

July 8, 2020

AEON Financial Service Co., Ltd.

Notice regarding Earnings Forecast and Dividend Forecast

AEON Financial Service Co., Ltd (the “Company”) announces the projections for the fiscal year ending February 28, 2021 which the Company have not yet decided in the "Brief Report of Financial Results for the Fiscal Year Ended February 31, 2020" announced on April 10, 2020.

1. Projections

(1) Projections for the fiscal year ending February 28, 2021

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

	Operating income	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share (yen)
Last announcement (A)	—	—	—	—	—
This announcement (B)	460,000	10,000 ~20,000	10,000 ~20,000	5,000 ~10,000	23.17 ~46.34
Increase decrease (B - A)	—	—	—	—	
Increase and decrease rate (%) (reference)	—	—	—	—	
Previous year's results For the year ending February 2020	457,280	65,070	65,797	34,149	158.25

(2) Background of projections

With regard to our consolidated earnings forecast for the fiscal year ending February 2021, the Company has decided that it is difficult to reasonably calculate the impact of the spread of the new Corona virus infection on the Group, however, the Company have calculated the consolidated earnings forecasts as the declaration of a state of emergency has been lifted in Japan and the government's regulations have been relaxed in overseas countries in which the Company operates.

During the first quarter, branches and merchants refrained from operations due to the issuance of emergency declarations and activity restrictions in each country due to the effects of the new Coronavirus infection, and the truncation volume handled fell below the previous consolidated accounting period from March to mid-May. From mid-May onwards, the volume of transactions has been gradually recovered in some countries in Japan and overseas, and is expected to recover to the previous year level by the end of the consolidated accounting period. On the other

hand, in Japan, we have conservatively recorded provisions for an increase in loan losses after the second quarter of this fiscal year. In addition, due to deferred payment measures based on requests from central bank authorities, etc., provisions for an increase in loan losses since the consolidated cumulative period for the second quarter are expected to be lower than the previous consolidated fiscal year. At this time, these costs are transient and are expected to recover from the third quarter onwards. However, the response to requests for repayment easing through overseas deferred payment measures, etc. will also occur after the consolidated cumulative period for the second quarter. Therefore, since the results for the consolidated cumulative period for the second quarter of the Global business, including these factors, cannot be foreseen at this time, the consolidated earnings forecast for the consolidated cumulative period for the second quarter will not be disclosed, and the consolidated earnings forecast for the fiscal year ending February 2021 will be disclosed in a range format. This forecast is based on information available to date, such as external economic indicators and external information such as debtor protection policies of national authorities, based on certain assumptions about the effects of the spread of the new coronavirus infection, such as assuming a convergence period of around the end of fiscal 2020.

As the impact of the new coronavirus infection is prolonged, we have established a system that can provide safe and secure financial services to non-face-to-face and non-contact customers, and we are taking the priority of continuing employment and safe work for our employees. In particular, the Group has positioned its major issues, such as thorough digitization, transformation of business models to improve business efficiency and create new revenue opportunities, and improvement of productivity through work style reforms that make full use of remote work, and has begun to implement and realize them. In addition, as announced in the "Notice regarding the Reduction of Executive Compensation" published today, the Company has decided to reduce the directors' compensation of each Group company for six months in order to encourage strong determination to restore business performance.

2. Cash Dividends

(1) February 2021 term

	Dividend per share		
	Interim period	Term end	Annual
Last announcement	-	-	-
Last announcement	11.00	12.00	23.00
(reference) Previous year's results For the year ending February 2020	29.00	39.00	68.00

(yen)

(2) Reason for dividend forecast

The Company has positioned shareholder returns to shareholders as an important management measure and has implemented appropriate distribution of profits. In the past, the Company has set a policy of maintaining a dividend payout ratio of about 30-40%, but in view of the fact that the earnings forecast for the fiscal year ending February 2021 is expected to be very severe, the dividend for the fiscal year ending February 2021 will be 23 yen per share (including an interim dividend of 11 yen).

The results and dividend forecast figures described above are based on information currently available, and may differ due to various factors such as the inability to determine the convergence time for new coronavirus infections, in addition to domestic and overseas economic trends.