

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.

Brief Report of Financial Results (Unaudited)

(For the Nine Months Ended November 30, 2020)

January 13, 2021

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

Stock Listing: Tokyo Stock Exchange, First Section

Code No: 8570

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

President and CEO: Kenji Fujita

Contact: Kazuyoshi Suzuki, Director, Senior Executive Officer

1. Business performance (For the Nine Months ended November 30, 2020 and For the Nine Months ended December 31, 2019)

(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 November 30, 2020	361,557	-	24,852	-	24,298	-	10,053	-
Nine Months ended December 31, 2019	356,120	9.8	43,139	△17.3	43,763	△16.8	22,243	△25.1

(Note) Comprehensive income; The 3rd Quarter of Fiscal 2020; ¥13,542 million (-%), The 3rd Quarter of Fiscal 2019; ¥24,529 million (△35.6%)

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Nine Months ended November 30, 2020	46.58	46.58
Nine Months ended December 31, 2019	103.08	99.85

(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 November 30, 2020	6,041,676	460,348	6.5	1,819.76
Fiscal year ended February 29, 2020	5,781,370	459,075	6.8	1,823.05

(Reference) Shareholder's equity; The 3rd Quarter of Fiscal 2020; ¥392,739 million, Fiscal 2019; ¥393,417 million

2. Cash Dividends

(yen)

(Base date)	Dividend per share				
	First quarter period	Interim period	Third quarter period	Term end	Annual
February 2020 term	—	29.00	—	39.00	68.00
February 2021 term	—	11.00			
February 2021 term (Estimated)			—	12.00	23.00

3. Forecast of Consolidated Earnings (For the fiscal year ending February 28, 2021)

(Millions of yen, %)

(% is the percentage of change to the previous year)

	Operating income	YoY	Operating profit	YoY	Ordinary profit	YoY	Profit attributable to owners of parent	YoY	Net income per share
Full term	470,000	-	27,000	-	27,000	-	11,000	-	50.97
			-33,000		-33,000		-14,000		-64.87

(Note) Changes were made to the latest release of earnings forecasts.

※Notes

(1) Change in significant subsidiary during the term

(Change in specified subsidiary that caused a change in the scope of consolidation): Yes
New (Company name) AEON Allianz Life Insurance Co., Ltd.

(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

①Change due to a newly issued accounting requirement: No

②Change other than ①: No

③Change accounting quotation: No

④Restatement: No

(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 2020: 216,010,128 shares, Fiscal 2019: 216,010,128 shares

② Number of shares of treasury stock at end of term

The 3rd quarter of Fiscal 2020: 190,332 shares, Fiscal 2019: 208,452 shares,

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

The 3rd quarter of Fiscal 2020: 215,809,633 shares; The 3rd quarter of Fiscal 2019: 215,791,209 shares

※ This report is exempt from the quarterly review by certified public accountant or audit firm.

※Appropriate Use of Earnings Forecasts and Other Important Information

(Note on the forward-looking statements)

The above forecasts, which constitute forward-looking statements, are based on information available to the Company as of the date of the release of this document. Actual results may differ materially from the above forecasts due to a range of factors.

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

4. Review of Operating Results and Financial Statements

(1) Analysis of Operating Results

The business environment surrounding Aeon Financial Service Co., Ltd. (hereinafter the Company) during the third quarter of the fiscal year ended November 30, 2020, varies by country and region. As measures were taken to re-limit the restrictions on activities once relaxed in some countries and regions where the Company operates, the situation in which the convergence of the novel coronavirus infection was not expected continued.

Under these circumstances, the AEON Group continued to implement anti-epidemic measures and business activities in various countries including Japan, under thorough anti-epidemic measures in accordance with the "AEON COVID-19 Disease Control Protocol" established in June 2020 (partially revised in November) as a standard for anti-epidemic measures to protect the safety and security of customers and employees. Utilizing our unique customer base to partner with AEON Group retailing which handle food and daily necessities closely related to daily life, EC channels, and major excellent companies such as public transportation, we have expanded our new customer base by providing more convenient payment methods, as well as enhancing screening and diversifying marketing methods.

Furthermore, in order to respond to the lives and behaviors of customers that have changed due to the effects of covid-19, we accelerated our efforts to transform our business model to improve digital transformation (DX), business efficiency, and create new revenue opportunities through a group that we have been working on to improve our transaction volume in the third quarter. In addition, we have worked on work style reforms for employees through remote work and satellite work and have established a system that enables business continuity even in the corona disaster.

Consolidated financial results for the third quarters ended November 30, 2020 decreased due to a decline in consumption due to the effects of the novel coronavirus infection, a decrease in demand for funds due to special benefits contributed by governments, and a decrease in transaction volumes and financial receivables, resulting in a decrease in fees and interest income. On the other hand, operating revenue was ¥361,557 million (up 1.5% year-on-year) by including the profit and loss statement of AEON Allianz Life Insurance Co., Ltd., which became a subsidiary on March 31, 2020, from the consolidated period for the second quarter. Operating profit was ¥24,852 million (down 42.4% year-on-year) and ordinary income was ¥24,298 million (down 44.5% year-on-year), mainly due to increase in the allowances for bad debt in preparation for an increase in loan losses in the future in Japan and overseas in the first half. As an extraordinary loss in this quarter, the Company recorded ¥409 million in equipment costs for anti-epidemic measures against covid-19. In addition, AEON Credit Service (M) Berhad (hereinafter ACSM), a subsidiary in Malaysia, has reached a 10 million RM settlement on a surcharge of 96 million RM that has been in dispute with local tax authorities since November 2017. Profit attributable to owners of parent was ¥10,053 million (down

54.8% year-on-year), due to such impact as the additional taxation. The Company changed the fiscal year-end from the end of March to the end of February since the previous fiscal year. As a result, the period of the consolidated period for the previous third quarter (from March 1, 2020 to November 30, 2020) is different from the consolidated period for the third quarter (from April 1, 2019 to December 31, 2019). In addition, as reference figures, the total results for the nine months from March to November 2019 are described as "during the same period of the previous year". Operating revenue, ordinary income, and quarterly profit attributable to owners of parent are higher than the current earnings forecast disclosed on July 8, 2020 so we have revised our full-year earnings forecast upward as separately disclosed this time.

【Business Segment Information】

<Domestic Retail Business>

In the domestic and retail business, AEON Bank, Ltd. (hereinafter ABK) set up an online consultation booth at AEON TOWN Fujimino in November where customer can consult indirect with the staff. In December, AEON MALL Ageo was newly opened and AEON MALL Kyoto Katsuragawa was reopened as a branch that cares customer safety and security in terms of facilities such as antiviral processing of branch and individual booths for customers. ABK have expanded services such as a reservation service that allows customers not to wait at a branch by making reservations in advance on the Web, a TV consultation window where various procedures can be used by video phone, and online consultations that allow customers to talk directly with staff from a pc or smartphone at a location tailored to the customer's convenience, such as at home.

Housing loans continue to strengthen their appeal for competitive interest rate plans and AEON Select Club benefits that offer 5% daily discounts at AEON retail stores for five years. In addition to accepting direct consultations, ABK have promoted initiatives to help customers complete contracts at home by using web applications, telephone calls, and mailings. By taking advantage of the strengths of the sales system, such as responding to screenings including Saturdays, Sundays, and Holidays, and strengthening sales to affiliated companies, the number of applications earned and the amount outstanding of loans increased even in coronal disaster. The bank's outstanding housing loans were ¥2,207,118 million (up ¥221,783 million from the beginning of the fiscal year).

In Addition, ABK started online identity verification by eKYC in October for web applications for cash card and AEON Bank CASH + DEBIT Card. In addition to improving security, such as preventing spoofing by third parties by image confirmation, ABK have omitted the mailing of documents, etc., and made efforts to improve convenience by allowing customers to use services such as internet banking and foreign currency transactions from the day after application.

At the end of the third quarter, ABK had 7.4 million accounts (up 310,000 accounts at the beginning of the fiscal year) and the balance of the deposit account was ¥3,917,842 million (up ¥12,605 million

at the beginning of the fiscal year). Due to the spread of covid-19 and the effects of a decline in customer consumption and a slowdown in demand for funds due to the effects of special benefits by the government, the balance of finance receivables of cash advance was ¥446,171 million (down 9.7% year-on-year) for the third quarter consolidated cumulative period. These cash on hand made steady progress in repayment, leading to a decrease in the delinquency rate.

In October, ABK offered a first joint investment designated monetary trust, which is a money trust product for individual customers. In addition to providing new options for customers' asset managements, ABK have diversified its financing methods.

AEON Insurance Service Co., Ltd. started "online consultation" in August, and strengthened indirect sales activities that enable insurance consultation from customers' home, etc. in addition to branches.

Operating revenues in the domestic and retail businesses decreased due to effects of covid-19, resulting in a decrease in credit card shopping and cash advance revenue. On the other hand, fee revenue increased to ¥169,093 million (up 11.7% year-on-year) due to the impact of including income statement of AEON Allianz Life Insurance Co., Ltd. from the consolidated period of the second quarter and the increase in WAON's handling volume mainly at AEON Group's food supermarkets, which have strong sales. Operating income was ¥2,485 million (down 74.0% year-on-year) due to increase in the allowances for bad debt in preparation for an increase in loan losses in the future in the first half.

<Domestic Solution Business>

In the domestic solutions business, in addition to AEON Card membership acquisition at the in-branch recruitment counter, we have strengthened recruitment and enrollment campaigns through web. As for the number of domestic card members, in addition to the increase in applications for the Sumitomo Real Estate Shopping City AEON Card issued in February, applications for "Maruetsu Card which carried out the 1st anniversary campaign, and AEON Card (Minions) with AEON Cinema discount benefits increased from the same period of the previous year due to the release of popular movies.

This fiscal year, we celebrated the 20th anniversary of the issuance of AEON Card, and as the "AEON Card 20th Anniversary Campaign" from November, we focused on expanding our customer base and expanding our transaction volume through initiatives such as gift points worth a total of ¥200 million by using cards, and registration campaigns for paid members of digital flat-rate services for movies and music in response to the demand for nesting. As a result, the number of card members in Japan increased by 29.29 million (up 400,000 at the beginning of the period). Credit card shopping transaction volumes recovered in September and October due to the decline in use of gasoline, ETC, and other automobile-related vehicles, public transportation, travel agencies, etc., due to self-restraint in the first quarter, but they were on a downward trend again in November due to the

re-expansion of the novel coronavirus infection. On the other hand, the use of cards at these stores increased due to strong sales at food supermarkets and drugstores, including the AEON Group, which accounts for a high percentage of the company's total transaction volume. In addition, sales at home centers and electronics retailers also performed well, and transaction volumes for the cumulative period for the third quarter recovered to ¥4,212.1 billion (down 2.8% year-on-year), almost the same level as the same period last year.

In addition, the online statement service was also released in November at Cosmo the Card Opus, a partner card with Cosmo Oil Co., Ltd. As a result, we have completed the online statement service of all credit cards handled by our company. By sending out billing statement and discount coupon information to customers in a timely manner, we are working to improve the convenience of AEON cards and reduce the environmental burden by reducing CO2. In the installment finance business, in addition to eliminating the shortage of inventory by recovering the manufacturing and sales lines of new vehicles affected by the novel coronavirus infection, the company's handling volume has been on a recovery trend due to the proposal of products that can freely set and change the monthly repayment amount and repayment period, and indirect proposals using the Web. Operating revenues in the Domestic solutions business decreased to ¥136,624 million (down 5.7% year-on-year) due to a decrease in processing revenue due to a decrease in the volume of credit card shopping and cash advance due to the effects of the novel coronavirus infection, and revenue from fees and commissions such as credit guarantee revenue due to a decrease in the amount outstanding of finance receivables. Operating income was ¥14,066 million (down 21.4% year-on-year) in the first half of the year due to increase in the allowances for bad debt in preparation for an increase in loan losses in the future in the first half.

<Global China Area>

In Global China Area, AEON Credit Service (Asia) Co., Ltd., a subsidiary in Hong Kong, conducts regular business by dispersing functions and employees at its sales offices in order to respond to the outbreak of covid-19, and has taken measures to enable continuous business activities.

In credit card shopping, AEON Stores (Hong Kong) Co., Ltd., a retail business of aeon group, had a solid performance in card handling due to an increase in sales of daily necessities such as food and daily necessities due to an increase in home time due to the corona disaster. In addition, we worked to increase the transaction volumes by launching cashback campaigns using major e-commerce sites and online channels. On the other hand, it was not available to compensate for the decline in card use, eating out, and entertainment overseas affected by the restrictions on overseas travel. Credit card shopping transaction volume was ¥59,008 million (down 17.6% year-on-year).

In cash advance, continued to be severe at ¥10,914 million (down 24.0% year-on-year) due to a decline in customer consumption behavior and a slowdown in demand for funds, although we

resumed aggressive business activities.

On the other hand, as a result of focusing on the suppression of delinquent proceedings, such as monitoring risk receivables and conducting debt collection based on external scores, the ratio of delinquent loans to finance receivables decreased and finance receivables were sound.

In addition to a decrease in credit card shopping and cash advances transaction volumes, operating revenues in the China Area decreased due to a decrease in the amount outstanding of finance receivables, resulting in a decrease in fees and interest income of ¥12,026 million (down 15.3% year-on-year) and operating income of ¥3,610 million (down 19.6% year-on-year).

< Global Mekong Area >

In Global Mekong Area, a state of emergency was declared in Thailand on March 26, 2020, and the deadline for the declaration, which was originally April 30, 2020, has been extended until the end of February 2021. AEON Thana Sinsap (Thailand) Plc. (hereinafter ATS), a subsidiary in Thailand, has experienced a decline in the volume of card shopping handled by department stores and travel agencies due to the influence of these government regulations, but the transition volume of daily necessities such as food and daily consumables has increased at major local retail stores such as our partner Big C. In addition to a joint campaign to grant online discount benefits with Shopee, a major E-Commerce channel in Thailand, ATS also implemented joint online coupon offer campaigns with Big C according to the amount of credit card usage, and a Big C Card billing discount campaign, resulting in a 1.7% increase from the second quarter to ¥27,752 million in the third quarter.

In October, ATS issued AEON Rabbit Platinum Card, a partner credit card with IC ticket function with BTS Group, a major Thai transportation company that 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. In Bangkok, the capital of Thailand, public transportation networks are being enhanced, and the number of transportation-based electronic money users is expected to increase significantly due to population expansion, route extension, and new construction in the metropolitan area due to commercial development along the route. This card is for middle-income customers with monthly incomes of 15,000 to 30,000 THB. And ATS appeals for discounts on online payments in areas other than the metropolitan area as well as customers who live or commute to work in the area where many of them use elevated railways. In addition, ATS has launched a new service that enables customers to use the purpose loan for home appliances by reading a QR code at the store from a smartphone app, improving convenience for customers.

In Thailand, as a measure to support consumers by the government, from August 1, the cap interest rate on cash advances, personal loans, and purpose loans was lowered, and the restrictions on loan caps for those with monthly incomes of 30,000 THB or less were relaxed. ATS made efforts to

increase transaction volume by expanding the credit line for customers who have ability to repay cash advances and personal loans, and implemented a campaign to promote the use of cards for dormant members, while reviewing the screening criteria for the customers by each industry and residential area.

AEON Leasing Service (Lao) Company Limited, a subsidiary in Laos, started to handle auto loans, which are having a growing need in Laos in July.

Operating revenues in Global Mekong Area decreased by 8.7% year-on-year to ¥56,360 million due to a decrease in interest rate income due to the Thai government's reduction cap interest rate, and decrease in interest income due to a decrease in the amount outstanding of finance receivables for cash advances and personal loans. Operating profit was ¥6,162 million (down 35.7% year-on-year) due to increase in the allowances for bad debt in preparation for an increase in loan losses in the future in the first half.

< Global Malay Area >

In Global Malay Area, Malaysia has extended conditional movement restrictions in some areas, such as Kuala Lumpur, where the spread of covid-19 continues, until January 14, while others have shifted to recovery movement restrictions. Each transaction volumes of ACSM have been on a recovery trend since the consolidated period of the second quarter because the merchants resumed operations due to the elimination of lockdown on May 14, and by mid-September, the examination standards that had been stricter for all products except auto loans were set back to the same level as the same period last year. For bike loans, where ACSM has a share of about 50% of the motorcycle installment sales market in the country, manufacturers' production delays and inventory shortages have gradually been resolved. In addition, the number of applications recovered to the same rate as the same period of the same period last year due to the offer of preferential interest rates for new model bikes.

With regards to personal loans, the number of applications has been recovering due to the resumption of operations at branches in September and the strengthening of guidance to customers who have ability to repay. In September, ACSM also promoted the automation of screening including the introduction of eKYC at motorcycle loans, auto loans, and home appliance hire purchase merchants.

Furthermore, in order to improve the convenience of web app functions, in addition to immediately issuing electronic money and installing service functions for excellent customers, we have introduced a function that allows customers to shop on the site using accumulated points in cooperation with the online shopping site of AEON Group's retail business AEON CO (M) BHD. Pt. AEON Credit Service Indonesia, a subsidiary in Indonesia issued AEON Platinum Card, a platinum card for customers with monthly incomes of 8 million IDR or more, which is growing in

demand due to an increase in income. AEON Group's retail business PT.AEON INTONESIA will expand its customer base and increase its handling volume by attaching benefits such as free conditional annual membership fees at local AEON stores.

Operating revenues in the Malay Area decreased by 7.8% year-on-year to ¥35,184 million due to the closure of merchants during the period of activity restrictions due to the effects of the novel coronavirus infection and a decrease in the amount outstanding of finance receivables due to stricter screening standards. Operating loss was ¥955 million (operating profit of ¥4,316 million in the same period of the previous year) due to increase in the allowances for bad debt in preparation for an increase in loan losses in the future in the first half.

(2) Description of financial position

(Asset)

Total assets at the end of the second quarter increased by ¥260,306 million from the end of the previous consolidated fiscal year to ¥6,416,676 million. This was due to a decrease of ¥55,472 million in operating loans due to stagnation in economic activity due to the effect of the new Coronavirus infection, while an increase in mortgage transactions resulted in an increase in banking loans of ¥304,348 million.

(Liabilities)

Total liabilities increased by ¥259,033 million from the end of the previous consolidated fiscal year to ¥5,581,328 million. This was due to an increase in deposits of ¥125,233 million due to the strengthening of the acquisition of savings accounts, and due to the addition of AEON Allianz Life Insurance Co., Ltd. as a new consolidated accounting target from the first quarter's consolidated accounting period, which resulted in a reserve for insurance contracts. contracts.

(Net assets)

Total net assets decreased by ¥1,272 million from the end of the previous consolidated fiscal year to ¥460,348 million. This was due to a decrease of ¥10,790 million in retained earnings and foreign exchange adjustment accounts of ¥2,001 million, due to the payment of year-end dividends, while profit attributable to owners of parent was recorded at ¥10,053 million.

(3) Description of earnings forecast

As announced in the "Notice regarding revision of earnings forecasts", the Company revised its consolidated earnings forecast for the fiscal year ending February 28, 2021. At the time of the announcement of its full-year consolidated earnings forecast announced on July 8, 2020, the Company expected that transaction volumes would recover to the previous fiscal year's level by the

end of the consolidated fiscal period. On the other hand, with regard to operating profit, the Company calculated its earnings forecasts based on conservative estimates of allowances for bad debt for increases in loan losses in the second quarter and beyond at domestic and overseas companies.

In accordance with the " AEON COVID-19 Disease Control Protocol ", which shows standards for anti-epidemic measures to protect the health and lives of customers and employees and to protect the safe and secure lives of local communities, the Company have been working forward to establish indirect and non-contact sales system. In addition, the Company made it a top priority to provide employees with continued employment and a safe working environment. In particular, the Group has focused on digital transformation, business efficiency, and business model transformation to create new revenue opportunities, as well as improving productivity through work style reforms that make full use of remote work.

In the external environment, since the consolidated period of the second quarter, Japan and major overseas countries including Thailand and Malaysia, have not issued economic activity restrictions or financial regulations that exceed the first wave of infectious disease expansion. The transaction volumes of credit card shopping and installment finance has improved and there are signs of recovery in the balance of finance receivables including housing loans. In addition, the pace of deterioration in the employment environment and income levels is easing due to fiscal spending by governments, such as the special payment to firms and individuals. As credit risk has been reduced, the additional occurrence of allowance for bad debt since the second half of the fiscal year has been restrained, and it has recovered to a level that exceeds initial expectations. Based on this situation, the Company revise earnings forecast upward this time, as full-year operating revenue, operating profit, ordinary profit, and profit attributable to owners of parent are expected to exceed our initial expectations. The upward revision of dividends due to this will be disclosed when the outlook for profit attributable to owners of parent is established.

In addition, the spread of covid-19 continues to spread in countries including Japan, and uncertainty has not yet been dispelled, such as the occurrence of mutant species and the re-issue of the declaration of a state of emergency in Japan. For this reason, the Company will continue to disclose consolidated earnings forecasts for this fiscal year in a range format and will promptly disclose if earnings forecasts need to review again.

Forecast of full-year consolidated financial results for the fiscal year ending February 28, 2021

(From March 1, 2020 to February 28, 2021)

	Operating revenue (million yen)	Operating profit (million yen)	Ordinary profit (million yen)	Profit attributable to owners of parent (million yen)	Net income per share (yen)
Forecast last time (A)	460,000	10,000 - 20,000	10,000 - 20,000	5,000 - 10,000	23.17 - 46.34
Forecast this time (B)	470,000	27,000 - 33,000	27,000 - 33,000	11,000 - 14,000	50.97 - 64.87
Change (B-A)	10,000	13,000 - 17,000	13,000 - 17,000	4,000 - 6,000	
Change ratio (%)	2.2	65.0 - 170.0	65.0 - 170.0	40.0 - 120.0	
(Reference) Results of FY2019	457,280	65,070	65,797	34,149	158.25

The forecasts described above are based on information currently available and may differ due to various factors such as the inability to determine the timing of the convergence of the novel coronavirus infection, in addition to domestic and overseas economic trends.

5.Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 29, 2020	As of November 30, 2020
Assets		
Current assets		
Cash and deposits	762,891	587,318
Call loans	53,773	29,481
Accounts receivable - installment	1,543,135	1,622,732
Lease receivables and investments in leases	12,782	11,934
Operating loans	860,572	805,100
Loans and bills discounted for banking business	1,674,786	1,979,134
Securities for banking business	447,229	475,847
Securities for insurance business	—	78,327
Monetary claims bought	14,823	32,071
Money held in trust	50,308	82,985
Other	177,875	166,783
Allowance for doubtful accounts	△114,308	△137,940
Total current assets	5,483,871	5,733,776
Non-current assets		
Property, plant and equipment	45,302	39,842
Intangible assets		
Goodwill	18,378	17,256
Other	90,555	103,320
Total intangible assets	108,934	120,577
Investments and other assets	142,483	146,798
Total non-current assets	296,720	307,218
Deferred assets	779	681
Total assets	5,781,370	6,041,676
Liabilities		
Current liabilities		
Accounts payable - trade	260,810	254,852
Deposits for banking business	3,790,240	3,915,473
Short-term borrowings	139,386	280,179
Current portion of long-term borrowings	106,651	68,339
Current portion of bonds	45,253	21,166
Commercial papers	160,151	100,000
Provision for bonuses	3,685	5,151
Provision for point card certificates	20,713	20,767
Other provisions	198	146
Other	166,526	178,822
Total current liabilities	4,693,618	4,844,897
Non-current liabilities		
Reserve for insurance policy liabilities	—	97,714
Bonds payable	252,853	255,471
Long-term borrowings	316,005	329,723
Retirement benefit liability	4,381	4,695
Provision for loss on interest repayment	4,965	2,947
Other provisions	455	488
Deferred tax liabilities	3,626	1,846
Other	46,389	43,543
Total non-current liabilities	628,676	736,430
Total liabilities	5,322,295	5,581,328

(Millions of yen)

	As of February 29, 2020	As of November 30, 2020
Net assets		
Shareholders' equity		
Share capital	45,698	45,698
Capital surplus	120,360	120,244
Retained earnings	230,508	229,754
Treasury shares	△534	△487
Total shareholders' equity	396,032	395,208
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,912	5,590
Deferred gains or losses on hedges	△4,468	△5,094
Foreign currency translation adjustment	△467	△2,468
Remeasurements of defined benefit plans	△591	△496
Total accumulated other comprehensive income	△2,614	△2,469
Share acquisition rights	82	62
Non-controlling interests	65,575	67,546
Total net assets	459,075	460,348
Total liabilities and net assets	5,781,370	6,041,676

(2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended November 30, 2020
Operating revenue		
Revenue from credit card business	101,592	96,319
Revenue from installment sales finance business	31,529	31,830
Financing revenue	117,075	104,865
Gain on bad debts recovered	6,214	7,011
Financial revenue	24,078	24,042
Insurance revenue	—	37,535
Fees and commissions	47,364	45,228
Other	28,264	14,724
Total operating revenue	356,120	361,557
Operating expenses		
Financial expenses	18,400	17,371
Insurance expenses	—	36,616
Fees and commissions payments	8,369	8,060
Selling, general and administrative expenses	283,172	272,113
Other	3,038	2,541
Total operating expenses	312,980	336,704
Operating profit	43,139	24,852
Non-operating income		
Dividend income	158	142
Gain on investments in investment partnerships	150	243
Foreign exchange gains	200	—
Other	127	155
Total non-operating income	636	541
Non-operating expenses		
Loss on valuation of investment securities	2	670
Foreign exchange losses	—	395
Miscellaneous loss	10	29
Total non-operating expenses	12	1,095
Ordinary profit	43,763	24,298
Extraordinary income		
Gain on sales of non-current assets	9	7
Subsidies for employment adjustment	—	274
Total extraordinary income	9	282
Extraordinary losses		
Loss on disposal of non-current assets	493	309
Impairment loss	243	95
Loss on liquidation of subsidiaries	96	—
Infectious Disease Related Cost	—	409
Other	162	—
Total extraordinary losses	995	813
Profit before income taxes	42,777	23,767
Income taxes - current	16,803	14,963
Income taxes - deferred	△3,311	△6,227
Total income taxes	13,491	8,735
Profit	29,285	15,031
Profit attributable to non-controlling interests	7,041	4,978
Profit attributable to owners of parent	22,243	10,053

(Consolidated statement of comprehensive income)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended November 30, 2020
Profit	29,285	15,031
Other comprehensive income		
Valuation difference on available-for-sale securities	△1,204	2,976
Deferred gains or losses on hedges	△2,679	△990
Foreign currency translation adjustment	△964	△3,571
Remeasurements of defined benefit plans, net of tax	92	94
Total other comprehensive income	△4,755	△1,489
Comprehensive income	24,529	13,542
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,012	10,198
Comprehensive income attributable to non-controlling interests	5,517	3,343

(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)

N/A

(Change in significant subsidiary during the term)

In the first quarter of this fiscal year, AEON Financial Service Co., Ltd has been included in the scope of consolidation due to the acceptance of a third-party allocation of shares to Allianz Life Insurance Co., Ltd. As of May 1, 2020, the Company has changed its name to AEON Allianz Life Insurance Co., Ltd. AEON Allianz Life Insurance Co., Ltd. falls under the scope of a specific subsidiary of AEON Financial Service Co., Ltd.

(Additional information)

(Accounting estimates on the effects of new coronavirus infections)

The Group estimates reserves for bad debts based on the status of collection of receivables up to the time of preparation of the quarterly consolidated financial statements and external economic indicators, mainly assuming that the convergence period will be around the end of fiscal 2020, with the effects of the spread of the COVID-19. However, some countries have continued to defer payments, and we assume that the effects of the deterioration in the debt collection situation will continue until around the second quarter of the following fiscal year for deferred receivables, etc. based on the debtor protection policy.

(Segment Information)

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	148,081	94,446	14,189	61,720	38,166	356,604	△484	356,120
Internal operating income between segments	3,359	50,428	4	27	—	53,820	△53,820	—
Total	151,440	144,875	14,194	61,748	38,166	410,424	△54,304	356,120
Segment Profit	9,559	17,904	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

For 3rd quarter of FY2020

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

(Millions of yen)

	For the nine month ended November 30, 2020							
	Domestic		Global			Total	Adjustments	Consolidated financial statements appropriation
	Retail	Solutions	China Area	Mekong Area	Malay Area			
Operating income								
Operating revenue from external parties	166,669	91,589	12,023	56,313	35,184	361,780	△223	361,557
Internal operating income between segments	2,424	45,035	2	46	—	47,509	△47,509	—
Total	169,093	136,624	12,026	56,360	35,184	409,290	△47,733	361,557
Segment Profit	2,485	14,066	3,610	6,162	△955	25,369	△517	24,852

(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:

△223 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 △517 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. Changes in business segments

(Change the classification method of the segment)

From the third quarter of this fiscal year, AEON Allianz Life Insurance Co., Ltd.'s statement of income has been included in the consolidated statement of income, and the segment is included in the "Retail" In line with this, we are reviewing the Group's management methods from the viewpoint of enhancing business management. As a result, some consolidated subsidiaries previously included in the "Solution" have been changed to "Retail."

Segment information for the previous third quarter consolidated cumulative period is based on the segment method after the change.