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April 9, 2021

AEON Financial Service Co., Ltd.

Notice regarding Difference between Earnings Forecast and Actual Results, and Revision of Dividend Forecast

AEON Financial Service Co., Ltd (the “Company”) announces that there were differences between its consolidated earnings forecast for the fiscal year ended February 28, 2021, which had been announced on January 13, 2021 and the actual figures announced today. In addition, the Company announces that there was a resolution to amend the dividend forecast for the fiscal year ended February 28, 2021 at the Board of Directors meeting held today.

1. Differences between Consolidated Earnings Forecasts and Actual Results

(1) Consolidated earnings forecasts and results for the fiscal year ended February 28, 2021

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

(Millions of yen, %, yen)

	Operating revenue	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share (yen)
Last announcement(A)	470,000	27,000 ~33,000	27,000 ~33,000	11,000 ~14,000	50.97 ~64.87
Actual results(B)	487,309	40,651	40,238	17,693	81.99
Differences (B-A)	17,309	7,651 ~13,651	7,238 ~13,238	3,693 ~6,693	
Differences (%)	3.7	23.2 ~50.6	21.9 ~49.0	26.4 ~60.9	
(reference) Previous Year's Results (FY2019)	457,280	65,070	65,797	34,149	158.25

(2) Reason for the differences

Since the second quarter, there have been signs of recovery in the outstanding balance of loans, including mortgages, as well as improvements in the volume of credit card shopping transactions and installment finance in Japan and other major overseas countries where we operate businesses. In addition, additional costs related to bad loans have been suppressed. As a result, the Company revised its full-year earnings forecast upward on January 13, 2021. In the fourth quarter, a state of emergency was re-issued in Japan, mainly in the Tokyo Metropolitan Area on January 7 and economic activity was restricted in some Asian countries

where the Company operates. However, sales promotions in collaboration with AEON Group retailers and shopping volumes on e-commerce sites remained strong. The provision of benefits to companies and individuals by governments, as well as the advancement of screening and debt collection at overseas subsidiaries, and the increased control of credit risk, have improved the collection rate and suppressed the additional occurrence of bad debt-related expenses. As a result of these efforts, operating revenue, operating profit, ordinary profit, and net profit attributable to owners of parents for the full year exceeded initial expectations.

2. Revised dividend forecast for the fiscal year ended February 28, 2021

(1) Dividend forecast for the fiscal year ended February 28, 2021

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

(yen)

	Dividend per share		
	Interim period	Term end	Annual
Last announcement	11.00	12.00	23.00
This announcement	11.00	23.00	34.00
(reference) Previous Year's Results (FY2019)	29.00	39.00	68.00

(2) Reason for the revision

The Company will raise dividend forecasts as profit attributable to owners of parent for consolidated financial results for the fiscal year ended February 28, 2021 exceeded the forecast.