



Brief Report of Financial Results (Unaudited)

(For the Nine Months Ended December 31, 2019)

February 14, 2020

Registered Company Name: **AEON Financial Service Co., Ltd.**

Stock Listing: Tokyo Stock Exchange, First Section

Code No: 8570

URL: <http://www.aeonfinancial.co.jp/eng/>

President and CEO: Kenji Kawahara

Contact: Kazuyoshi Suzuki, Senior Executive Officer in charge of Corporate Planning

1. Business Performance (For the Nine Months ended December 31, 2019 and For the Nine Months ended December 31, 2018)

(1) Consolidated Operating Results

(Millions of yen truncated to the nearest million, %, yen)

	Operating income	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change	Profit attributable to owners of parent	Percentage change
Nine Months ended December 31, 2019	356,120	9.8	43,139	Δ17.3	43,763	Δ16.8	22,243	Δ25.1
Nine Months ended December 31, 2018	324,188	9.4	52,136	16.6	52,576	17.5	29,697	14.6

(Note) Comprehensive income; The 3rd Quarter of Fiscal 2019; 24,529 million(Δ35.6%), The 3rd Quarter of Fiscal 2018; 38,072 million(Δ3.3%)

	Net income per share (Yen)	Fully diluted net income per share (Yen)
Nine Months ended December 31, 2019	103.08	99.85
Nine Months ended December 31, 2018	137.64	130.52

(2) Financial Position

(Millions of yen truncated to the nearest million, %, yen)

	Total assets	Net assets	Capital ratio	Net assets per share
Nine Months ended December 31, 2019	5,863,164	452,617	6.6	1,784.78
Fiscal year ended March 31, 2019	5,254,079	448,705	7.2	1,764.05

(Reference) Shareholder's equity; The 3rd Quarter of Fiscal 2019; 385,154 million, Fiscal 2018; 380,644 million

2. Cash Dividends

(yen)

(Base date)	Dividend per share				
	First quarter period	Interim period	Third quarter period	Term end	Annual
March 2019 term	—	29.00	—	39.00	68.00
February 2020 term	—	29.00	—	—	—
February 2020 term (Estimated)	—	—	—	39.00	68.00

(Note) No revision on dividend projection in the 3rd Quarter expected

3. Projections (For the fiscal year ending February 29, 2020)

(Millions of yen truncated to the nearest million, %, yen)

	Operating income	YOY	Operating profit	YOY	Ordinary profit	YOY	Profit attributable to owners of parent	YOY	Net income per share
Full term	430,000	—	70,000	—	70,000	—	38,000	—	176.11

(Note) No revision on the projection of consolidated results in the 1st Quarter expected

※The fiscal year ended March from fiscal 2019, following the approval of "Partial Changes in the Articles of Incorporation" at the Ordinary General Meeting of Shareholders held on June 25, 2019. It is changed the accounting period from the fiscal year ending March to the end of February. The fiscal year ending February 2020, which is the period of change in the fiscal year, is from April 1, 2019 to February 29, 2020. In addition, in accordance with the reorganization, we have changed the way we describe our earnings forecasts.

※Notes

(1) Change in significant subsidiary during the term (Change in specified subsidiary that caused a change in the scope of consolidation): No

(2) Application of accounting treatment specific to the preparation of quarterly consolidated financial statements : No

(3) Change in accounting principle, procedure, disclosure, etc. concerning preparation of consolidated financial statements

(matters to be mentioned concerning the change of important items as bases for preparation of consolidated financial statements)

① Change due to a newly issued accounting requirement: Yes

② Change other than ①: No

③ Change accounting quotation: No

④ Restatement: No

※ For details, see (Consolidated statement of comprehensive income) section.

(4) Number of issued stock and outstanding stock (Common stock)

① Number of issued stock and outstanding stock at term end (including treasury stock)

The 3rd quarter of Fiscal 2019: 216,010,128 shares, Fiscal 2018: 225,510,128 shares

② Number of shares of treasury stock at end of term

The 3rd quarter of Fiscal 2019: 211,122 shares, Fiscal 2018: 9,732,022 shares,

③ Average number of shares during the quarter (For the Nine Months ended December 31, 2019)

The 3rd quarter of Fiscal 2019: 215,791,209 shares; The 3rd quarter of Fiscal 2018: 215,769,463 shares

※This Brief Report of Financial Results (Unaudited) is not required for submission for quarterly audit review.

※Projections above are based on management's assumptions using information available at the time of publication. Owing to various factors, actual results may differ from these projections.

※Information about the business profile and financial results of AEON Financial Service Co., Ltd are available on the company home page.

Review of Operating Results and Financial Statements

(1) Analysis of Operating Results

In the third quarter consolidated cumulative period, in Japan, with the consumption tax increase from October, we promoted the main card by carrying out various campaigns related to the registration of withdrawal of utility bills, etc. and the use of card shopping for cardholders who have acquired in line with the government's progress in cashless promotion will continue to use the card. In addition, we promote cross-use by proposing bank products such as asset management services. Overseas, we have made efforts to expand our customer base through the use of digital technology, and to improve the efficiency of our operations in sales, screening, and collection.

As a result, operating revenue was 356,120 million yen (109.8%, year-on-year). In Japan, sales promotion costs of cashless promotion measures increased. Overseas, we have increased the provision of allowance for doubtful accounts due to the accumulation of finance receivables and the response to changes in the economic environment, mainly in Thailand, Malaysia, and Hong Kong, where IFRS No. 9 "Financial Instruments" is applied through local or consolidated adjustments at the Company. Operating profit was 43,139 million yen (82.7%, year-on-year), ordinary profit was 43,763 million yen (83.2%, year-on-year), and profit attributable to owners of parent was 22,243 million yen (74.9%, year-on-year) due to the impact of improper accounting in the previous fiscal year found by a local subsidiary in the Philippines disclosed on November 1, 2019.

【Business Segment Information】

① Domestic Retail Business

In the domestic retail business, AEON Bank, Ltd. started recruiting AEON BANK CASH+DEBIT Cards (Disney Design) in October, aiming to further expand the number of bank accounts and the balance of deposits.

In addition, the Bank is continuously strengthening its proposals to customers regarding asset building services such as mortgages, mutual funds, and foreign currency deposits. With regard to asset building services, we continued to support the building of assets for the future in which customers are rich in the future through building such as NISA where tax incentives apply, the handling of Tsumitate NISA, iDeCo for the long-term asset building system, and foreign currency deposits, etc. In September, AEON Bank introduced its own asset management simulation tool "Port Navi" to prepare a model portfolio of more than 60 patterns. We have started providing services that can provide optimal proposals that are closely suited to customer asset building needs and future plan at all AEON Bank branches.

In December, AEON Bank Osaka Umeda branch was opened as the first urban banking branch in Kinki region. Customer can stop by for consultations and contracts of "Mortgage WEB Application", as well as seminars and consultations on asset management on the way home from work. We have developed an environment that can be used more conveniently for our customers.

As a result, operating revenue for the domestic retail businesses was 150,852 million yen (106.2%, year-on-year) and operating profit was 9,503 million yen (100.0%, year-on-year).

② Domestic Solutions Business

In the domestic solutions business, we implemented cashless promotion measures to encourage consumer spending after the consumption tax increase and demand for last-minute demand before the consumption tax increase, and continuously strengthened the acquisition of new customers and the promotion of the use of AEON Cards. In

September, "Maruetsu Card" was issued as the first partner credit card at the AEON Group's supermarket "Maruetsu". In addition, we started recruiting "AEON Card (Keyakizaka 46)" from November, and it is possible to display favorite members as original card surface in the AEON Card official app "AEON WALLET". In order to expand the volume of card shopping in the medium- to long-term, we aimed to expand our customer base by increasing the number of cardholders in the Tokyo metropolitan area and young generations.

In the issuance of statements for AEON Cards, we have started from the withdrawal amount in November to the web-based statement that you can check on the "AEON WALLET" and the website "Kurashino Money Site". As a result, in addition to improving convenience such as being able to transmit credit card usage information and coupon information to customers in a timely manner, we are working to reduce the environmental impact by reducing CO2 emissions.

In the hire purchase contract, sales promotion measures for the expansion of renovation and auto loans were continued, and the transaction volume of hire purchase contracts was 182,638 million yen (102.4%, year-on-year). As a result, consolidated operating revenue for the domestic solution businesses was 145,394 million yen (108.6%, year-on-year) and operating profit was 17,960 million yen (91.3%, year-on-year).

③ China Area

In Hong Kong, we worked to expand the number of card holders and the volume of card shopping transactions, such as implementing an invitation plan for the AEON Store, which is a promotional measure in collaboration with AEON Group retail stores, and Rugby World Cup 2019, a joint promotional measure with international brands. In addition, As for card shopping, we are continuously strengthening the use of cards by offering rebate plans and coupons that can be used in airport lounges in Japan for the best deals on Japan trips. Regarding the loan business, we started an online complete loan in September that completes the same day from the examination to the remittance to the bank account by applying from the mobile app. We promoted WEB membership by providing new services utilizing digital technology, and worked to improve convenience.

As a result, consolidated operating revenue for China Area was 14,194 million yen (97.6%, year-on-year). However, operating profit was to 4,492 million yen (83.3% year-on-year) due to the impact of trade friction between the U.S. and China and the increase in loan losses due to the deterioration of the economic environment caused by demonstrations against the government in Hong Kong.

④ Mekong Area

In Thailand, AEON Thana Sinsap (Thailand) plc, issued the Tokyo Olympic Card (VISA Olympic Themed Card Issued by AEON) with sports gyms and other benefits to attract new customers with high health-consciousness. Number of cardholders and volume of transactions increased steadily.

In the autofinance business, we continued to strengthen our business activities in areas other than Bangkok, and the balance of finance receivables steadily increased.

At each of the company's subsidiaries, we consolidated our finance and accounting division into a shared service center to promote the improvement of human productivity in the back office. In addition, we promoted digitalization by virtualizing member cards with smartphone apps and implementing campaigns to switch to web based statement. In addition, we expanded the establishment of kiosk-type stores that can be opened with a small investment and space-saving, and promoted the optimization of the sales network and the improvement of

cost-effectiveness of investment, and worked to improve operational efficiency.

As a result, consolidated operating revenue for Mekong Area was 61,748 million yen (115.0%, year-on-year) and operating profit was 9,588 million yen (90.1%, year-on-year).

⑤ Malay Area

In Malaysia, we are strengthening the provision of credit card issuance and loans for middle- and high-income earners, expanding our customer base, and increasing loyalty by responding to meticulous customer needs, and expanding our business. We will further promote the common membership of AEON Group retailers, and promote the use of AEON Members Plus Cards equipped with both electronic money and point card functions. We worked to develop a customer base by integrating retail and finance that leveraged the brand power of the AEON Group. In the installment finance business, we promoted loans for high-cost Japanese vehicles and medium-sized motorcycles as a measure to acquire excellent customers for middle- and high-income people, and aimed to expand our transaction volume. In addition, the company is continuously working to improve productivity through digitalization, such as by revamping the screening system to automate the screening process.

On the other hand, the provision of allowance for doubtful accounts due to the accumulation of balances mainly on new receivables has increased due to IFRS No. 9 "Financial Instruments" introduced last year.

In addition, in the case of improper accounting found in the local subsidiary AEON Credit Service (Philippines) Inc. in the Philippines, the company has captured the impact of the revision of accounting processing in the past fiscal year of 0.57 billion pesos (approximately 1.2 billion yen). This fiscal year, it has been processed (0.48 billion pesos (approximately 1 billion yen) during the fiscal year, and the company, under the understanding of stakeholders such as local supervisory authorities and bondholders, will promote financial soundness through the implementation of capital increases. We are working to rebuild the business by the new management team.

As a result for consolidated operating revenue for Malay Area was 38,166 million yen (111.0% year-on-year), but operating profit was 4,316 million yen (46.1%) year-on-year.

(2) Consolidated Financial Condition

(Assets)

Total assets at the end of the third quarter of the fiscal year ended February 29, 2020 increased by 609,084 million yen from the end of the previous consolidated fiscal year to 5,863,164 million yen. This was due to an increase in loans by 111,342 million yen due to the expansion of card advances and mortgage transactions, and an increase in accounts receivable-installment by 229,433 million yen due to an increase in card shopping transactions.

(Liabilities)

Total liabilities increased by 605,171 million yen from the end of the previous consolidated fiscal year to 5,410,546 million yen. This was due to an increase in deposits by 309,603 million yen due to increased savings account acquisition, and an increase in interest-bearing debt by 238,724 million yen, mainly due to the issuance of corporate bonds in Japan (130 billion yen).

(Net Assets)

Total net assets increased by 3,912 million yen from the end of the previous consolidated fiscal year to 452,617

million yen. Retained earnings decreased by 1,4673 million yen due to year-end dividend payments, valuation difference on available-for-sale securities decreased by 1,041 million yen, and foreign currency translation adjustments decreased by 759 million yen. Profit attributable to owners of parent increaseddd by 22,243 million yen.

(3) Consolidated Earnings Forecast

The earnings forecast for the year ending February 29, 2020 is unchanged from the forecast announced May 10, 2019.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	644,502	864,338
Call loans	30,496	50,529
Accounts receivable - installment	1,453,160	1,682,593
Lease receivables and investments in leases	11,425	12,589
Operating loans	850,508	884,127
Loans and bills discounted for banking business	1,584,990	1,662,713
Securities for banking business	324,946	317,061
Monetary claims bought	13,316	15,488
Money held in trust	22,406	48,018
Other	148,506	146,890
Allowance for doubtful accounts	△102,831	△117,311
Total current assets	4,981,426	5,567,040
Non-current assets		
Property, plant and equipment	39,204	44,296
Intangible assets		
Goodwill	20,061	18,684
Other	80,116	89,031
Total intangible assets	100,177	107,716
Investments and other assets	133,042	143,521
Total non-current assets	272,425	295,534
Deferred assets	228	589
Total assets	5,254,079	5,863,164
Liabilities		
Current liabilities		
Accounts payable - trade	285,653	333,208
Deposits for banking business	3,469,134	3,778,738
Short-term borrowings	161,744	236,751
Current portion of long-term borrowings	51,142	93,842
Current portion of bonds	50,522	82,433
Current portion of bonds with share acquisition rights	29,946	—
Commercial papers	102,079	157,981
Provision for bonuses	4,015	2,752
Provision for point card certificates	17,543	20,157
Other provisions	208	151
Other	153,634	163,832
Total current liabilities	4,325,626	4,869,850
Non-current liabilities		
Bonds payable	92,621	158,174
Long-term borrowings	331,935	323,278
Retirement benefit liability	4,120	4,176
Provision for loss on interest repayment	4,176	3,439
Other provisions	223	235
Deferred tax liabilities	3,935	3,400
Other	42,736	47,990
Total non-current liabilities	479,748	540,695
Total liabilities	4,805,374	5,410,546

(2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Operating revenue		
Revenue from credit card business	93,385	101,592
Revenue from installment sales finance business	29,681	31,529
Financing revenue	109,221	117,075
Gain on bad debts recovered	5,278	6,214
Financial revenue	20,896	24,078
Fees and commissions	45,650	47,364
Other	20,073	28,264
Total operating revenue	324,188	356,120
Operating expenses		
Financial expenses	16,801	18,400
Fees and commissions payments	7,625	8,369
Selling, general and administrative expenses	245,099	283,172
Other	2,524	3,038
Total operating expenses	272,052	312,980
Operating profit	52,136	43,139
Non-operating income		
Dividend income	159	158
Gain on investments in investment partnerships	—	150
Foreign exchange gains	267	200
Other	122	127
Total non-operating income	549	636
Non-operating expenses		
Loss on valuation of investment securities	—	2
Miscellaneous loss	108	10
Total non-operating expenses	108	12
Ordinary profit	52,576	43,763
Extraordinary income		
Gain on sales of non-current assets	10	9
Total extraordinary income	10	9
Extraordinary losses		
Loss on disposal of non-current assets	226	493
Impairment loss	10	243
Loss on liquidation of subsidiaries	45	96
Other	5	162
Total extraordinary losses	289	995
Profit before income taxes	52,298	42,777
Income taxes - current	16,852	16,803
Income taxes - deferred	△2,912	△3,311
Total income taxes	13,940	13,491
Profit	38,357	29,285
Profit attributable to non-controlling interests	8,660	7,041
Profit attributable to owners of parent	29,697	22,243

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Net assets		
Shareholders' equity		
Share capital	45,698	45,698
Capital surplus	120,213	120,357
Retained earnings	235,413	218,603
Treasury shares	△24,948	△541
Total shareholders' equity	376,376	384,118
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,150	4,109
Deferred gains or losses on hedges	△1,675	△3,196
Foreign currency translation adjustment	1,472	713
Remeasurements of defined benefit plans	△679	△590
Total accumulated other comprehensive income	4,267	1,035
Share acquisition rights	103	87
Non-controlling interests	67,957	67,375
Total net assets	448,705	452,617
Total liabilities and net assets	5,254,079	5,863,164

(Consolidated statement of comprehensive income)

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	38,357	29,285
Other comprehensive income		
Valuation difference on available-for-sale securities	△2,694	△1,204
Deferred gains or losses on hedges	951	△2,679
Foreign currency translation adjustment	1,363	△964
Remeasurements of defined benefit plans, net of tax	95	92
Total other comprehensive income	△285	△4,755
Comprehensive income	38,072	24,529
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	27,591	19,012
Comprehensive income attributable to non-controlling interests	10,481	5,517

(3) Notes on Quarterly Consolidated Financial Statements
(Notes on the Going-concern Assumption)

N/A

(Notes when there is a significant change in the amount of shareholders' equity)

Cancellation of Treasury Stock

The Board of Directors of AEON Financial Service Co., Ltd. (AFS) resolved that AFS will cancel a portion of its treasury stock. As the result, retained earnings and treasury stock decreased by 24,354 million yen, respectively.

- | | |
|---------------------------------------|------------------------|
| (1) Type of shares to be cancelled: | Shares of common stock |
| (2) Number of shares to be cancelled: | 9,500,000 shares |
| (3) Cancellation amount: | 24,354 million yen |
| (4) Date of Cancellation: | September 20, 2019 |

(Changes in important subsidiaries during the consolidated period for the current quarter)

N/A

(Change in accounting policy)

IFRS No. 16 "Lease"

IFRS No. 16 "Lease" has been applied since the beginning of the first quarter consolidated accounting period at overseas consolidated subsidiaries.

In accordance with the applicable accounting standards, at the beginning of the first quarter consolidated accounting period, ROU assets (property, plant and equipment) and lease obligations (included in "other" under current liabilities and non-current liabilities) increased 6,346 million yen and 6,346 million yen respectively.

The impact of the application of such accounting standards on profit and loss during the three-quarter consolidated period is minimal.

(Segment Information)

For 3rd quarter of FY2018

1. Operating income and profit/loss is reported based on business segments as follows:

(Millions of yen)

	For the nine month ended December 31, 2018							
	Domestic		Global			Total	Adjustments	Consolidated financial statements appropriation
	Retail	Solutions	China Area	Mekong Area	Malay Area			
Operating income								
Operating revenue from external parties	139,771	82,112	14,534	53,665	34,388	324,471	△283	324,188
Internal operating income between segments	2,233	51,824	5	17	—	54,081	△54,081	—
Total	142,005	133,937	14,539	53,683	34,388	378,553	△54,365	324,188
Segment Profit	9,503	19,679	5,392	10,637	9,354	54,567	△2,431	52,136

- (Notes)
1. Operating income is stated in here in replacement of sales turnover of general corporations.
 2. The amounts shown in the 'adjustments' portion are as follows:
 △283 million yen shown in the 'Operating revenue from external parties' section includes Operating income of holding companies which do not fall under the category of any business segments.
 Adjustment amount of △2,431 million yen shown in 'Segment profit' represents the net amount after elimination of operating profit belonging to holding companies which do not fall under the category of any business segments and internal operating income between segments.
 3. Segmental profit has been adjusted with the operating profit in the quarterly consolidated income statement.

2. Notes on loss on disposal of non-current assets and goodwill on each segments: No

For 3rd quarter of FY2019

1. Operating income and profit/loss is reported based on business segments as follows:

(Millions of yen)

	For the nine month ended December 31, 2019							
	Domestic		Global			Total	Adjustments	Consolidated financial statements appropriation
	Retail	Solutions	China Area	Mekong Area	Malay Area			
Operating income								
Operating revenue from external parties	147,510	95,017	14,189	61,720	38,166	356,604	△484	356,120
Internal operating income between segments	3,341	50,376	4	27	—	53,751	△53,751	—
Total	150,852	145,394	14,194	61,748	38,166	410,356	△54,235	356,120
Segment Profit	9,503	17,960	4,492	9,588	4,316	45,859	△2,720	43,139

- (Notes)
1. Operating income is stated in here in replacement of sales turnover of general corporations
 2. The amounts shown in the 'adjustments' portion are as follows:
 △484 million yen shown in the 'Operating revenue from external parties' section includes Operating income of holding companies which do not fall under the category of any business segments.
 Adjustment amount of △2,720 million yen shown in 'Segment profit' represents the net amount after Elimination of Operating profit belonging to holding companies which do not fall under the category of any business segments and internal operating income between segments.
 3. Segmental profit has been adjusted with the operating profit in the quarterly consolidated income statement.

2. Notes on loss on disposal of non-current assets and goodwill on each segments: No

3. Matters concerning changes to reporting segments, etc.

From the first quarter consolidated accounting period, the classification of assets and liabilities and the classification of revenues and expenses, we have created a table under rules on terms, forms, and method of creation of financial statements Quarterly Consolidated Financial Statements in accordance with Cabinet Office Ordinance No. 64, Heisei 19. As a result, the profit of the reported segment is changed based on the conventional

Ordinance No. 64, Heisei 19. As a result, the profit of the reported segment is changed based on the conventional ordinary income figures to the operating income. Segment information for the previous consolidated cumulative period was also we disclose it by the calculation method.

(Significant Subsequent Events)

(Issuance of unsecured bonds)

Based on the resolution of the Board of Directors held on August 27, 2019, we issued unsecured straight bonds on January 30, 2020. The outline is as follows:

1. (1) Name of bond: 10th unsecured bond (with bond-to-bond limited rank concession)
(2) Total issue: 30 billion yen
(3) Interest rate: 0.22%
(4) Issue price: 100 yen per 100 yen at face value
(5) Issue date: January 30, 2020
(6) Due date: July 28, 2023
(7) Redemption method: Lump redemption at maturity
Purchase retirement may be made at any time after the day following the payment date.
(8) Payment date: January 30, 2020
(9) Use of funds: It will be used as part of the loan repayment fund.
2. (1) Name of bond: 11th unsecured bond (with bond-to-bond limited rank concession)
(2) Total issue: 20 billion yen
(3) Interest rate: 0.30%
(4) Issue price: 100 yen per 100 yen at face value
(5) Issue date: January 30, 2020
(6) Redemption deadline: January 30, 2025
(7) Redemption method: Lump redemption at maturity
Purchase retirement may be made at any time after the day following the payment date.
(8) Payment date: January 30, 2020
(9) Use of funds: It will be used as part of the loan repayment fund.

(Regarding acquisition of majority of ownership by acquisition of shares)

At the Board of Directors meeting held on February 4, 2020, the Company resolved to take shares of common stock of Allianz Life Insurance Japan Ltd. ("Allianz Life Japan"), a Japanese life insurance subsidiary of Allianz SE ("Allianz") , through a third-party allotment, and subject to the approval of the relevant authorities, etc., acquire majority ownership of Allianz Life Japan.

1. Purpose of stock acquisition

Allianz Life Japan is a life insurance company which has over 20,000 existing insurance policies (as of the end of March 2019)*¹. As part of its strategy, the Company is proposing to enter the life insurance business in Japan in cooperation with the health and wellness business of the AEON Group companies with the aim of extending healthy life expectancy in an aging Japanese society. The Company believes that the acquisition of shares of Allianz Life Japan and the proposed joint venture with Allianz will give us a valuable opportunity and strong platform to enter the life insurance market.

Through the proposed life insurance joint venture, the Company will work closely and in cooperation with "goods, activities, and services" provided by AEON Group companies to better understand and service the health related needs of customers. We expect to help customers with health promotion activities against non-disease or prevention by making health improvement proposals in collaboration with AEON Group companies.

Going forward, we intend to grow the life insurance business as one of the core businesses of the Group through our new strategy while protecting existing policyholders*².

*1 Allianz Life Japan has been suspended from handling new contracts since January 2012.

*2 The Company does not plan to change the terms and conditions of the policyholder's insurance contract due to this

2. Overview of Allianz Life Japan

- (1) Name: Allianz Life Insurance Japan Ltd
- (2) Business profile: Insurance
- (3) Capital: 28 billion JPY (as of January 31, 2020)

3. Date of stock acquisition

: (tentative) March 31, 2020

4. Number of shares acquired, acquisition price and status of shares held before and after acquisition

- (1) Number of Shares Acquired: 32,400
- (2) Acquisition price: 3,240 million JPY
Advisory Fee (approximate amount) 360 million JPY
- (3) Equity ratio after acquisition: 60.0%

5. Acquisition method

It is allocated by self-funding.