



# Brief Report of Financial Results (Unaudited)

(For the Nine Months Ended November 30, 2021)

January 12, 2022

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 Nine Months ended November 30, 2021 and for the Nine Months ended November 30, 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
Nine Months ended November 30, 2021	348,739	-3.5	44,229	78.0	45,283	86.4	22,348	122.3
Nine Months ended November 30, 2020	361,557	-	24,852	-	24,298	-	10,053	-

(Note)Comprehensive income; The 3rd Quarter of Fiscal 2021; 30,520 million (-%), The 3rd Quarter of Fiscal 2020;13,542 million (-%)

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Nine Months ended November 30, 2021	103.54	103.53
Nine Months ended November 30, 2020	46.58	46.58

### (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, 2021	6,258,711	499,857	6.7	1,948.26
Year ended February 28, 2021	6,123,721	474,667	6.6	1,860.08

(Reference)Shareholder's equity; The 3rd Quarter of Fiscal 2021;420,499 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 40<sup>th</sup> 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 40<sup>th</sup> 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	460,000	-5.6	51,000	25.5	51,000	26.7	25,000	41.3	115.83

(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 3rd 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 3rd Quarter of Fiscal 2021: 176,088 shares; Fiscal 2020: 179,553 shares
    - ③ Average number of shares during the quarter (For the Nine Months ended November 30, 2021)  
The 3rd Quarter of Fiscal 2021: 215,832,578 shares; The 3rd Quarter of Fiscal 2020: 215,809,633 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) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2021	As of November 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	705,739	626,595
Call loans	30,841	2,275
Accounts receivable - installment	1,521,149	1,664,291
Lease receivables and investments in leases	12,284	12,385
Operating loans	782,916	784,077
Loans and bills discounted for banking business	1,998,379	2,143,804
Securities for banking business	519,023	480,021
Securities for insurance business	70,261	50,066
Monetary claims bought	30,800	28,256
Money held in trust	92,567	110,783
Other	184,176	176,543
Allowance for doubtful accounts	△133,331	△121,716
<b>Total current assets</b>	<b>5,814,809</b>	<b>5,957,382</b>
Non-current assets		
Property, plant and equipment	39,152	36,015
Intangible assets		
Goodwill	16,784	15,403
Software	100,249	106,263
Other	4,738	4,444
<b>Total intangible assets</b>	<b>121,773</b>	<b>126,111</b>
Investments and other assets	147,205	138,511
<b>Total non-current assets</b>	<b>308,130</b>	<b>300,637</b>
Deferred assets	780	690
<b>Total assets</b>	<b>6,123,721</b>	<b>6,258,711</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	270,015	275,571
Deposits for banking business	4,018,666	4,105,367
Short-term borrowings	216,468	259,816
Current portion of long-term borrowings	62,159	92,933
Current portion of bonds payable	23,012	58,299
Commercial papers	85,000	85,000
Provision for bonuses	3,511	5,890
Provision for point card certificates	20,685	14,107
Other provisions	197	145
Other	189,143	166,322
<b>Total current liabilities</b>	<b>4,888,859</b>	<b>5,063,454</b>
Non-current liabilities		
Reserve for insurance policy liabilities	86,639	66,380
Bonds payable	282,721	263,072
Long-term borrowings	337,026	328,931
Retirement benefit liability	4,707	2,609
Provision for loss on interest repayment	5,706	3,024
Other provisions	530	532
Deferred tax liabilities	1,518	1,578
Other	41,344	29,271
<b>Total non-current liabilities</b>	<b>760,194</b>	<b>695,400</b>
<b>Total liabilities</b>	<b>5,649,053</b>	<b>5,758,854</b>

(Millions of yen)

	As of February 28, 2021	As of November 30, 2021
Net assets		
Shareholders' equity		
Share capital	45,698	45,698
Capital surplus	120,145	120,117
Retained earnings	237,385	250,661
Treasury shares	△460	△451
Total shareholders' equity	402,768	416,026
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,283	5,531
Deferred gains or losses on hedges	△3,902	△2,659
Foreign currency translation adjustment	△334	1,826
Remeasurements of defined benefit plans	△352	△225
Total accumulated other comprehensive income	△1,306	4,473
Share acquisition rights	43	40
Non-controlling interests	73,162	79,316
Total net assets	474,667	499,857
Total liabilities and net assets	6,123,721	6,258,711

## (2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended November 30, 2020	Nine months ended November 30, 2021
<b>Operating revenue</b>		
Revenue from credit card business	96,319	97,741
Revenue from installment sales finance business	31,830	32,562
Financing revenue	104,865	96,981
Recoveries of written off receivables	7,011	8,747
Financial revenue	24,042	25,426
Insurance revenue	37,535	25,494
Fees and commissions	45,228	44,894
Other	14,724	16,890
Total operating revenue	361,557	348,739
<b>Operating expenses</b>		
Financial expenses	17,371	15,985
Insurance expenses	36,616	25,004
Fees and commissions payments	8,060	8,602
Selling, general and administrative expenses	272,113	252,693
Other	2,541	2,224
Total operating expenses	336,704	304,509
Operating profit	24,852	44,229
<b>Non-operating income</b>		
Dividend income	142	187
Gain on investments in investment partnerships	243	324
Subsidy income	—	493
Other	155	121
Total non-operating income	541	1,127
<b>Non-operating expenses</b>		
Share of loss of entities accounted for using equity method	—	37
Loss on valuation of investment securities	670	—
Foreign exchange losses	395	18
Loss on transfer of receivables	—	10
Miscellaneous loss	29	6
Total non-operating expenses	1,095	72
Ordinary profit	24,298	45,283
<b>Extraordinary income</b>		
Gain on sales of non-current assets	7	16
Gain on sales of investment securities	—	436
Gain on termination of retirement benefit plan	—	239
Subsidies for employment adjustment	274	7
Total extraordinary income	282	699

(Millions of yen)

	Nine months ended November 30, 2020	Nine months ended November 30, 2021
Extraordinary losses		
Loss on disposal of non-current assets	309	408
Impairment loss	95	183
Loss on liquidation of subsidiaries	—	53
Infectious Disease Related Cost	409	37
Other	—	24
Total extraordinary losses	813	707
Profit before income taxes	23,767	45,275
Income taxes - current	14,963	8,579
Income taxes - deferred	△6,227	5,669
Total income taxes	8,735	14,248
Profit	15,031	31,027
Profit attributable to non-controlling interests	4,978	8,679
Profit attributable to owners of parent	10,053	22,348

**(Consolidated statement of comprehensive income)**

(Millions of yen)

	Nine months ended November 30, 2020	Nine months ended November 30, 2021
Profit	15,031	31,027
Other comprehensive income		
Valuation difference on available-for-sale securities	2,976	2,110
Deferred gains or losses on hedges	△990	2,155
Foreign currency translation adjustment	△3,571	3,100
Remeasurements of defined benefit plans, net of tax	94	127
Total other comprehensive income	△1,489	7,493
Comprehensive income	13,542	38,520
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,198	28,127
Comprehensive income attributable to non-controlling interests	3,343	10,392

**(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 3rd 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	166,669	91,589	12,023	56,313	35,184	361,780	△ 223	361,557
Internal operating revenue 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

### For 3rd 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	157,450	88,122	11,469	54,282	37,747	349,072	△ 333	348,739
Internal operating revenue between segments	2,533	42,312	0	38	—	44,885	△ 44,885	—
Total	159,983	130,435	11,469	54,321	37,747	393,958	△ 45,218	348,739
Segment Profit	4,122	14,161	4,120	11,033	11,879	45,318	△ 1,089	44,229

(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:

△333 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 △1,089 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