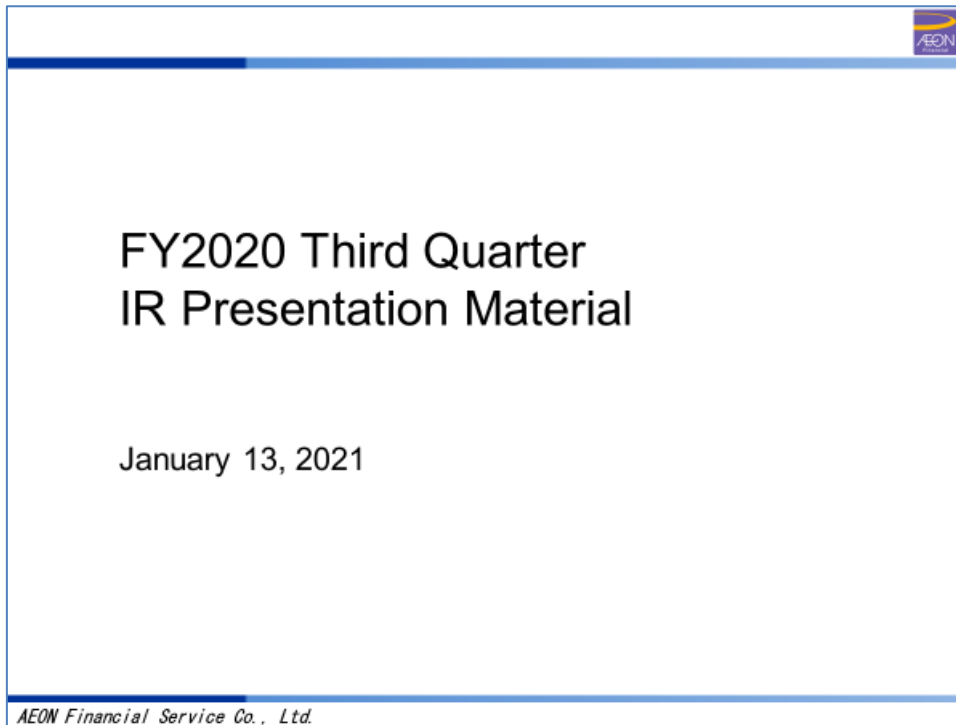


Results for the Third Quarter of FY2020

Scripts and QAs

Scripts



P.1

Today, while you are busy, thank you very much for participating in our third quarter 2021 financial results telephone briefing.

I'm Suzuki, who is in charge of corporate planning.

Today, I would like to explain the summary of the third quarter financial results.

Key points of the announcement of this financial results



Q3 Earnings Summary

- Consolidated financial results for the third quarter were increased income and decreased profit
- Consolidated operating income for the third quarter alone(excluding the impact of consolidation of insurance companies) and operating receivables recovered from the second quarter.
- Costs were reduced from the same period of the year, mainly in Japan. Consolidated operating income for the third quarter alone was at the same level as the same period last year.
- Accelerating the construction of indirect and non-contact sales structure in coronal disaster.

Revision of full-year earnings forecast

- The company's consolidated operating profit for the third quarter were revised upward after a forecast for the previous quarter (July 8, 2020).
- In view of concerns about the growing impact of the third wave worldwide, we will continue to use the range format in this forecast.
- Dividends are reviewed at an appropriate time after assessing the certainness of the profit attributable to owners of parent.

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P.2

First of all, I would like to explain the key points of today's announcement.

Consolidated financial results for this quarter, increased revenue and decreased profit.

Consolidated financial results for this quarter were at the same level as the three months of the previous year due to a recovery trend in operating income and operating receivables balances excluding the impact of the consolidation of AEON Allianz Life Insurance Company, as well as subdued expenses, particularly in Japan. In addition, we revised our full-year earnings forecast upwards due to higher-than-expected operating profit, ordinary profit, and profit attributable to owners of parent for the nine months ended November 30, 2020.

However, since there are uncertainties regarding the upward revision of dividend forecasts, such as the expansion of infectious diseases at the current time, we plan to review and disclose them after assessing the certain level of profit attributable to owners of parent.



1. Consolidated results by segments
2. Consolidated results by area
3. Impact of covid-19 and main initiatives
4. Revision of full-year earnings forecast

P.3

Today, I will explain according to the table of the contents.

1. Consolidated results by segments



(Unit: Billions of yen)	Domestic			Global				Consol. Total ※3
	Total ※1	Retail ※2	Solution ※2	Total ※1	China Area	Mekong Area	Malay Area	
Operating Revenue	258.5	169.0	136.6	103.5	12.0	56.3	35.1	361.5
YoY	107%	112%	94%	91%	85%	91%	92%	102%
Change	+16.3	+17.6	Δ8.2	Δ10.5	Δ2.1	Δ5.3	Δ2.9	+5.4
Operating Profit	16.6	2.4	14.0	8.8	3.6	6.1	Δ0.9	24.8
YoY	65%	26%	79%	48%	80%	64%	-	58%
Change	Δ9.1	Δ7.0	Δ3.8	Δ9.5	Δ0.8	Δ3.4	Δ5.2	Δ18.2
Operating Profit Ratio	6.4%	1.5%	10.3%	8.5%	30.0%	10.9%	-	6.9%
YoY	Δ4.2pt	Δ4.8pt	Δ2.1pt	Δ7.6pt	Δ2.3pt	Δ5.9pt	-	Δ5.2pt
※1 Total of Domestic and Global figures amounts after elimination of transactions between business segments ※2 Retail is a personal-centric business, Solutions is a business that is central to merchants ※3 Include Holding company, Shared functions and elimination of Consolidated adjustments <Reference>: Profit on securitized receivables: ¥6.0 bn (year-on-year difference -¥13.8 bn)							Profit attributable to owners of parent	10.0
							YoY	45%

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P.4

Consolidated results by segment.

In the domestic business, while card shopping revenue and cashing revenue decreased, aeon Allianz Life Insurance Co., Ltd., which has become a consolidated subsidiary for the current fiscal year, was affected by the fact that it was taken into the profit and loss statement from the second quarter of this fiscal year. In addition, operating revenue increased due to an increase in fee revenue due to an increase in WAON's transaction volume mainly at AEON Group food supermarkets which are strong in sales.

In addition, we worked to control costs by reducing sales promotion costs and reducing mailing and printing costs for AEON card statements that have been shifted to online since the second half of last year. On the other hand, operating profit in Japan was 65% year-on-year due to the impact of the costs associated with the consolidation of insurance companies mentioned earlier, a decrease in profit on securitization, and an increase in bad debt allowance.

In the global business, expenses such as personnel costs and sales promotion expenses were reduced, but the top line weakened in each area. In addition, operating profit increased by 48% year-on-year as a result of conservative reserves in preparation for future delinquent and bad loan risks in the first quarter.

1. Consolidated results by segments - Business performance excluding the impact of consolidation of insurance companies

■ P/L was consolidated from the second quarter of this fiscal year due to the consolidation of insurance companies. (Figure are on the right for the impact)

■ Excluding the above effects, operating revenue for the third quarter alone increased compared to the second quarter. Consolidated operating income recovered to the same level as the previous year, partly due to cost control.

【Results excluding the impact of consolidation of insurance companies】

【Figures for the impact(Domestic Business)】

(Unit: Billions of yen)	Q1	Q2	Q3	Cumulative
Operating revenue	-	15.2	21.7	37.0
Operating Expenses	-	15.2	2.18	37.1
Operating profit	-	0.0	▲0.1	▲0.1

(Unit: Billions of yen)	Q1	YoY	Q2	YoY	Q3	YoY	Cumulative Q1 to Q3	YoY
Consolidated operating revenue	109.9	98%	105.4	85%	109.1	91%	324.5	91%
Domestic	74.8	100%	71.6	83%	75.0	92%	221.5	91%
Global	35.2	94%	34.0	90%	34.2	88%	103.5	91%
Consolidated operating expenses	110.8	113%	96.8	86%	91.9	90%	299.5	96%
Domestic	69.3	100%	71.0	89%	64.2	95%	204.6	95%
Global	41.8	145%	26.2	80%	26.6	79%	94.7	99%
Consolidated operating profit	▲0.8	-	8.6	76%	17.2	95%	24.9	58%
Domestic	5.5	99%	0.5	8%	10.7	78%	16.8	64%
Global	▲6.6	-	7.7	160%	7.6	151%	8.8	48%

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P.5

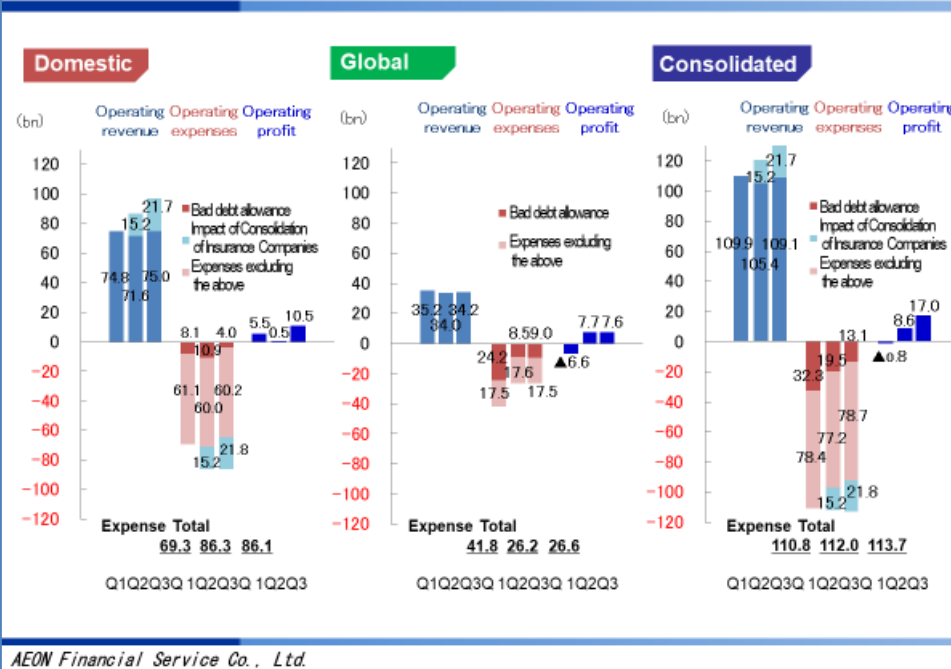
Business performance excluding the impact of consolidation of insurance companies

As shown in the chart on the top right, the impact on domestic business associated with the consolidation of insurance companies is based on both operating revenue and operating expenses, and there is little impact on operating profit.

In the chart below, in addition to a recovery in operating profit by restraining bad debt allowance in the international operations from the second quarter onwards and operating profit improved in the third quarter due to improved earnings and continued cost control in Domestic business.

As a result, consolidated operating profit was 95%, almost the same level as the same period last year.

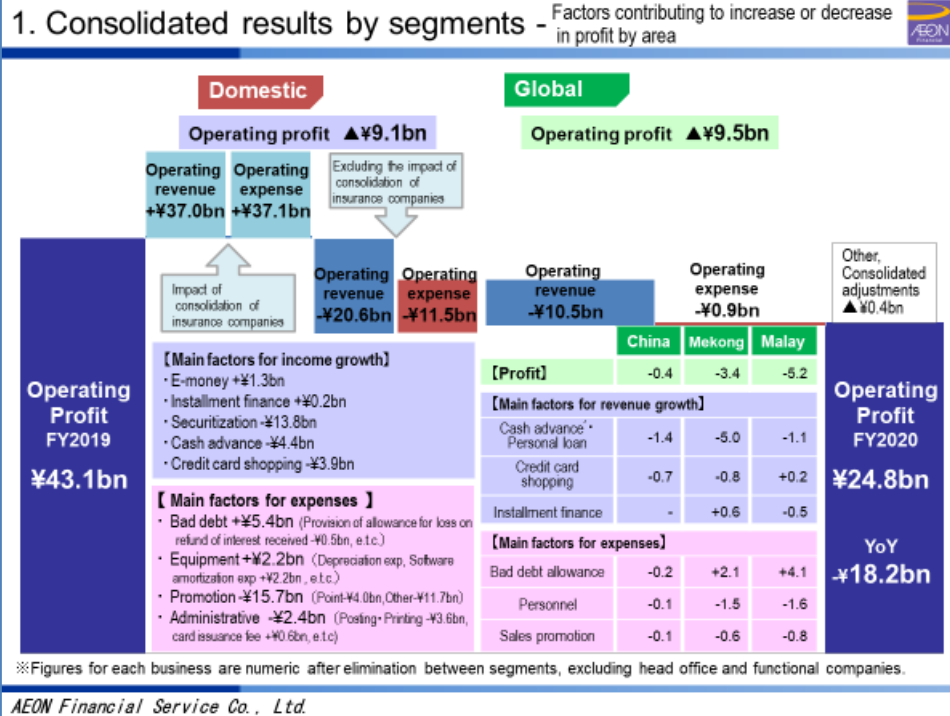
1. Consolidated results by segments - Quarterly Performance trends in Domestic and Global business



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P.6 Quarterly Performance trends in Domestic and Global business

In Global business, we recorded a large increase in bad debt allowance in the first quarter, which decreased from the second quarter onwards, and you can see that operating profit has started to increase.



P.7

Factors contributing to increase or decrease in profit by area.

Main factors contributing to the increase or decrease in operating profit.

As you can see, in both business Domestic and Global, a decrease in operating revenue was main factor. Details of the decrease in expenses are as you can see.

1. Consolidated results by segments - Consolidated balance sheet			AEON
Consolidated results (Unit: Billions of yen)	Results	Change from start of FY	Topics ※(): Change from start of FY
Cash and deposits	587.3	△175.5	• Domestic balance: ¥542.9bn (-¥173.1bn) *including holding company → Increase in outstanding mortgage receivables due to strong transaction volumes
Operating Loans	805.1	△55.4	[Operating Loans and Loan and bills discounted for banking business] • Balance incl. securitization : ¥4,413.4bn (+¥260.1bn) in which, Domestic balance: ¥4,047.8bn (+¥287.6bn) in which, Global balance: ¥323.3bn (-¥26.0bn) • Securitized amount (Domestic only): ¥1,629.1bn (-¥11.2bn)
Loan and bills discounted for banking business	1,979.1	+304.3	
Accounts receivable – installment	1,622.7	+79.5	
Allowance for doubtful accounts	△137.9	△23.6	• Balance incl. securitization : ¥2,161.5bn (¥35.9bn) in which, Domestic balance: ¥1,853.5bn (+¥44.3bn) in which, Global balance: ¥303.0bn (-¥7.4bn) • Securitized amount (Domestic only): ¥538.8bn (-¥43.6bn)
Other Assets	1,185.3	+131.0	
Total assets	6,041.6	+260.3	Securities for insurance business: ¥78.3bn (+¥78.3bn)
Deposits	3,915.4	+125.2	[Deposit on AEON Bank] • Ordinary deposits: ¥3,125.9bn (+¥134.7bn) • Time deposits: ¥698.2bn (-¥29.9bn) • Foreign currency deposits: ¥89.6bn (+¥20.1bn)
Interest-bearing debt (excl. deposits)	1,092.4	+27.6	
Other liabilities	573.3	+106.1	
Total liabilities	5,581.3	+259.0	• Domestic balance: ¥64.3.8bn (+¥84.3bn) → Short-term borrowings: ¥236.6bn (+¥139.3bn) • Global balance: ¥448.5bn (-¥56.7bn) ※ Domestic and global amounts include figures for holding company and shared function companies
Total equity	460.3	+1.2	
Total liabilities and equity	6,041.6	+260.3	

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P.8 Consolidated balance sheet.

In the third quarter, operating loans decreased in Japan and overseas due to a decrease in the volume of cash advances and personal loans. On the other hand, loans in the banking industry increased by ¥304.3 billion due to strong housing loans transactions in Japan. In addition, allowance for bad debt increased by ¥23.6 billion from the beginning of the fiscal year, and securities in the insurance business increased by ¥78.3 billion as AEON Allianz Life Insurance became a consolidated subsidiary.

As a result, total assets increased by ¥6,416.6 billion and by ¥260.3 billion at the beginning of the fiscal year.

In terms of liabilities, the amount outstanding of deposits in the banking industry increased by ¥125.2 billion in Japan, such as ordinary deposits as funds for settlement such as credit cards and debit cards, and foreign currency deposits for investment purposes.

In addition, reserve for insurance policy liabilities increased by ¥97.6 billion in connection with the insurance subsidiaries mentioned earlier. Total liabilities increased by ¥5,581.3 billion and by ¥259.0 billion at the beginning of the fiscal year.

As a result, net assets increased by ¥460.3 billion and at the beginning of the fiscal year by ¥1.2 billion.

2. Consolidated results by area



Transaction volumes remained on a recovery trend from the second quarter, and the decrease in the balance of finance receivables is generally bottom-out.

	(unit: billion yen)	Q3		Cumulative Q3		Balance of operating receivables ※2	Increase or decrease at the start of the fiscal year	compared to 2Q
		Transaction volume	YoY (Compared to the same period of the previous year)	Transaction volume	YoY (Compared to the same period of the previous year)			
Domestic	Credit card	1,520.7	94% (95%)	4,443.8	94% (95%)	1,574.5	▲33.6	+26.0
	Card shopping	1,443.4	96% (96%)	4,212.1	96% (97%)	1,128.3	+14.6	+30.3
	Cash advance	77.3	75% (69%)	231.6	74% (72%)	446.1	▲48.2	▲4.3
	Installment finance	54.7	93% (88%)	166.0	91% (89%)	725.1	+29.7	+10.8
	Housing loans ※3	149.9	129% (110%)	459.7	120% (108%)	2,635.4	+317.3	+108.2
Global	Credit card	77.4	71%	229.3	72%	189.1	▲12.5	+2.6
	Card shopping	58.3	79%	169.5	79%	96.3	▲4.7	+2.6
	Cash advance	19.1	55%	59.8	58%	92.7	▲7.7	▲0.0
	Installment finance	22.1	67%	60.0	62%	206.7	▲2.7	▲0.0
	Personal loans	24.9	64%	64.7	53%	230.5	▲18.2	▲0.1

※1 1 The fiscal period is different from the previous fiscal year. Calculated in the same period as this fiscal year ※2 Before securitization

※3 Figures of AEON Bank, including condominium loans for investment.

(unit: million copies)	Cardholders		
	Consolidated	Domestic	Global
Results	46.22	29.29	16.93
Diff start of FY	+0.95	+0.40	+0.55

[Domestic]

• 1,200,000 new card members (79% year-on-year, ▲310,000)

→In the previous FY, there was an impact of the large-scale enrollment campaign.

*For mortgage loans, refinancing consultations and application demand are enclosed in stores and on the web.

[Global]

• Installment finance are recovering in Malaysia mainly on motorcycles.

• Personal loans are reviewed after screening risks in each country.

P.9

Consolidated results by area.

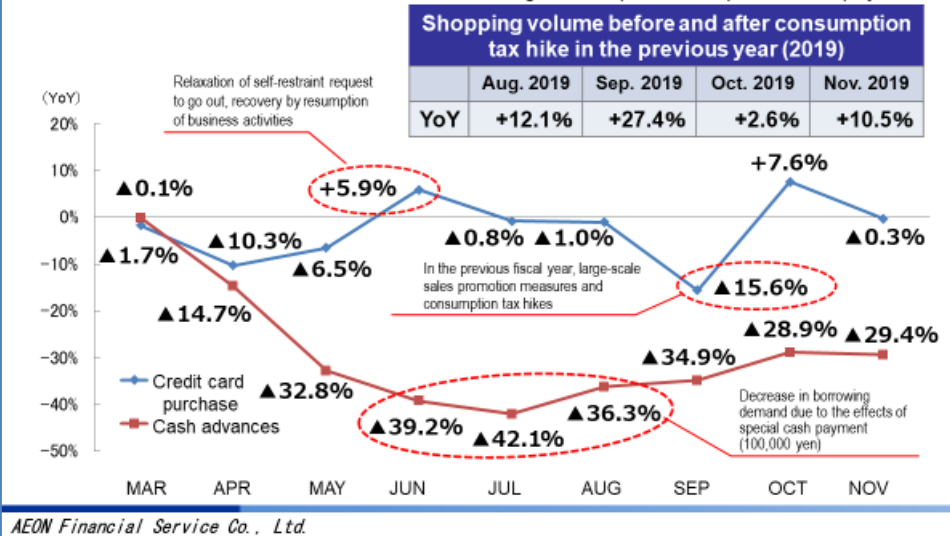
In both domestic and global businesses, the year-on-year rate of change in transaction volumes of various products and the increase or decrease in the amount outstanding of finance receivables decreased across the line due to corona effects such as restrictions on behavior and self-restraint of business. On the other hand, due to the resumption of operating activities and the review of screening standards, which had been temporarily stricter, various transaction volumes were recovering, and the amount outstanding of finance receivables was generally bottomed out in the second quarter, although there were exceptions to domestic cash advances.

With regard to domestic business, there was a one-month difference from the same period of the previous year due to changes in the fiscal year-end in the previous fiscal year. For comparison, the ratio of the same period of the previous year compared to the nine months from March to November of the previous year is also described.

2. Consolidated results by area - Domestic Card Shopping Volume Trends



- Credit card purchase: Due to the impact of consumption tax hike (Oct. 1, 2019), transaction volumes fell the year-on-year rate of change in September, but in October increased in rebound
- Cash advance: There are effects such as shrinking consumption and special cash payment.



P.10

Domestic Card Shopping Volume Trends.

This graph shows the increase or decrease in credit card shopping and cash advances transaction volumes compared to the same month of the previous year.

As for credit card shopping, the self-restraint of going out was relaxed in June, and the transaction volume temporarily recovered. However, due to the re-spread of infectious diseases, self-restraint in some areas mainly in the Tokyo metropolitan area continued, and it was slightly lower than the previous year. In August and September, sales growth in the previous fiscal year was large and generally lower than the same month of the previous year due to the rush-in demand before the consumption tax hike from October 2020 and the effects of the Company's promotional measures implemented in response to this.

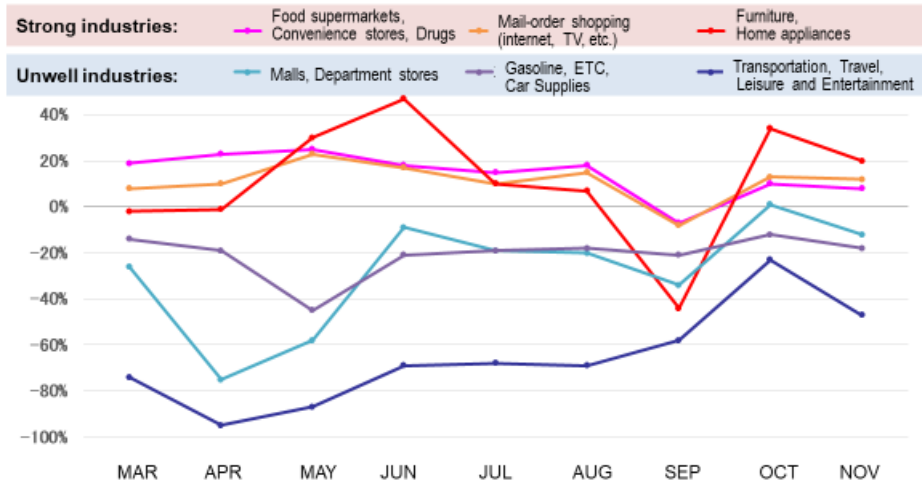
With regard to cash advances, in addition to the reduction in consumption due to the self-restraint of going out and nesting, the transaction volume decreased due to a decrease in borrowing demand due to the effects of the government's special payment.

2. Consolidated results by area - Domestic Card Shopping Volume Trends



- Life-related industries performed well.
- On the other hand, industries that have a large impact on self-restraint are sluggish.

Year-on-year change in volume by industry and business type



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P.11 Domestic Card Shopping Volume Trends.

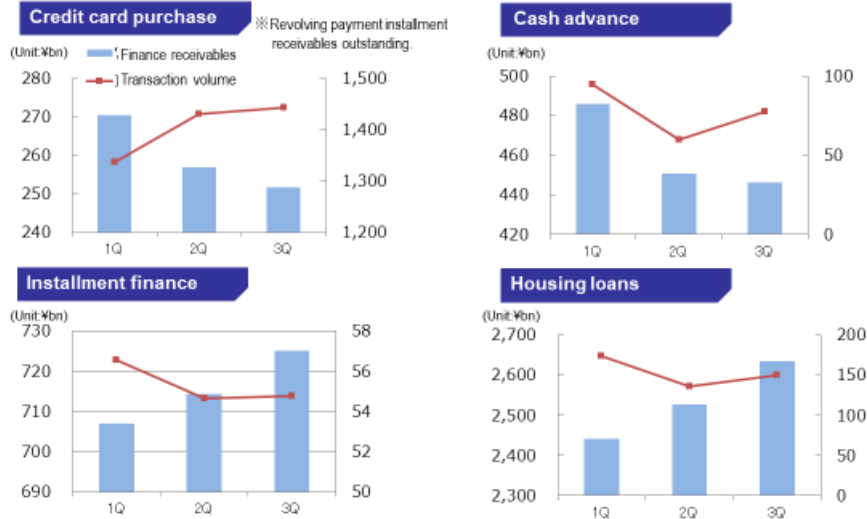
In addition to life-related industries such as food supermarkets and drug stores, such as the AEON Group, mail-order sales, home appliances, and furniture have been booming due to the tailwind of nesting consumption.

On the other hand, with regard to consumption with going out, there has been a decline in the negative range since September due to the temporary convergence of infections and the effects of the government-led GoTo campaign.

2. Consolidated results by area - Trends in various transactions and outstanding receivables (Domestic)



■ In card shopping and cashing, the pace of decline in balances slowed due to an increase in transaction volumes. Installment finance and housing loans firmly accumulated the outstanding of receivables.



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Trends in various transactions and outstanding receivables (Domestic).

In credit card shopping and cash advances, the pace of decline in the amount outstanding of receivables has slowed as transaction volumes have been on a recovery trend.

In installment finance, transaction volumes remained unchanged but the outstanding amount of receivables continued to increase firmly.

Housing loans continued to perform well in the second and third quarters with volumes in the first quarter including March when loan executions were the most concentrated in a year. And the receivables were piling up steadily.

2. Consolidated results by area - Trends in various transactions and outstanding receivables (Global)

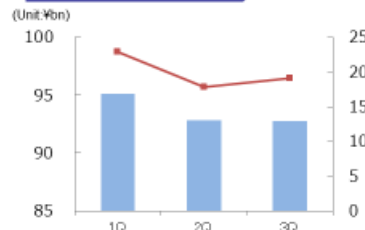


■ Along with the recovery in economic activity, sales of goods (credit card purchase, installment finance) improved. Loans were temporarily revised from the third quarter to stricter examination standards, and transaction volumes recovered.

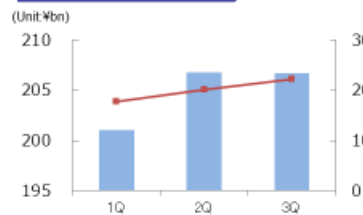
Credit card purchase



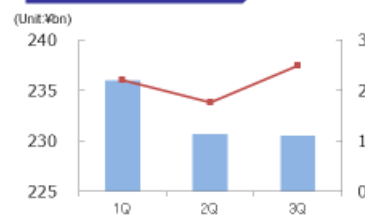
Cash advance



Installment finance



Housing loans



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P.13

Trends in various transactions and outstanding receivables (Global).

Products linked to goods sales such as credit card shopping and installment finance have seen a recovery in business activity and a recovery in transaction volumes and receivables outstanding.

As the company reviewed its temporarily stricter examination standards from the third quarter, loan-related products such as cash advances and personal loans recovered from the second quarter, and the outstanding receivables remained unchanged.

2. Consolidated results by area - Trends in finance receivables (Global)



- Mainly in the first quarter, expenses related to bad debts in preparation for future risks increased, including deferred repayment receivables.
- Since the second quarter, the collection of deferred repayment receivables in Thailand, Malaysia, and other countries has progressed, and costs related to bad debts have decreased.



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P.14

Trends in finance receivables (Global)

In the China Area, Hong Kong where the economic environment continues to deteriorate from the previous fiscal year, has been implementing stricter screening and reserves for bad debts based on future projections, so the contents of receivables have been improved even in the corona disaster.

On the other hand, in the Mekong and Malay Area, the ratio of bad debts to finance receivables increased significantly in the first quarter due to the response to reserves taking into account the risk of future bad debts due to the corona disaster.

However, from the second quarter onwards, due to progress in the collection of deferred debts and the failure to materialize the occurrence of delinquent and bad debts as expected, the amount of additional reserves reserves was limited and returned to the level before the previous fiscal year.

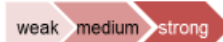
Impact of COVID-19 and main initiatives

P.15

Main initiatives for the current fiscal year are as follows.

3. Effects of the COVID-19

• Behavioral regulations and business conditions



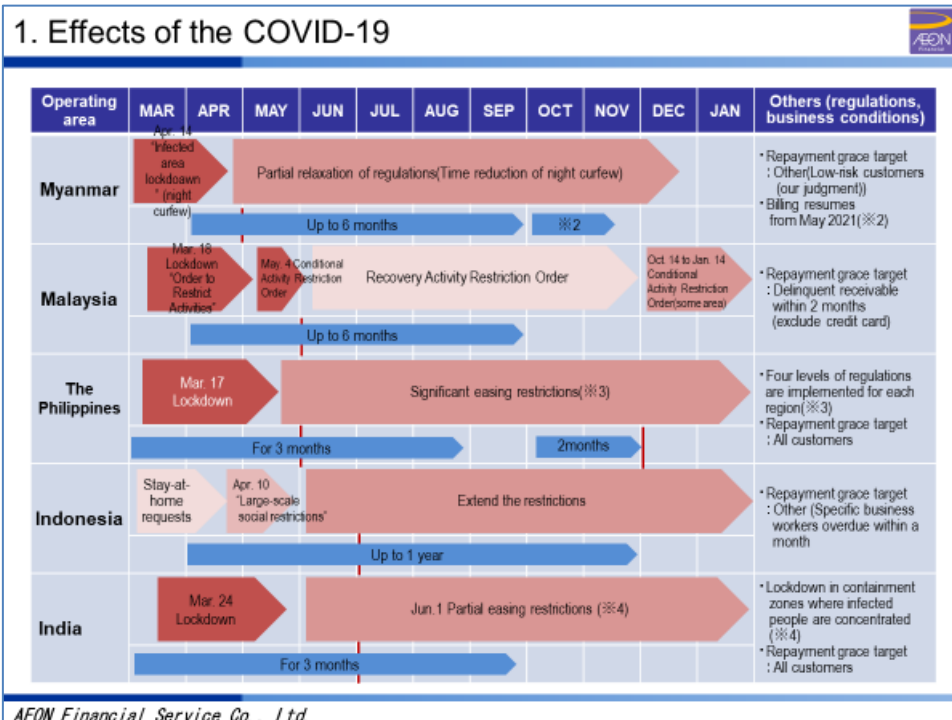
• Repayment grace measures impact period



• Resumption of billing |

※ Description of the situation in areas other than Laos and Vietnam with minor impacts

Operating area	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	Others (regulations, business conditions)	
JAPAN		Apr. 7 Declared the state of emergency	Preventing the spread of infection									Jan. 8 Declared the state of emergency	* From Jan. 8 AEON Malls, AEON Bank continue to operate
Hong Kong		Mar. 26 Restrict entertainment and restaurants, gatherings	Restrictive measures, partial relaxation of assembly regulations								Nov. 16 Re-strengthen entertainment and restaurants, gatherings		-
Thailand		Mar. 26 Declared the state of emergency (No going out at night)	From Jan. 15 Partial relaxation of regulations									Re-strengthening in response to the spread of infection in the prefecture adjacent to the capital	* Repayment grace target : Delinquent receivables within 2 months * Cap interest rate cut from August, Relaxation of the upper credit limits
			For 3 months										
Cambodia		Stay-at-home requests	Preventing the spread of infection									※ 1	* Aeon Mall's first store has reduced its business hours since December due to the spread of infection(※ 1) * Repayment grace target : Delinquent receivable within 2 months
			Up to 6 months										



P.16-17
Effects of the COVID-19.

Here is a list of the situation in countries with a large corona impact.

In the third quarter, some regions in each country had an early convergence of impacts on repayment grace measures at the request of authorities and voluntary responses. the other hand, some regions, such as the Philippines, have not yet seen a convergence period, such as the resumption of repayment grace measures that have been completed.

On January 7, a state of emergency was re-declared in Japan. In addition, due to the spread of infection again in overseas countries, action restriction measures such as extending the declaration of a state of emergency and partially refraining from going out have been taken.

In accordance with the "AEON COVID-19 Disease Control Protocol", which the AEON Group has established as a standard for anti-epidemic measures to protect the safety and security of customers and employees, the Company continues its business activities based on the regulations of each country under thorough anti-epidemic measures.

3. Main initiatives - Domestic



- Develop direct and indirect channels to meet consultation and application needs
- Promote cashless payments by encouraging the spread of touch payments

<p>Stores that take anti-epidemic considerations</p> <ul style="list-style-type: none"> • Facilities for TV consultation and procedures and online consultation services • Antiviral processing store equipment • Establishment of individual 	<p>Online consultation</p>  <p>Customer</p> <ul style="list-style-type: none"> Child store A TV電話 Home WEB <p>Staff</p> <ul style="list-style-type: none"> HQ branches call centers <p>➢ can consult at the store, the booths or at home.</p> <p>➢ Responds to inquiries to the WEB and call centers.</p>
 	<p>Touch payment</p> <p>➢ Cards with touch payment function: 7.5 million (as of the end of November)</p> <p>→ Japan's first to support 3 major international brands (VISA, Master, and JCB)</p> 

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In the domestic business, we have secured social distance at bank's branches, insurance counters, and card recruitment counters, as well as expanded our online reservation system and TV consultation and procedure counters that enable customers to make reservations in advance in response to the growing need for indirect and non-contact.

AEON Bank opened AEON Mall Ageo and AEON Mall Katsuragawa which has antiviral-treated store facilities and customer consultation booths in December.

The number of AEON Cards issued by VISA equipped with touch payment functions which bedded in November 2018 exceeded 7.5 million as of the end of November 2020. Master Card and JCB also be launched in October, realizing touch payment for these three major brands.

We will continue to work together as a group to ensure smooth shopping at AEON Group stores and contribute to the realization of a cashless society.

3. Main initiatives - Global



- Enclosing the top customer base through partnerships with leading external companies
- Strengthen cooperation with local AEON Group retailers

Partnering with leading external companies

【Thailand】 Partner with top companies in each industry

	Retail	Urban Railways	Cashless payments
No.1	CP ALL	BTS (Elevated Railway)	Rabbit card
No.2	Tesco Lotus	MRT (Underground Subway)	True CP
No.3	BIG-C	ART (Directly connected to the airport)	Thai Highway Corporation
Standards	Operating profit	Number of stations	Number of members

Big C World MasterCard (Jul)



Strengthening collaboration with the AEON Group

【Malaysia】

Collaboration with Local Retail AEON Malaysia's Myaeon (AEON Online Mall)

→ Introduced a function that allows to shop on the site using accumulated points



【Indonesia】

Issued by AEON Platinum Card (Oct)

→ Conditionally, the annual fee is free

→ Special benefits at local retail

AEON Indonesia



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Main initiatives – Global.

In Thailand, the Big C Group, a leading local retail group that has been issuing partner cards, and a new platinum card for customers with a high monthly income of 30,000 THB or more have been issued since July. Discounts on the retail group's e-commerce sites are also being added to meet the growing market demand for e-commerce and attract a new online customer base.

In October, we issued AEON Rabbit Platinum Card, a partner credit card with IC ticket function with Thai transportation major group, BTS, which operates elevated railways in the Bangkok metropolitan area. In addition to the touchless payment function, this card comes with benefits such as rail fare discounts and online payment discounts. And it is mainly targeted at middle-income customers living in the metropolitan area or in commuting areas.

In addition, in Malaysia, Indonesia, and other countries where AEON Group retailing is deployed locally, app development, issuance of common points, credit cards benefit to strengthen group collaboration in the local area.

3. Main initiatives - Global



■ Accelerate online access to key products and services

	China Area		Mekong Area					Malay Area			
	HK	CN	TH	KH	VD	MM	LA	MY	PH	ID	IN
Credit card	◎		◎	◎				◎		○	
Personal loans	◎		◎	○		○		◎	◎		◎
Installment finance		◎	◎	○	◎	○	○	○	◎	◎	◎

◎ : Customer-made apps or web supported

○ : Planning for customer-made apps or web support



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In addition, in the global business, there is a growing need for indirect and no contact operations in the event of a novel coronavirus infection, so we are accelerating online measures.



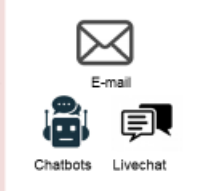
As you can see, in 10 overseas countries and regions, transactions with customers, mainly credit cards, personal loans, and installment finance are available through apps or on the web or are planning to be introduced.

We will make further efforts to continue business and improve efficiency through apps and the web in indirect approach of services.

3. Main initiatives - Domestic and Global



- Reduce screening time and improved accuracy by utilizing identity verification (eKYC)
- Introduction of remote work and remoteization of sales structure

Optimization of screening	Remoteization of sales structure
<p>【Domestic】 Introduced online identity verification when applying for AEON Bank cash card and CASH+DEBIT card →Internet banking and foreign currency transactions will be available from the day after application at the shortest possible time</p>  <p>【Global・Malaysia】 Motorcycle loans, auto loans, and home appliance loans will be introduced identity verification (eKYC) in September as an effort to automate screening at merchant stores.</p>	<p>Group companies introduce remote work as BCP support →Network development and device distribution in a home environment enable the company to carry out HQ operations</p>  <p>Disaster Preparedance Support System</p> <p>> In the future, we plan to expand to customer operations by introducing system infrastructure and utilizing non-voice channels.</p>  <p>E-mail Chatbots Livechat</p>

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The following are the credit screening and work-related initiatives.

In Japan, we introduced identity verification (eKYC) when applying for AEON Bank cash card and CASH +DEBIT card on October. As a result, in addition to security improvements such as prevention of impersonation by third parties, procedures such as mailing documents were omitted. Services such as internet banking and foreign currency transactions are available from the day after application at the shortest possible time, leading to improved convenience.

In Malaysia we have been automating screening by introducing identity verification (eKYC) at motorcycle loans, auto loans, and home appliance hire purchases merchants in September.

In addition, as a BCP response, we worked on work style reforms for employees through remote work and satellite work at group companies in Japan and overseas.

In the future, by introducing system infrastructure and utilizing non-voice channels, we will automate and improve efficiency in customer response such as call centers, screenings, and collection operations, and work to achieve both improving customer satisfaction and reforming the profit structure.



Revision of full-year earnings forecast

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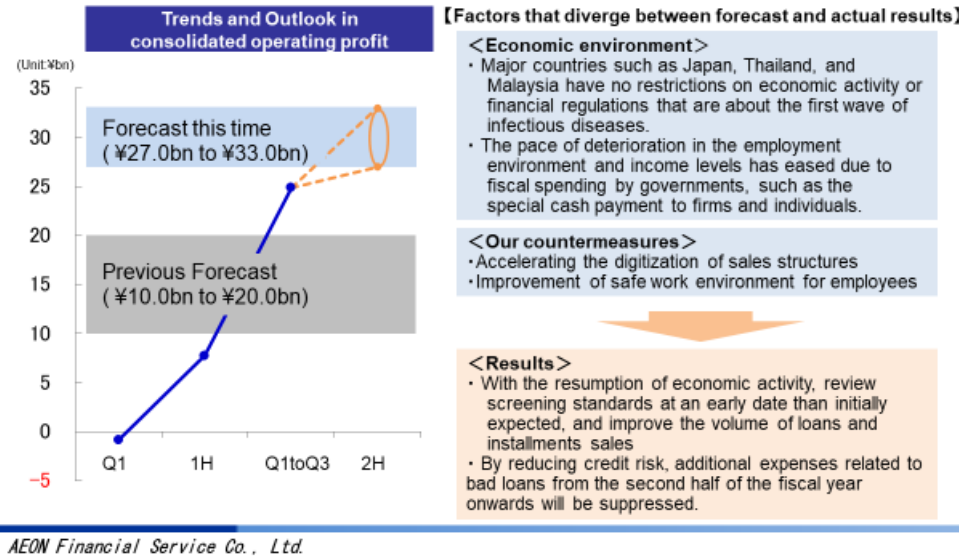
Finally, we announced revision of earnings forecast today.

Full-year consolidated earnings forecasts will be explained on the next slide.

4. Full-year earnings forecast – Progress in performance against company plans



- Consolidated financial results for the third quarter were higher than previously expected.
- The revised forecast continues the range format in view of concerns about the spread of infectious diseases in the third wave.



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As shown in the graph on the left side of the page, consolidated operating profit for the third quarter was higher than the previous forecast in gray.

The deviation between the original assumption and actual results is as described on the right side of the page. The company's efforts to digitize its sales structure in corona disaster and the relatively early transition to the recovery phase in the economic environment in major countries have led to a recovery phase, resulting in a recovery in transaction volumes and receivables outstanding. This was due to performance trends exceeding initial expectations, such as the reduction of credit risk and the additional occurrence of loan loss-related expenses.

4. Full-year earnings forecast -



(Unit:Yen)

	Full-year FY2020			
	Operating revenue	Operating profit	Ordinary profit	Profit attributable to owners of parent
Previous Forecast (A)	460.0bn	10.0— 20.0bn	10.0— 20.0bn	5.0— 10.0bn
Forecast this time (B)	470.0bn	27.0— 33.0bn	27.0— 33.0bn	11.0— 14.0bn
Change(B-A)	10.0bn	13.0— 17.0bn	13.0— 17.0bn	6.0— 4.0bn
(Reference) FY2019	457.2bn	65.0bn	65.7bn	34.1bn

※ Dividends are reviewed at an appropriate time after assessing the certainness of the earnings outlook

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The revised earnings forecast figures are as shown in the chart.

The revised consolidated earnings forecasts are still disclosed in a range format due to uncertainty over the outlook for financial results due to the effects of the third wave of the spread of infectious diseases at the time.

The company plans to disclose the upward revision of its dividend forecast after assessing the accuracy of its full-year results for this fiscal year and its forecast for recovery from the next fiscal year onwards.

QAs

■ Mr. Watanabe, analyst at Daiwa Securities

Q: Ordinary profit for earnings forecasts in the range announced. Please tell us about the assumptions of the upper and lower limits. Is the uncertainty of fluctuations in topline, promotional and credit costs involved?

A: Basically, it is at the top line. In view of the status of the declaration of a state of emergency in Japan and the situation in Thailand and Malaysia, profits have been announced in the range. Credit costs and promotional expenses were expected to be up to the third quarter. We do not expect a particularly large increase in costs. In addition, the company's burden is come by campaigns such as campaigns with point doubling, but we do not expect a large amount of accounting in the fourth quarter.

Q: Could you tell us your thoughts on dividend planning and payout ratio? Are you looking at earnings for the current fiscal year or profit levels for the next fiscal year and beyond? When is the ¥68 expected to be achieved?

A: Rather than how much ordinary profit will be, we would like to raise the figure from ¥23 this fiscal year as the effects of the new coronavirus infection are expected to be prolonged. However, we would like to return as soon as possible, assessing the level at which net income will be at, whether it will be the content of profits that can continue to grow profits, and what will happen to the risk of additional occurrences in bad debts. It is difficult to return to ¥68 this fiscal year. We want to bring it back by 2022, but there are many uncertainties here due to corona. We are promoting digital, indirect, non-contact, and e-commerce initiatives both in Japan and overseas, and we want to maintain our business, establish a system that can expand over the long term, and grow.

■ Ms. Tsujino, analyst at Mitsubishi UFJ Morgan Stanley Securities

Q: Ordinary profit and net profit for earnings forecasts are weak in the fourth quarter, based on the cumulative results for the third quarter. It looks like conservative earnings forecast with credit costs reserved in countries with lockdowns similar to the first quarter. How much do you think you need to make as a credit cost in this uncertain situation?

A: The future situation of credit card shopping volumes and the balance of cash advances in domestic in particular have fallen. In view of the top line, this time we are announcing conservative earnings forecast.

Especially, the balance of domestic cash advances is large. it has been decreasing since the beginning of the period. We want to return this as soon as possible, but it is a risk that the usage will fall due to the declaration of a state of emergency due to the effect of coronavirus. In addition, clusters have

occurred in Thailand and Malaysia, and the situation in corona has deteriorated, such as the declaration of a state of emergency. There is a possibility that the situation of the balance will be the same as in Japan in the future. We don't know what will happen, so conservative earnings forecast is settled.

Q: When the dividend is returned to ¥68 depending on the expected figures for the next fiscal year and beyond.

A: We think that the situation will continue to be severe in the next fiscal year and beyond. It is difficult to return to 100% and ¥68 as soon as possible, but we would like to have a system that can be returned as soon as possible, because we must respond to changes in the market that have been digitized and coronaized. There is also investment, so it is difficult to return 100% sustainably.

■ Mr. Hara, analyst at SMBC Nikko Securities

Q: Could you tell us about the factors behind the rise in the NPL in Thailand and Malaysia and the prospects for the future?

A: We are made allowances for delinquent. Counseling was provided except when it was arbitrarily repaid in Malaysia. Some of it is flowing into delinquent. However, we think that these will also be within the expected range. Thailand is better than expected, but there is a possibility of an increase if the situation worsens in the future. As for the new ones, we have started dealing with customers who have higher creditworthy than before, and we are responding with a slightly lower loan.

Q: Could you tell us about the prospect of bad loans in Japan in the future?

A: In Japan, the problem of unemployment and income decline is limited in part, but it is beginning to affect food and drink and travel industry. Reserves have already been made for existing loans, and new loans have been suppressed. we think that it will be within the scope of our assumptions.

■ Mr. Sato, analyst at Mizuho Securities

Q: Why is operating revenue not disclosed in a range format. In addition, is the re-issue of the state of emergency declaration factored into the earnings forecast? Is the provision for interest repayment factored in?

A: Operating revenue is not in the range because it is unlikely that earnings forecasts and actual results will not be diverge more than ¥10 billion. In addition, AEON Allianz Life's performance has been recorded in the PL, and this part has filled the negative range of the impact of the novel coronavirus. The earnings forecast announced this time is a figure that factors in the impact of the declaration of a state of emergency in Japan. Provisions for interest repayment are included in the fixed-rate performance for each fiscal

year.

Q: Will the schedule and content of the next medium-term management plan change significantly in the future due to the impact of the third wave of the new coronavirus?

A: In the circumstances of coronal disaster, we have been assembling a medium-term management plan for a year. While the impact of the third wave is becoming significant, there has been no significant change in the schedule of formulation. We recognize that the impact of corona will not be over in a year's time, so we are proceeding with the formulation on that premise.

■ Mr. Niwa, analyst at Citigroup Global Markets Japan

Q: What kind of products should we think about caching in Japan from next fiscal year onwards? Also, please tell us if there is any change in customer usage patterns.

A: The decrease is due to the decrease in the number of opportunities to spend money on travel and other outings. On the other hand, its use as a supplementary fund for daily life is increasing. There is no significant change in the cost per use of customers. I think that the way of using money will change in the future, but there are various needs for enjoying life in the future, so we would like to implement it while working with various merchant stores.

Q: I've heard that housing loans customer needs are generally firm. From next fiscal year onwards, I would like to ask if it can be positioned as a core product and that sustainable profits will be firm through the securitization of receivables, etc.

A: Housing loans used to have large number of refinancing customers, but since last spring, the number of new customers has increased. Currently, 60 to 70 percent are new, and this situation will continue for some time. Housing loans receivables are securitized and funded because the term is long. In November, the company began selling small amounts as a joint monetary trust. In addition to lending as loans, it also responds to investment needs that are different from stocks and investment trusts.