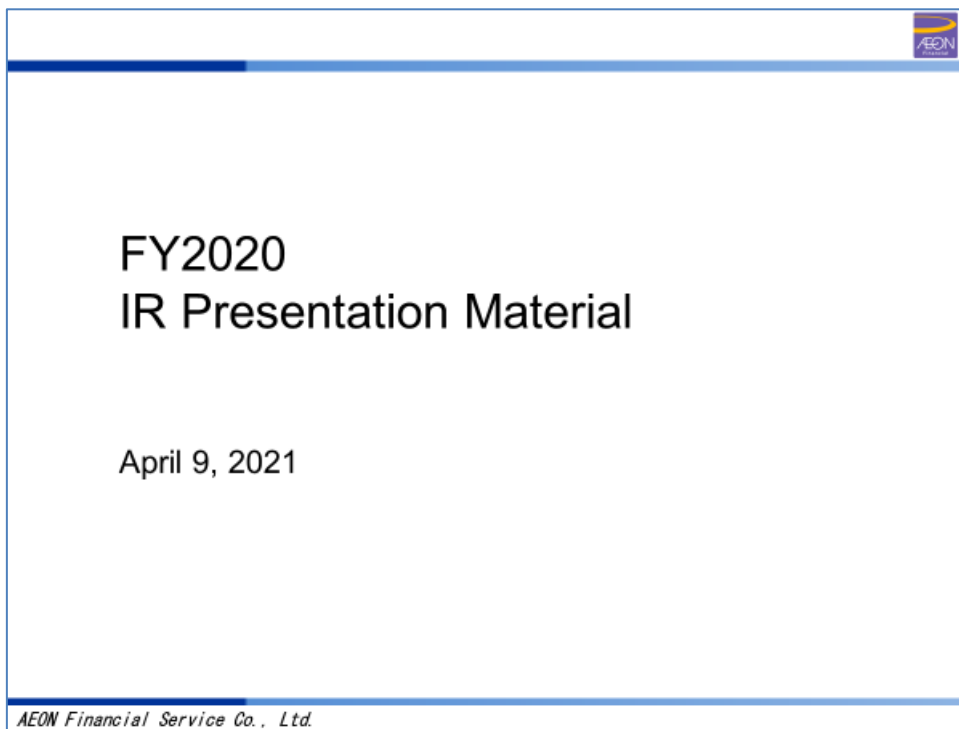


This is an abridged translation of the original Japanese document and is provided for informational purposes only.
If there are any discrepancies between this and the original, the original Japanese document prevails.

Results for the FY2020

Scripts and QAs

Scripts



P.1

Key points of the announcement of this financial results



Q4 Earnings Summary

- Consolidated financial results for the full year were increased revenue and decreased profit.
- Total operating receivables increased from the beginning of the fiscal year, mainly for domestic housing loans and auto loans.
- In the fourth quarter, the negative impact of the third wave of infection was lower than expected. In some countries, delinquent loans decreased due to benefit re-payment, etc., and costs related to bad debts were reduced.
- Operating revenue, profit and net income increased from the previous forecast (January 13, 2021) and raised the dividend forecast.

FY2021 Earnings · Dividend Forecasts

- After considering the impact of the corona in the previous fiscal year (such as a decrease in the outstanding balance of high-yielding receivables and a reduction in the interest rate cap) and the upfront burden of growth investments in the new medium-term management plan, earnings forecasts for this fiscal year are expected to increase operating revenue and profit.
- Taking into account the balance between growth investment and profit growth, dividend forecasts are expected to increase.

AEON Financial Service Co., Ltd.

P.2

- First of all, before explaining this material, I would like to explain the main points related to the results of the previous fiscal year and the results and dividend forecasts for the fiscal year ending February 28, 2021.
- Consolidated financial results for the fiscal year ended February 28, 2021 increased revenue and decreased profit.
- Consolidated operating receivables increased from the beginning of the fiscal year, mainly for domestic housing loans and auto loans.
- In addition to the lower-than-expected impact of the third wave of covid-19, some countries reduced delinquent loans due to the effects of benefits re-payment, etc., and suppressed bad debt-related expenses.
- As a result, operating revenue, operating income, and profit attributable to owners of parent further exceeded the earnings forecast revised upward on January 13.
- The year-end dividend has been revised upward from the forecast of 12 yen to 23 yen at the end of the fiscal year and from a total of 23 yen to 34 yen per year.
- For the fiscal year ending February 28, 2022, we expect to increase revenue and profit, as well as dividend forecasts.



1. Consolidated results by segments
2. Consolidated results by area
3. Overview of the new medium-term management plan
4. FY2021 earnings forecasts

【Period of consolidated results in financial statements for the previous fiscal year】

Due to changes in the fiscal year (from the end of March to the end of February), the period of consolidated results of the Company and some domestic subsidiaries (AEON Bank, AEON Credit Service, and three other companies) are as follows:

- This consolidated fiscal year (March 1, 2020 - February 28, 2021) for 12 months
- The previous consolidated FY (April 1, 2019 – February 29, 2020) for 11 months
(The year-on-year ratio is compared to the 12-month conversion figure for the previous consolidated fiscal year)

In the Global business, all subsidiaries have closed their financial results by February from before the change in the financial year, both the consolidated fiscal year and the previous consolidated fiscal year include local 12-month financial results.

AEON Financial Service Co., Ltd.

P.3

- The explanations are in the order you see on screen.

1. Consolidated results by segments - Deviations from company forecasts



【Factors that diverge between forecasts and actual results】

< 4Q assumptions at the time of forecast announcement >

- In major countries such as Japan, Thailand, and Malaysia, the closure of commercial facilities and business hours have been shortened due to strict economic restrictions due to the third wave of infection.
- Credit risk increased due to the deterioration of the employment environment, the activation of deferred repayment measures, and the suspension of debt collection activities.



< Actual 4Q situation >

- Restrictions on activities may be stricter or re-issued in some countries, but the impact on handling volumes will be limited.
- Credit risk has been reduced, mainly in Malaysia, where permission to re-pay benefits and partially draw out pension reserves has been issued, and additional costs related to bad loans have been reduced.

	Forecast	Results	Change	Percentage
Operating revenue	¥470.0bn	¥487.3bn	+¥17.3bn	+3.7%
Operating profit	¥27.0 to ¥33.0bn	¥40.6bn	+¥76 to ¥13.6bn	+23.2 to 50.6%
Profit attributable to owners of parent	¥11.0 to ¥14.0bn	¥17.6bn	+¥3.6 to ¥6.6bn	+26.4 to 60.9%
Net profit per share	¥50.97 to ¥64.87	¥81.99	+¥17.12 to ¥31.02	+26.4 to 60.9%

AEON Financial Service Co., Ltd.

P.4

- First, I would like to explain the difference between full-year consolidated earnings forecasts and actual results.
- When we announced an upward revision to our earnings forecast on January 13, we were in a situation where we could not predict that some economic activity restrictions would be issued due to the effects of the third wave of the novel coronavirus infection.
- However, sales promotion planning in collaboration with AEON Group retailers and shopping volumes on e-commerce sites remained strong, and the impact on the top line was limited.
- In addition, governments implemented support measures such as the payment of benefits to companies and individuals, and overseas subsidiaries advanced in screening and debt collection, and the increased control of credit risk improved the collection rate and suppressed the additional occurrence of bad debt-related expenses.
- As a result of these initiatives, operating revenue, operating profit, ordinary profit, and profit attributable to owners of parent for the full year were all higher than expected.

1. Consolidated results by segments - Main initiatives (Domestic)



- Develop face-to-face and non-face-to-face channels to meet consultation and application needs
- Promotion of cashless payments by promoting the spread of touch payments

<p>Anti-epidemic measures</p>	<p>Online consultation</p>	<p>Self-consultation booth</p>
		
<p>Touch payment</p>		<p>Online credit card statement</p>
<p>➢ Credit cards with touch payment function : 8.66 million (as of the end of February) → Major international brands (VISA, Master, JCB) The correspondence is the first in Japan</p> 		<p>• From NOV 2019 statement , Aeon card statements are shifted to online. • From NOV 2020 statement , all Aeon card statements are shifted to online. → February 2021 statement (Apr 2 withdraw) online ratio: 84.3% (2.6 times before online announcement (MAR 2019statement))</p>

AEON Financial Service Co., Ltd.

P.5

- Next, I would like to explain the main initiatives for the current fiscal year.
- In the fiscal year ended February 28, 2021, we accelerated our digitalization efforts to respond to the lives and behaviors of customers that have changed due to the effects of the novel coronavirus infection.
- In the domestic business, we have secured social distance at branches such as banks, insurance counters, and credit card recruitment counters, as well as expanded our online reservation system and TV consultation and procedure counters that allow customers to make reservations in advance in response to the growing need for non-face-to-face and non-contact contact.
- In addition, AEON Bank has set up an online consultation booth at AEON TOWN Fujimino, which opened in November, where customers can consult with personnel non-face-to-face.
- In addition to VISA cards equipped with touch payment functions, which bedded in November 2018, Mastercard and JCB cards were also issued in October 2020, and the number of AEON cards issued was 8.66 million as of the end of February.
- In addition, with regard to online statement service that started in November 2019, some partner cards were also supported from November 2020, so all of our issued credit cards have been completed.

1. Consolidated results by segments - Main initiatives (Global)



- Promotion of service offering centered on smartphone apps
- Strengthen cooperation with local AEON Group retailers and leading external companies

Online service-delivering channels

【HK】
Online-complete
personal loans



【TH】
Digital Personal Loans
→ service with only a
single app (cardless)

【MY】
Expand app's function
(Immediate issuance of
electronic money)



Strengthen collaboration with companies inside and outside the Group

【TH】
Issued collaboration cards with major retail
and transportation companies.



【MY】
Collaboration with Local Retail AEON
Malaysia's Myaeon (AEON Online Mall)
→ Use accumulated points for purchasing
on the site



AEON Financial Service Co., Ltd.

P.6

- Next is about Global business initiatives.
- In the fiscal year ended February 28, 2021, we promoted the providing of services centered on smartphone apps in each country.
- In Thailand, we issued the Premium Card "Big C World MasterCard", which will be the second partner card with major retail Big C in July, and in October, "AEON Rabbit Platinum Card", a partner credit card with IC ticket function, which is the first partner card with Thai transportation major group (BTS) operating high railways in the Bangkok metropolitan area.
- These credit cards are mainly for middle- and high-income customers living in the city center, and aim to attract a new customer base with high online shopping frequency by granting benefits such as online payment discounts.
- In Malaysia, in cooperation with the local retail business and AEON Malaysia's online shopping site, we are working to strengthen cooperation with AEON Group companies in each country where we are developing, such as by introducing a function that allows to shop using the points customer have accumulated.

1. Consolidated results by segments - Full-year results

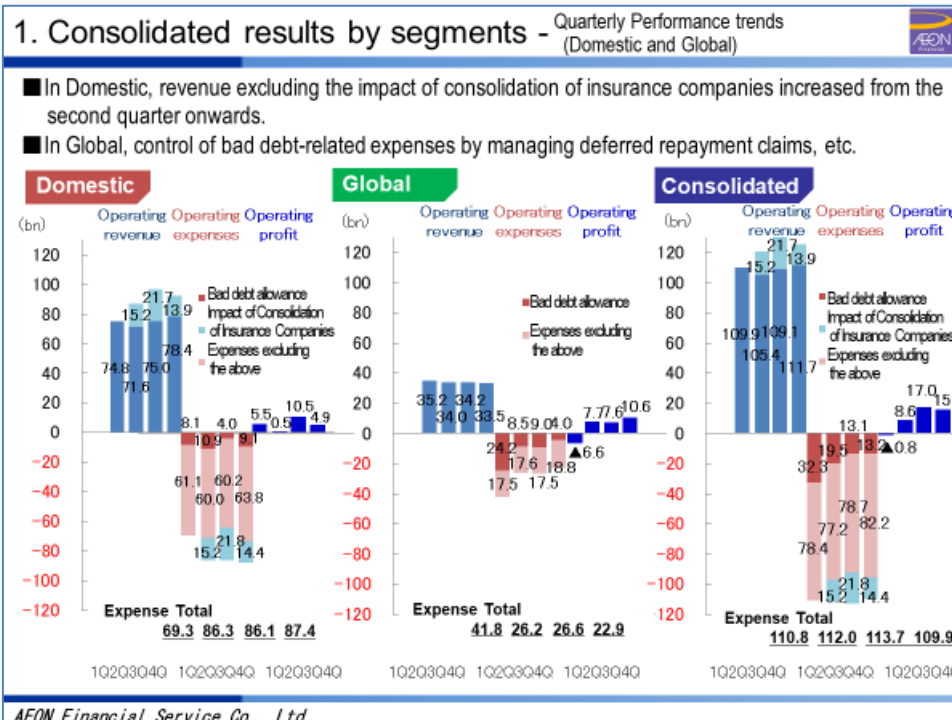


(Unit: Billions of yen)	Domestic			Global Total ※1	China Area	Mekong Area	Malay Area	Consol. Total ※3	
	Total ※1	Retail ※2	Solution ※2						
Operating Revenue	350.9	230.2	182.7	137.1	15.5	73.8	47.6	487.3	
YoY	116%	124%	101%	89%	82%	88%	92%	107%	
Change	+48.9	+43.8	+1.0	△17.8	△3.3	△10.2	△4.2	+30.0	
Operating Profit	21.6	4.6	16.6	19.4	4.5	10.7	4.1	40.6	
YoY	59%	31%	70%	66%	77%	63%	66%	62%	
Change	△14.7	△10.3	△7.0	△9.8	△1.3	△6.3	△2.1	△24.4	
Operating Profit Ratio	6.2%	2.0%	9.1%	14.2%	29.2%	14.5%	8.8%	8.3%	
YoY	△5.9pt	△6.0pt	△3.9pt	△4.7pt	△3.1pt	△2.3pt	△4.8pt	△5.9pt	
※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: ¥13.9 bn (year-on-year difference -¥15.9 bn)								Profit attributable to owners of parent	17.6
								YoY	52%

AEON Financial Service Co., Ltd.

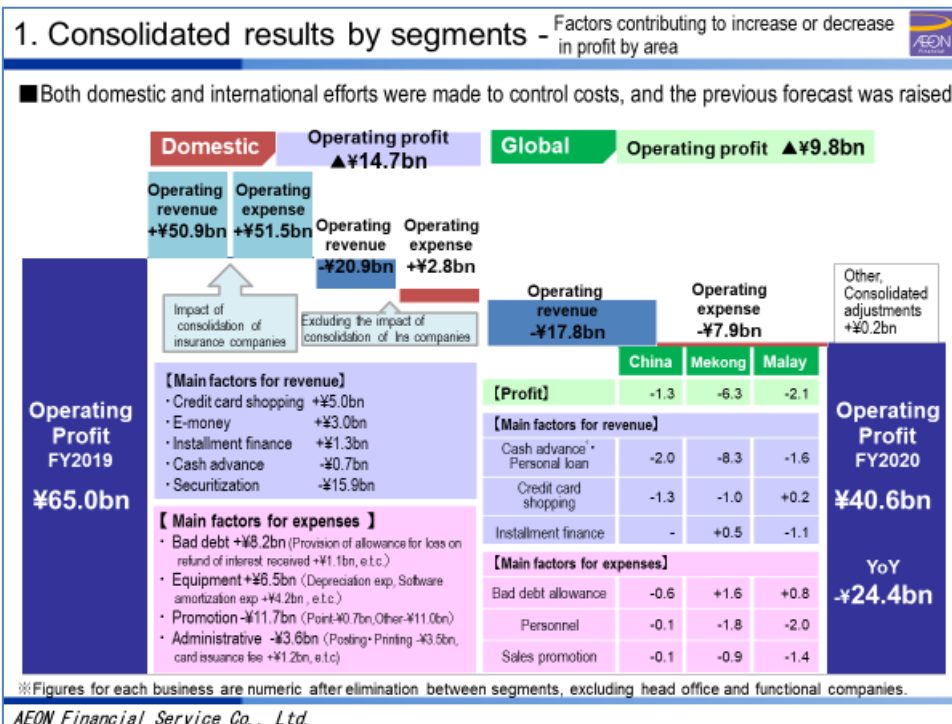
P.7

- In the domestic business, operating revenue increased due to the impact of the in-house revenue of AEON Allianz Life Insurance Co., Ltd., which has become a consolidated subsidiary for the current fiscal year, from the second quarter, and an increase in fee revenue due to the expansion of WAON's handling volume mainly at AEON Group's food supermarkets, which have strong sales.
- While efforts were made to control costs, such as by reducing sales promotion expenses and reducing mailing and printing costs due to online statement of AEON card, operating revenue in Japan was 59% year-on-year due to the cost impact of the consolidation of insurance companies mentioned earlier, a decrease in profit on securitization of receivables, and an increase in loan-related expenses.
- In the Global business, both operating revenue operating profit were affected by coronavirus, but in addition to efforts to reduce expenses such as personnel costs and sales promotion expenses, in the first quarter, loan loss-related expenses recorded in advance in preparation for future delinquent and bad debt risks were continued to be restrained by focusing on the management of delinquent and repayment grace obligations from the second quarter onwards. Operating revenue for the full year has improved significantly from the same period last year for the first half of the fiscal year.



P.8

- In the domestic business, operating revenue has increased since the second quarter in existing businesses excluding the consolidated impact of AEON Allianz Life Insurance Co., Ltd.
- The impact of consolidation of the insurance company on revenue and expenses is about the same level, and there is little profit impact.
- In addition, loan loss-related expenses were re-issued mainly in the second quarter, but expenses were restrained in the third quarter due to the progress in repayment of delinquent loans due to the effects of special cash payments and other factors. In the fourth quarter, provisions for future interest repayments are provisioned.
- In the Global business, expenses related to bad debts were largely recorded in the first quarter in preparation for future loan losses, but from the second quarter onwards, expenses have been restrained by responding to and managing deferred claims.



P.9

- Operating profit is mainly indicated as a factor of increase or decrease, but as you can see, the decrease in operating revenue in both Domestic and Global is a factor in the decline in operating revenue.
- In response to the decline in revenues, operating revenue touched down above the previous forecast by promoting initiatives to eliminate repayment grace claims and controlling bad debts, in addition to restraining promotional and administrative expenses in Japan and personnel and promotional expenses in Global.

2. Consolidated results by area



■ Affected by the corona disaster, the decline in the amount outstanding of receivables in Global business has been on a recovery trend.

	(unit: billion yen)	Q4		Cumulative Q4		Balance of operating receivables ※2	Increase or decrease at the start of the fiscal year	compared to 3Q
		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	1,533.2	146% (94%)	5,977.0	104% (95%)	1,449.2	△137.8	△104.2
	Card shopping	1,464.6	149% (95%)	5,676.8	106% (97%)	1,041.4	△72.2	△86.8
	Cash advance	68.5	105% (73%)	300.2	79% (72%)	428.8	△65.6	△17.3
	Installment finance	52.4	147% (95%)	218.4	100% (90%)	708.2	+12.8	△16.8
	Housing loans ※3	139.6	153% (105%)	599.4	126% (107%)	2,680.6	+406.9	+95.9
Global	Credit card	80.3	73%	309.7	73%	190.7	△10.9	+1.6
	Card shopping	62.0	80%	231.5	80%	97.7	△3.3	+1.4
	Cash advance	18.3	57%	78.1	58%	92.9	△7.5	+0.1
	Installment finance	22.2	63%	82.2	62%	207.9	△1.4	+1.2
	Personal loans	25.1	72%	89.9	57%	230.6	△18.1	+0.0

※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	46.13	29.45	16.68
Diff start of FY	+0.86	+0.56	+0.30

【Domestic】
 ・1,610,000 new card members (80% year-on-year, ▲390,000)
 →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.10

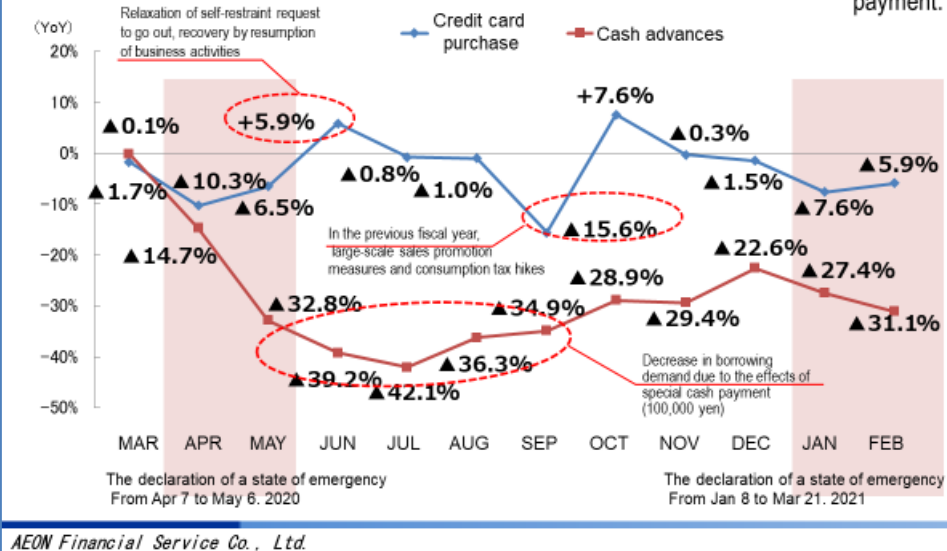
- As for domestic business, due to the change in the fiscal year-end in the previous fiscal year, there is a difference of one month from the same period of the previous year, so for comparison, the ratio of the previous year compared to the 12 months from March 2019 to February 2019 is also described.
- In both Domestic and Global, the volume of major products transactions were affected by coronavirus, including restrictions on behavior and self-restraint of business.
- With regard to Global business, the decline in the balance of Global business has been on a recovery trend due to the resumption of economic activities and the review of screening standards that have temporarily become stricter.

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



■ Credit card purchase: During the period of the declaration of a state of emergency, consumption in particular shrank.

■ Cash advance: There are effects such as shrinking demand for funds and special cash payment.



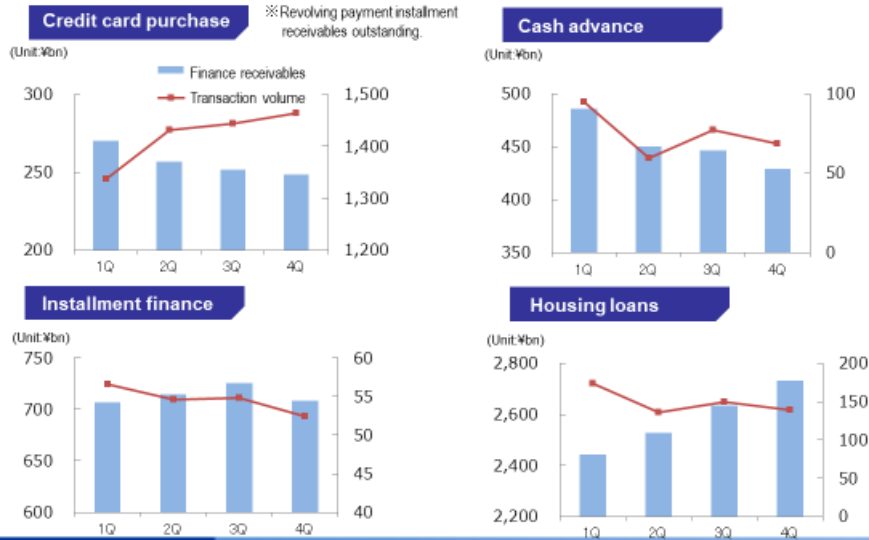
P.11

- The period of emergency declaration indicated by the red band is particularly affected by the transaction volume.
- With regard to credit card shopping, there were significant undulations in August and September, but this was due to the impact of the rush-in demand before the consumption tax hike from October 2010 and the reactionary effects of the promotional measures implemented by the Company in response to this.
- With regard to cash advance, the amount handled from June to August, when the government's special cash payment were paid, was affected by a decrease in borrowing demand.

Domestic - Trends in various transactions and outstanding receivables of main products



- Card shopping volumes were on a recovery trend.
- Housing loans volumes remained strong and firmly accumulated the outstanding of receivables.



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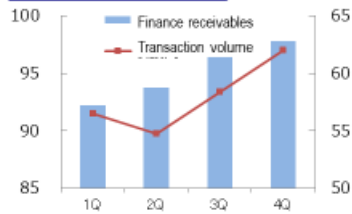
P.12

- With regard to credit card shopping, the pace of decline in the amount outstanding of receivables has been slowing, as transactions have been on a recovery trend.
- With regard to installment finance and housing loans, the amount transaction has remained unchanged due to seasonal factors, but the amount outstanding of receivables has exceeded the balance at the beginning of the fiscal year.

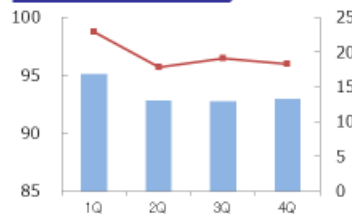


- Along with the recovery in economic activity, sales of goods (credit card purchase, installment finance) improved.
- Loans were temporarily revised to stricter examination standards, and the decline in loan balances bottomed out.

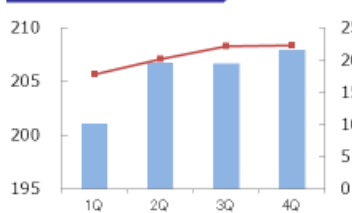
Credit card purchase



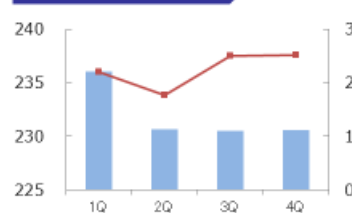
Cash advance



Installment finance



Housing loans



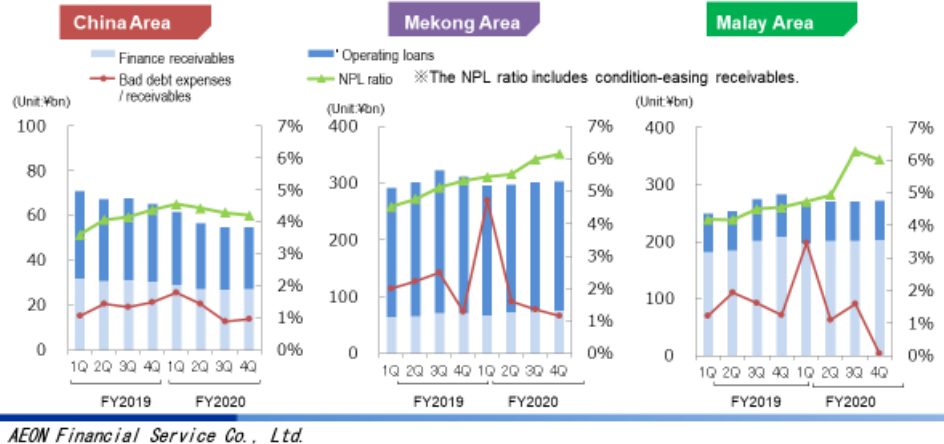
P.13

- Products linked to sales such as credit card shopping and installment finance have seen a recovery in economic activity and a recovery in transaction volumes and debt balances.
- In the third quarter, we reviewed the screening standards for loans such as cash advance and personal loans, which had been temporarily stricter, and the decline in the amount outstanding of operating receivables has bottomed out.

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 Q3, the collection of deferred repayment receivables in Thailand, Malaysia has progressed, and costs related to bad debts remained at a low level, even as the NPL ratio increased due to the delinquent progress of some loans.
- In the Q4, the collection ratio of newly delinquent and existing delinquent loans improved due to the re-payment of benefits in Malaysia and a partial pension reserves program. The ratio of bad debt expenses compared to the outstanding receivables has decreased significantly.



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P.14

- In China Area, Hong Kong has been implementing stricter screening and reserves for bad debts based on future forecasts even before the corona disaster, so the contents of claims have been improved even in the corona disaster.
- In the Mekong and Malay Area, the ratio of bad debt expenses to the outstanding operating receivables increased significantly due to the response to reserves for bad debts in the first quarter.
- However, from the second quarter onwards, due to progress in the collection of deferred receivables and the failure to materialize the occurrence of arrears and bad debts as expected, the amount of additional reserves has been limited and has returned to the level before the previous fiscal year.
- In particular, in Malaysia in the fourth quarter, in addition to the government's re-payment of benefits, the activation of a partial pension reserves program, led to a decrease in the occurrence of new arrears and the improvement of existing delinquent loans.
- In the Mekong and Malay Area, the NPL ratio from the third quarter onwards is on an upward trend due to the reaction to the repayment grace measures from the first quarter to the second quarter, but we do not think that it is within the scope of the assumption and that it is not necessary to accumulate additional reserves urgently.

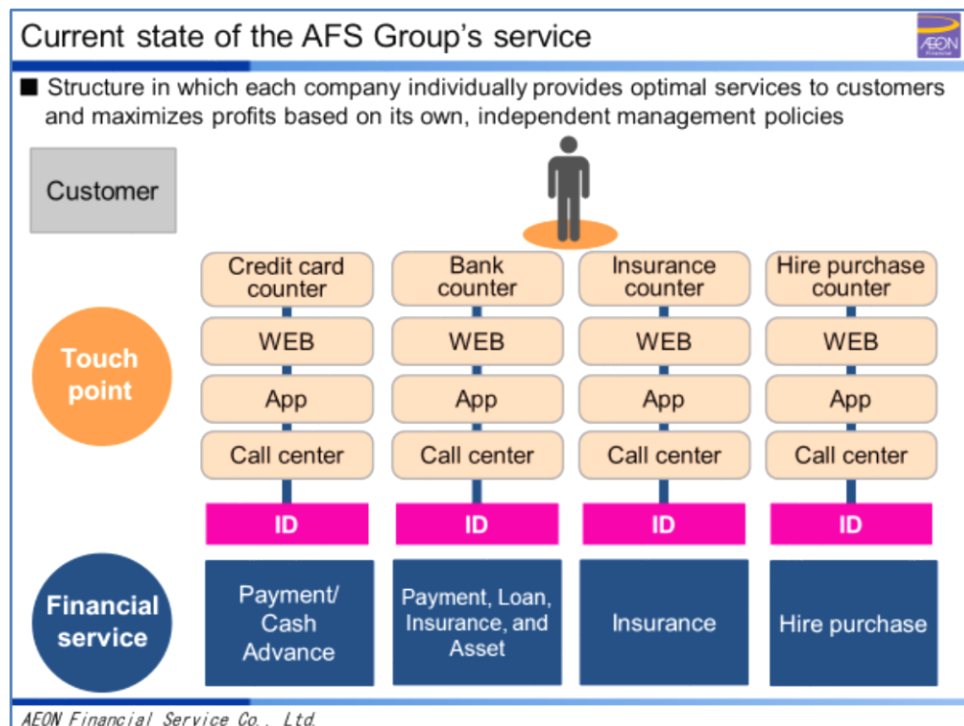


Summary of the medium-term management plan <FY2021-2025>

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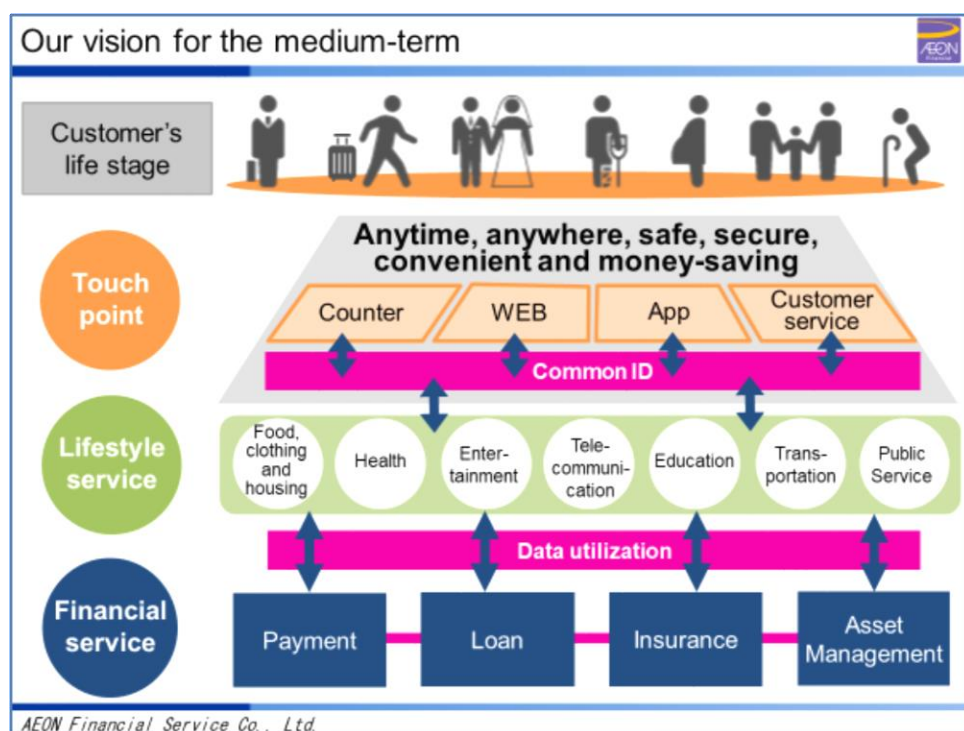
P.15

- I will briefly explain the summary of AEON Financial Service's medium-term management plan from FY2021 to FY2025.
- First, I will explain the changes in the environment surrounding our customers and our company.
- In Japan, the competitive environment and our competitors have changed drastically due to the promotion of cashless payments and the entry of players from different industries into the financial market such as telecommunication carriers and platform providers.
- Fees that have previously supported earnings are now exposed to competitive reductions, while conditions for interest income is expected to remain tough as interest rates continue to be low.
- Economic growth is expected to continue in Asian countries, but as customers' standard of living rises, their needs will change and labor costs will rise.
- In particular, there has been a rapid rise in smartphone use, and for us to continue being chosen by customers as the provider of financial services in such environment, there is an urgent need for the swift introduction of digital technology.
- Adding to this, the spread of the new coronavirus has dramatically changed customers' lifestyles both in Japan and abroad.



P.16

- In this environment, up until now, each company has used its own means to seek to provide optimal services to their respective customers and to aim to maximize profits.
- However, from the customers' perspective, it meant that they were being offered services from each company in a disconnected manner.
- There are countless services in the world and customers are currently in a state of confusion as to which services are suited for them. In particular, since some financial services may be long-term and expensive for customers, there is a need to propose services that are most suitable at the time they are needed.

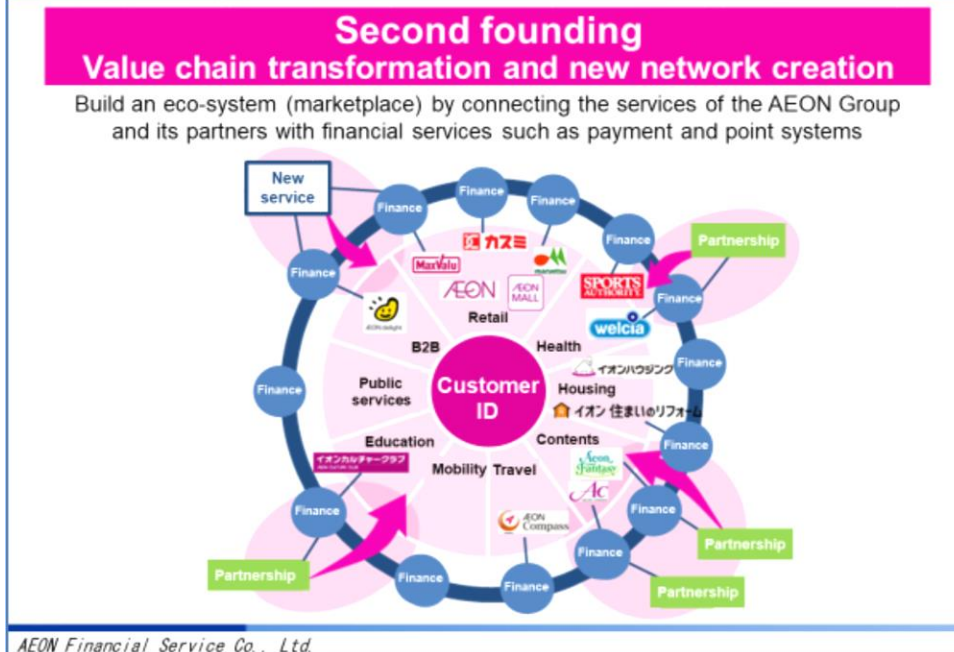


P.17

- Going forward, it will become necessary to propose personalized services to each individual customer.
- Given the previously mentioned rapid changes in customers' needs amid the competitive environment and the spread of the new coronavirus, our Group will first rebuild our business model to one that can provide optimal financial services when customers need them, with the customer as the starting point. This slide shows "our vision" for the Group. When a customer tries to access a lifestyle service or financial service, their first contact is the touchpoint.
- We would first like to make this easy to use, safe and reliable in terms of security, and the most accessible to our customers.
- It is becoming important that regardless of the touchpoint, or what the entry point for the customer is, that the same customer is recognized with one ID.
- We can then understand what kind of lifestyle the customer has, what kind of products they purchase, and what kind of services they wish to have. In addition, by proposing products and services that suit the customer, we can promote sales more efficiently, while smoothly offering products that match the customer's life stage and health conditions, allowing us to have a long-term relationship over their lifetime.
- This is the largest and strongest asset of the AEON Group, which has an enormous real business that cannot be matched by our competitors. Our company will make the most of

this and offer a well-balanced combination of digital and real-life services to each customer that are optimal and “anytime, anywhere, safe, secure, convenient, and money-saving”.

- The biggest differentiation and competitive advantage of our Group compared to our competitors will be our “ability to develop and propose appealing and optimal financial services needed by customers” that will be offered through the creation of touchpoints and the utilization of standardized customer IDs.
- We will achieve synergies through the collaboration of AEON Group companies and outside partners in this initiative and maximize the corporate value of the entire Group.



P.18

- Therefore, we will consider the period of this medium-term management plan to be our second founding period and work towards “value chain transformation and new network creation”.
- In order for us to reach “our vision”, we must transform our current state of providing financial products to meet the actualized needs of the customers in front of us.
- When looking at the value chain of providing financial products, we must approach customers before a financial need arises, such as when they use upstream services such as shopping, going to the gym, watching movies, and receiving education, and understand what kind of financial products are required.
- We must change our way of approaching customers. In other words, we must proceed with value chain transformation.
- Furthermore, in order to integrate our Group’s financial services into daily life and be able to offer them seamlessly and without stress, we must deepen our relationships with AEON Group companies, affiliated partners, and local governments that provide upstream services and create a network that achieves higher-quality cooperation.
- Through value chain transformation and new network creation, our Group will build an eco-system “marketplace” by connecting the services of the AEON Group and its partners with financial services such as payment and point systems.

Priority measures



Domestic

- (1) Creating infrastructures for the AEON living zone
- (2) Incorporating the needs of local communities and customers
- (3) Improving risk control and cost control capabilities

Global

- (1) Realizing digital financial inclusion in each country
- (2) Expanding the business, products, and service area
- (3) Formulating and implementing area based strategies that respond to differences in the needs of urban and rural area

P.19

- Specific priority measures to be implemented in line with this policy are as listed above.
- Each measure will be explained in the following slides.

Priority measures (domestic)	
Creating infrastructures for the AEON living zone	Group cashless operation - Standardization of the Group's ID - Promotion of the AEON card as the main card to customers
	Creation of a payment network in each region - Expansion to merchants inside and outside the Group
	Cross-selling through data utilization - Establishment of a data management system - Providing one-stop financial and lifestyle services through multichannel touchpoints
Incorporating the needs of local communities and customers	Acquisition of customers outside the AEON living zone - Acquisition through affiliated partners - Expansion of partnerships with local governments and local merchants - Development of new business areas and acquisition of the upstream service of the AEON Group's value chain
Improving risk control and cost control capabilities	- Reduction of bad-debt expenses through credit control sophistication - Expansion of the customer base based on new scoring models - Integration of the headquarters functions and reform of the organizational structure

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P.20

- For our domestic business, the first is to promote “creating infrastructures for the AEON living zone”.
- One of the growth strategies that the AEON Group has committed to is to create an AEON living zone by combining the overall strengths of each group company and seamlessly offering products, services, and lifestyle infrastructure to help enrich the lives of our customers.
- Our Group will take on the role of creating an infrastructure that connects this “AEON living zone” with financial services.
- To that end, we will promote Group-wide cashless initiatives.
- Our group has payment methods such as credit cards, WAON e-money, debit cards, etc. that customers can use in various scenes. We will work on initiatives to make these more appealing and increase the number of scenes in which they can be used so they can become the main card for customers.
- Next, we will create a payment network that connects AEON Group companies and affiliated partners in the region. By collaborating not only with AEON Group companies but also with affiliated partners, we will expand the number of merchants that can use the Group's payment methods.
- Furthermore, we will promote cross-selling efforts by utilizing data.

- We will promote the “integration” of lifestyle services provided by the AEON Group and financial services provided by our Group through the utilization of standardized customer IDs.
- Second, we will work on the lifestyle infrastructure needs of local communities and customers.
- By approaching not only local customers but all stakeholders such as affiliated partners, local governments, and schools, we will build new relationships and deepen cooperation.
- For example, we have launched a business that supports local currencies and regional gift certificates issued by local governments. Through such businesses, we will create many points of contact between customers and the AEON living zone.
- Third, we will work to improve our risk control and cost control capabilities.
- Through the sophistication of credit control, we will not only be able to reduce bad debt expenses and costs, but with the sophistication of credit, customers who could not take on credit until now will be able to use our Group’s products and services.
- By creating new scoring models based on multifaceted information from customers, we will be able to offer our Group’s financial products and services to new customers who have never had contact with our Group before.
- For cost reduction, we will work on the optimization of sales channels and the integration of overlapping functions of the headquarters and back office.

Priority measures (global)	
Realizing digital financial inclusion in each country	Customer base expansion with digital finance inclusion <ul style="list-style-type: none"> - Migration of interface to mobile apps in each country - Establishment of screening methods through the utilization of data and AI, and reducing bad debt allowance - Building a marketplace through collaboration with AEON and partners
Expanding the business, products, and service area	Resource investment in key areas <ul style="list-style-type: none"> - Expansion of the business portfolios in Thailand and Malaysia (insurance and asset formation products, alliances) - Expansion of the business by obtaining licenses in Vietnam and other countries (fourth growth area)
Formulating and implementing area based strategies that respond to differences in the needs of urban and rural area	Review of region strategy <ul style="list-style-type: none"> - Identifying differences among areas and among industries, and expanding strategies for sales and marketing accordingly - Creation of innovative digital touchpoints and optimization of the branch network

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- For our global business, the first is to “realize digital financial inclusion”.
- Digital financial inclusion has become one of the most important government policies in Asian countries. Going forward, customer touchpoints are expected to skip over fixed-line phones, faxes, and even computers, and altogether shift to smartphones.
- Our Group will boldly shift its touchpoints which used to be centered on physical stores to smartphone apps and work to achieve digital financial inclusion.
- As for physical stores, we will review their functions as digitalization takes place according to customers’ needs, while small stores called a kiosk-type stores will also be reconsidered to improve efficiency in terms of cost.
- Through these efforts, we will achieve the best combination of online and physical touchpoints and improve convenience for our customers.
- Furthermore, we will utilize networks between AEON Group companies and business partners operating in each country to work on building AEON living zones in overseas countries as well.
At the same time, we will promote the sophistication of credit control by utilizing data and AI, and start approaching a new customer base that could not be accessed before, to expand our customer portfolio.
- Second, we will aim to “expand the business, products, and service area.”

- In Thailand and Malaysia, where we have already established a business foundation, we will expand services such as insurance products and asset formation that reflect changes in customer needs due to economic growth, in a shift from financial products centered on installment plans and loans.
- In addition, we will work on building new living zones in collaboration with partners inside and outside the Group in each country, while obtaining licenses in countries where we have expanded into relatively recently such as Vietnam and promote business growth.
- Finally, for our company to grow sustainably, in addition to such initiatives in Japan and abroad, we believe it is necessary to have a long-term ESG perspective and incorporate solutions to global challenges facing the environment and society into our management strategy and implement them.
- From this perspective, our company will work to address the various challenges facing local communities due to climate change, poverty, and the declining birthrate and aging population, and strive to solve these issues through the provision of financial services.
- We will continue to focus on the customers' perspective, pursue convenience and satisfaction, and aim for the realization of both the Group's growth and a sustainable society.

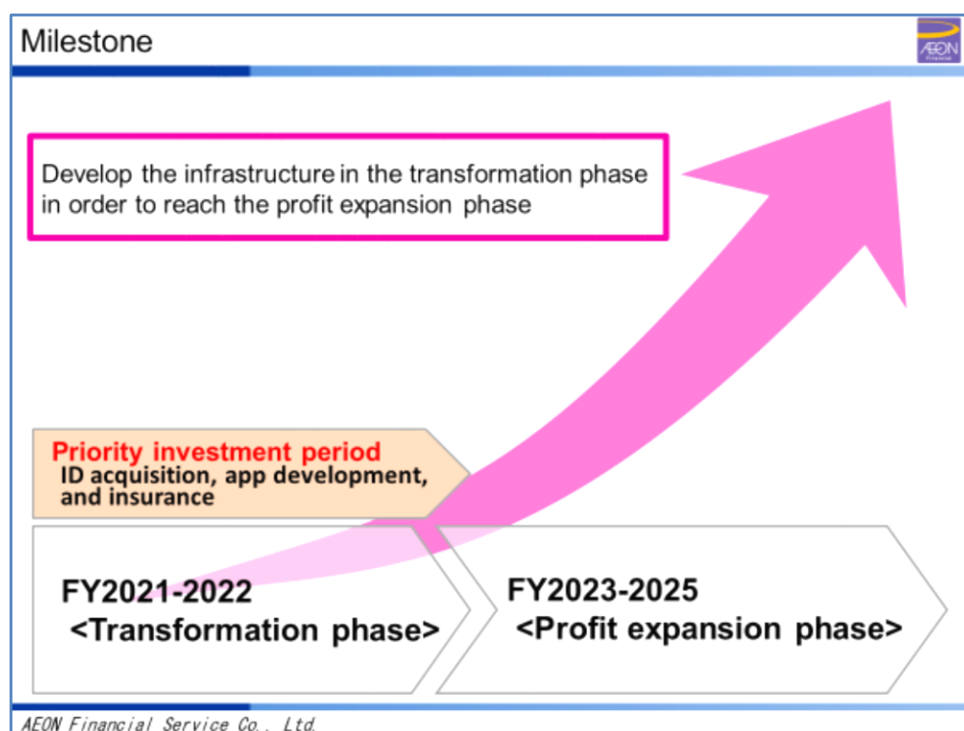
Main numerical targets			
	FY2019 (Actual)	FY2020 (Actual)	FY2025 (Target)
Operating Revenue	457.3	487.3	760.0
Operating Profit	65.0	40.6	100.0
Operating Profit Ratio domestic : global	55% : 45%	53% : 47%	40% : 60%

(Unit: Billions of yen)

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- The numerical targets for 2025 are as shown above.
- Our plan is to achieve operating revenue of 760 billion yen, operating profit of 100 billion yen, and to reverse the ratio of domestic to global in terms of operating profit ratio.



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- The milestones for the medium-term management plan period are as shown above.
- From 2021 to 2022, we will first implement infrastructure development, including system investment and strategic investment for the next phase of transformation.
- After 2023, we will then expand cross-sales business that utilizes this base, as well as shift to a profit expansion phase in which unlisted companies overseas achieve business growth.



FY2021 earnings forecasts

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- Finally, I would like to tell you about our earnings forecast for fiscal 2021.

4. FY2021 earnings forecasts - Policy



【Domestic】 Initiatives for Common Group IDs

- Build a group loyalty program to share customer base
- Fusion of Financial Services and Daily Life Services
- Promoting cashless activities through a group

【Domestic】 Expansion of cross-selling

- Creditor group insurance provided by AEON Allianz Life Insurance Co., Ltd.
- Cross-sell for health-related service (medical, sports, food, etc.) with health promotion insurance as a hook

【Global】 Digital Financial Inclusion

- Development of a complete application for financial services using smartphones
- Expansion of customer base (ID) through sophistication of credit and receivables management
- Promote partnerships and collaborations with business partners inside and outside the AEON Group

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- In fiscal 2021, the first year of the medium-term management plan, we will begin investing in the AEON Group's common identity and developing its foundations.
- Utilizing the Group's common ID, we are working on "fusion of financial services and living services" that propose a variety of financial products to AEON Group employees in Japan and overseas, as well as customers who use AEON Group stores.
- At the same time, we will further promote cashless, which is rapidly spreading due to coronal disasters.
- In addition to creditor group insurance provided by AEON Allianz Life Insurance Co., Ltd., which became a subsidiary in the current fiscal year, we will respond to customers' health promotion needs through the development of health promotion insurance apps. We will demonstrate the strengths of the AEON Group's sales channels, products, data, etc., and work together to realize cross-sell that provides new value to customers.
- In Global business, we will work on digital financial inclusion, develop apps to complete all procedures with smartphones, and expand customer IDs through the advancement of credit and claims management, as well as promote partnerships and collaborations with business partners inside and outside the AEON Group.

FY2021 Consolidated forecasts



(Yen)

	Full term	YoY
Operating revenue	490.0 – 520.0 bn	101 – 107 %
Operating profit	41.0 – 46.0 bn	101 – 113 %
Profit attributable to owners of parent (EPS)	19.0 – 21.0 bn (88.04 – 97.31)	107 - 119 % (+6.05 – +15.32)

	Interim		Year End		Full Year		Payout ratio	
	Forecast	YoY	Forecast	YoY	Forecast	YoY	Forecast	YoY
Dividend forecast	14	+3	26	+3	40	+6	41.1 – 45.4%	Δ0.4 - +3.9pt

(Notes: The dividend forecast for fiscal 2021 includes 2 yen at end of the second quarter and 2 yen at the end of the fiscal year of commemorative dividend for our 40th year of business.)

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- With regard to covid-19, vaccinations have started in each country, and economic activity is expected to recover, it is still difficult to determine the inoculation and its effects on the entire nation, and the mutant strains are still in an unrecoverable situation.
- In addition to being affected by the amount handled by infection situations in each country, the Company's business is in a situation where it is difficult to narrow down the scenarios that will be the premise of the next fiscal year's earnings forecast, as provision for bad debts and debt collection will be affected by the provision of benefits by governments.
- For this reason, consolidated earnings forecasts for the fiscal year ending February 28, 2022 are disclosed in a range format.
- We will promptly announce revisions to our earnings forecasts when we are possible to make more reasonable estimates of our future forecasts.
- Finally, the AEON Group has a way of thinking to respond to the rapid changes in customers.
- One is "Put the car on the great pillar". We will anticipate changes in our customers and take on new growth areas without being bound by previous successful experiences.
- Specifically, we will take on challenges from domestic to overseas, from stock business to flow business, from offline to online.

- The other is “scrap and build”. This will look at the state of the store so far, the framework of the company, the organizational structure, etc. from the customer's base, destroy what is broken, and create a new one.
- As a first step to that end, we recently announced the reform of the organization on April 1. By introducing a business division system, the headquarters and business companies will work together to make quick management decisions. In addition, we have reformed to an organization with a cross-skewer function with the aim of efficiently utilizing resources among the Group and demonstrating the organizational capabilities across the Group.
- We will ensure the realization of the medium-term management plan announced today by ensuring "scrap and build" that does not have a sanctuary in this way.
- We look forward to your continued support. Thank you for listening.

QAs

■ Mr. Watanabe, analyst at Daiwa Securities

Q: What are the assumptions for upper and lower limits, optimistic scenarios, and pessimism scenarios for the fiscal 2021 guidance?

A: The lower limit scenario assumes that the impact of the corona will remain and assumes that the situation is close to fiscal 2020, and that the impact of the corona will continue for a long time. We expect the progress of digitalization and the AEON Group's business to continue, and we will steadily take in this and reduce the impact of the downsize. As for credit costs, in domestic business did not deteriorate in 2020. Overseas is getting worse, but it has been less in its efforts and following. If the measures go well, it will apply to the upper limit case, but if the situation is severe, it is assumed that it will be the lower limit. For the base case, we think it fits between the two.

Q: As for the dividend policy, could you tell us about the rationale for DPS34 yen in fiscal 2020 and DPS 40 yen in fiscal 2021, and the time axis toward DPS68 yen?

A: Our basic return policy of 30-40% has not changed. On the other hand, in fiscal 2020, the company's earnings forecasts were also severely watched. We believe that we were able to exceed our earnings forecasts while making efforts to improve in response to changes in the environment. Instead of limiting the payout rate to 40%, the company plans to exceed it. Since this fiscal year is the 40th anniversary of the establishment, we plan to increase dividends by about 2 yen each at the interim and year-end as a commemorative dividend. Dividends for 2021-2023 will be a transit point, and we expect to achieve our targets in 2025. We would like to proceed with profit growth and return as a set.

Q: DPS68 yen is a transit point, but can this figure be achieved in the second and third years of the medium-term management plan?

A: We believe that the measures in the medium-term management plan will be achieved relatively quickly, and we believe that we will be able to raise dividends to a certain level in the second year.

■ Mr. Hara, analyst at SMBC Nikko Securities

Q: From 2021 to 2022, it will be a priority investment period, but how much will it cost?

A: It is expected to cost approximately 10 billion yen in upfront costs and upfront investments. In particular, the cost to be most useful credit card and ID maintenance of AEON cards is large. In addition, the launch of AEON Allianz Life Insurance Co., Ltd. has resonated greatly.

Q: We recognize that the top line is tough in our domestic business, but what are your forecasts for the top line and credit costs this fiscal year?

A: We believe that the top line of our domestic business has been relatively positive recently, even as the infection has spread. Although corona will affect the first half of

the fiscal year, I do not think there will be a significant drop if the declaration of a state of emergency is not repeated for a long time. In the second half of the year, although it is hypothetical, if vaccination proceeds, I think that the recovery will probably proceed.

Q: Does the upfront cost of 10 billion yen continue for two years?

A: It is almost the cost of 2021. On the other hand, with regard to insurance, I would like you to think that the cost will be gradual.

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

Q: It costs a special cost of 10 billion yen, but we recognize that we are also cautious about the view of credit costs, etc. For example, if there is any assumption that the situation in Malaysia is severe, please let me know. Also, please tell us how you are looking at the future prospect and current situation, especially in Malaysia and Thailand.

A: To tell you the premise by area, the quality of receivables in Hong Kong is considerably better. With Hong Kong in bad condition, the challenge is how to improve the top line. In particular, it is necessary to expand the volume of handling in real and online in cooperation with aeon group's local retail. In Thailand, IFRS has been introduced since last year, and it has been reserved. The situation in Thailand is not so bad, but tourism and food and drink, which are major industries, have been very affected, and some of our customers are in a tough situation. While responding to the needs of middle- and high-income people in the metropolitan area, there are still some people who do not have sufficient financial services in suburb areas to receive sufficient financial services, and we would like to provide services. We feel that it is improving against a situation where we can't do activities for a period of time. We would like to take risks in suburb areas while building on existing stable transactions. Malaysia has a limited area lockdown to minimize the impact of the corona, while the environment is severe in the corona. Therefore, the performance of long-term products such as motorcycles and car loans are not bad. In the future, we believe that it will be possible to improve by increasing the volume handled by linking with AEON group's local retail.

Q: about the medium-term management plan, I recognize that the Global rate will increase and Global will be doubled, but I would like you to tell us about your domestic assumptions.

A: This is not to the fact that japan will not grow at all, but rather to focus on expanding the insurance business. In addition to the fact that settlements are not expected to grow rapidly, we recognize that the low interest rate environment will continue. Global, many companies have moved from the founding period to the growth period, but they have been damaged by corona, and some of them have returned to the founding period. It is expected that this will move into the growth period again in the future. They are diversifying their products in Thailand and Malaysia. For example, when selling insurance, they may have a subsidiary broker inside. They are cross-selling insurance to customers. Please understand that domestic is not pessimistic.

■ Mr. Otsuka, analyst at JP Morgan Securities

Q: 10 billion yen of upfront investment is decided? Will the amount increase or decrease depending on the progress of the investment? In the range of operating revenue forecast, about 56 billion yen will be operating profit, and if divided into quarters, it will be about 14 billion yen. Based on last year's costs, we expect about 14 to 15 billion yen to be consolidated bad loan costs.

A: Of the 10 billion yen, we believe that insurance costs will surely be incurred. Investments to improve card attractiveness may vary depending on the timing of execution and the scale of execution. Recognize that not all are variable costs, but variables are included. Insurance is estimated to be about 4 billion yen, and card attractiveness improvement is about 8 billion yen. The overall cost was about 10 billion yen, but it actually costs about 12 billion yen. Credit costs should be considered to be about 10 to 15 billion yen in consolidation.

Q: I think the idea of dividends was to return to DPS68 yen as soon as possible, but please tell me your way of thinking.

A: Basically, there is no change in our thinking, but we have lowered our dividend due to a decrease in profits in fiscal 2020, and our desire to return as soon as possible remains unchanged. Since we have announced our medium-term management plan and disclosed our five-year target, we have said that it is a passing point. The idea of dividends, re-investment, and retained earnings has not changed.

Q: With regard to dividends for the next fiscal year, if a profit level with a payout of about 40% is possible, will it be possible to pay a dividend of 68 yen?

A: We can't commit to next fiscal year's figures, but if investment, overall optimal initiatives in domestic business, and overseas initiatives are achieved as a result, we think we can raise dividends because profit levels will also rise.

■ Mr. Niwa, analyst at Citigroup Global Markets Japan

Q: With the medium-term management plan, the top line is planning to increase sales by about 10% every year, but what is the plan to lead? I think there is an insurance business, but I think it will be mainly in Japan, but is it organic or is M&A also considered?

A: In Japan, sales are expected to increase due to insurance and new businesses. Credit card's revenue are going up. Global, we expect growth to nearly double compared to 2019. Installment finance and leasing businesses are expected to more than double. Insurance is expected to grow by about 500%. In addition to the main direction of firmly growing insurance, we expect credit and loan growth.

Q: How much total assets do you expect to have in the final year of the medium-term management plan and how much capital adequacy ratio will be?

A: Total assets are expected to be approximately 9 trillion yen in 2025. The capital adequacy ratio is expected to be around 6%.

Q: With a capital ratio, is it correct to understand that non-banks can maintain a payout ratio of about 40%? In addition, insurance will expand, but can the current capital ratio maintain the insurance business?

A: As you are aware. Since insurance is an agency business, it has a structure that is not related to assets.

■ Mr. Sato, analyst at Mizuho Securities

Q: As for dividends, we expect a payout rate of 30-40% and growth investment, so I think it will be 68 yen if we return to pre-corona levels in fiscal 2022. What do you think if upfront costs occur as in this fiscal year or if you do not return to pre-corona levels?

A: Fiscal 2022 is a hypothetical story. Even assuming that the current corona situation continues, the ability to respond has changed, such as digitization and how to approach customers, and the income and expenditure structure has been changed. Even if corona continues, the U.S. is recovering, and I think it's hard to think that profit levels will remain low.

Q: Why don't ROE and ROA targets be disclosed in the medium-term management plan? In the past, there was talk of ROE of more than 15% in fiscal 2025.

A: At the time of the bank holding company, ROE and ROA were one of the target items. As we transform from the asset business, we now don't think asset size is an important factor. It is necessary to provide products and services according to the various life stages of customers. The desire to increase ROE to 15% remains the same. We would like to increase it in the five years of the medium-term management plan period. However, we would like to make this fiscal year a time to strengthen our relationships with our customers rather than our financial goals.

■ Mr. Okada, analyst at USB Securities

Q: As for the competitive environment for card membership acquisition in Japan, it was to advance identity acquisition and have and used as the main card. What is your awareness of the current competitive environment with e-commerce and QR payment players? I would also like to ask you to tell us about the acquisition measures and situation of young people.

A: The comparison with e-commerce cannot be simply compared because the recruitment method etc. are also different. As for e-commerce, since there is no real, I think we will do TV commercials on large scale and recruit them on online, but we are using tablets and other devices in stores to acquire customers. In corona disaster, I think that it is necessary to change the way of doing because it becomes a real recruitment. Need to earn identities through a variety of business partners. As for the competitive environment with e-commerce, while there are many realistic touchpoints, there is a disadvantage in corona disaster. When the corona disaster is over, the sales infrastructure has not been damaged, so I think there is a possibility that it will return at once. For example, the number of aeon mall customers is back. I look forward to the future.