

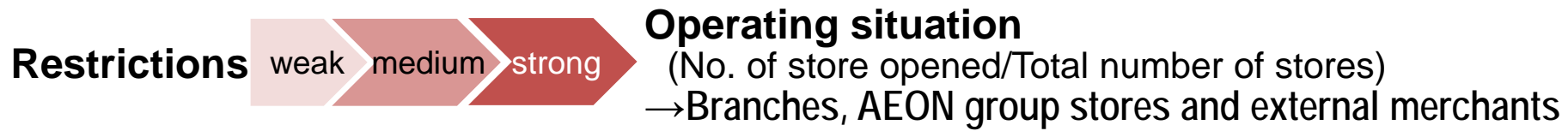
FY2020 First Quarter IR Presentation Material

July 8, 2020

1. Consolidated results
and business by area
2. Consolidated results by segments
3. Future direction

1. Effects of the COVID-19 ①

■ The issuance of behavioral regulations by governments affected operating activities.



Operating area		MAR	APR	MAY	JUN
Domestic	JAPAN	Stay-at-home requests		Apr. 7 Declared the state of emergency	Preventing the spread of infection
	AEON Mall・Branches	Partially closed・reduction in working hours (No. of AEON Bank branches : 91/141)		All store reopen (141/141)	
China Area	CHINA	Lock-down in Wuhan city until Apr. 8	Preventing the spread of infection (easing the lock-down)		Preventing the spread of infection
	AEON Mall	Business as usual			
	External merchants	Partially closed (40% reopen)	Partially closed (80% reopen)	Business as usual	
	Hong Kong	Mar. 29 "Restriction on entertainment facilities and eatery, limiting public gatherings"		Partial easing the regulations	
	AEON Mall・Branches	Business as usual			
External merchants	Partially closed (amusement facilities e.t.c.)		Partially closed (Karaoke bars, etc. are closed)		
Mekong Area	Thailand	Stay-at-home requests	Mar. 26 Declared the state of emergency (No going out at night)		Extend the declaration
	Branches	Partially closed (37/101)	Partially closed (30/101)	Business as usual (101/101)	
	External merchants	Closed except for food		Partial use restrictions eased in retail stores and restaurants	
	Cambodia	Stay-at-home requests		Preventing the spread of infection	
	AEON Mall・Branches	AEON Mall (2) Reduction in working hours		Business as usual	
External merchants	Partially closed (amusement facilities e.t.c.)				Request to close the store do not prevent the spread of infection

1. Effects of the COVID-19 ①

		Operating area	MAR	APR	MAY	JUN
Mekong Area	Vietnam		Stay-at-home requests	Apr. 1 "A curfew"	Preventing the spread of infection(easing social isolation)	
	AEON Mall・Branches			Partially closed (1/5)	All store reopen (5/5)	
	External merchants			Closed except for food	Reopen (Partial closures continue : amusement facilities etc)	
	Myanmar			Apr. 14 "Infected area lockdown" (night curfew)	Preventing the spread of infection(reduced night curfew time)	
	Branches			Partial branches closed, Business reduction		Reopen
	External merchants			Closed except for food		
Lao				Apr. 1 "A curfew"	Partial easing the regulations	Preventing the spread of infection
	External merchants			Closed except for food	Reopen (Partial closures continue)	
Malay Area	Malaysia		Mar. 18 Lockdown "Order to Restrict Activities"		May. 4 Conditional Activity Restriction Order	Preventing the spread of infection
	AEON Mall・Branches		All store closed (Branch : closed)		Start reduction in working hours (Branch : Reopen except some branches)	
	External merchants		Closed except for food		Reopen (Partial closures continue : amusement facilities etc)	
	Indonesia		Stay-at-home requests	Apr. 10 "Large-scale social restrictions"	Extend the restrictions	
	AEON Mall・Branches		AEON Mall : Closed except for food, Branch : Business continues by half the no. of people			AEON Mall : Partial reopen
	External merchants		Closed except for food			Reopen (Partial closures continue)
	The Philippines		Mar. 17 Lockdown "Order to outing and moving restrictions"			Significant easing restrictions
	Branches		All store closed			Partial reopen
	External merchants		Closed except for food			Partial reopen
	India			Mar. 24 Lockdown		
Branches		All store closed			Partial reopen	
External merchants		Closed except for food			Partial use restrictions eased in retail stores and restaurants	

1. Effects of the COVID-19 ②

【 Cases that have been particularly affected by behavioral regulations and financial demands 】

Operating area	Regulations	Period	Our response
Thailand	<ul style="list-style-type: none"> • State of emergency declaration • Impose “Night curfew” 	<ul style="list-style-type: none"> • Mar. 26 – Jul. 31 (Partial relaxation from Jun. 1) 	<ul style="list-style-type: none"> • Partial branches closed • Shift attendance system including working from home (HQ-Centers)
	<ul style="list-style-type: none"> • Customer Relief Request • Request for additional Customer Relief 	<ul style="list-style-type: none"> • Mar. 9 – Dec. 31 • From Jul. 1 	<ul style="list-style-type: none"> • Minimum payment rate change, interest fee reduction • Grace period for up to 3months • Interest fee reduction, Subdivision contract of card usage
Myanmar	<ul style="list-style-type: none"> • “Night curfew” (Infected area lockdown) 	<ul style="list-style-type: none"> • From Apr. 14 (Partial relaxation from May. 14) 	<ul style="list-style-type: none"> • Partial branches closed • Principles in working from home
	<ul style="list-style-type: none"> • Business regulation instructions 	<ul style="list-style-type: none"> • Apr. 1 – May. 15 	<ul style="list-style-type: none"> • Loan provision and debt collection→Stop for a moment • Offering a repayment relaxation plan
Malaysia	<ul style="list-style-type: none"> • Movement control order • Attendance staff reduction instructions 	<ul style="list-style-type: none"> • Mar. 18 – Jun. 9 (Partial relaxation from May. 4) 	<ul style="list-style-type: none"> • Closed all branches • Shift attendance system including working from home (HQ-Centers)
	<ul style="list-style-type: none"> • Instruction and request for Customer Relief 	<ul style="list-style-type: none"> • From Apr. 1 	<ul style="list-style-type: none"> • Prohibition of visit collection, first reminder • Grace period for up to 6 months (normal→delinquents) • Offering a repayment relaxation plan
The Philippines	<ul style="list-style-type: none"> • Lock down • Order to outing and moving restrictions 	<ul style="list-style-type: none"> • Mar. 17 – May. 15 (Partial relaxation from Jun. 1) 	<ul style="list-style-type: none"> • All branch closed • Principles in working from home
	<ul style="list-style-type: none"> • Customer Relief Request 	<ul style="list-style-type: none"> • Mar. 24 – May. 31 	<ul style="list-style-type: none"> • Grace period for up to 30 days (All customer) →Three-month repayment extension from Mar to May
India	<ul style="list-style-type: none"> • Lock down 	<ul style="list-style-type: none"> • Mar. 24 – May. 31 (Partial relaxation from Jun. 1) 	<ul style="list-style-type: none"> • All store closed • Prohibition of going to work (Japanese expatriate returning to Japan)
	<ul style="list-style-type: none"> • Customer Relief Request 	<ul style="list-style-type: none"> • Mar. 1 – Aug. 31 	<ul style="list-style-type: none"> • Grace period for up to 3 months

1. Consolidated business outline and results

(Unit: billions of yen)	Domestic				Global			
	Credit card ①		Installment sales	Housing loan (※1) ②	Credit card		Installment sales	Personal loans ③
	Shopping	Cash advance			Shopping	Cash advance		
Transaction volume	1,337.2	94.6	56.5	173.7	56.5	22.8	17.7	22.0
YoY	97%	88%	94%	107%	79%	66%	56%	51%
Finance receivables (※2)	1,028.4	485.9	706.9	2,442.2	92.2	95.0	201.0	236.0
Change from start of FY	△85.2	△8.4	+11.5	+124.2	△8.9	△5.4	△8.3	△12.7

※1 Figures of AEON Bank which includes amount for Flat 35 and studio condominium loan ※2 Figures for domestic refer to amount before securitization

(Unit: no. of people)	No. of cardholders ④		
	Consolidated	Domestic	Global
Results	45.36mil	29.02mil	16.34mil
Change from start of FY	+0.09mil	+0.13mil	-0.04mil

(Unit: no. of accounts)	AEON Bank accounts		
	Total	Credit card linked with AEON bank acc.	Debit card linked with AEON bank acc.
Results	7.20mil	5.32mil	0.37mil
Change from start of FY	+0.11mil	+0.08mil	+0.02mil

(Unit: billions of yen)	Bank deposits balance			
	Total	Ordinary deposits	Time deposits	Foreign ccy deposits
Results	3,824.8	3,020.8	723.1	77.6
Change from start of FY	+33.0	+29.6	△5.0	+8.2

① Domestic: Credit card () shows change from start of FY
 > Shopping txn vol.: Decrease due to decrease in the no. of new members and reduction in consumption demand. The number of active cardholders* 18.49 mil (+0.06 mil). *A member who has used a card at least once a year
 > Shopping balance : Ribo and installment balance (incl. securitization) was ¥28.13 bn (+¥0.9 bn)
 > Cash advance balance.: No. of users 1.25mi (-0.02 mil, balance per user ¥340K (+¥16K))

② Global: Installment finance
 > In addition to the progress of the project before coronavirus disaster, we strengthen non-face-to-face deal such as loan contracts on the Web and tel. This Q1 includes March:the most loan execution month of the year.

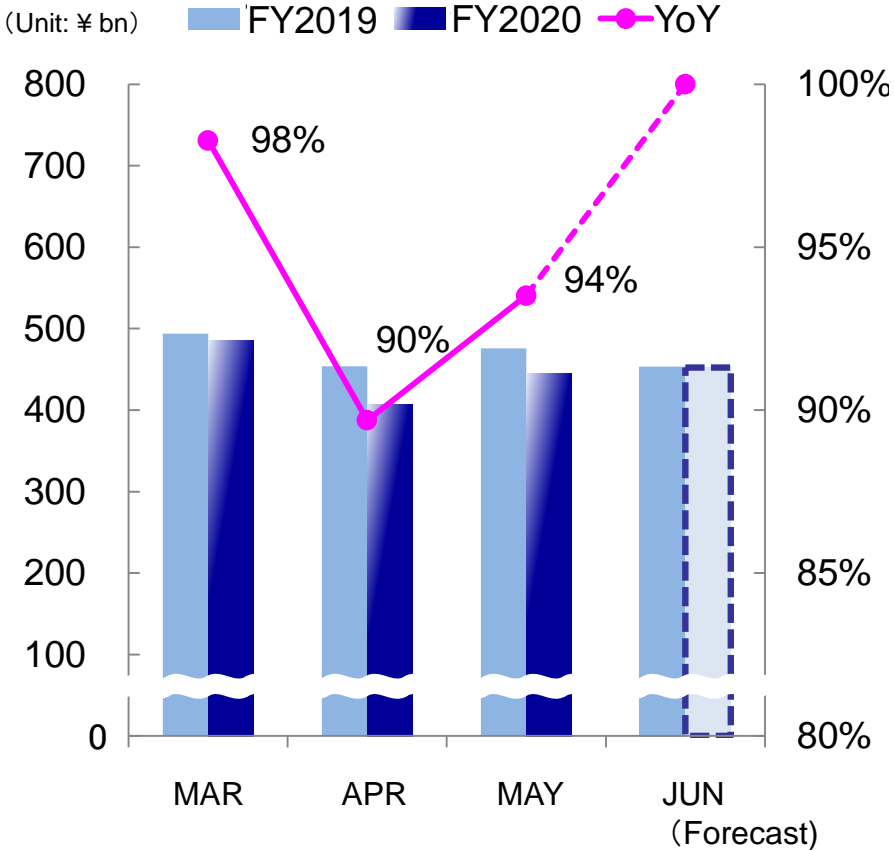
③ Global: Installment finance and Personal loans
 > Txn vol and balance of receivables decreased, mainly in Thailand and Malaysia due to strict credit line in light of the deterioration of the economic environment and the suspension of business at branches and merchants.

④ Consolidated, Domestic and Global number of cardholders
 Number of domestic members including debit cardholders and bank account holders increased by 0.15mil to 30.90mil
 > Domestic: The number of new members has been sluggish due to the effects of the active self-exclusion of membership recruitment and the postponement of the opening of large-scale commercial facilities where new partner cards are issued. New cardholders is 0.33 mil (75% compared to the same period of the previous FY)
 > Global: Decrease in the number of new members due to active self-exclusion of membership recruitment, etc.

1. Changes in domestic consumption trends

■ Recovery from the second half of May in response to the easing of the request for leave and self-exclusion of going out

Changes in card shopping transaction by monthly



Transaction YoY change by Industry and Type of Business

	MAR	APR	MAY
Food supermarkets, convenience stores, drugstore	19% ↑	23% ↑	25% ↑
DIY store	15% ↑	8% ↑	23% ↑
Net, mail order	8% ↑	10% ↑	23% ↑
Telecommunications, utility bills, insurance premiums, etc.	6% ↑	8% ↑	5% ↑
Home Appliances and Furniture	2% ↓	1% ↓	30% ↑
General Supermarket	5% ↓	16% ↓	1% ↓
Shopping malls and department stores	26% ↓	75% ↓	58% ↓
Gasoline, the ETC system, car-related	14% ↓	19% ↓	45% ↓
Transportation, Travel, Leisure, Entertainment	74% ↓	95% ↓	87% ↓

2. Consolidated results by segments

(Unit: Billions of yen)	Domestic total			Global total			Consol. Total ※3	
	※1	Retail ※2	Solutions ※2	※1	China Area	Mekong Area		Malay Area
Operating income	748	440	469	352	43	191	117	1,099
YoY	100%	95%	102%	94%	89%	97%	92%	98%
Change	+1	△21	+8	△21	△5	△5	△10	△19
Operating profit	55	0	54	△66	12	△41	△36	△8
YoY	99%	5%	114%	-	70%	-	-	-
Change	△0	△7	+6	△150	△5	△77	△68	△144
Operating profit ratio	7.4%	0.1%	11.7%	△18.7%	28.3%	△21.6%	△31.2%	△0.8%
YoY	△0.1pt	△1.7pt	+1.2pt	△41.4pt	△7.6pt	+39.7pt	△55.8pt	△12.9pt
※1 Total of Domestic and Global figures amounts after elimination of transactions between business segments							Profit attributable to owners of parent	△10
※2 Retail is a personal-centric business, Solutions is a business that is central to merchants							YoY	△82
※3 Include Holding company, Shared functions and elimination of Consolidated adjustments								

Domestic

• Due to requests for self-exclusion and the suspension of business at large commercial facilities including AEON Mall, shopping and cashing revenue decreased. In addition, in order to control the cost associated with the suppression of sales promotion expenses and web itemization, profit decreased due to an increase in loan-related expenses.

【Main factors for income growth】

• E-money	+¥0.5bn	• Insurance fee	+¥0.4bn
• Credit card shopping	-¥0.5bn	• Cash advance shopping	-¥0.7bn
• Sale of government bonds and other loans	-¥0.9bn		

【Main factors for rise in expenses】

• Promotion expenses	-¥1.9bn	• Mailing cost + printing cost	-¥1.2bn
• Bad debt allowance	+¥1.7bn (cost on interest repayment -¥0.2bn)		
• Equipment expenses	+¥0.7bn (depreciation and software amortization exp +¥0.8bn)		

Global. ※Foreign exchange impact: Operating income +¥1.4bn, Operating profit +¥0.02bn

• Due to restrictions on going out and suspension of operating activities in each area, operating income decreased due to a decrease in volume and balance of operating receivables. In addition, operating income decreased due to an increase in loan-related expenses due to reservations for future loan losses, including grace measures.

【China Area】

• Credit card shopping income	-¥0.8bn	• Cash advance shopping income	-¥0.2bn
• Personal loan income	-¥0.1bn	• Bad debt allowance	+¥0.3bn

【Mekong Area】

• Credit card shopping income	-¥0.3bn	• Cash advance shopping income	-¥0.4bn
• Personal loan income	+¥0.1bn	• HP Contracts income	+¥0.1bn
• Bad debt allowance	+¥8.0bn		

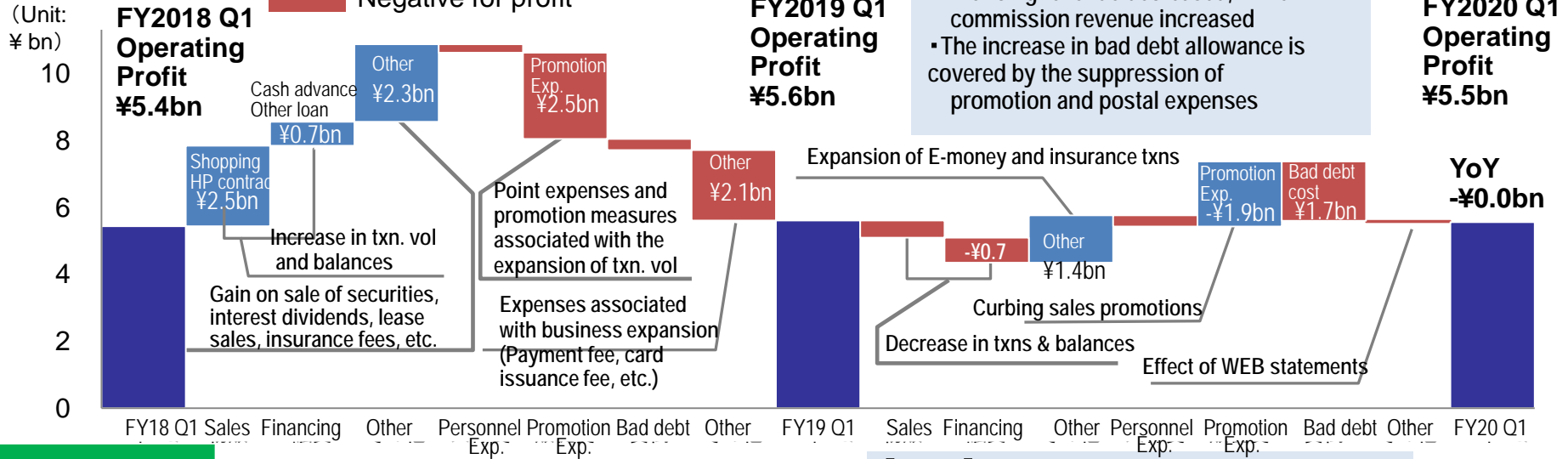
【Malay Area】

• Credit card shopping income	-¥0.3bn	• Cash advance shopping income	-¥0.4bn
• Personal loan income	+¥0.5bn	• HP Contracts income	-¥0.8bn
• Bad debt allowance	+¥6.1bn		

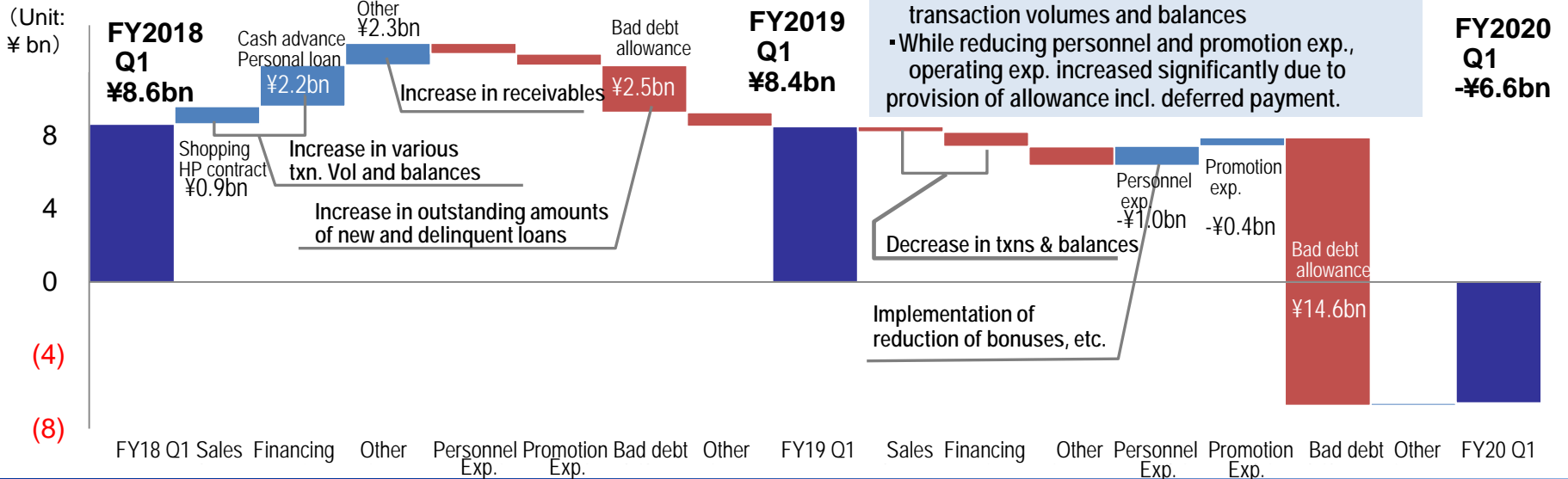
• Impact on Consol. profit by securitization of finance receivables: ¥1.6bn (85%, -¥0.2bn)

2. Factors contributing to the change in operating profit

Domestic



Global



2. Changes in the contents of finance receivables (Global)

- Increased bad debt allowance for future risks, including deferred payment
- In Thailand and Malaysia, there were differences in accounting adjustments and response policies in consolidated results

China area

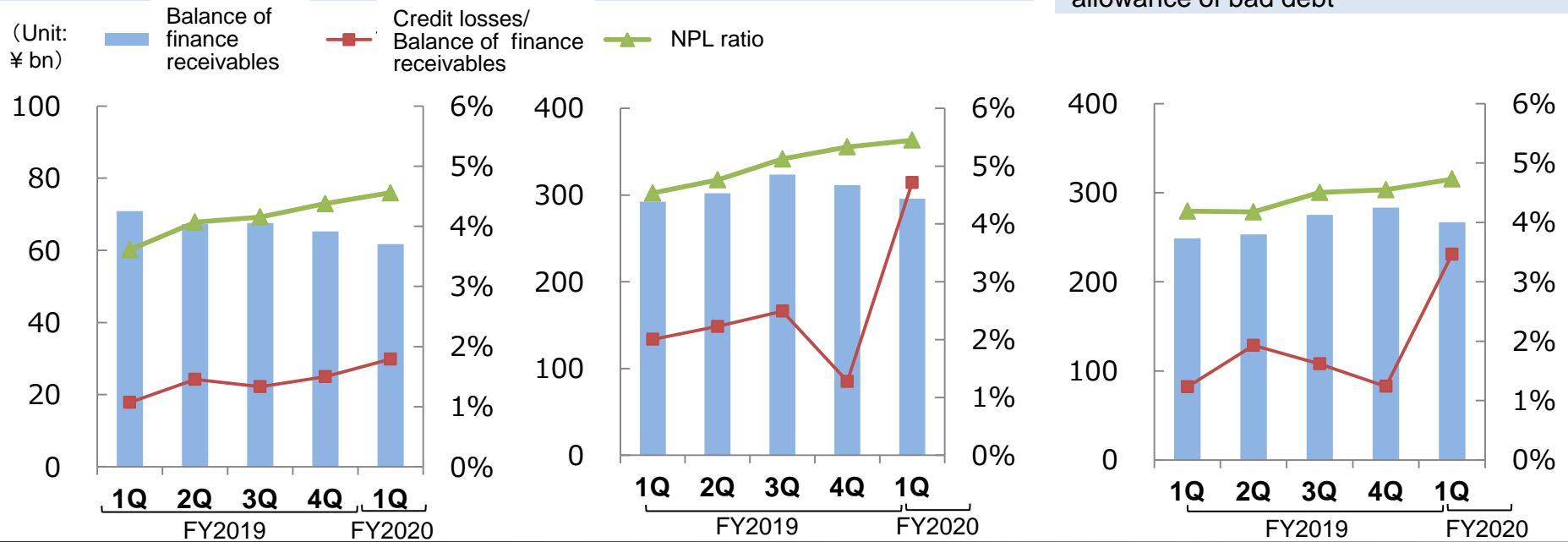
• In response to the deterioration of the economic environment from before the previous FY, Hong Kong conducted the allowance of bad debt based on stricter screenings and future forecasts.
 → No significant change in the balance of operating receivables, loan loss cost ratios, and NPL ratios by the most recent quarter.

Mekong area

• In Thailand, local accounting standards were changed from the Q1 of this fiscal year (IFRS9 was applied). Increased allowance for loan losses at the beginning of the fiscal year (B/S adjustment) to future risk of loan losses on past receivables.
 → For AFS, IFRS9 has been applied since FY2018. Consolidated adjustments (impact of ¥4.5bn) in line with local application.

Malay area

• Malaysia has suspended the demand for deposits (April to May) and provided a grace period.
 • Started individual repayment consultations in June (if you can repay, some or all repayments)
 • Under the direction of the central bank, deferred payment shall not be treated as delinquent or loaned out.
 → AFS consolidation conducted the allowance of bad debt



2. Consolidated balance sheet

Consolidated results (Unit: Billions of yen)	Results	Change from start of FY
Cash and deposits	740.5	△223
Operating Loans	848.6	△119
Loan and bills discounted for banking business	1,833.9	+1,592
Accounts receivable – installment	1,454.3	△88.8
Allowance for doubtful accounts	△128.3	△14.0
Other Assets	1,200.2	+145.9
Total assets	5,949.4	+168.1
Deposits	3,821.0	+30.8
Interest-bearing debt (excl. deposits)	1,068.7	+3.9
Other liabilities	618.9	+151.6
Total liabilities	5,508.8	+186.5
Total equity	440.6	△18.4
Total liabilities and equity	5,949.4	+168.1

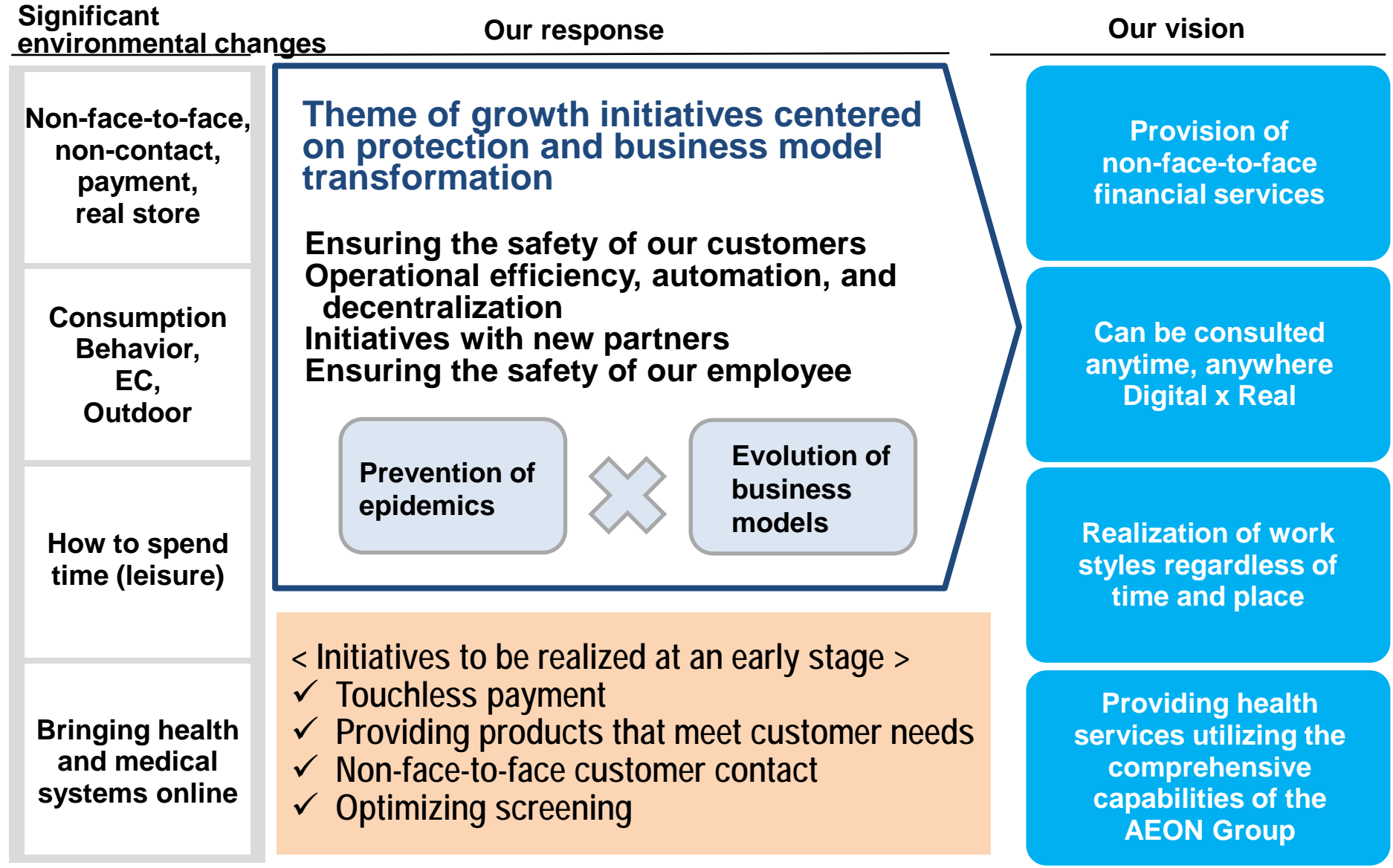
Topics ※():Change from start of FY

- Domestic balance : ¥696.3bn (-¥19.7bn) *including holding company
→ Decrease due to demand for mortgages and other funds
- 【Operating Loans and Loan and bills discounted for banking business】
 - Balance incl. securitization : ¥4,263.1bn (+¥109.8bn)
in which, Domestic balance : ¥3,888.5bn (+¥128.2bn)
in which, Global balance : ¥331.0bn (-¥18.2bn)
 - Securitized amount (Domestic only) : ¥1,580.4bn (-¥37.4bn)
- Balance incl. securitization : ¥2,034.0bn (-¥91.5bn)
in which, Domestic balance : ¥1,735.4bn (-¥73.7bn)
in which, Global balance : ¥293.2bn (-¥17.2bn)
- Securitized amount (Domestic only) : ¥579.7bn (-¥2.7bn)
- Securities for insurance business : ¥110.4bn (+¥110.4bn)
- 【Deposit on AEON Bank】
 - Ordinary deposits : ¥3,020.8bn (+¥29.5bn)
 - Time deposits : ¥723.1bn (-¥4.9bn)
 - Foreign currency deposits : ¥77.6bn (+¥8.1bn)
- Domestic balance : ¥596.4bn (+¥36.9bn)
→ Short-term borrowings : ¥208.9bn (+¥111.6bn)
- Global balance : ¥472.3bn (-¥32.9bn)
- ※ Domestic and global amounts include figures for holding company and shared function companies

Future direction



Responding to environmental changes in COVID-19

■ Challenge to change that sees crisis as an opportunity



- < Initiatives to be realized at an early stage >
- ✓ Touchless payment
 - ✓ Providing products that meet customer needs
 - ✓ Non-face-to-face customer contact
 - ✓ Optimizing screening

Initiatives ① Safety and security of customers

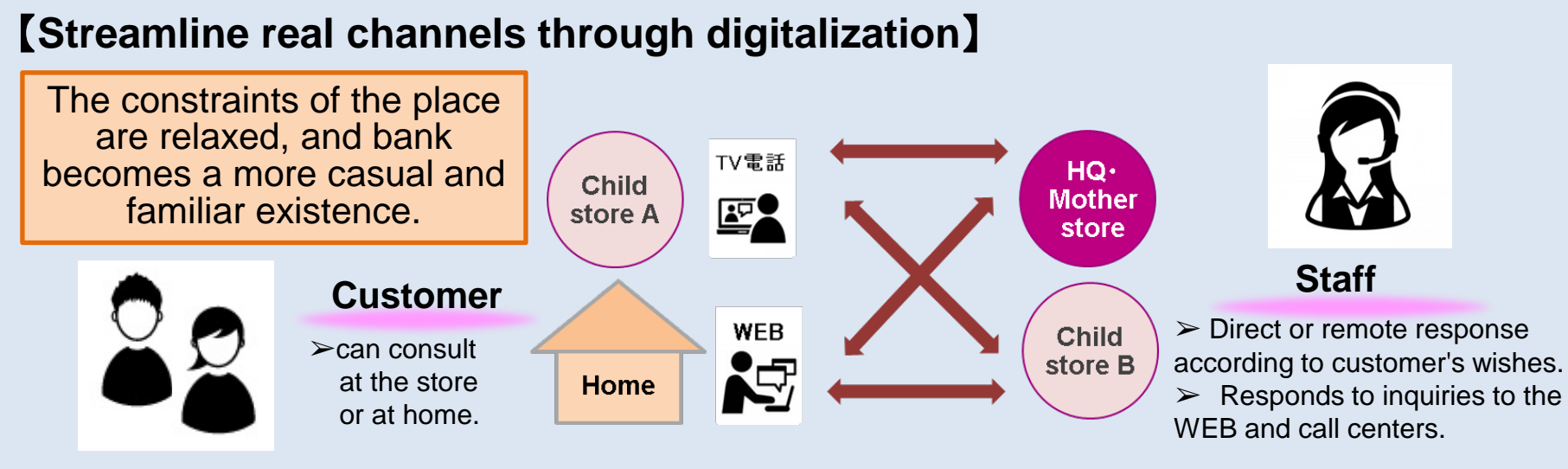
Theme	Examples of specific initiatives
<p>Promotion of touchless payments</p>	<p>【Domestic】</p> <ul style="list-style-type: none"> • AEON Group promotes dissemination <ul style="list-style-type: none"> ➢ VISA Contactless Incidental Card <ul style="list-style-type: none"> : 6.1 million cards (as of the end of May) → 10 million cards by the end of this year ➢ Supported cash register at AEON Group store <ul style="list-style-type: none"> : 100,000 units  <p>【Global】</p> <ul style="list-style-type: none"> • New Platinum Card Issued with Big-C Group in Thailand (July) ➢ MasterCard Contactless Incidentals Card ➢ 10% discount on Big-C Group's e-commerce site <ul style="list-style-type: none"> → Responding to EC demands that are expected to rapidly expand the market  <p>【 Domestic and Global】</p> <ul style="list-style-type: none"> • Developing common IDs of AEON Group companies in Malaysia in various countries
<p>Providing products that meet customer needs</p>	<p>【 Domestic】</p> <ul style="list-style-type: none"> • Responding to fund demand due to the influence of COVID-19 <ul style="list-style-type: none"> ➢ Providing "AEON Members Loan (Life support)" that allows up to one year of principal payment grace • Composition and sales of health-promoting products

Initiatives ② Store and sales structure

Theme	Examples of specific initiatives
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Non-face-to-face customer contact

- 【Domestic】**
 - Development of AEON Bank TV Consultation and Teller
 - 100/141 branches (as of the end of June) will be introduced in all branches by the end of this fiscal year
- 【Global】**
 - Development of self-automatic card issuing
- 【Domestic and Global】**
 - Efficient operation of real channels
 - Flexible staffing according to store visit demand (satelliteization)
 - TV phone, AI staff (avatar) response (remote, robotization)
 - Online merchant development + support for real merchants online

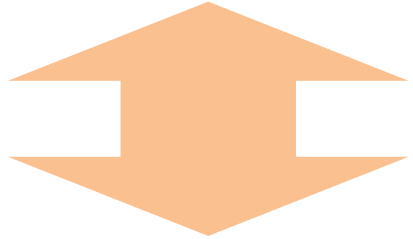
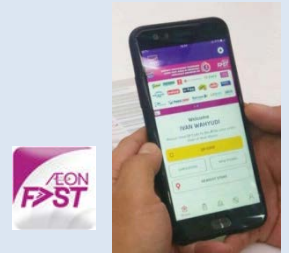


Initiatives ③ Improve operational efficiency

Theme	Examples of specific initiatives
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Optimizing screening

- 【 Domestic and Global 】**
- Online and mobile systematization of service application and usage channels
 - Electronic signature, identity verification, AI screening, app development, etc.
 - Realization of fully automatic examination using E-KYC



Early implementation by the composition of the task force and its spread to all sites

	FY2020	
	Full term	YoY
Operating income	¥460.0 bn	100.6%
Operating profit	¥10.0 – 20.0 bn	15.4 - 30.7%
Profit attributable to owners of parent (EPS)	¥5.0 – 10.0 bn (¥23.17 – 46.34)	14.6 - 29.3%

	Interim		Year End		Full Year	
	Forecast	YoY	Forecast	YoY	Forecast	YoY
Dividend forecast	¥11	-¥18	¥12	-¥27	¥23	-¥45

(Reference) FY2020 Q1 Results (Hong Kong, Thailand, Malaysia)



		FY2019 Q1		FY2020 Q1	
		Results	YoY	Results	YoY
AEON CREDIT SERVICE (ASIA) (HK\$'000)	Revenue	324,853	98%	297,470	90%
	Profit before tax	128,842	94%	90,091	69%
	Profit for the period	106,792	92%	75,264	70%
AEON THANA SINSAP (THAILAND) (BAHT'000)	Total Revenues	5,493,819	112%	5,655,967	99%
	Profit before income tax	1,271,514	111%	607,177	46%
	Net profit for the period	1,016,811	111%	454,911	43%
AEON CREDIT SERVICE (M) Berhad (RM'000)	Revenue	378,588	104%	385,272	95%
	Profit before tax	112,668	84%	37,086	31%
	Profit for the period	84,600	83%	26,279	29%

※Excerpts from each company's presentation materials. Hong Kong and Thailand display the number of consolidations.

(Reference) FY2020 Q1 Results (Hong Kong, Thailand, Malaysia)

■ Consolidated Results of AEON Credit Service (Asia) Co., Ltd.

(Unit: Billions of yen)

	FY2019 Q1	FY2020 Q1	
	Results	Results	YoY
Operating income	4.5	4.1	90%
Operating profit	1.8	1.2	69%
Net income	1.5	1.0	70%

Exchange rates: HKD 1
 • FY2019 Q1 : ¥ 14.12
 • FY2020 Q1 : ¥ 13.93

Fiscal period
 : 1/3/2020 to 31/5/2020

■ Consolidated Results of AEON THANA SINSAP (THAILAND) PLC.

	FY2019 Q1	FY2020 Q1	
	Results	Results	YoY
Operating income	19.1	19.0	99%
Operating profit	4.4	2.0	46%
Net income	3.5	1.5	43%

Exchange rates: THB 1
 • FY2019 Q1 : ¥ 3.49
 • FY2020 Q1 : ¥ 3.37

Fiscal period
 : 1/3/2020 to 31/5/2020

■ Results of AEON Credit Service (M) Berhad

	FY2019 Q1	FY2020 Q1	
	Results	Results	YoY
Operating income	10.1	9.6	95%
Operating profit	3.0	0.9	31%
Net income	2.2	0.6	29%

Exchange rates: MYR 1
 • FY2019 Q1 : ¥ 26.91
 • FY2020 Q1 : ¥ 25.17

Fiscal period
 : 1/3/2019 to 31/5/2020

(Reference) Allowance for Doubtful Accounts and Allowance for Loss on Refund of Interest Received by Segment

■ Allowance for Doubtful Accounts (by Segment)

	Retail	Solutions	Domestic Total
Allowance for doubtful accounts, balance at beginning of period	¥2.8bn	¥51.69bn	¥53.8bn
Provision of allowance for doubtful accounts	¥0.6bn	¥7.5bn	¥8.1bn
Write-off of doubtful accounts (including transferred debt)	¥0.9bn	¥6.3bn	¥6.4bn
Allowance for doubtful accounts balance at end of period	¥3.3bn	¥52.7bn	¥55.5bn

(Subsidiaries in domestic) AEON Credit Service : ¥34.6bn, AEON Bank : ¥3.3bn, AEON Product Finance : ¥8.2bn, AEON Housing Loan Service : ¥1.6bn

■ Allowance for Loss on Refund of Interest Received

	FY2019 Q1	FY2020 Q1
Beginning of period	¥4.1bn	¥4.9bn
Provision	¥0.2bn	¥0.0bn
Interest refunded	¥0.4bn	¥0.7bn
End of period	¥3.9bn	¥4.1bn

(Interest claims amount :
Cash out + principal payout)

	China Area	Mekong Area	Malay Area	Global Total	Consolidated
Allowance for doubtful accounts, balance at beginning of period	¥3.8bn	¥34.5bn	¥21.0bn	¥59.4bn	¥114.3bn
Provision of allowance for doubtful accounts	¥1.1bn	¥13.9bn	¥9.2bn	¥24.2bn	¥32.3bn
Write-off of doubtful accounts (including transferred credit)	¥0.9bn	¥6.4bn	¥4.4bn	¥11.7bn	¥18.3bn
Allowance for doubtful accounts, balance at end of period	¥4.0bn	¥42.0bn	¥25.8bn	¥71.9bn	¥128.3bn

Statements contained in this report with respect to the Company's management strategies, business policies and results forecasts are forward-looking statements about the future performance of the Company, which are based on the assumptions and beliefs in light of the information currently available. These forward-looking statements involve various uncertain factors including known and unknown risks such as economic trends, industry competition, market demand, exchange rates, tax and other systems that may cause the Company's actual results, performance or achievements to differ materially from the expectations expressed herein.



AEON Financial Service