assets	Net assets	Total equity ratio	Net assets per share
	million yen	million yen	%	yen
August 31, 2024	13,798,753	2,105,073	7.5	1,213.97
[excl. Financial Services]	[6,997,835]	[1,632,179]	[12.9]	—
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]	—

Reference: 1. Total equity: August 31, 2024: 1,039,766 million yen February 29, 2024: 1,054,120 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.

2. Dividends

Record date or period	Dividend per share				
	End-first quarter	End-second quarter	End-third quarter	Fiscal year-end	Annual total
	yen	yen	yen	yen	yen
Year ended February 29, 2024	-	18.00	-	18.00	36.00
Year ending February 28, 2025	-	20.00			
Year ending February 28, 2025 (forecast)			-	20.00	40.00

Notes: 1. No changes were made to the latest release of dividend forecasts.
2. 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
Full year	10,000,000	4.7	270,000	7.6	260,000	9.5	46,000	2.9	53.74

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

***Notes**

(1) Changes affecting the consolidation status of significant subsidiaries during the period: Yes
Excluded: 1 entity, AEON Product Finance Co., Ltd.

(2) Application of special accounting treatment for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement:
1) Changes in accordance with amendments to accounting standards: None
2) Changes other than the above 1): None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

(4) Number of shares issued (common stock)
1) Number of shares issued at the end of the period (treasury stock included):
August 31, 2024: 871,924,572 shares
February 29, 2024: 871,924,572 shares
2) Number of shares held in treasury at the end of the period:
August 31, 2024: 15,422,029 shares
February 29, 2024: 16,023,950 shares
3) Average number of shares outstanding during the period:
Six months ended August 31, 2024: 856,176,532 shares
Six months ended August 31, 2023: 855,092,099 shares
The Company's stock held by the Employee Stock Ownership Plan Trust (August 31, 2024: 613,200 shares, February 29, 2024: 1,115,400 shares) is included in the number of shares held in treasury.

***Quarterly review status**

This report is exempt from the quarterly review by certified public accountants or audit firms.

***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 assumptions and forecasts herein, please refer to "1. Review of Operating Results and Financial Statements (3) Consolidated Earnings Forecast" on page 12.

Accompanying Materials

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1. Review of Operating Results and Financial Statements

(1) Analysis of Operating Results

1) Summary of Operating Results

For the first six months of the fiscal year ending February 28, 2025 (March 1, 2024 - August 31, 2024, hereinafter referred to as fiscal 2024), AEON CO., LTD. (hereinafter "AEON") posted consolidated operating revenue of 4,999,435 million yen (up 6.1%) marking record high in the same period of the fiscal years. Operating profit was 98,600 million yen (down 19,022 million yen), ordinary profit was 89,819 million yen (down 22,087 million yen) and profit attributable to owners of the parent was 5,488 million yen (down 17,829 million yen).

During the first six months of fiscal 2024, uncertainty about the future persisted due to factors such as global political instability, disturbances, and slowing economic growth in China. In Japan, although real wages turned positive in June for the first time in two years and three months, the overall economic recovery has stalled. While the government's emergency support measures for utility bills since August may positively influence consumption trends, there has been no change in the bipolar trend of consumer spending, characterized by a shift toward saving in daily life and aggressive spending on high-value-added goods and services.

Under the circumstances, operating profits increased across the Financial Services Business, where capital efficiency improved due to the growth in high-yielding operating receivables; the Shopping Center Development Business, which saw a rise in rent income from expanded floor space and renovations; and the Services and Specialty Store Business, where profits improved for all listed subsidiaries. However, operating profit decreased in the GMS (General Merchandise Store), Supermarket, Discount Store, Health and Wellness, and International Businesses, which are key components of AEON's core Retail Business.

Common Group Strategy

- AEON has been diligently implementing the Five Reforms outlined in the AEON Group Medium-Term Management Plan (fiscal 2021 – 2025, hereinafter referred to as "the MTMP"), 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:

- At AEON Retail Co., Ltd. (hereinafter "AEON Retail") which operates the GMS business, the rollout of self-checkout registers on food floors is nearly complete. By June 2024, over 300 stores had implemented the "Regi Go" system, allowing customers to scan items as they shop, with payment processed at unmanned machines. In September, we integrated Regi Go into AEON's comprehensive app, "iAEON." In addition to offering various coupons, this enhancement allows us to provide a more enjoyable shopping experience for shareholders, including the application of exclusive benefits. During the current MTMP, we will standardize customer IDs across Group companies, shifting from mass marketing to personalized One-to-One marketing based on sales data and purchase history from AEON Card, iAEON, WAON POINT, and AEON Pay. In physical stores, AI will help minimize food waste by applying optimal discount rates ("AI *Kakaku*"(Price)) and enhance order accuracy by forecasting demand ("AI Order"). The time saved through AI will be used to improve customer satisfaction by focusing more on customer service, enhancing sales floor creativity, and delivering higher-quality services. In the online channel, responding to the universal demand for reducing shopping time, we are improving our services for customers who have limited access to physical stores. "Green Beans," AEON's online-only supermarket that ships from our Customer Fulfillment Center (CFC), offers a wide range of products, guarantees the freshness of leafy greens and the perfect ripeness of fruits like avocados and melons, and allows customers to select delivery times in one-hour slots between 7:00 am and 11:00 pm. This has been well-received, and we are enhancing our platform in the Tokyo metropolitan area, where we have fewer physical stores, and have reached approximately 330,000 registered members as of September 2024. By fiscal 2027, we will be able to serve up to 15 million households in key areas across Tokyo and three neighboring prefectures.

Establishment of unique value by supply chain:

・ TOPVALU, which is our private brand (hereinafter "PB"), reached the 50th anniversary of the introduction. We continue to address the polarization of consumption by developing products based on customer feedback and leveraging the scale of our approximately 17,000 Group stores in Japan and overseas. We also utilize our common infrastructure for the procurement of raw materials and products, and logistics. By focusing on our three PB lines—TOPVALU (value-added), TOPVALU BESTPRICE (price-appealing), and TOPVALU Gurinai (environmentally friendly)—the group aims to achieve two trillion yen in sales for all PBs by fiscal 2025. This target includes local PBs developed by each group company in collaboration with local producers, as well as PBs for specialized product groups like medicine, pets, and sports. As part of our commitment to creating a sustainable society, we are placing a strong focus on organic foods, which are growing in popularity among consumers. By leveraging our product procurement channels, we aim to offer a broad selection of organic products at affordable prices. Our goal is to capture a 30% share of the domestic organic food market for TOPVALU Gurinai Organic by fiscal 2025. Furthermore, we are developing all TOPVALU products to be compliant with the 3Rs (Reduce, Reuse, Recycle), establishing a system that reduces environmental impact through our customers' everyday consumption activities.

To strengthen our profitability by bringing product planning, manufacturing, and sales in-house, we revamped our apparel PB to "TVC," a daily casual wear brand for families, in March 2024. Additionally, in June, we initiated operations at "Craft Delica Funabashi" (Funabashi City, Chiba Prefecture), a next-generation deli processing center designed to efficiently produce and sell products with the quality of full-fledged restaurants. Furthermore, in July, the new distribution center "AEON Fukuoka XD" (Higashi-ku, Fukuoka City) commenced full-scale operations. At this facility, we are focused on optimizing delivery routes to reduce vehicle mileage and improve distribution efficiency. We are also promoting the automation of various processes within the center. In addition to lightening workloads and boosting productivity, we are taking steps to lower CO2 emissions by incorporating small fuel cell trucks and other eco-friendly technologies.

Advancement of Health & Wellness for a new era:

・ Amidst pressing concerns over medical disparities, health inequalities, and widening regional gaps, the Company, TSURUHA Holdings, Inc., and WELCIA HOLDINGS CO., LTD. (hereinafter "Welcia Holdings") have agreed to begin discussions on a management integration and have signed a capital and business alliance agreement in February 2024. Our goal is to establish the largest drugstore chain in Japan, expanding nationwide to enhance shopping convenience for food and household goods. This initiative aims to address the urban bias in the distribution of health services and propel us toward becoming a leading global health and wellness company. Additionally, AEON Retail has opened a permanent city-center store for "MySCUE," a platform focused on providing information for senior and nursing care. Our goal is to create an environment where people can approach senior care with greater peace of mind and promote a better, more fulfilling life (wellness life) for everyone, amid the challenges of a declining birthrate and aging population.

Creation of the "AEON Living Zone":

・ Our company aims to enrich living environments by implementing the Five Reforms outlined in our current MTMP, tailored to meet the specific needs of each region. In Japan, we are enhancing customer touchpoints in the Tokyo metropolitan area through both EC and physical stores, including Green Beans and My Basket. In areas where shopping convenience is limited, we focus on launching initiatives such as mobile supermarkets. Additionally, at AEON Malls, which serve as community hubs, we collaborate with local public organizations to foster community engagement and promote environmental conservation activities. Moreover, the "Agreement on Disaster Response" initiated with the Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism in Kanto in March 2021 concluded its expansion to the Kinki Regional Development Bureau by May 2024 and we signed an agreement with the Eastern Army of the Ground Self-Defense Force to strengthen cooperation in the event of a large-scale disaster in August passing a total of eight bureaus nationwide. In May, Welcia Holdings strengthened its service centered around WAON POINT, collaborating with approximately 370 companies nationwide. In

addition, AEON BANK, LTD. (hereinafter “AEON Bank”), a subsidiary of AEON Financial Service Co., Ltd. (hereinafter “AFS”), has acquired the credit card businesses of Fuji Card Service Co., Ltd., a subsidiary of FUJI CO., LTD. (hereinafter “FUJI,” which stands for the surviving company after the merger on March 1, 2024) and will initially focus on strengthening its customer base in the Chugoku, Shikoku, and Hyogo areas, with the goal of expanding the AEON Living Zone. In ASEAN, where there is a significant need for financial inclusion to bridge the convenience gap arising from differences in personal income and creditworthiness, we will develop next-generation services closely linked to daily life through digital channels. In May 2024, AEON BANK(M) BERHAD, a digital bank in Malaysia that offers products and services based on Islamic finance, began operations and introduced smartphone app for deposits, debit cards, and QR code payments. In Vietnam, AEON Financial Service will acquire full ownership of Post and Telecommunication Finance Company Limited (hereinafter “PTF”), which primarily focuses on personal loans, by the end of this fiscal year. Leveraging over 30 years of non-bank expertise in Asia, AEON aims to contribute to financial inclusion.

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 opening of our first store in Malaysia in 1984, following a request from then-Prime Minister Mahathir. Under the MTMP, we are ramping up new store openings in Vietnam, capitalizing on its demographic dividend and strong consumer demand. In September, the first large-scale mall in the central region opened in Hue (Thua Thien Hue Province). Other than Vietnam, we are strategically selecting regions poised for market expansion based on demographic trends and transportation network developments and rolling out new stores. Recently, we opened new stores in Delta Mas, Indonesia, in March, Hangzhou, Zhejiang Province, China, in June, and Changsha, Hunan Province, China, in September. As part of the third pillar of the MTMP, the Advancement of Health and Wellness, we anticipate substantial growth in services offered by private companies in Asia, where public insurance systems are less developed. Leveraging our existing infrastructure, we will actively expand our business to enhance the health and wellness of residents in Asia.

Environment and Green:

・ In December 2023, we surpassed the interim targets for 2030 outlined in the “AEON Decarbonization Vision,” achieving them seven years ahead of schedule. At the time of the July 2024 Sustainability-Linked Bond issuance, a new KPI/SPT (Sustainability Performance Target) was set for maintaining a final CDP climate change score of A as of the assessment date, in addition to the targets for reducing single-use plastics and food waste established during the August 2023 bond issuance. The entire group is focusing on environmental and green initiatives. Notably, AEON Mall Toyokawa (Toyokawa City, Aichi Prefecture) received the Minister of the Environment Award, the top prize in the “Decarbonization City Creation Grand Prize.” Additionally, AEON Bank has commenced J-Credit management operations. In August, we were honored with the Retailer of the Year award at the MSC Japan Awards 2024, organized by the Japan office of the Marine Stewardship Council (MSC), which certifies sustainable fisheries. Aligned with the AEON Sustainability Basic Principle, we remain committed to promoting sustainable growth initiatives, including our goal to achieve environmental targets such as reducing the Group's total CO2 emissions to zero by 2040.

2) Business Segment Information

Results by segment are as follows.

Effective from the first quarter of the current fiscal year, the Company has changed the classification of its reportable segments. For details, please refer to “2. Change of reportable segment" under “Segment Information” on page 22.

Unless otherwise specified, the changes in figures compare the first six months of fiscal 2023 and 2024.

GMS Business

The GMS Business posted operating loss of 8,260 million yen (decrease of 11,778 million yen) on operating revenue of 1,755,276 million yen (up 2.6%) for the first six months of fiscal 2024.

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. In terms of gross profit, the low-price strategy focused on PB foods, aimed at expanding market share and increasing the number of customers during the first six months of fiscal 2024, resulted in a contraction of the gross profit margin.
On the other hand, by implementing price reductions on carefully selected items—28 in March and 32 in July without fixed promotional period, the company was able to reaffirm customer preference for its price competitiveness compared to national brands. In Apparel, which is advancing reforms aimed at achieving the gross profit margin of SPA (manufacturing and retailing) companies, the introduction of a "specialty store operation model" was accelerated across six areas: daily casual, next age (younger customers), sports life, second life (senior customers), occasion, and sundries. This initiative seeks to transform various aspects of operations, including the sales floor environment, product lineup, and customer service, and has expanded to a total of six stores during the first six months of fiscal 2024. The model stores have achieved remarkable improvements in both sales and gross profit, with plans to expand to eight additional stores in the second half of the year. In Home Furnishing, promotional measures tied to the fixed-rate tax reduction were implemented in June and items designed for extreme heat performed well. Heat relief products and Emergency supplies also saw strong sales, driven by concerns over the Nankai Trough earthquake and the increasing occurrence of natural disasters due to heavy rainfall accelerated by rising temperature. Regarding the improvement in shopping center revenue, strategies for attracting customers, reduction of vacant spaces, and expansion of temporary tenant usage have been implemented. In addition, large-scale revitalization efforts to enhance the appeal of the facility have led to an increase in tenant rental income, and the vacancy rate continues to improve. In expanding digital sales, the online supermarket has strengthened its pre-order plans and non-food product offerings to enhance sales per customer. Additionally, efforts are underway to further expand the number of pickup locations to improve area coverage and diversify the product range. Regarding profit revenue structure reforms, promoting both cost reductions at stores and headquarters, as well as productivity improvements through the utilization of digital technology.

In September, AEON Retail revamped its traditional re-employment system into a "Welcome Back Program." By offering re-entry opportunities to full-time and hourly workers, those who left for other jobs, and new graduates who declined offers, regardless of their reasons, the company aims to strengthen its growth strategy based on human capital through the leveraging of their diverse experiences and skills.

AEON Hokkaido Corporation (hereinafter "AEON Hokkaido") has executed two priority measures—strengthening exclusive products and transitioning to and establishing new operations to accelerate the growth to achieve its management vision of becoming a company that supports health and wellness in Hokkaido. As a result, net sales in the first six months of fiscal 2024 reached the highest level ever. Including TOPVALU, sales of its unique offerings, such as the "AEON Hokkaido's Crafted Pork Loin Cutlet," pursuing flavor without ever being frozen, have sold well. The implementation of electronic shelf tags, self-checkout registers, and AI technology to automatically generate work schedules drove down total labor hours per store to 98.8%. As a new initiative, it carried out a pilot introduction of "i-Regi," which enables customers to scan their items in front of the sales shelves, thereby reducing the time spent waiting at the checkout. Aiming to align the product lineup with location characteristics and customer lifestyles, four stores underwent large-scale revitalization in the first six months of fiscal 2024. The two stores, which transitioned from MAXVALU (SM) to The Big (DS) to better address the demand for low-priced products, are demonstrating strong performance., iAEON, designated as the most crucial customer touchpoint, has introduced a new system for distributing coupons tailored to individual customer preferences and has enabled the use of electronic receipts at 128 stores across Hokkaido.

AEON KYUSHU CO., LTD. is responding to changes in the business environment and striving to improve corporate value through key initiatives set out in its newly formulated medium-term

management plan (fiscal 2024-2026): “Shifting to Growth Areas,” “Product Reform,” “Improving the Appeal of Existing Assets,” “Improving Productivity and Management Efficiency,” and “Promoting Sustainable Management.” In addition to the increase in demand from visitors to Japan, the ripple effect on the regional economy is becoming noticeable due to the increase in capital investment, particularly in the semiconductor industry. However, the business environment in the Kyushu region is becoming increasingly challenging. In Food, in response to the growing frugal mindset in daily consumption, efforts have been focused on value-oriented initiatives, including “Happiness Plus” (Supportive Pricing). In Apparel and Home Furnishing, same-store sales increased, and operating revenue reached a record high as a result of efforts to stimulate demand through product offerings addressing fixed-rate tax reductions and extreme heatwaves as well as promotional activities utilizing digital tools, including a coupon initiative in the iAEON app. In terms of creating new customer touchpoints, the company expanded its product delivery services via Uber Eats and Wolt, as well as AEON's truck-type mobile supermarkets and cashless unmanned stores for offices, “Smart NICO.” As a result, the number of members who selected one or more of the company’s stores as their favorite on iAEON increased to 700 thousand as of August 31, 2024. Due to increased depreciation expenses from expanded investments in DX-related initiatives and energy-saving projects, as well as rising labor costs from wage increases and advance investments in AEON WELCIA KYUSHU Co., Ltd., SG&A expenses considerably increased to 106.7%, resulting in a decrease in operating profit and profits at each subsequent stage. However, the company is striving to improve profitability through the launch of a new commercial facility on its shopping center premises in June as the designated contractor for the utilization of the construction yard for the Fukuoka Urban Expressway Line 6, as well as emphasizing the comfort and coziness of local customers.

Supermarket Business / Discount Store Business

The Supermarket Business posted operating profit of 10,347 million yen (decrease of 6,136 million yen) on operating revenue of 1,499,813 million yen (up 10.8%) for the first six months of fiscal 2024.

United Super Markets Holdings Inc. (hereinafter “U.S.M.H”) and its consolidated subsidiaries have commenced full-scale operations at the Maruetsu Soka Delicatessen Center (Soka City, Saitama Prefecture). In response to the growing demand for prepared foods, the company has enhanced its product lineup and started supplying products to approximately 500 stores within its group, aiming to reduce in-store workloads. In preparation for the business integration with Inageya Co., Ltd. (hereinafter “Inageya”) scheduled in November, U.S.M.H is working to maximize the integration benefits by exploring strategies such as joint procurement of products, the development of logistics and process centers, cost reductions in back-office operations, and joint measures such as cashless payments and loyalty program cards and developing and expanding online business. Additionally, each company within the U.S.M.H group is enhancing its connections with the local community through tailored social contribution activities that address the specific characteristics and needs of each community. These efforts include food support and fundraising activities conducted in collaboration with customers, comprehensive partnership agreements with local governments, and the operation of mobile supermarkets in areas with limited shopping accessibility. The company's consolidated subsidiary, The Maruetsu, Inc., experienced growth in both customer numbers and sales per customer leading to increased revenue and profits. The company is focused on enhancing productivity by expanding the deployment of self-checkout registers to 229 stores and electronic shelf tags to 150 stores. Additionally, it aims to improve customer service and convenience by introducing home delivery services at 215 stores. KASUMI CO., LTD (hereinafter “KASUMI”) is lowering prices on frequently purchased products and the implementation of a digital processing order system for fresh fish at new stores has resulted in a recovery in customer numbers, and higher sales per customer led to increased revenue. Maxvalu Kanto Co., Ltd. has enhanced its in-store offerings of fresh produce, fish, and freshly prepared foods using locally sourced ingredients, tailored to meet the preferences and lifestyles of local customers. Regarding the Food Waste Recycling Business Plan (Food Recycling Loop), the company received ministerial certification from the Ministry of Agriculture, Forestry and Fisheries, the Ministry of the Environment, and the Ministry of Economy, Trade and

Industry in August, making it the second instance within the U.S.M.H group to obtain this certification, following KASUMI, which received it in 2021.

On March 1, the former FUJI CO., LTD. implemented an absorption-type merger, with itself as the surviving company and Fuji Retailing Co., Ltd. and Maxvalu Nishinihon Co., Ltd. as the absorbed companies. The new FUJI sets a target of one trillion yen in operating revenue for fiscal 2030 under the fiscal 2024-2026 Medium-Term Management Plan focusing on the Chugoku and Shikoku Region, and Hyogo Prefecture as the base for our operations. FUJI is committed to implementing three fundamental strategies: "Establishing a Corporate Culture," "Transforming Existing Businesses," "Integrating Business Infrastructure and Creating Synergies," and "Promoting ESG Management" across the company. In establishing a corporate culture, FUJI is working to create a climate and organization in which each and every employee acts more autonomously, while also conducting various training and education programs to ensure that its management philosophy and vision are well understood. As part of transforming existing businesses, the revitalization initiative was implemented for 14 stores in the first six months of fiscal 2024 while the scrap-and-build of four stores and the revitalization of 15 stores are scheduled for the remainder of fiscal 2024. At the stores, the introduction of self-checkout registers and electronic shelf tags is ongoing. By utilizing the demand forecasting-based automatic ordering system installed across all stores, the company will enhance inventory management accuracy in the latter half of fiscal 2024. In terms of integrating business infrastructure and creating synergies, the integration and enhancement of the supply chain are advanced. The company is pursuing the standardization of product specifications at processing centers and restructuring the product supply system by region, while also focusing on expanding the range of items under the TOPVALU brand and developing original products rooted in each local market. To promote ESG management, the company coexists with local communities through initiatives such as donations, food education activities, and food drive campaigns at retail locations. Furthermore, with energy-saving measures, including the replacement of refrigeration cases, the company strives to reduce its environmental impact by introducing a PPA (Power Purchase Agreement) model for self-consumption solar power generation.

Maxvalu Tokai Co., Ltd. (hereinafter "Maxvalu Tokai") has worked on the three fundamental strategies set out in its medium-term management plan (fiscal 2024-2026): "Business Structure Transformation," "Creating Added Value Through Technology Integration," and "Promoting Sustainability Management Practices" to embody its brand message of "Making dreams a reality and bringing people together through delicious foods." In terms of sales operation, Maxvalu Tokai focused on a product lineup tailored to match the changing demands at different times of the day, the freshness or appeal of its freshly-made offering, while working to expand its range of delicatessen and frozen items. To cater to the frugal mindset, it enhanced sales promotions, including the Weekly Sales on Tuesday and Wednesday, as well as Customer Gratitude Day. Moreover, it implemented coupon distribution through iAEON, along with various sales and campaigns to celebrate the 20th anniversary of its stock listing. Maxvalu Tokai took initiatives to enhance customer convenience and operational efficiency through digital technology, including the introduction of self-checkouts, electronic shelf tags in 93 stores, and the development of an automatic ordering support system for agricultural products that utilize weather forecast data provided by the Japan Meteorological Association. Furthermore, the number of mobile supermarket trucks was increased to 29, online supermarket sites were expanded to 28, unmanned stores called "Max Mart" to 71, and delivery service locations with Uber Eats to 70, focusing on offering customers more opportunities for shopping to address local demand. In terms of products, Maxvalu Tokai has made efforts to boost sales of TOPVALU products using local "*jimono*" (regional products) and introduced "Fujinomiya *Yakisoba*" (stir-fried noodles) as a local PB, as well as promoting a healthy diet initiative called "*Chanto Gohan*" (Square Meals) which involved selling bento boxes developed in collaboration with local government. In its drive to achieve a sustainable society, Maxvalu Tokai is promoting the transition to renewable energy by introducing a PPA model for self-consumption solar power generation at 10 new stores and its head office. Additionally, it is working to enhance local welfare by concluding agreements on shopping support and monitoring activities for the elderly and others in line with the operation of its mobile supermarket.

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, discussions are underway to realize a business merger with U.S.M.H in November 2024. Through the enhancement of weekly sales and loyalty point programs, as well as the expansion of EC channels, efforts are being made to increase operating revenue. By the end of June 2024, the number of online supermarket delivery stores increased to 20 out of a total of 130. Additionally, mobile supermarkets collaborating with Tokushimaru Inc. rose to 26. This expansion reflects ongoing efforts to adapt to changing customer lifestyles and address the concerns of local customers. Additionally, the introduction of semi-self-checkout and self-checkout registers across all stores aims to enhance productivity. By implementing an expiration date check system for dry goods utilizing electronic shelf tags, efforts are also being made to reduce customer stress and ensure safety and assurance.

The Discount Store Business posted operating profit of 3,996 million yen (decrease of 252 million yen) on operating revenue of 204,101 million yen (up 1.8%) for the first six months of fiscal 2024. We are focusing on meeting the needs of customers looking to save money by strengthening our price competitiveness, particularly for fresh food, and promoting case sales and large-volume products that offer great value for money. We are also enhancing customer convenience by utilizing iAEON and AEON Pay. Big-A CO., LTD. increased its operating revenue and profit by revitalizing its stores through a review of its product lineup and zoning.

Health and Wellness Business

The Health and Wellness Business posted operating profit of 18,497 million yen (decrease of 5,763 million yen) on operating revenue of 657,418 million yen (up 7.1%) for the first six months of fiscal 2024.

Welcia Holdings and its consolidated subsidiaries aim to achieve their 2030 vision of becoming the "No. 1 Health Station in Each Local Community." In June, the company acquired shares in Towoshiya Pharmacy Co., Ltd., which had 21 stores in Nagano Prefecture, and in September, shares in Welpark Co., Ltd. from Inageya and AEON. Both companies were converted into consolidated subsidiaries. By consolidating with leading regional companies, we aim to enhance both quality and scale, advancing initiatives centered around the Welcia model, which incorporates four strengths: "Drug Store with Dispensing Pharmacy," "Counseling," "Long-term Care," and "Late-night Hours." Continuing from last fiscal year, the company has installed cooling shelters in 189 municipalities as a measure to prevent heatstroke for the health promotion of our community members. In the merchandising division, the development and promotion of the conceptually unique PB brands "*Karada* (Body) Welcia" and "*Kurashi* (Living) Welcia" are being advanced. The former consists of products that directly affect customers' bodies and thus pursue reliable quality, and the latter comprises articles of daily necessities that are not only functional but also considerate of the environment and other social issues. As a result of collaboration with the WAON POINT service, the number of members of Welcia's loyalty program has increased to 12.79 million. In the dispensing division, the increase in the number of stores with integrated dispensing services (currently 2,225 stores at the end of the first six months of fiscal 2024) has led to a rise in prescription receipts. Despite a decline in revenue in the merchandising division due to the cessation of tobacco sales, total sales of merchandising and dispensing for existing stores have remained robust.

Financial Services Business

The Financial Services Business posted operating profit of 27,489 million yen (increase of 5,866 million yen) on operating revenue of 255,296 million yen (up 7.4%) for the first six months of fiscal 2024.

AFS, under the purpose of "Bringing finance closer. Engaging with each individual and enriching daily life with safety and joy," the company aims to provide financial services that respond to the changes in all customers' life stages and living environments across various Asian countries, leveraging the "customer-centric perspective" that is a strength of our retail-originated financial group.

In Japan, AFS adjusted yen deposit and loan interest rates in May in response to the Bank of Japan's monetary policy review and changes in interest rate conditions. Due to AEON Bank offering competitive preferential interest rates and the promotion of a 5% discount on every purchase at AEON Group stores for mortgage loan customers, the total amount of mortgage loans reached 320,263 million yen, growing to 121.7%. With AEON Pay, AFS has advanced its payment services to meet the demands of small transactions and businesses closely tied to everyday life, such as electronics retailers, in addition to AEON Group companies. By adding the functionality to load cash into AEON Pay from ATMs, AFS has made its services accessible to a broader range of customers. The number of active domestic credit card members increased to 32 million (an increase of 510 thousand from the beginning of fiscal 2024), and credit card shopping transaction volume reached 3,705,490 million yen (up 6.1%) due to the increased awareness of the benefit that allows gold card members to receive a 5% discount on purchases at AEON MALLs nationwide on the 20th and 30th of each month, which started in April.

Overseas, the company is enhancing the introduction of financial services tailored to customer needs in each country where it operates. In the Greater China area, Hong Kong, a key operating region separate from mainland China, is experiencing continued consumer burden due to the slowdown of the Chinese economy, along with rising prices and mortgage interest rates. Consequently, there is an increase in bad debt-related costs. In this environment, AFS is working to improve profitability by promoting mobile payments in line with the increasing demand for travel to China. Additionally, customer touchpoints are being strengthened, both physical and digital, by opening new stores in malls directly connected to railway stations to meet the need for face-to-face consultations regarding loans and insurance. In the Mekong area, in Thailand, where the persistently high bad debt-related costs are putting pressure on profits, there is a focus on strengthening credit card application reviews and real-time credit assessments using AI and other technologies. Additionally, the "Scan to Pay" code payment system has been updated to enable the use of the VISA brand alongside the MasterCard brand, aiming to improve utilization rates. In Vietnam, in addition to our existing installment sales, the company aims to expand its business in personal loans through PTF, which was resolved to be wholly owned in October 2023, with the process currently ongoing. In the Malay area, the digital bank of AEON BANK (M) BERHAD, which opened in May in Malaysia, a key operating country, has launched Islamic financial services. Given that this service is delivered through a mobile app, a familiar channel for customers, the number of accounts and deposit balances is steadily increasing.

Shopping Center Development Business

The Shopping Center Development Business posted operating profit of 27,385 million (increase of 2,298 million yen) on operating revenue of 246,796 million yen (up 5.8%) for the first six months of fiscal 2024.

In AEON Mall Co., Ltd. (hereinafter “AEON Mall”), operating revenue, operating profit, and ordinary profit all increased in the first six months of fiscal 2024. The company 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,” formulated in May 2023. In a society where issues faced by each country and region are becoming more diverse and complex due to demographic changes and other factors, AEON Mall will develop businesses that address the issues and needs of each region by conducting thorough market analysis and surveys, focusing not on a one-size-fits-all approach, but rather on the living areas of each region.

In Japan, profitability has recovered due to several factors: proactive revitalization of existing malls, initiatives to create cool share spots in response to the intense heat as well as the expansion of inbound consumption driven by the weak yen have contributed to restoring profitability. Specialty store sales in existing malls increased to 105.9% (across a total of 92 malls), resulting in higher operating revenue and double-digit growth in operating profits for the second consecutive quarter. As part of its efforts to strengthen the profitability of existing malls, the company expanded and renovated AEON Lake Town OUTLET (Koshigaya City, Saitama Prefecture) in March and AEON MALL Ota (Ota City, Gunma Prefecture) in April. Furthermore, along with inbound consumption, the response to domestic customers'

demand for “Affordable, Nearby, and Short” leisure activities has contributed to a strong number of customers. In the current consolidated fiscal year, with no new store openings planned, AEON Mall will actively renovate existing malls according to their specific locations to diversify the value provided to customers. Additionally, the company will undertake building repairs to create comfortable spaces and facilities in common areas, aiming to attract customers with new reasons to visit and increase visitation frequency.

Overseas, operating profit slightly decreased due to the inability to offset declines in profits from China and Cambodia with robust performance in Vietnam and Indonesia, despite operating revenue increasing by double digits. In Vietnam, our top-priority market, we opened the first AEON MALL Hue (Thua Thien Hue Province) and have decided to open AEON MALL Da Nang Thanh Khe (Da Nang Centrally Governed City) in the central region this September. In Indonesia, both the number of customers and the vacancy rate have improved due to strengthened leasing efforts through popular local specialty stores and new business proposals via brand collaborations. The AEON Mall Delta Mas (Bekasi), opened in March and serves as a lifestyle hub for Delta Mas City, which is home to one of the world’s largest urban development projects, providing a space for creating new value and fostering community. In China, the prolonged real estate downturn has led to persistent uncertainty about the future economic outlook, resulting in a declining trend in customers' shopping behavior across various stores. On the other hand, sectors focused on experience-based consumption, such as dining and entertainment, remain robust. Therefore, we will focus on sales initiatives aimed at improving the store’s conversion rate and average unit price purchased. In Cambodia, consumption among Chinese residents has been sluggish due to the impact of the Chinese economy. However, AEON Mall Mean Chey in Phnom Penh, previously affected by traffic congestion from nearby construction, will focus on improving occupancy rates and profitability by enhancing its entertainment offerings through renovations and taking advantage of reduced traffic congestion as roadwork progresses.

Services and Specialty Store Business

The Services and Specialty Store Business posted operating profit of 14,193 million yen (increase of 2,508 million yen) on operating revenue of 366,815 million yen (up 1.1%) for the first six months of fiscal 2024.

In the first six months of fiscal 2024, AEON DELIGHT Co., Ltd. saw an increase in revenue and profit due to factors such as gaining a larger share within its customer base, an increase in new properties under contract, and the success of efforts from the previous fiscal year to negotiate unit price revisions with customers. Amid the widespread challenge of rising personnel costs, the Facilities Management business focused on improving profitability through low-cost operations by digitizing business processes. This, combined with increased revenue, led to a profit boost. In the Materials/Supplies Sourcing business, the company increased orders for various materials, adjusted selling prices to reflect rising costs, and controlled logistics expenses through improved delivery efficiency, resulting in a significant profit increase.

AEON Fantasy Co., Ltd. is promoting the new Mid-term Management Plan (fiscal 2024-2026) under the vision of “Becoming a company that nurtures children’s emotions, mind, and body through the creation of enjoyable experiences” toward the realization of the purpose of “inspiring enthusiasm in every child so that there is a smile on every face.” In the first six months of fiscal 2024, the domestic and ASEAN businesses, driven by the opening of new large-scale and strategic small-scale outlets, performed strongly, resulting in record-high operating revenue and operating profit. In Japan, new business models such as “Crane *Yokocho*” (Crane Game Alley) and “Capsule *Yokocho*” (Capsule Toy Alley) were introduced, evolving the existing prize shops “PRIZE SPOT PALO” and capsule toy-specialty store “TOYS SPOT PALO” into high-profit, high-value-added models. These new prize shops are performing well, along with the large-scale playground, “*Chikyu no Niwa*” (Garden on Earth), and the smaller “SKIDS GARDEN,” which offers a play area for children that fosters creativity and independence under the supervision of qualified staff. In the ASEAN business, the company achieved record-high sales and operating profit for three consecutive terms during the first six months of fiscal years. The playground

business of its main differentiates itself through unique interior designs and playground equipment, high safety standards, and exceptional customer service from staff, thereby ensuring a competitive advantage. The company has expanded store formats tailored to the characteristics of local markets, In Indonesia, for example, in addition to opening a new large-scale amusement playground, “kidzooona” (unique edutainment center), and “Molly Fantasy” have relaunched. As a result of opening 92 new stores, mainly in new business formats, and closing 52 unprofitable stores, etc., during the first six months of fiscal 2024, there were 737 stores in Japan and 470 overseas, for a total of 1,207 stores as of the end of August 2024.

COX CO., LTD. (hereinafter “COX”) focuses on the priority strategies of improvement in gross profit margin through strengthening brand power and merchandising reforms, increasing EC sales by improving EC 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. During the first six months of fiscal 2024, COX expanded the magazine tie-up project with celebrities to include men's products in its third year to bolster brand communication and sales growth. In addition to ensuring full-price sales and carefully managing discount sales, increasing summer inventory in anticipation of the heat wave and lingering heat also contributed to increased sales. With regard to strengthening the EC site, in particular, we enhanced member benefits through the renewal of the app, which led to an increase of 33.8% in the number of app members. Furthermore, in terms of D-to-C business, the collaborative products with influencers launched to attract new customers through social media have successfully expanded brand recognition and increased sales. As a result, the net sales of the EC-only brand “notch.” increased to 136.6%.

International Business

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

The International Business posted operating profit of 4,953 million yen (decrease of 865 million yen) on operating revenue of 273,896 million yen (up 7.5%) for the first six months of fiscal 2024.

In Malaysia, while the frugal living mindset remains at a high level, exports, which had been sluggish since last year, began to improve from May onwards. Additionally, a new system was introduced in the Employees Provident Fund (EPF) to help secure temporary living expenses, contributing to an improved external environment for consumption. AEON CO.(M) BHD. (AEON Malaysia) is concentrating on boosting sales of its PB products and those sourced directly by the company. Additionally, the company is enhancing profitability through extensive renovations of existing stores and expanding its fresh food and delicatessen offerings. In the state of Johor, the southern area of Malaysia, the continued influx of shoppers from Singapore, where prices are rising, has led to a notable increase in sales for both stores and malls. MyAEON2go, an online supermarket that expanded its delivery area to encompass all of Malaysia in May, experienced 11% growth in the number of transactions compared to the same period last year, along with 3% growth in sales per customer. As a result, sales in Food, Apparel, and Home Furnishing categories all showed favorable growth.

At AEON VIETNAM CO., LTD., both same-store and new-store sales grew, particularly in Food. This growth is due to our efforts to differentiate from competitors through PB products and delicatessen offerings, leading to double-digit sales growth in the first six months of fiscal 2024. The online supermarket, which operates at eight GMS and large-scale supermarket locations, saw a membership increase of approximately 40% in the second quarter (April - June) due to active recruitment efforts both at physical store booths and online. Additionally, the company is exploring new promotional strategies, including live streaming by staff.

In China, the confluence of a real estate recession and a decline in consumption has exerted pressure on the economy. Consequently, the year-on-year real GDP growth rate for the second quarter (April-June) remained low at +4.7%, remaining at a low level that fell short of both the +5.3% achieved in the first quarter and the government’s target of +5.0%. The downward trend in the consumer confidence index persists, while weakness in durable consumer goods is impacting total retail sales of consumer goods.

Moreover, total consumption in Hong Kong has significantly decreased as a result of the rise in northbound consumption in mainland China. Despite these circumstances, the Wuhan Jiangxia branch in the Hubei region maintained strong performance and improved its gross profit margin. From the third quarter onwards, we will focus on profit improvement initiatives by strengthening promotional events such as the 10-yuan flat price sale and Singles' Day (November 11). These efforts will also include, in celebration of the 50th anniversary of TOPVALU, increasing the volume or decreasing the price of top-selling TOPVALU products in celebration of its 50th anniversary, selling products sourced from Southeast Asia, and integrating digital tools in our retail outlets.

(2) Consolidated Financial Condition

Consolidated Assets, Liabilities, and Net Assets

Consolidated assets as of August 31, 2024 were 13,798,753 million yen, an increase of 857,884 million yen, or 6.6%, from the end of the previous fiscal year (February 29, 2024). The increase is mainly attributable to increases of 369,799 million yen in loans and bills discounted for banking business, 220,757 million yen in cash and deposits, 147,542 million yen in property, plant and equipment, and 71,960 million yen in securities.

Consolidated liabilities as of August 31, 2024 were 11,693,680 million yen, an increase of 840,012 million yen, or 7.7%, from February 29, 2024. The increase is mainly attributable to increases of 325,423 million yen in deposits for banking business, 285,126 million yen in notes and accounts payable - trade, 257,173 million yen in long-term loans payable (including the current portion of long-term loans payable), and 19,637 million yen in long-term bonds payable (including the current portion of long-term bonds payable) and other factors.

Consolidated net assets as of August 31, 2024 were 2,105,073 million yen, an increase of 17,872 million yen, or 0.9%, from February 29, 2024.

Cash and cash equivalents increased by 197,795 million yen to 1,261,889 million yen as of August 31, 2024.

Net cash provided by operating activities in the six months ended August 31, 2024, was 253,889 million yen, mainly reflecting increases of 264,027 million yen in profit before income taxes, excluding depreciation and amortization and other non-cash expenses and 325,423 million yen in deposits for banking business, which offset the cash decrease due to increases of 369,799 million yen in cash loans and bills discounted for banking business.

Net cash used in investing activities was 111,532 million yen, mainly reflecting 226,005 million yen in the acquisition of securities for banking business and 207,247 million yen in the purchase of non-current assets, which offset 219,100 million yen in proceeds from the collection of loans from a company that is no longer under our control, 127,694 million yen in proceeds from sales and redemption of securities in banking business.

Net cash provided by financing activities was 37,375 million yen, mainly reflecting 385,072 million yen in proceeds from long-term loans payable and 120,738 million yen in proceeds from the issuance of bonds, which offset a decrease of 153,532 million yen in short-term bank loans and commercial papers,132,296 million yen in repayments of long-term loans payable, and 106,047 million yen in redemption of bonds.

(3) Consolidated Earnings Forecast

The consolidated earnings forecast for the year ending February 28, 2025 is unchanged from the forecast announced on April 10, 2024.

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

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

(Millions of yen)

	As of February 29, 2024	As of August 31, 2024
	Amount	Amount
Assets		
Current assets		
Cash and deposits	1,165,536	1,386,293
Call loans	1,192	13,218
Notes and accounts receivable - trade	1,957,426	1,923,009
Securities	668,271	740,231
Inventories	625,291	627,696
Operating loan	559,747	555,834
Loans and bills discounted for banking business	2,663,103	3,032,902
Other	527,098	555,356
Allowance for doubtful accounts	(122,751)	(119,826)
Current assets	8,044,917	8,714,716
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,645,556	1,742,987
Tools, furniture and fixtures, net	234,059	264,949
Land	1,071,310	1,086,491
Construction in progress	102,332	75,985
Other, net	361,729	392,116
Property, plant and equipment	3,414,988	3,562,530
Intangible assets		
Goodwill	139,788	135,806
Software	167,986	182,248
Other	67,476	68,252
Intangible assets	375,251	386,308
Investments and other assets		
Investment securities	302,904	351,552
Net defined benefit asset	44,216	49,383
Deferred tax assets	157,799	152,839
Guarantee deposits	416,991	396,082
Other	189,937	190,401
Allowance for doubtful accounts	(6,136)	(5,061)
Investments and other assets	1,105,712	1,135,197
Non-current assets	4,895,951	5,084,036
Assets	12,940,869	13,798,753

(Millions of yen)

	As of February 29, 2024	As of August 31, 2024
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,073,189	1,358,316
Deposits for banking business	4,533,233	4,858,656
Short-term loans payable	480,274	398,581
Current portion of long-term loans payable	333,475	375,065
Current portion of bonds	160,429	165,325
Commercial papers	125,000	16,790
Income taxes payable	52,027	43,070
Provision for bonuses	47,932	38,510
Provision for loss on store closing	11,982	8,433
Provision for point card certificates	6,730	7,226
Other provision	1,536	606
Notes payable - facilities	55,969	71,590
Other	891,131	1,032,030
Current liabilities	7,772,914	8,374,204
Non-current liabilities		
Bonds payable	958,138	972,880
Long-term loans payable	1,259,019	1,474,604
Deferred tax liabilities	47,900	30,050
Provision for loss on store closing	6,731	10,232
Provision for loss on interest repayment	2,802	1,878
Other provision	360	284
Net defined benefit liability	15,535	17,856
Asset retirement obligations	122,093	123,942
Long-term guarantee deposited	268,256	271,395
Reserve for insurance policy liabilities	48,358	46,254
Other	351,556	370,096
Non-current liabilities	3,080,753	3,319,475
Liabilities	10,853,667	11,693,680

(Millions of yen)

	As of February 29, 2024	As of August 31, 2024
	Amount	Amount
Net assets		
Shareholders' equity		
Capital stock	220,007	220,007
Capital surplus	288,337	288,261
Retained earnings	425,596	416,512
Treasury shares	(20,543)	(19,292)
Shareholders' equity	913,399	905,489
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	68,233	28,609
Deferred gains or losses on hedges	417	(1,177)
Foreign currency translation adjustment	67,154	101,467
Remeasurements of defined benefit plans	4,916	5,377
Total accumulated other comprehensive income	140,720	134,277
Subscription rights to shares	1,155	1,412
Non-controlling interests	1,031,925	1,063,894
Net assets	2,087,201	2,105,073
Liabilities and net assets	12,940,869	13,798,753

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

Consolidated Statement of Income

(Millions of yen)

	Six Months ended August 31, 2023	Six Months ended August 31, 2024
	Amount	Amount
Operating revenue		
Net sales	4,108,442	4,359,397
Operating revenue from financial services business	208,973	224,277
Other operating revenue	393,919	415,760
Operating revenue	4,711,335	4,999,435
Operating costs		
Cost of sales	2,938,716	3,125,921
Operating cost from financial services business	27,526	30,220
Operating cost	3,156,142	3,156,142
Gross profit	1,169,725	1,233,476
Operating gross profit	1,745,092	1,843,293
Selling, general and administrative expenses	1,627,469	1,744,692
Operating profit	117,623	98,600
Non-operating income		
Interest income	2,634	2,724
Dividend income	2,262	2,874
Gain on currency exchange		
Share of profit of entities accounted for using equity method	2,600	3,539
Other	10,501	8,180
Non-operating income	17,998	17,319
Non-operating expenses		
Interest expenses	19,077	20,912
Other	4,637	5,188
Non-operating expenses	23,715	26,100
Ordinary profit	111,906	89,819
Extraordinary income		
Gain on sales of non-current assets	68	565
Gain on sales of investment securities	160	399
Insurance income	301	1,804
Other	808	892
Extraordinary income	1,338	3,661
Extraordinary losses		
Impairment loss	5,192	7,389
Loss on retirement of non-current assets	1,336	1,268
Loss on valuation of investment securities	3,977	—
Loss on sales of shares of associates	—	2,091
Provision for loss on store closing	4,840	4,463
Other	2,464	1,179
Extraordinary losses	17,812	16,392
Profit before income taxes	95,433	77,088
Income taxes		
Income taxes-current	40,815	41,669
Income tax adjustments	(47)	4,445
Income taxes	40,767	46,114
Profit	54,665	30,974
Profit attributable to non-controlling interests	31,347	25,485
Profit attributable to owners of the parent	23,318	5,488

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six Months ended August 31, 2023	Six Months ended August 31, 2024
	Amount	Amount
Profit	54,665	30,974
Other comprehensive income		
Valuation difference on available-for-sale securities	19,272	(39,620)
Deferred gains or losses on hedges	1,791	(2,944)
Foreign currency translation adjustment	55,883	61,022
Remeasurements of defined benefit plans, net of tax	431	696
Share of other comprehensive income of entities accounted for using equity method	213	(86)
Other comprehensive income	77,593	19,066
Comprehensive income	132,258	50,041
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	73,055	(955)
Comprehensive income attributable to non-controlling interests	59,202	50,996

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
	Amount	Amount
Cash flows from operating activities		
Profit before income taxes	95,433	77,088
Depreciation	162,365	169,851
Amortization of goodwill	8,214	8,279
Increase (decrease) in allowance for doubtful accounts	(3,348)	2,690
Increase (decrease) in provision for loss on interest repayment	(1,563)	(923)
Increase (decrease) in provision for bonuses	(1,708)	(9,877)
Increase (decrease) in net defined benefit liability	(8)	733
Decrease (Increase) in net defined benefit asset	(3,089)	(3,726)
Interest and dividend income	(4,897)	(5,599)
Interest expenses	19,077	20,912
Share of (profit) loss of entities accounted for using equity method	(2,600)	(3,539)
Impairment loss	5,192	7,389
Loss (gain) on sale of shares of subsidiaries and associates	—	2,091
Decrease (increase) in notes and accounts receivable – trade	(150,847)	(140,320)
Decrease (increase) in inventories	1,467	4,463
Decrease (increase) in operating loans receivable	(19,144)	4,681
Decrease (increase) in cash loans and bills discounted for banking business	(86,420)	(369,799)
Increase (decrease) in notes and accounts payable - trade	55,209	276,270
Increase (decrease) in deposits for banking business	108,943	325,423
Increase/decrease in other assets/liabilities	25,750	(61,956)
Other, net	16,541	13,563
Subtotal	224,566	317,696
Interest and dividend income received	6,023	7,349
Interest expenses paid	(18,951)	(20,468)
Income taxes paid	(46,475)	(50,687)
Net cash provided by (used in) operating activities	165,164	253,889

(Millions of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
	Amount	Amount
Cash flows from investing activities		
Purchase of securities	(12,637)	(8,563)
Proceeds from sales and redemption of securities	12,678	14,216
Acquisition of securities for banking business	(257,362)	(226,005)
Proceeds from sales and redemption of securities in banking business	164,715	127,694
Purchase of non-current assets	(193,338)	(207,247)
Proceeds from sales of non-current assets	3,156	1,826
Purchase of investment securities	(9,768)	(105,342)
Proceeds from sales of investment securities	834	1,748
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(289)	(1,757)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	1,353
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	23,301
Payments for guarantee deposits	(6,615)	(10,267)
Proceeds from collection of guarantee deposits	9,125	32,739
Proceeds from guarantee deposits received	12,319	12,632
Repayments of guarantee deposits received	(10,466)	(11,470)
Proceeds from the collection of loans from a company that is no longer under control	—	219,100
Other, net	9,528	24,507
Net cash used in investing activities	(278,119)	(111,532)
Cash flows from financing activities		
Increase (decrease) in short-term bank loans and commercial papers	5,631	(153,532)
Proceeds from long-term loans payable	234,093	385,072
Repayments of long-term loans payable	(206,493)	(132,296)
Proceeds from issuance of bonds	129,277	120,738
Redemption of bonds	(105,775)	(106,047)
Proceeds from share issuance to non-controlling shareholders	1,951	1,908
Repayments to non-controlling shareholders	(13,809)	(1,879)
Repayments of lease obligations	(38,136)	(46,534)
Cash dividends paid	(15,427)	(15,427)
Dividends paid to non-controlling interests	(14,635)	(15,568)
Other, net	(3,091)	943
Net cash provided by financing activities	(26,415)	37,375
Effect of exchange rate change on cash and cash equivalents	8,892	18,063
Net increase (decrease) in cash and cash equivalents	(130,478)	197,795
Cash and cash equivalents, beginning of period	1,214,462	1,064,093
Cash and cash equivalents, end of period	1,083,984	1,261,889

(4) Notes on the Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Not applicable

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

Not applicable

(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 Company's stock held by the ESOP Trust was included in treasury shares under net assets with a book value of 1,416 million yen for 613,200 shares as of August 31, 2024. The book value of long-term loans payable (including the current portion) recorded in accordance with the adoption of the gross accounting method was 1,950 million yen.

(Segment Information)

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

1. Operating revenue and income/loss by reportable segment

(Millions of yen)

	Reportable segment						
	GMS	Supermarket	Discount Store	Health and Wellness	Financial Services	Shopping Center Development	Services and Specialty Store
Operating revenue:							
(1) Revenue attributable to customers	1,658,855	1,347,083	199,867	613,412	208,973	191,016	259,308
(2) Intersegment revenue or transfers	51,149	6,741	627	383	28,684	42,226	103,374
Total	1,710,004	1,353,824	200,494	613,795	237,657	233,243	362,683
Segment income (loss)	3,517	16,484	4,249	24,260	21,622	25,087	11,685

	Reportable segment		Other*1	Total	Adjustments *2,3	Reported in the semi-annual consolidated statement of income*4
	International	Total				
Operating revenue:						
(1) Revenue attributable to customers	252,685	4,731,203	4,097	4,735,300	(23,964)	4,711,335
(2) Intersegment revenue or transfers	2,044	235,230	23,587	258,818	(258,818)	—
Total	254,729	4,966,433	27,684	4,994,118	(282,782)	4,711,335
Segment income (loss)	5,818	112,727	(3,810)	108,916	8,707	117,623

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

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

(a) minus 54,070 million yen in adjustments to transactions reported in the reportable segment information, and

(b) 29,949 million yen in "operating revenues from equity-method affiliates" of Group companies attributable to AEON Group merchandise supply that is part of head office functions and does not fall into any of the business segments.

3. Main components of the minus 8,707 million yen in adjustments for segment income (loss) are as follows:
(a) 1,957 million yen in income of the pure holding company (AEON CO., LTD.) not attributable to any of the business segments,
(b) 6,892 million yen in income of Group companies attributable to AEON Group merchandise supply that does not fall into any of the business segments, and
(c) minus 154 million yen in intersegment transaction eliminations.
4. Segment income (loss) adjustments are based on operating profit reported in the quarterly Consolidated Statement of Income for the corresponding period.

2. Information on impairment losses on fixed assets, goodwill, etc., by reportable segment

(Significant impairment loss on fixed assets)

Not applicable

(Significant changes in the amount of goodwill)

Not applicable

(Significant negative goodwill gain)

Not applicable

II. Six Months ended August 31, 2024 (March 1 – August 31, 2024)

1. Operating revenue and income/loss by reportable segment

(Millions of yen)

	Reportable segment						
	GMS	Supermarket	Discount Store	Health and Wellness	Financial Services	Shopping Center Development	Services and Specialty Store
Operating revenue:							
(1) Revenue attributable to customers	1,705,201	1,492,914	203,504	656,949	224,277	203,885	260,071
(2) Intersegment revenue or transfers	50,075	6,899	597	468	31,018	42,911	106,744
Total	1,755,276	1,499,813	204,101	657,418	255,296	246,796	366,815
Segment income (loss)	(8,260)	10,347	3,996	18,497	27,489	27,385	14,193

	Reportable segment		Other*1	Total	Adjustments *2,3	Reported in the semi-annual consolidated statement of income*4
	International	Total				
Operating revenue:						
(1) Revenue attributable to customers	271,311	5,018,114	6,843	5,024,958	(25,522)	4,999,435
(2) Intersegment revenue or transfers	2,585	241,300	25,788	267,088	(267,088)	—
Total	273,896	5,259,415	32,631	5,292,047	(292,611)	4,999,435
Segment income (loss)	4,953	98,603	(4,260)	94,343	4,257	98,600

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

2. Main components of the minus 25,522 million yen in adjustments for revenue attributable to customers are as follows:
   (a) minus 55,792 million yen in adjustments to transactions reported in the reportable segment information, and
   (b) 30,517 million yen in "operating revenues from equity-method affiliates" of Group companies attributable to AEON Group merchandise supply that is part of head office functions and does not fall into any of the business segments.
3. Main components of 4,257 million yen in adjustments for segment income (loss) are as follows:
   (a) 3,467 million yen in the income of the pure holding company (AEON CO., LTD.) not attributable to any of the business segments,
   (b) 2,087 million yen in the income of Group companies attributable to AEON Group merchandise supply that does not fall into any of the business segments, and
   (c) minus 1,317 million yen in intersegment transaction eliminations.
4. Segment income (loss) adjustments are based on operating profit reported in the quarterly Consolidated Statement of Income for the corresponding period.

2. Change of reportable segment

In line with organizational changes, from the first quarter of fiscal 2024, the Company has reclassified some of the subsidiaries included in the Services and Specialty Store to include them in the GMS Business segment. For reference, segment information for the six months ended August 31, 2023, was prepared based on the current segmentation.

3. Information on impairment losses on fixed assets, goodwill, etc., by reportable segment

(Significant impairment loss on fixed assets)

Not applicable

(Significant changes in the amount of goodwill)

Not applicable

(Significant negative goodwill gain)

Not applicable