

As a financial services company with roots in the retail sector, our goal is to become Asia's leading lifestyle support company by providing unique, innovative services that embrace customer perspectives.

## The AEON Financial Service Group

With roots in the retail operations of the AEON Group, we are a comprehensive financial group that offers financial products and services closely attuned to customers' lives in 12 Asian countries/regions including Japan. Since our establishment in 1981, we have continued to evolve our business model in response to changes in the business environment.

In Japan, we have drawn on resources such as the AEON Group's brand strength and store network to develop synergies with retail operations and grow our business, centering on credit cards. In addition, we have expanded businesses such as e-money settlement, insurance sales and banking to establish an organization that can respond to the requirements of increasingly diverse customers amid changes in lifestyles and progression through life stages.

In our Global Business, we have grown significantly since the 1987 establishment of a branch office in Hong Kong. By channeling the expertise and relish for challenge accumulated in Japan, we have successively opened up new markets and expanded the number of countries/regions we serve. Our financial businesses have been supporting better living for a wide range of demographics, including low-income segments unable to access the services of local financial institutions.

Furthermore, the Group has consistently taken on challenges with innovative initiatives that address customer needs, such as issuing the first gold card with no annual fee in the Japanese credit card industry, and opening a bank as a company with a background in the retail sector. We were also among the earliest Japanese financial institutions to aggressively rollout global operations. Through the unique business model we have built and our effective utilization of resources such as people and expertise, we have adapted to changes in the business environment and earned the trust of our customers. We believe that this has paved the way for our sustainable growth.

## Our Operating Environment and Digitalization Initiatives

Today, our operating environment is entering a period of significant upheaval. The growing use of smartphones and other influences including blockchains, AI, and the internet of things (IoT) are bringing about innovation that is dramatically transforming the financial industry. The means to provide services have diversified while currency and language barriers have fallen, enabling more precise responses to customer needs. Conversely, our Group will lose the ability to satisfy

customers if we fail to evolve our business model with new approaches.

Workforce contraction in Japan due to demographic changes and rising wages in growing Asian economies are factors that make personnel-dependent service systems difficult to maintain. Moreover, we must be able to manage more information securely, and relay it accurately and promptly, so that customers can make seamless use of the Group's financial products and services. While the Group excels at face-to-face customer service, we realize that we must mobilize new information technologies to maintain our service structure and further enhance its quality.

We will further promote digitalization to build a new financial platform that integrates retail and financial databases in our Asia service area. In an era where the ability to adapt to change is more necessary than ever, we will look to our history of leveraging change to evolve for inspiration, as we transform our business model into a new phase. In addition, we will provide one-stop solutions to multiple customer needs, and create new business opportunities by matching products and services to individual needs.

### In Closing

The AEON Financial Service Group has a customer-first mindset and a mission to enrich people's daily lives. Under this banner we are united in our efforts to continue actively contributing to society across our business initiatives and CSR activities. Furthermore, we see our environmental, social and governance (ESG) profile as an intangible asset that is just as important as our customer base and our brand, and will therefore focus on developing the value of this asset to maximize our corporate value.

Moving forward, with the perspective of customers always in mind, our goal is to concentrate our efforts on offering original services that no other financial institution provides, while building a company and organization that can resolve social issues. We look forward to the continued understanding and support of our stakeholders.

**Kenji Kawahara**

President and CEO

