

January 13, 2021

AEON Financial Service Co., Ltd.

Notice regarding of revision of earnings forecast

AEON Financial Service Co., Ltd (the “Company”) announces the revision of full-year consolidated earnings forecast for the fiscal year ending February 28, 2021 which announced on July 8, 2020, based on the Company's recent business performance trends.

1. Full-year consolidated earnings forecast

(1) Forecast of full-year consolidated financial results

(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

(2) Background of the revision

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.

(*)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.