



Brief Report of Financial Results (Unaudited)

(For the Six Months Ended August 31, 2021)

October 6, 2021

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

Stock Listing: Tokyo Stock Exchange, First Section

Code No: 8570

President and CEO: Kenji Fujita

Contact: Yuro Kisaka, Director, Managing Executive Officer

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

1. Business performance (For the Six Months ended August 31, 2021 and for the Six Months ended August 31, 2020)

(1) Consolidated Operating Results

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

	Operating revenue	Percentage Change	Operating profit	Percentage Change	Ordinary profit	Percentage Change	Profit attributable to owners of parent	Percentage Change
Six Months ended August 31, 2021	237,966	3.2	33,240	328.0	34,169	337.5	18,155	-
Six Months ended August 31, 2020	230,674	-	7,766	-	7,810	-	1,480	-

(Note) Comprehensive income; The 2nd Quarter of Fiscal 2021; 30,948 million (-%), The 2nd Quarter of Fiscal 2020; △400 million (-%)

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Six Months ended August 31, 2021	84.12	84.11
Six Months ended August 31, 2020	6.86	6.86

(2) Financial Position

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

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share
Six Months ended August 31, 2021	6,191,527	498,676	6.8	1,952.47
Year ended February 28, 2021	6,123,721	474,667	6.6	1,860.08

(Reference) Shareholder's equity; The 2nd Quarter of Fiscal 2021; 421,409 million, Fiscal 2020; 401,462 million

2. Cash Dividends

(Yen)

(Base date)	Annual Dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
Year ended February 28, 2021	—	11.00	—	23.00	34.00
Year ending February 28, 2022	—	19.00	—	—	—
Year ending February 28, 2022 (Forecast)	—	—	—	26.00	45.00

(Note) Amendments from the most recently published dividend forecast : No

Breakdown of dividend for end of 2Q of the year ending February 28, 2022

: Ordinary dividend 17yen, commemorative dividend of 2yen for the 40th anniversary of the establishment.

Breakdown of dividend for year-end of the year ending February 28, 2022 (Forecast)

: Ordinary dividend 24yen, commemorative dividend 2yen for the 40th anniversary of the establishment.

3. Projections (For the fiscal year ending February 28, 2022)

(Millions of yen, %)

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

	Operating revenue	YoY	Operating profit	YoY	Ordinary profit	YoY	Profit attributable to owners of parent	YoY	Net income per share
Full year	490,000	0.6	46,000	13.2	46,000	14.3	23,000	30.0	106.56
	~	~	~	~	~	~	~	~	~
	520,000	6.7	51,000	25.5	51,000	26.7	26,000	46.9	120.46

(Note) Amendments from the most recently published projections forecast : Yes

※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
 - ① Change due to a newly issued accounting requirement: No
 - ② Change other than ①: No
 - ③ Change accounting quotation: No
 - ④ Restatement: 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 2nd quarter of Fiscal 2021: 216,010,128 shares; Fiscal 2020: 216,010,128 shares
 - ② Number of shares of treasury stock at end of term
The 2nd quarter of Fiscal 2021: 176,088 shares; Fiscal 2020: 179,553 shares
 - ③ Average number of shares during the quarter (For the Six Months ended August 31, 2021)
The 2nd quarter of Fiscal 2021: 215,831,868 shares; The 2nd quarter of Fiscal 2020: 215,804,713 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.

Attachments

1. Review of Operating Results and Financial Statements

(1) Analysis of Operating Results

Although consolidated financial results during the first half of the fiscal year ended August 31, 2021 continued to be affected by the new coronavirus infection in the operating countries, the Company promoted measures to the new normal, such as thorough infection countermeasures by the Group and non-face-to-face sales activities with customers through the expansion of online service. In addition, consolidated operating revenues were ¥237,966 million (up 3.2% year-on-year) due to the recovery in card shopping volume to pre-Corona's level due to the implementation of promotional measures in line with changes in customer consumption trends. Consolidated operating profit was ¥33,240 million (up 328.0% year-on-year) and consolidated ordinary profit was ¥34,169 million (up 337.5% year-on-year) due to significant improvements in bad debt-related expenses by continuing to refine screenings and build debt collection systems from the previous fiscal year. As a result, profit attributable to owners of parent improved significantly to ¥18,155 million (up ¥16,674 million year-on-year).

The operating results for the first half of the fiscal year ended August 31, 2021 are as follows:

(Millions of yen,%)

	Previous Q2	Q2	Change	Ratio
Operating revenue	230,674	237,966	7,292	3.2%
Operating profit	7,766	33,240	25,473	328.0%
Profit (loss) attributable to owners of parent (△)	1,480	18,155	16,674	—

Segment results for the first half of the fiscal year ended August 31, 2021 are as follows:

(Millions of yen,%)

		Operating revenue			Operating profit (loss) (△)		
		Previous Q2	Q2	Ratio	Previous Q2	Q2	Ratio
Domestic	Retail	101,873	111,226	9.2%	△1,474	5,961	—
	Solution	91,860	87,853	△4.4%	7,602	9,851	29.6%
Global	China	8,269	7,582	△8.3%	2,367	2,936	24.0%
	Mekong	38,296	36,703	△4.2%	1,093	7,629	597.5%
	Malay	22,724	25,208	10.9%	△2,321	7,629	—
Total		263,024	268,574	2.1%	7,268	34,007	367.9%
Adjustments		△32,349	△30,607	—	497	△767	—
Consolidated statements appropriation		230,674	237,966	3.2%	7,766	33,240	328.0%

<Domestic Retail Business>

In the Domestic Retail Business, AEON Bank, Ltd. (hereinafter ABK) opened a space-saving store specializing in "online consultation services" in July, AEON Bank Soyara Shin-Kanaoka Store (Sakai City, Osaka Prefecture), and AEON BANK AEON MALL Hakusan Store (Hakusan City, Ishikawa Prefecture), which will be the first store in Ishikawa Prefecture.

In addition to accepting face-to-face consultations in the housing loan operations, ABK have promoted initiatives that enable customers to complete contracts at home by utilizing applications, telephone calls, and mailings through the Web. In addition to strengthening cooperation with partner companies by taking advantage of the strengths of our sales structure, such as 24/7 reception and screenings including Saturdays, Sundays, and holidays, ABK have led to an increase in the number of applications and the balance of loans through competitive interest rate plans and the continuous appeal of shopping benefits by the AEON Group limited to subscribers. As a result, ABK's outstanding residential housing loans (before securitization) increased to ¥2,431,728 million (up ¥154,282 million).

With regard to card cashing, the balance of operating receivables (before securitization) at the end of the second quarter was ¥412,146 million (down ¥16,657 million) due to the fact that customers' needs for use were suppressed due to the effects of the self-restraint of activities in the pandemic.

In asset management services, ABK implemented the "Installment Investment Debut Campaign" for those who started asset management through investment trusts and foreign currency deposits. On August 5, 2021, the "Bailey Gifford Impact Investment Fund" which aims to invest companies engaged in business activities that contribute to solving important social issues, continued to perform well, including the launch sales at branches and expansion of its product lineup.

At the end of the second quarter of the fiscal year ended August 31, 2021, the number of accounts increased steadily to 7.7 million accounts (up 200,000 accounts from the beginning of the fiscal year) and the balance of bank accounts was ¥4,100,227 million (up ¥79,438 million).

In addition, as an effort to solve problems in realizing a decarbonized society, ABK will strive to reduce CO2 emissions generated in the manufacturing process by adopting and sequentially switching "recycled plastic materials" in the card manufacturing of the cash card integrated credit card "AEON Card Select" issued by the bank.

AEON Allianz Life Insurance Co., Ltd. (hereinafter AALI) started providing creditor group insurance for individual installments of AEON Product Finance Co., Ltd. on March 1, 2021 and housing loans of AEON Bank, Ltd. on May 17, 2021 promoting collaboration with group companies. AALI is preparing to start providing health promotion insurance in the second half of the fiscal year to meet the needs of customers' pre-disease, prevention, and health promotion. AALI aim to realize cross-sell that provides new value to customers as a group by demonstrating the strengths of the AEON Group's sales channels, products, data, etc.

As a result, operating revenues in the retail business in Domestic Business were ¥111,226 million (up 9.2% year-on-year) due to an increase in interest income on loans, mainly card shopping revenue and housing loans, the impact of accruing insurance income by incorporating gains and losses from AALI from the first half of the previous fiscal year, and recording gains on the sale of securitized receivables. Operating profit was ¥5,961 million (up ¥7,435 million year-on-year) due to significant improvements in bad debt allowance, despite the insurance costs of AALI.

<Domestic Solution Business>

In the Domestic Solutions Business, in addition to the online limited card new enrollment and usage campaign, the number of new member registrations in the second quarter of the fiscal year has steadily recovered to 780,000 (up 8.0% year-on-year) due to advance notice of convenience improvement due to the point system change from September at stores. As a result, the number of active cardholders of domestic cards was 29.79 million (up 340,000 from the beginning of the fiscal year). In addition, at the end of August, the number of credit cards equipped with contactless payment functions totaled 11.27 million (2.16 million at the beginning of the fiscal year), exceeding 30% of the total number of issued cards, and strive to improve customer convenience and provide a safe and secure payment environment, and further promote cashless, which is the overall strategy of the AEON Group.

With regard to card shopping, card shopping transactions during the cumulative period of the second quarter were ¥2,905,00 million (up 4.9% year-on-year), due to a gradual recovery in use in shopping malls, department stores, automobiles such as gasoline and ETC affected by the pandemic, and promotional measures such as campaigns for use with AEON's online supermarkets and courier service providers, which have strong sales.

In the individual finance business, AEON Product Finance Co., Ltd. (hereinafter APF) strived to improve unit prices per merchant by promoting free repayment-type products for auto loans in addition to improving the number of operating stores through the implementation of campaigns for new merchants. However, due to delays in delivery of new vehicles due to semiconductor shortages, insufficient distribution of used cars, and self-restraint of door-to-door sales of renovations due to the pandemic, the amount of individual installments transaction was ¥96,155 million (down 13.6% year-on-year). In November 2021, APF aims to realize a decarbonized society through financial services by providing new and renovated decarbonized housing (ZEH: Net Zero Energy House) and loans packaged with electric vehicles (EVs) in cooperation with ABK through collaboration with housing-related companies and car dealerships.

As a result, operating revenues in the Domestic Solutions Business decreased by ¥87,853 million (down 4.4% year-on-year) due to a decrease in loan revenue, including cashing revenue, in addition to shopping revenue and individual installment income at the same level as the previous fiscal year.

On the other hand, operating profit was ¥9,851 million (up 29.6% year-on-year) due to improvements in bad debt allowance and a reduction in mailing and printing costs due to the complete online statements used by major partner cards from the reduction of usage amounts in November of the previous year.

<Global China Area>

In the Global China Area, in Hong Kong, demand for entertainment and staycations gradually increased since the end of last year, and the food and beverage category also increased even in revenge consumption, and card shopping transactions were ¥46,523 million (up 22.7% year-on-year). With regard to card cashing and loans, the outstanding balance of receivables has turned to a recovery trend through the advancement of credit measures and active business measures. In addition, AEON Stores (HONGKONG) CO., LTD. opened a branch of AEON Style 3, which opened in Mong Kok in August, and was able to develop a new customer base mainly among young people.

In the Chinese business, the liquidation process was completed by closing the bank account of the local subsidiary in Shenyang, which was proceeding the operation and the cancellation of the operating license, and the ordinary profit turned profitable in the first half of the fiscal year at a local subsidiary in Shenzhen.

As a result, operating revenues in the Global China Area were ¥7,582 million (down 8.3% year-on-year). On the other hand, operating profit was ¥2,936 million (up 24.0% year-on-year) as a result of the recovery in the market environment and the strengthening of credit management, restraining the occurrence of delinquent loans, and improving bad debt allowance.

<Global Mekong Area>

In the Global Mekong Area, card shopping transactions were ¥52,600 million (down 3.9% year-on-year), and although it was affected by self-restraint due to the pandemic, online transaction volume expanded due to the implementation of promotional plans with business partners such as e-commerce sites and food delivery. The amount of personal loans handled was ¥34,714 million (up 5.9% year-on-year) due to efforts to raise the usage limit for excellent members with relatively high income level and good repayment results.

On the other hand, operating revenues in the Global Mekong Area were ¥36,703 million (down 4.2% year-on-year) due to the effects of the Thai government's lower upper interest rate applied in August 2020 and a decrease in interest rate revenues due to a decrease in the amount outstanding of operating receivables for card cashing and personal loans. Operating profit was ¥7,629 million (up 597.5% year-on-year) due to a decrease in bad debt allowance and sales promotion expenses.

On March 29, 2021, AEON Thana Sinsap (Thailand) PCL. (hereinafter ATS) a local subsidiary in

Thailand announced that BSS Holdings Company Limited, the financial business management company of the BTS Group, which operates urban transportation operations in the country, and Humanica Public Company Limited, which outsources human resources operations in the Country, and the new company (Rabbit Cash Company). Limited) was established. Rabbit Cash Company will provide loans that can be used with peace of mind even for customers who do not have pay slips such as online businesses, which have been difficult to measure creditworthiness with conventional screening methods by scoring monthly sales and types of products sold from the product shipment history by e-commerce sole proprietors by utilizing the know-how of the three companies and digital technology.

In addition, ATS transferred its insurance broker business from AEON Insurance Service (Thailand) Co., Ltd., a local subsidiary that also operates insurance business in Thailand, in March. With the common customer base, ATS will be able to provide insurance information using customer information, and sell insurance that responds to health-conscious and risk needs to more customers.

<Global Malay Area>

In the Global Malay Area, in Malaysia, in response to the re-increase in the number of new cases with the covid-19 from late April, a restriction of activity was issued throughout Malaysia from May 12 to mid-July. AEON CREDIT SERVICE (M) BERHAD (hereinafter ACSM), a local subsidiary in Malaysia has strengthened its non-face-to-face responses, including focusing on continuing installment payments through home appliances and the online sites of some motorcycle merchants, as well as bringing loan contract documents online.

Although ACSM's motorcycle loans, which have a share of approximately 30% of motorcycle sales registrations in the country, were partially affected by the restrictions on activities from May, the volume of individual installment installments in the Malay region was ¥28,636 million (up 14.6% year-on-year) due to interest rate incentive campaigns and incentive campaigns for merchants accompanying the launch of new models by manufacturers. In addition, while continuing strict screening standards based on precise scoring, ACSM strengthened guidance to customers who have the capacity to repay personal loans, resulting in transaction volumes of ¥10,876 million (up 231.6% year-on-year).

In addition, in response to growing demand for online transactions, ACSM are updating core systems to facilitate system linkage with partners inside and outside the AEON Group, and started operation of credit card systems in May.

In the future, in addition to utilizing eKYC (online identity verification) that has already been introduced at motorcycle loans, auto loans, and home appliances instalment merchants, ACSM will realize completely non-face-to-face services by introducing electronic signatures and aim to expand the Group's economic zone.

In addition, on August 13, ACSM obtained approval from the Central Bank of Malaysia to acquire an insurance broker company with the aim of entering the insurance broker business with the aim of expanding its insurance product lineup. By converting business to an insurance broker and expanding insurance products, ACSM will provide more comprehensive financial services to customers.

Operating revenues in the Global Malay Area were ¥25,208 million (up 10.9% year-on-year) due to a recovery in revenue from card shopping, individual installments, and personal loans. In addition, operating profit was ¥7,629 million (up ¥9,950 million year-on-year) due to improvements in bad debt allowance due to the elaboration of screening standards by customer attribute using AI, the system of attendance of the collection staff, and the improvement of the collection system by telework.

(2) Analysis of Financial Condition

(Asset)

Total assets at the end of the second quarter increased by ¥67,805 million from the end of the previous consolidated fiscal year to ¥6,191,527 million. Operating loans decreased by ¥22,462 million due to stagnation in economic activity due to the new coronavirus infection. On the other hand, loans in the banking industry increased by ¥55,221 million due to an increase in housing loans transactions. In addition, due to an increase in card shopping transactions, the installment receivable increased by ¥61,766 million.

(Liabilities)

Total liabilities increased by ¥43,796 million from the end of the previous consolidated fiscal year to ¥5,692,85 million. This was due to an increase in deposits by ¥78,946 million due to the strengthening of savings accounts.

(Net assets)

Total net assets increased by ¥24,008 million from the end of the previous consolidated fiscal year to ¥498,676 million. This was due to a decrease in retained earnings by ¥4,964 million due to year-end dividend payments, an increase in other securities valuation differences by ¥5,974 million, and profit attributable to owners of parent of ¥18,155 million.

(3) Explanation of forward-looking information such as consolidated earnings forecasts

As announced in the "Notice Regarding Revision of Consolidation Forecasts", the Company will revise its consolidated earnings forecast for the fiscal year ending February 28, 2022. At the time of the announcement of its full-year consolidated earnings forecast announced on April 9, 2021, the Company calculated its earnings forecast on the assumption that economic activity would recover, in addition to an increase in sales promotion expenses and personnel expenses associated with the

increase in operating activities, as well as the recording of reserves for the accumulation of outstanding receivables.

In the external environment, since the middle of the first quarter consolidated cumulative period, economic activity has been limited due to the rapid increase in the number of new cases in Japan, major overseas countries including Thailand and Malaysia. Since then, areas subjected to restricted activities has continued to expand and tighten, sales volume of card shopping, individual installments, and the balance of receivables have been sluggish due to the effects of the suspension of merchants and time-shortened operations. On the other hand, in addition to improving convenience and productivity through digitalization, the Company worked to refine screenings and strengthen debt collection, and restrained expenses mainly related to bad debts, thus consolidated financial results for the first half of the fiscal year exceeded initial expectations. In addition to the declining number of new cases recently, the Company judged that the downside risk from the third quarter onwards was limited, as consumption has been invigorated in each country due to the spread of vaccination.

In light of this situation, the Company forecast that operating profit, ordinary profit, and Profit attributable to owners of parent are all expected to exceed initial expectations, thus the Company revise earnings forecast upward.

In addition, since the new coronavirus infection continues to be a situation where uncertainty about the outlook is not dispelled, the Company will disclose consolidated earnings forecasts for the fiscal year ending February 28, 2022 in a range format, and promptly disclose them if it is necessary to review earnings forecasts.

The Company regards the return of profits to shareholders as an important management measure, and its basic policy is to enhance corporate competitiveness by appropriately allocating profits to shareholders, securing retained earnings to realize business expansion and productivity improvement. The basic policy is to appropriately allocate retained earnings, investment funds, and dividends to one-third of each. The Company revise (increase dividends) interim dividend for the fiscal year ending February 28, 2022 from the most recent dividend forecast based on the revision of the earnings forecast disclosed today and the above policy. As a result, the annual dividend is expected to increase by 5 yen to 45 yen per share.

Consolidated Earnings Forecast for the full year ending February 28, 2022

(From March 1, 2021, to February 28, 2022)

(Millions of yen, %)

	Operating revenue	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share (yen)
Previous forecast(A)	490,000 ～ 520,000	41,000 ～ 46,000	41,000 ～ 46,000	19,000 ～ 21,000	88.04 ～ 97.31
New forecast(B)	490,000 ～ 520,000	46,000 ～ 51,000	41,000 ～ 46,000	23,000 ～ 26,000	106.56 ～ 120.46
Change (B-A)	—	5,000 ～ 5,000	5,000 ～ 5,000	4,000 ～ 5,000	—
Change (%)	—	10.9 ～ 12.2	10.9 ～ 12.2	21.1 ～ 23.8	—
(Reference) Results for the full year ended February 28, 2021	487,309	40,651	40,238	17,693	81.99

Dividend Forecast for the full year ending February 28, 2022

(From March 1, 2021, to February 28, 2022)

(Yen)

	Annual dividend		
	Interim	Year-end	Total
Dividend forecast		26.00	45.00
Actual	19.00		
(Reference) Dividend for the previous fiscal year (Fiscal Year Ended February 2021)	11.00	23.00	34.00

Note: The annual dividend for the fiscal year ending February 28, 2022 includes a commemorative dividend of 4 yen (2 yen for the interim dividend and 2 yen for the year-end dividend (forecast) for the 40th anniversary of the establishment.

Attachments

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2021	As of August 31, 2021
Assets		
Current assets		
Cash and deposits	705,739	722,954
Call loans	30,841	7,981
Accounts receivable - installment	1,521,149	1,582,916
Lease receivables and investments in leases	12,284	12,294
Operating loans	782,916	760,454
Loans and bills discounted for banking business	1,998,379	2,053,601
Securities for banking business	519,023	525,289
Securities for insurance business	70,261	55,680
Monetary claims bought	30,800	29,460
Money held in trust	92,567	104,621
Other	184,176	155,214
Allowance for doubtful accounts	△133,331	△121,976
Total current assets	5,814,809	5,888,492
Non-current assets		
Property, plant and equipment	39,152	36,782
Intangible assets		
Goodwill	16,784	15,854
Software	100,249	100,207
Other	4,738	4,538
Total intangible assets	121,773	120,600
Investments and other assets	147,205	144,882
Total non-current assets	308,130	302,266
Deferred assets	780	767
Total assets	6,123,721	6,191,527
Liabilities		
Current liabilities		
Accounts payable - trade	270,015	230,409
Deposits for banking business	4,018,666	4,097,612
Short-term borrowings	216,468	247,380
Current portion of long-term borrowings	62,159	67,185
Current portion of bonds payable	23,012	51,456
Commercial papers	85,000	85,000
Provision for bonuses	3,511	3,198
Provision for point card certificates	20,685	22,616
Other provisions	197	82
Other	189,143	159,580
Total current liabilities	4,888,859	4,964,521
Non-current liabilities		
Reserve for insurance policy liabilities	86,639	71,395
Bonds payable	282,721	272,319
Long-term borrowings	337,026	343,591
Retirement benefit liability	4,707	2,595
Provision for loss on interest repayment	5,706	3,861
Other provisions	530	533
Deferred tax liabilities	1,518	1,648
Other	41,344	32,383
Total non-current liabilities	760,194	728,328
Total liabilities	5,649,053	5,692,850

(Millions of yen)

	As of February 28, 2021	As of August 31, 2021
Net assets		
Shareholders' equity		
Share capital	45,698	45,698
Capital surplus	120,145	120,117
Retained earnings	237,385	250,569
Treasury shares	△460	△451
Total shareholders' equity	402,768	415,934
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,283	9,257
Deferred gains or losses on hedges	△3,902	△3,769
Foreign currency translation adjustment	△334	226
Remeasurements of defined benefit plans	△352	△239
Total accumulated other comprehensive income	△1,306	5,475
Share acquisition rights	43	40
Non-controlling interests	73,162	77,226
Total net assets	474,667	498,676
Total liabilities and net assets	6,123,721	6,191,527

(2) Consolidated Statements of Income

(Millions of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Operating revenue		
Revenue from credit card business	64,017	64,649
Revenue from installment sales finance business	20,892	21,947
Financing revenue	72,073	65,452
Recoveries of written off receivables	3,742	6,077
Financial revenue	16,397	16,717
Insurance revenue	15,625	19,267
Fees and commissions	29,408	31,374
Other	8,516	12,479
Total operating revenue	230,674	237,966
Operating expenses		
Financial expenses	11,982	10,599
Insurance expenses	15,139	18,578
Fees and commissions payments	5,164	5,727
Selling, general and administrative expenses	188,882	168,356
Other	1,738	1,464
Total operating expenses	222,907	204,726
Operating profit	7,766	33,240
Non-operating income		
Dividend income	54	150
Gain on investments in investment partnerships	48	257
Foreign exchange gains	—	15
Subsidy income	—	493
Other	102	56
Total non-operating income	205	973
Non-operating expenses		
Share of loss of entities accounted for using equity method	—	29
Foreign exchange losses	147	—
Loss on transfer of receivables	—	9
Miscellaneous loss	14	5
Total non-operating expenses	161	44
Ordinary profit	7,810	34,169
Extraordinary income		
Gain on sales of non-current assets	3	7
Gain on sales of investment securities	—	436
Gain on termination of retirement benefit plan	—	239
Subsidies for employment adjustment	87	7
Total extraordinary income	90	690
Extraordinary losses		
Loss on disposal of non-current assets	223	321
Impairment loss	93	139
Loss on liquidation of subsidiaries	—	53
Infectious Disease Related Cost	361	17
Other	—	11
Total extraordinary losses	677	543
Profit before income taxes	7,223	34,316
Income taxes - current	11,341	8,880
Income taxes - deferred	△7,933	1,091
Total income taxes	3,407	9,971
Profit	3,815	24,345
Profit attributable to non-controlling interests	2,334	6,190
Profit attributable to owners of parent	1,480	18,155

(Consolidated statement of comprehensive income)

(Millions of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Profit	3,815	24,345
Other comprehensive income		
Valuation difference on available-for-sale securities	735	5,861
Deferred gains or losses on hedges	△925	184
Foreign currency translation adjustment	△4,080	444
Remeasurements of defined benefit plans, net of tax	53	113
Total other comprehensive income	△4,216	6,603
Comprehensive income	△400	30,948
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△975	24,936
Comprehensive income attributable to non-controlling interests	574	6,011

(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)
N/A

(Additional information)

(Accounting estimates on the effects of new coronavirus infections)

The Group assumes that the effects of the spread of the novel coronavirus will still take time to converge due to the recovery status of deferred receivables, etc. in some countries. Based on this assumption, the Company expect to increase credit risk in the future for deferred receivables, etc., and include them in our estimates for bad debts. Aling that amount is the best estimate at this time, the uncertainty of the assumptions used in the estimates is high, and if the status of the new coronavirus infection and its impact on the economic environment changes, the reserve for bad debts may increase or decrease in the quarterly consolidated financial statements and consolidated financial statements from the following quarter onwards.

(Segment Information)

For 2nd quarter of FY2020

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

(Millions of yen)

	For the six months ended August 31, 2020							
	Domestic		Global			Total	Adjustments	Consolidated financial statements appropriation
	Retail	Solutions	China Area	Mekong Area	Malay Area			
Operating revenue								
Operating revenue from external parties	100,260	61,330	8,266	38,255	22,724	230,837	△162	230,674
Internal operating revenue between segments	1,612	30,530	2	41	—	32,186	△32,186	—
Total	101,873	91,860	8,269	38,296	22,724	263,024	△32,349	230,674
Segment Profit	△1,474	7,602	2,367	1,093	△2,321	7,268	497	7,766

(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:

△162 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 497 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 2nd quarter of FY2021

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

(Millions of yen)

	For the three month ended May 31, 2021							
	Domestic		Global			Total	Adjustments	Consolidated financial statements appropriation
	Retail	Solutions	China Area	Mekong Area	Malay Area			
Operating revenue								
Operating revenue from external parties	109,559	59,225	7,582	36,657	25,208	238,232	△265	237,966
Internal operating revenue between segments	1,667	28,628	0	46	—	30,342	△30,342	—
Total	111,226	87,853	7,582	36,703	25,208	268,574	△30,607	237,966
Segment Profit	5,961	9,851	2,936	7,629	7,629	34,007	△767	33,240

(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:

△265 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 △767 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