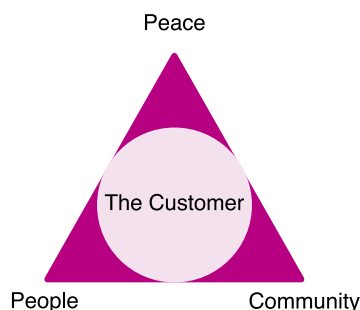


Philosophy and Policy

AEON Basic Principles



On the basis of the Aeon Basic Principles, Aeon practices its “Customer-First” philosophy with its ever-lasting innovative spirit.

Pursuing peace, respecting humanity, and contributing to local communities, always with the customer's point of view as its core.

The word aeon (ÆON) has its origins in a Latin root meaning “eternity.” The customers’ beliefs and desires comprise the central core of our philosophy. At Aeon, our eternal mission as a corporate group is to benefit our customers, and our operations are thus customer-focused to the highest degree.

Aeon Basic Principles are the following:

- “Peace” Aeon is a corporate group whose operations are dedicated to the pursuit of peace through prosperity.
- “People” Aeon is a corporate group that respects human dignity and values personal relationships.
- “Community” Aeon is a corporate group rooted in local community life and dedicated to making a continuing contribution to the community.

Management Philosophy

Support customers’ lifestyles and enable each individual to maximize future opportunities through effective use of credit

Basic Policies

The management philosophy of AEON Financial Services Co., Ltd. is to support customers’ lifestyles and enable each individual to maximize future opportunities through effective use of credit in Japan and elsewhere in Asia. Our basic policies are to put customers first, provide financial services that are closely attuned to customers’ lives, earn the trust of society and meet its expectations, and maintain a corporate culture that encourages our people to excel. We are committed to our mission of truly contributing to our customers’ lives through financial services.

Editorial Policy

AEON Financial Service publishes the Annual Report to provide shareholders, investors, and other stakeholders with information on its initiatives to generate sustainable growth in corporate value. The report includes financial information, as well as non-financial information on environmental, social, governance (ESG) and other issues. The objectives of the annual report are to help readers understand our ideals and maintain an ongoing dialogue with them. In addition, our website, corporate video, and other media disclose information so that readers can deepen their understanding of the Company.

Scope of Report

Organization: AEON Financial Service Co., Ltd. and its consolidated subsidiaries

Period: Fiscal 2020 (March 1, 2020 - February 28, 2021) (Some information is more recent)

Guidelines Referenced

International Integrated Reporting Framework, International Integrated Reporting Council (IIRC) (December 2013)

Sustainability Reporting Guidelines, Global Reporting Initiative

Forward-Looking Notes

Note to Reader

In this report AEON Financial Service is also referred to as “AFS.”

All of the matters related to our future management strategy, sales policy, business forecast, etc. described in this integrated report are assumed and calculated based on the information we have at the moment. It contains various uncertainties such as economic trends, competition in the industry, market demand, exchange rates, risks related to tax systems and various systems, etc. Therefore, it will actually be announced in the future.

The performance, etc. to be performed may fluctuate due to these various factors.

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Website Guidance

<https://www.aeonfinancial.co.jp/en/>

Corporate Information

<https://www.aeonfinancial.co.jp/en/corp/>



Shareholder and Investor Information

<https://www.aeonfinancial.co.jp/en/ir/>



Sustainability Information

<https://www.aeonfinancial.co.jp/en/activity/>



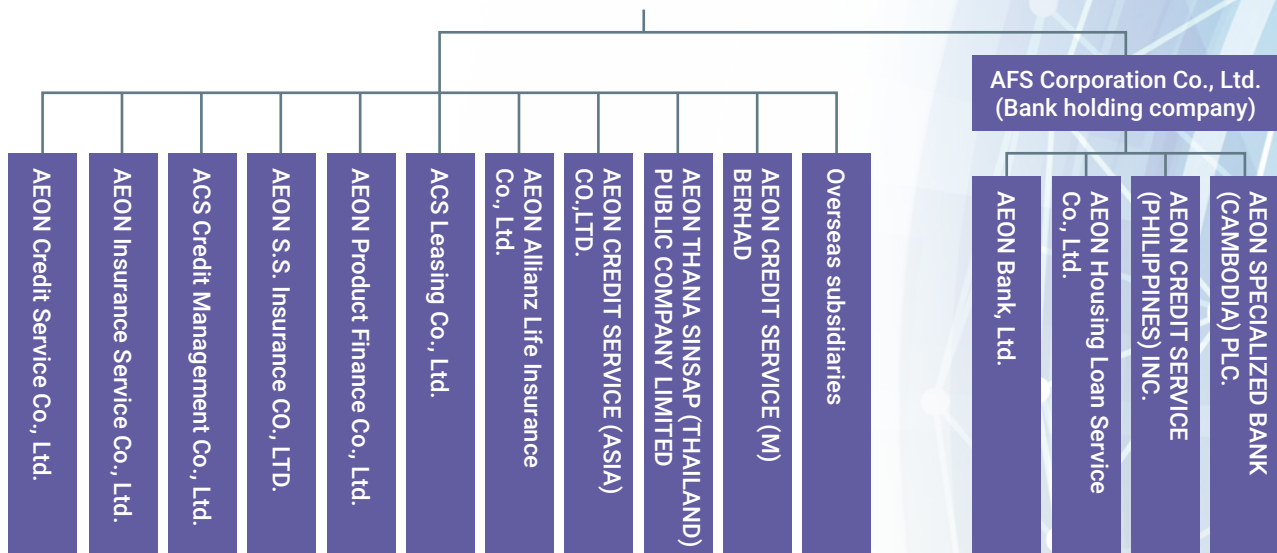
About AEON Financial Service

Who We Are

AEON Financial Service Co., Ltd. is a comprehensive financial group with roots in the retail sector and is responsible for the AEON Group's wide-ranging financial businesses, with 32 local subsidiaries and one equity method affiliate spanning 11 countries and regions in Asia, including Japan.



AEON Financial Service Co., Ltd.



The AEON Group is a corporate group consisting of eight businesses that support customers' daily lives under the pure holding company, AEON Co., Ltd.



* The Financial Services Business includes 33 Group companies of the AEON Financial Service Group, in addition to AEON Reit Management Co., Ltd. and FeliCa Pocket Marketing Inc.



For an overview of the AFS Group, please refer to AFS at a Glance on page. 20.

5,000

History

4,000

3,000

In 1980, our predecessor, Nihon Credit Service Co., Ltd., was established as a company that issued proprietary JUSCO credit cards to customers of JUSCO Co., Ltd. (currently AEON Co., Ltd.). Since then, we have made use of the AEON Group's sales network to expand business as a comprehensive financial group that focuses on credit cards to provide banking, insurance, and other financial services. Through such efforts, we have continued to grow while providing new value to customers and keeping our eyes trained on the changing times and operating environment.

1995

Shares of AEON Credit Service (Asia) Co., Ltd. listed on the Hong Kong Stock Exchange

1996

Shares listed on the Second Section of the Tokyo Stock Exchange

1996

Established ACS Credit Service (M) Sdn. Bhd. (currently AEON Credit Service (M) Berhad) in Malaysia

2000

Began issuing the AEON Card



2001

Shares of AEON Thana Sinsap (Thailand) Plc. listed on the Stock Exchange of Thailand

2003

Began issuing the AEON Gold Card, the industry's first credit card with no annual fee



HISTORY

2,000

1,000

0

1980

Began issuing the JUSCO Card



1981

Established Nihon Credit Service Co., Ltd.

1987

Opened Hong Kong branch, beginning overseas operations in Asia

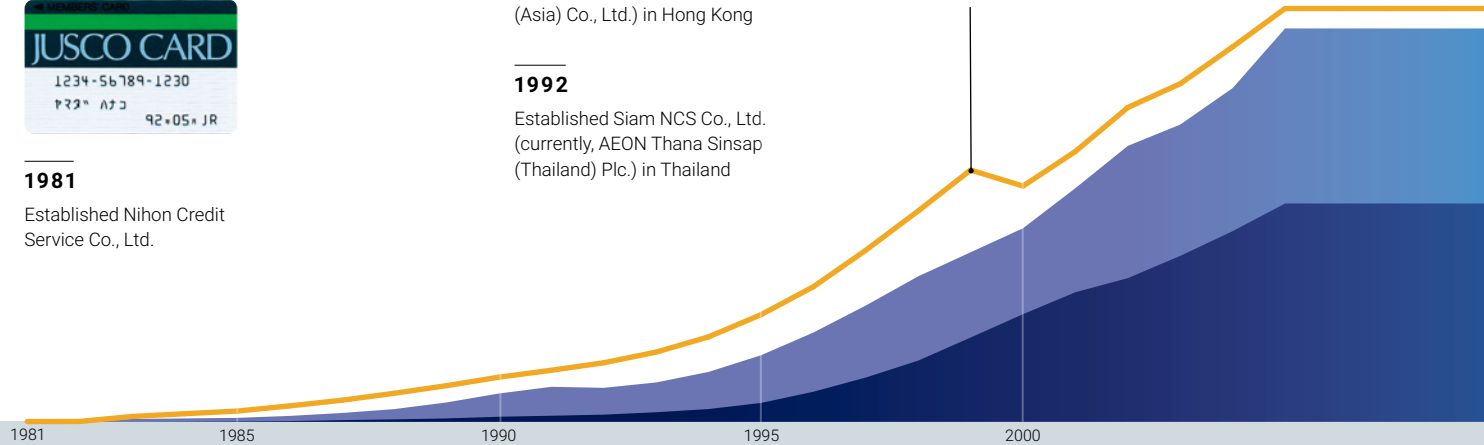
1990

Established Nihon Credit Service (Asia) Co., Ltd. (currently AEON Credit Service (Asia) Co., Ltd.) in Hong Kong

1992

Established Siam NCS Co., Ltd. (currently, AEON Thana Sinsap (Thailand) Plc.) in Thailand

Number of Consolidated Effective Members



PROVIDING VALUE

1981-

Launching the card shopping business

We have expanded our card shopping business in collaboration with AEON Group retailers. We have made efforts to increase our range of services, which include issuing cards that do not require signatures for food purchases, and combined postal savings cards.



RELATED SOCIAL MOVEMENTS

The proliferation of credit cards

1987-

Providing financial services for convenient and enriching lifestyles in Japan and other Asian countries

We have developed our financial service businesses not only in Japan, but various other Asian countries as well. Starting in Hong Kong, which already had AEON Group retail stores in operation, we then expanded into Thailand and Malaysia. Since then, we have continued our active push for expansion overseas in pursuit of new markets.



The bubble economy and contraction of the Japanese market

2007

Shares of AEON Credit Service (M) Berhad listed on the Malaysian stock exchange

2007

Began operations of AEON Bank, Ltd.



2009

Began issuing AEON Card Select, a single card that functions as a credit card, cash card, and e-money

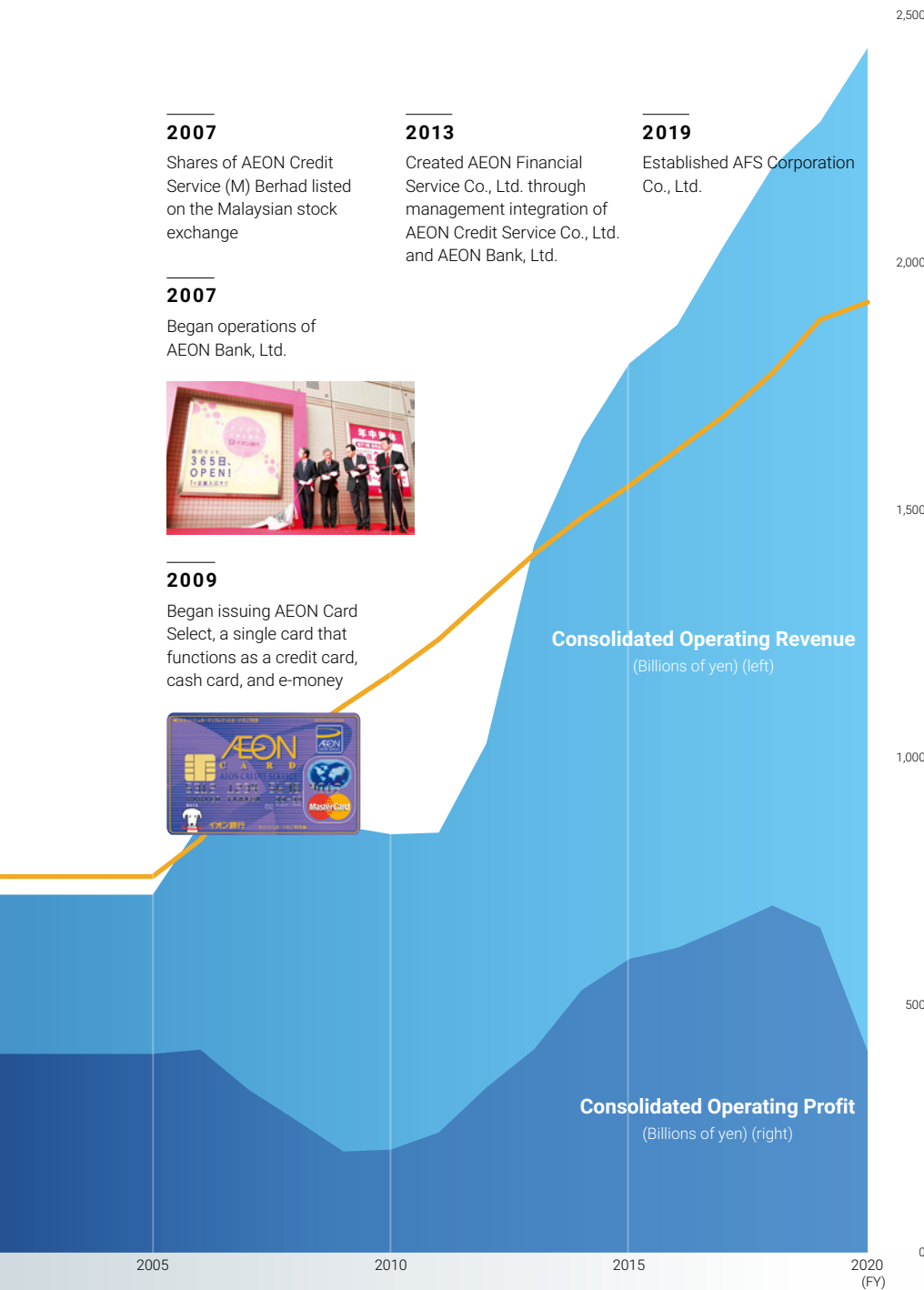


2013

Created AEON Financial Service Co., Ltd. through management integration of AEON Credit Service Co., Ltd. and AEON Bank, Ltd.

2019

Established AFS Corporation Co., Ltd.



FISCAL 2020 RESULTS

Transaction Volume

¥ 9,586.9 billion

Consolidated Operating Revenue

¥ 487.3 billion

Consolidated Operating Profit

¥ 40.6 billion

Cardholders

46.13 million cardholders

2007-

Offering total support suitable for customers' lifestyles and life stages

From day-to-day credit payments to savings and deposits, insurance, and asset formation, we have been focused on supporting customers' financial needs at each stage of life to make sure they lead as enriching a life as possible.



Diversification of lifestyles and ease of restrictions

2019-

Evolving from comprehensive financial services to comprehensive life services by transitioning to a business company to provide flexible responses to changes in difficult times

The Company underwent a change in organizational structure and transitioned from a bank holding company to a business company. Through actions that include entering the life insurance business, we are putting forth new forms of enrichment that are not restricted by the traditional financial framework.



Changes in the financial industry due to entering different businesses

Our Strengths

We continue to grow and provide our unique value by making full use of the strengths we have cultivated since our founding in 1980 to the present day, including a store network in Japan and other Asian countries belonging to the AEON Group, Japan's largest retail group with consolidated operating revenue of over ¥8 trillion.

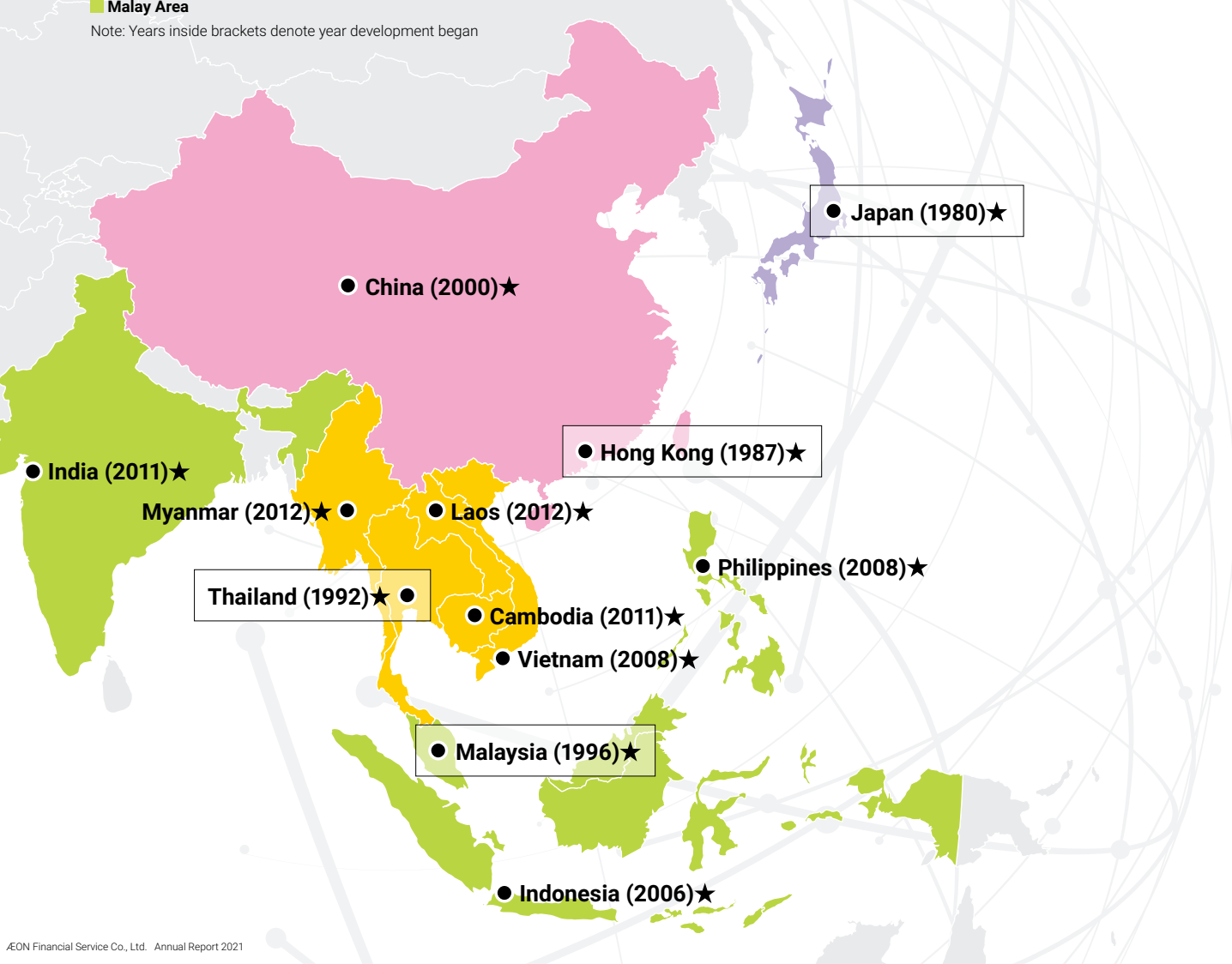
Overseas Expansion

Active Overseas Development

In 1987, we began business development in Asia by opening our first overseas base in Hong Kong. Since then, we have created the ideal financial services to meet the diverse needs of customers in each country of operation.

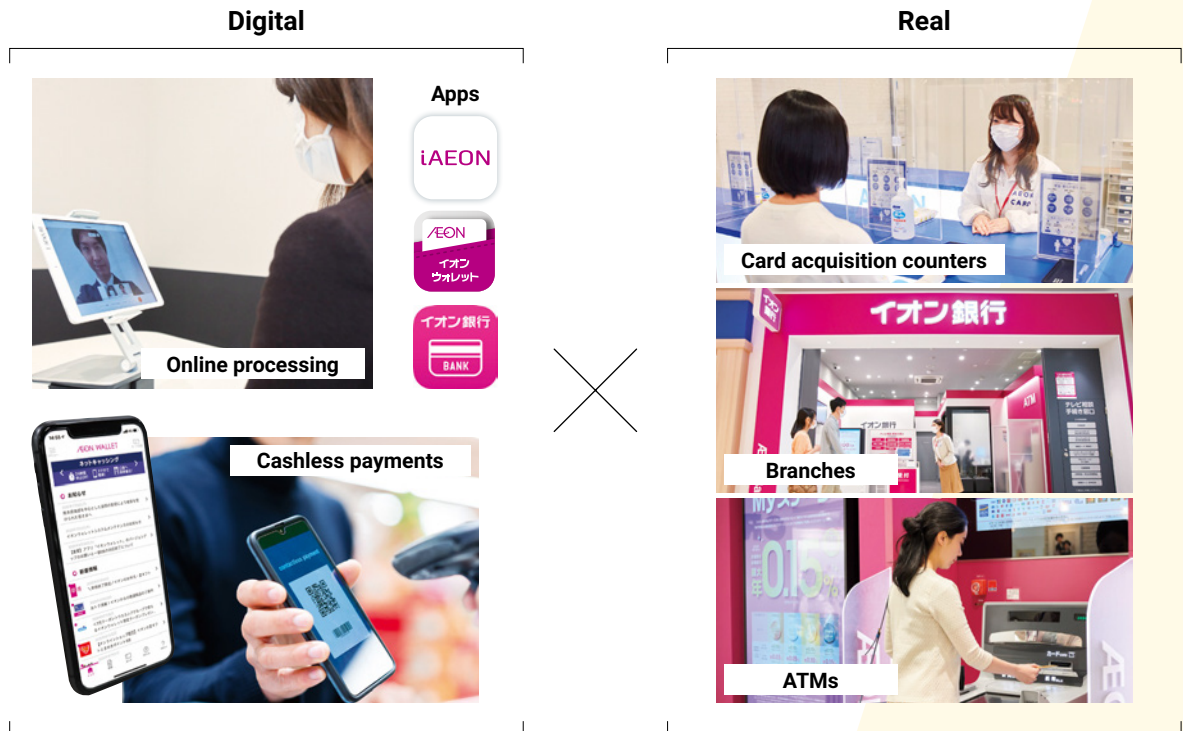
Operating in 11 Countries (Including Japan)

- China Area
 - Mekong Area
 - Malay Area
 - ★AEON (retail) operations
 - ◻ Listed company
- Note: Years inside brackets denote year development began



The Fusion of Digital and Real

We have combined the strength of our brick-and-mortar stores and ATMs located in AEON shopping centers, and other locations across Japan with the digitalization of our increasingly in-demand services in order to meet customer needs from a multi-faceted series of contact points.



Comprehensive Financial Services for Any Lifestyle

Money exists to be spent, saved, borrowed—the list goes on. One of our true strengths as a comprehensive financial group with roots in the retail sector is that we have a close connection with customers' varying lifestyles during the different stages of their lives, and can therefore provide fine-tuned support. We will continue to produce value unique to the Company by taking the various products and services handled by the AEON Group and linking them with finance.

<p>Expenditure</p> <p>Credit cards, debit cards, and WAON electronic money</p>	<p>Saving</p> <p>Deposit services</p>	<p>Borrowing</p> <p>Cash advances, various types of loans, etc.</p>
<p>Investment</p> <p>Investment trusts, foreign currency deposits, etc.</p>	<p>Preparation for the Future</p> <p>Insurance services, etc.</p>	<p>Asset Management</p> <p>AEON WALLET, bankbook app, etc.</p>

Value Creation Process

We provide a series of comprehensive services tailored toward our customers' diverse lifestyles and day-to-day lives while making use of our management resources and strengths cultivated as a company committed to lifestyle support.

External Environment and Social Issues Affecting the Company

External Environment

- Japan's declining birthrate and aging population
- Economic growth in Asian countries
- Proliferation of smart devices
- Further development of IT technology
- Diversification of lifestyle needs
- Shift toward cashless payments

Social Issues

Overseas

- High proportion of low-income groups
- Unstable employment opportunities
- Inadequate accessibility to financial services
- Incomplete payment infrastructure

Domestic

- Labor shortages
- Growing social disparity
- COVID-19 countermeasures

Capital Usage

AEON Brand Strength



Group employees

Approx. **570,000**

Stores

19,288

Ranking in the domestic retail industry

No.1

Network

Countries served

11

Sales offices

636

Financial Capital

Consolidated total assets

¥6,123.7 billion

Consolidated equity

¥401.4 billion

Human Capital

Employees

17,611

(Ratio of global Group employees: 73%)

Customer Base

Cardholders

46.13 million

(As of February 28, 2021)

Company Strengths

Active Overseas Development

The Fusion of Digital and Real

Comprehensive Financial Services for Any Lifestyle

Management Base

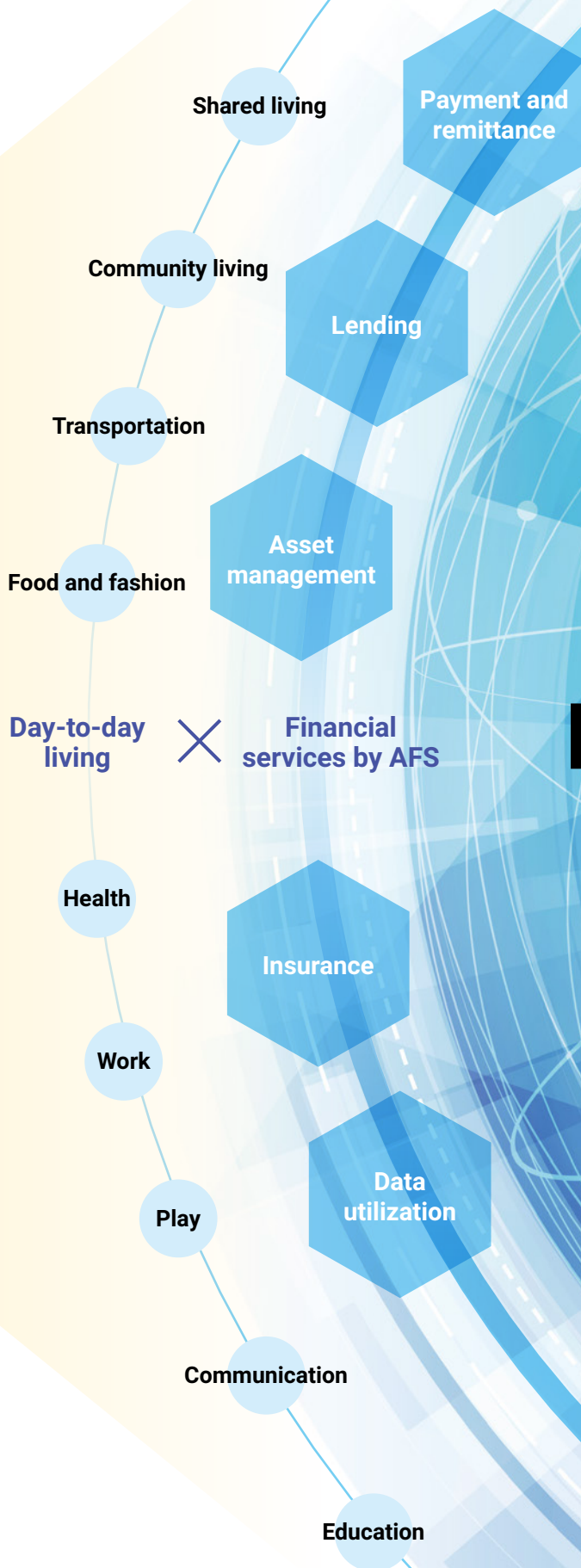
Basic CSR Policy

Human Resource Strategy

Corporate Governance

Internal Control System

Management Philosophy and Basic Policies



OUR VALUE

Beyond Finance

As a company committed to lifestyle support, we provide comprehensive services that customers need—beyond finance.