

Opportunity for Accelerated Growth Following the Merger

Kenji Fujita

President and CEO



Our Purpose—A Vision Focused on Future Generations

Founded in 1981 as a comprehensive financial services provider within the AEON Group, AEON Financial Service has prioritized enhancing the convenience of shopping for consumers. This purpose has continued to guide our activities during our subsequent expansion into Southeast Asia, starting with Hong Kong in 1987. We have achieved growth by actively embracing new initiatives that contribute to the improvement of living standards for consumers in each country and region.

At the same time, we are aware that structural changes in society have propelled many industries, including the financial sector, into a far-reaching transition. The AEON Basic Principles form our narrative for the AEON Group as we move through this major transitional phase, and we have also created the AEON Group Future Vision. The AEON Basic Principles embody our aspirations for AEON, while the AEON Group Future Vision defines our goals for the future. We are adapting to these changes through innovations affecting various aspects of our operations, including our business models. That is why we have created clearly defined and unchanging coordinates for our activities by defining Our Purpose, which “is to bring ‘finance’ closer to everyone. By committing to each and every person, we brighten up everyday lives with peace of mind and smiles.” Because we wanted Our Purpose to be our signpost and express the reason for the existence of AEON Financial Service, it was important to ensure that it would be understood and supported by all employees. Instead of a top-down approach to its formulation, we formed a project team made up mainly of volunteers in their twenties and thirties, people who will take over responsibility for the management of AEON Financial Service twenty to thirty years from now.

As a provider of comprehensive financial services, AEON Financial Service must ensure that all employees approach their work with a proper sense of ethics. We believe that values and a corporate culture centered on Our Purpose can help to foster this ethical sense, while guiding individual employees to move in the right direction in terms of their conduct and performance.

In the past, our organization has tended to work on a top-down basis. Going forward, we believe that these activities can transform our Company into an organization that achieves Our Purpose through cooperation among people, without reference to their positions.

The purpose that we created through this process now resonates with a broad spectrum of employees, regardless of age group, gender, or other attributes. However, the formulation of Our Purpose was not a goal in itself, but rather a process to create a vision for the future. We have reached the starting line. By continuing these efforts, we believe that we can create a firm mental foundation for everyone and turn

Our Purpose into a core pillar for AEON Financial Service. We can create a firm mental foundation for everyone and turn Our Purpose into a core pillar for AEON Financial Service.

Building a New Framework for the Financial Sector

The business environment in fiscal 2022 was affected by a number of new changes. Society as a whole shifted to the post-COVID phase, while rising resource prices drove cost-push inflation. In addition to these changes in the business environment, we also saw a breakdown of industry boundaries across the entire financial sector. A growing number of financial institutions began to limit themselves to providing financial functions as a service, and it also became easier for new companies to move into the financial sector. Another change was the breaking down of barriers between Japan and other countries. The collapse of traditional product-oriented industrial structures means that competition is no longer limited to within the financial sector. I see this as an indication that we are shifting from competition within industries to competition between economic spheres. The entire AEON Group is working to build the AEON Living Area. To ensure the success of these efforts, I believe that we will need to restructure our portfolio around businesses and areas of expansion, without limiting ourselves to traditional industries and business categories.

I see changes in the payment market as especially significant in this context. Code payment functions have become more popular recently, and the range of payment methods is becoming increasingly diverse. A concept with the potential to be a future game changer is the issuance of digital currencies by central banks, which is currently being discussed globally. If this concept is realized, society will no longer have any need for credit cards or e-money. At a time when the entire role of the financial sector could be fundamentally changed, it would be more of a risk to cling to existing industry frameworks. From a security perspective, geopolitical risk levels are also expected to rise, and I think that the emergence of situations that will shake the foundations of business makes it even more important to build the AEON Living Zone.

Central banks in various countries have adopted policies calling for financial integration. AEON Financial Service obtained Malaysia’s first digital banking license in April 2022, and we are now making preparations to start business in fiscal 2024. A digital bank provides banking services for which all processes can be completed via remote terminals, such as smartphones. AEON Financial Service plans to use this method to offer all types of financial services to the unbanked class of customers. We are working to create a revolutionary new business model through the development of a new framework.

Pursuing Business Model Transformation under the Medium-Term Management Plan

Our core theme for the current medium-term management plan, which covers the period from fiscal 2021 to fiscal 2025, is value chain transformation and new network creation. We are implementing a range of reforms with the aim of achieving growth for the Group.

A key theme identified in the medium-term management plan in relation to our business in Japan is the construction of an AEON Living Zone encompassing the entire AEON Group. We have worked to realize this concept by prioritizing the development of an economic sphere based on cashless payments and points. We took an important step toward this goal in September 2021, when the various points systems administered by individual AEON Group companies were restructured and integrated, resulting in the conversion of



AEON Card Points to WAON POINT. Since then, we have steadily enhanced the convenience of our systems, including for people who do not have an AEON Card. For example, also in September 2021, we added the AEON Pay barcode payment capability to the iAEON integrated AEON app, and in October 2022, a similar capability was added to the AEON Wallet. In June 2023, we introduced a charge payment function for AEON Pay.

Of course, our goal is not simply to develop infrastructure, but rather to use that infrastructure to provide financial services. One of our priorities has been the development of cross-selling, including the ability to make purchases through our apps. However, we believe that further integration of our products and services is essential, and for that reason, we merged with our consolidated subsidiary, AEON Credit Service Co., Ltd., in June 2023. We aim to transform our business model to one based on the use of payment services as a

gateway to cross-selling of financial products and services. Our continuing priority will be to use this new change as a stepping stone to the creation of a business model based on capturing cross-selling opportunities through closer collaboration within the AEON Group.

Financial inclusion has become a key policy focus in many countries. We have therefore made digital financial inclusion a major focus for our activities in overseas markets. In Asia, where people are rapidly becoming accustomed to the use of mobile devices to access a variety of services, we will use digital technology to step up our initiatives toward financial integration. In addition, we achieved productivity improvements over the past three years by prioritizing business process innovation through the digitalization of our business operations, including the use of AI.

I see the merger as a step toward the organizational structure that we need to support business model transformation. Immediately after the merger, we began to redeploy some of our human resources in Japan to other countries as a way of further accelerating our growth. We are doing this for two reasons: to strengthen local management structures in overseas markets, and to develop human resources. We believe that providing people with opportunities to build experience in growth markets and achieve personal growth in step with those markets is an effective way to develop future leaders for AEON Financial Service. In addition to this large-scale redeployment, we are also energizing our organization by gradually deploying people in line with our strategies.

We are steadily pursuing transformation through these initiatives. Going forward, our policy calls for the active allocation of resources to growth areas as part of our Group-wide efforts to create innovative business models that transcend industry boundaries. In particular, we see share of wallet as a key factor for success. We have achieved growth in our existing business areas by prioritizing the expansion of the number of accounts in the case of the Banking Business, and the number of cardholders in the Credit Card Business. Looking ahead to the future, however, we anticipate a worldview under which cash transactions will be completed within the virtual world. We believe that the key to renewed growth for our businesses in Japan will be to increase the use of our products and services by expanding the number of wallet owners and our share of those wallets. We aim to achieve sustainable growth through these policies.

AEON Financial Service's Value Creation

The formulation of Our Purpose was guided by our commitment to sustainability. We have also defined our key issues (materiality), which consists of four key social issues that need to be addressed because of their obvious potential to impact our business over the medium to long term.

The first of these key issues is “pursuing happiness through innovative financial services.” Our goal is to use innovative financial services to provide everyone with access to finance, a concept known in some countries as “financial inclusion.” There are still people in Japan who cannot access the financial services they need. People in every generation have unfulfilled needs due to their inability to access essential information as they pass through each life stage. AEON Financial Service will offer innovative products and services to meet the needs of such people. We are also helping to improve understanding about finance across society in general through our financial literacy lectures. We see this as an area in which we are uniquely positioned to contribute.

Our second key issue is “exerting diversity and the potential of our people.” Diversity is a particular focus. I see the realization of the potential of our human resources as vital to the improvement of our corporate value. From the perspective of gender, I believe we need to develop female management who can serve as career advancement role models for our female employees. Because we plan to expand our business from Japan to the whole of Asia, the recruitment and training of people who can work successfully on a global scale will also be an extremely important priority for the future sustainability of AEON Financial Service.

Our third key issue is “establishing organizational resilience.” We will continue to prioritize the enhancement of governance and information security, so that we can continue to fulfill our important role as a provider of financial infrastructure.

Our fourth key issue is “addressing climate change.” As a financial company, we will continue to contribute to decarbonization by providing investment and loans to fund initiatives that reduce carbon emissions.

When serving as CEO of our subsidiary in Malaysia, this commitment naturally led to various sustainability initiatives, and these efforts brought recognition from ESG rating organizations. The ideal way forward for us is to use these experiences as the basis for business activities that will promote sustainability in society.

Human Capital Management

Our human resources must continue to adapt to changes in society and business. We talk about “human capital” and “human resource portfolios,” and even a generation ago, people who could faithfully execute business operations were regarded as valuable assets. However, we are now in a transformational era in which industry frameworks are continually changing. The skill sets needed in this environment are also changing, therefore we must continually update our human resources. I see the development of educational systems as an essential part of our efforts to achieve this. In March 2023, we established the AFS Academy as an

educational and training institute for our human resources. The academy’s role is to provide employees with equal opportunities to build their careers, and to help people to update their skill sets in response to changing social needs. We will continue to emphasize human capital development as an extremely important part of our efforts to ensure corporate sustainability.

I regard the good physical and mental health of our employees as vital to our ability to provide services that contribute to the health and happiness of our customers. Our business activities as a Group are paralleled by our efforts to promote and manage the health of our employees.

Combining Economic Value with Social Value

The most important reason for the existence of AEON Financial Service is to contribute to the resolution of social issues through our business activities. Our ideal role as a company is to improve our corporate value by maintaining high profitability through business activities that have high social value. As I stated earlier, our approach to the realization of this vision is to use our payment services as a gateway to increase the number of customer wallets. However, this is not a goal in itself and we need to look further ahead to identify both what customers want when they consider spending their money, and unrealized financial needs, as well as needs that go beyond finance. We also need to consider social issues. Our concept calls for the development of a membership base consisting of people with various needs—people who want to learn, find solutions to their problems, or just have fun—and the creation of business models that will allow us to provide a variety of services and benefits at reasonable costs. Payment systems and banking functions are just forms of infrastructure, but beyond that there is a vital mission only we can fulfill by working as an organization to provide real answers to social issues and needs through the AEON Living Zone.

The unique value that derives from the existence of AEON Financial Service as a comprehensive financial services provider within the AEON Group is our continuing pursuit of innovation, together with our growing determination to contribute to communities and people. We will continue to enhance our corporate value by pursuing business activities that address social issues affecting our stakeholders. We look forward to the continuing support of our customers and partners.

Our Purpose



**Our purpose is to bring
“finance” closer to everyone.
By committing to each and every person,
we brighten up everyday lives
with peace of mind and smiles.**



**We formulated Our Purpose to define the reasons for the
existence of the AEON Financial Service Group.
As the basis for all actions by Group employees,
Our Purpose will be a driving force for accelerated growth
and the improvement of corporate value.**



Background to the Formulation of Our Purpose

AEON Financial Service (AFS) Group started business in 1980 that issued credit cards and related financial services to customers shopping at JUSCO Co., Ltd. general merchandise stores.

The opening of our Hong Kong branch in 1987 marked the beginning of operation in other Asian countries. We offer services tailored to meet local conditions, including the provision of installment payment services for customers who have difficulty accessing financial services.

AEON Bank, Ltd., founded in Japan in 2007, responded to customer feedback and reinvigorated the banking industry through new initiatives such as 365-day opening and the no-passbook accounts.

The AFS Group now brings convenience to and prosperity to the lives of its customers in 11 countries.

In recent years, changes in the business environment have accelerated at an increasing pace. They include the entry of players from other industries into the financial sector, the advance of digitalization driven by technological innovation, and the diversification of customer values. Moreover, there has been a rising sense of crisis about global issues including climate change and human rights, and society has faced increasing uncertainty and complexity.

To survive and thrive in such an unpredictable era, first we need to be a company that can gather diverse individuals and enable them to play active roles. To this end, will and values are necessary for these diverse human resources to serve as anchors. Guided by these principles, we must bring about changes by having Group employees independently consider what they can do to bring prosperity to the lives of customers and act autonomously.

We have, therefore, formulated Our Purpose to define the aims of the AFS Group and our reasons for existence.

Aspirations Embodied in Our Purpose

Our purpose is to bring “finance” closer to everyone.

As the financial services business of the AEON Group, we provide convenient and easy-to-understand financial services by adopting a consumer perspective. We also promote financial education for all generations and bring financial mechanisms closer to everyone through financial inclusion that responds to diverse financing needs.

By committing to each and every person,

We commit sincerely with each consumer to provide financial services tailored to changing life stages and living environments. We also generate new value by cooperating with various business partners in local communities, including participating merchants and local authorities. Acting empathetically from a customer perspective is one of our core values.

we brighten up everyday lives with peace of mind and smiles.

As a financial institution, we help our customers lead richer lives and achieve happiness by providing support for daily living.

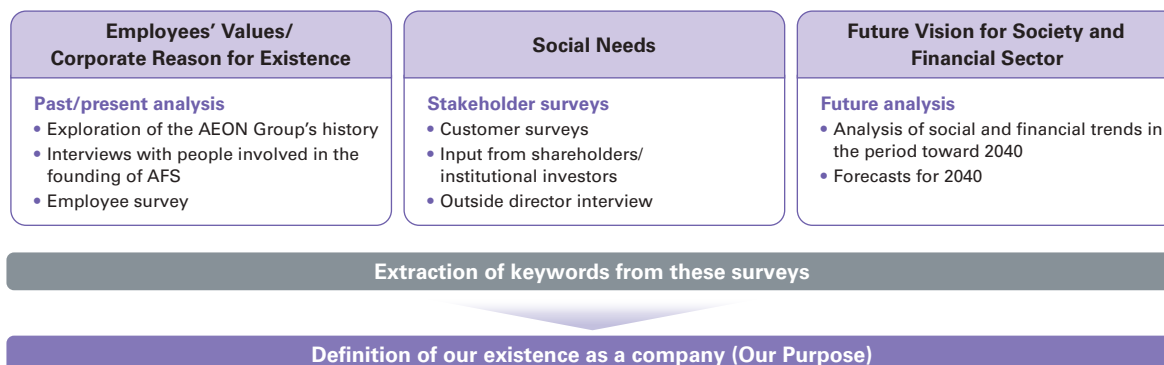
We respect our colleagues’ diversity and value the environment and corporate culture that allow us to work with pride and a spirit of freedom and open-mindedness.

Through these, we provide value by filling everyday lives with peace of mind and smiles and by brightening up their minds with uplifting feelings and excitement.

The Path Leading to the Formulation of Our Purpose

We began by separating the histories of the AEON Group and the AFS Group and rediscovering our values, strengths, and our existence as a company. We then analyzed society’s needs and our vision for the future of society and the financial sector in order to identify issues for which we can offer solutions.

Our Purpose is an expression of the areas in which our values and the reason for our existence overlap with the needs of contemporary society.



PROJECT MEMBER INTERVIEW



Li Yating
AEON Bank., Ltd.

Formulating Our Purpose

I applied in response to a management call for people to participate in the formation of a vision for the AFS Group in this era of accelerating change. We sought people who were eager to achieve personal growth by taking on new challenges.

The first step for the project team was to learn about their own companies and the reasons for their existence. This was achieved by interviewing people involved in the founding of each company, and by having about 8,500 employees conduct a questionnaire survey. The team next explored society's needs through an online survey of approximately 2,000 customers and an in-store survey of around 1,000 people in AEON stores. In addition, direct input was sought from shareholders. Through these activities, the project team sought to identify our expected role and social issues for which we should offer solutions. Areas in which the company's reasons for existence overlapped with society's needs were put into words as Our Purpose.

Aspirations Embodied in Our Purpose

Finance may seem like a remote concept to many people, but it actually plays an integral role in our daily lives. Through its comprehensive financial business, the AEON Group offers convenient services that are used by many customers. For example, people may use an AEON Credit Card to pay for purchases or obtain a home loan from the AEON Bank when buying a house. After buying items, they may visit an AEON Insurance Service shop to discuss insurance cover. Our core aim is to help as many people as possible to understand how finance works so that they can benefit from our convenient and easy-to-understand services. That commitment will never change even in today's rapidly changing social environment.

With this in mind, we have formulated the words "Our purpose is to bring 'finance' closer to everyone," as Our Purpose, and as an aspiration for our employees. We will continue to take up the challenge of addressing the needs of society based on diverse values by committing to each and every person and providing consumer-focused services that brighten up everyday lives with peace of mind and smiles.

Realizing Our Purpose

All Group employees were informed about Our Purpose through a message issued by the president. We also streamed a video in which project team members explained their goals. We have started to foster a corporate culture in which individual employees share the aspirations expressed in Our Purpose and are motivated to put them into practice. For example, we have distributed the Our Purpose Card, which employees can carry with them and refer to at any time.

Town Hall Meetings

So far, we have held 313 town hall meetings (as of October 31, 2023) at which corporate officers and senior executives have engaged in dialogue with all employees (including those receiving hourly wages) of the 11 Group companies as Our Purpose Ambassadors. We plan to share Our Purpose with an even wider audience by holding meetings at overseas companies.



Structure of Town Hall Meetings

Comments from Ambassadors

- Why Our Purpose is necessary
- The aspirations embodied in Our Purpose

Dialogue with an Ambassador

- Frank views about Our Purpose
- Actions needed to realize Our Purpose
- How to make a company more exciting

AMBASSADOR INTERVIEW //



Makoto Sakugawa

AEON Financial Service Co., Ltd.

In What Ways Do You Want to Transform AFS?

Our Purpose expresses the shared aspirations of all employees, including myself.

I feel a strong sense of affinity with the words “By committing to each and every person,” and it is a very important concept for me. While it means that we commit to each and every customer, it can also express our commitment to each and every colleague. I believe that we cannot commit to each and every customer unless we respect and value each and every one of the people who work with us. I hope that everyone working to provide our comprehensive financial services will identify some words in Our Purpose that are especially important to them. If each of us focuses on those precious words in our day-to-day activities, the cumulative effect will enable us to achieve transformation. I hope that AFS will become a company in which we can maintain these efforts for 10 or even 20 years into the future.

Employee Comments about the Promotion of Our Purpose

Before the town hall meetings, many employees were wondering what management was planning. However, as the town meetings continued, more and more participants in this dialogue began to identify with the Company’s future direction. After each town hall meeting, we received an increasing number of comments from people who were eager to work toward the realization of Our Purpose. We have not yet reached the stage at which Our Purpose is understood and shared by all employees, so I look forward to continuing my activities as an Our Purpose Ambassador.

Town Hall
Meetings

Comments
from
Participants



Hideomi Yamaguchi | FeliCa Pocket Marketing Inc.

Compared with my first impressions, my views on Our Purpose changed quite significantly after I attended a town hall meeting.

When I focused on the meanings expressed in words like “smiles” and considered why it was “Our Purpose” rather than just “purpose,” I realized that Our Purpose was the result of careful thinking. For example, it talks about bringing “finance” closer to everyone, not “money.”

Our Purpose is a vital signpost for employees. It made me rethink my attitude toward my work.



Wakana Matsuzaki | AEON Insurance Service Co., Ltd.

At the town hall meeting, time was set aside for discussions with employees from other Group companies. My impression was that people were basing their work on a wide variety of different values.

The presence of people with diverse experiences and mindsets within the organization gives us an advantage in this time of rapid change. I have become convinced that we can contribute more closely to society if all employees think about the purpose of the AFS Group and create new ideas by working in their own ways.

History

Tackling Transformation Since 1980

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. We will continue to grow while providing new value to customers and keeping our eyes trained on the changing times and operating environment.

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) PCL.) in Thailand

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

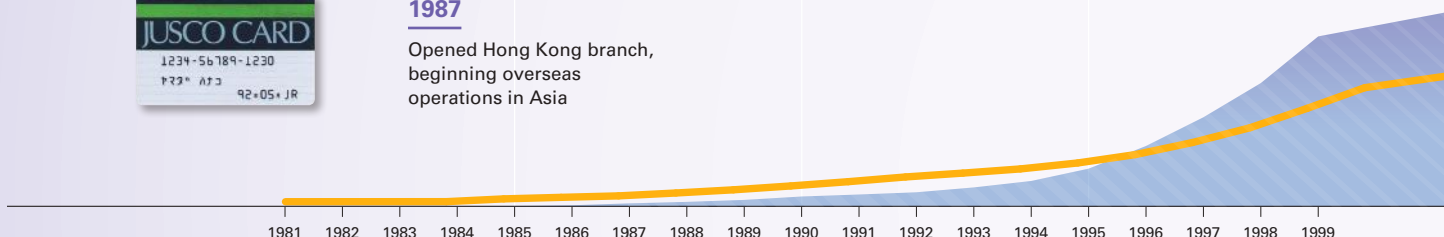


2001

Shares of AEON THANA SINSAP (THAILAND) PCL. listed on the Stock Exchange of Thailand

2003

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



Overseas Operations

1987



Hong Kong

1992



Thailand

1996



Malaysia

External Environment

1980s

- ▶ Bubble economy and consumption expansion
- ▶ Accelerated proliferation of credit cards

1990s

- ▶ Economic recession and contraction of domestic market
- ▶ Asian currency crisis

First Founding

Card Shopping Business Launch

"From just spending money before, I now want to spend it conveniently and advantageously." At the dawn of Japan's financial service era, the first to pick up on this kind of sentiment among customers were the sales floor employees of JUSCO (currently AEON) general merchandise stores. Working together with them, we came up with ideas and implemented a series of measures, such as issuing cards that did not require signatures for purchases at food counters and combined postal savings cards as well as the giving of benefits on Customer Appreciation Days. In this way, we gradually increased transaction volume and the number of card members.

Acceleration of Overseas Business Expansion

Focusing on the economic growth of Asian countries, we quickly started to expand business overseas. We have been developing the nonbank market by providing financial services to people who find it difficult to source services from local financial institutions in their country or region. Including Japan, we are currently operating in 11 countries and are listed on the local stock exchanges in Hong Kong, Thailand, and Malaysia.

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.

2021

Launch of the AEON Pay code payment system



2022

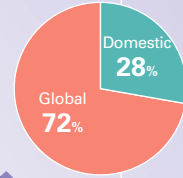
Design update for the AEON Card



2023

Management integration between AEON Financial Service Co., Ltd. and AEON Credit Service Co., Ltd.

Fiscal 2022 Domestic and Overseas Consolidated Operating Profit Percentages



48.24 million

Number of Consolidated Effective Members

Consolidated Operating Profit
(Millions of yen)

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 (FY)

2006



Indonesia

2008



Philippines Vietnam

2011



India Cambodia

2012



Laos Myanmar

2000s

- ▶ Multiple Debt Problem and revised Money Lending Business Act
- ▶ Lehman Brothers bankruptcy crisis

2010s

- ▶ Financial deregulation and market entrants from other industries
- ▶ Development of fintech

2020s

- ▶ COVID-19 pandemic
- ▶ Lifestyle transformation

Second Founding

Origins of AEON Financial Service

AEON Bank Co., Ltd. and AEON Credit Service Co., Ltd. merged to establish AEON Financial Service and integrated customer databases, including attribute, purchase history, and asset information. AEON Financial Service used the diverse customer contact points, and product development and proposal capabilities of the two companies to establish a comprehensive financial business unique to the AEON Group that supports a wide array of secure, convenient, and fulfilling lifestyles.

Tackling Business Model Transformation

To reform the business portfolio and management system of the entire Group, we formulated a medium-term management plan covering the period from fiscal 2021 to 2025. We are aiming to build a platform that will bring about the fusion of the digital and the real in a well-balanced manner while providing services that are "safe, secure, and convenient, anytime, anywhere." We are working to maximize the corporate value of and demonstrate the synergies within the AEON Group through collaboration with AEON Group companies and external partners.

Concentrating on Needs

At all times. In all places. In all situations.

AEON Financial Service will continue to improve the quality of life for consumers by providing comprehensive services to meet every need.

Changes of External Environment

Economy

- Inflation, rising interest rates
- Economic growth in Asian countries

Social Structure

- Birthrate decline and demographic aging (Japan)
- Rising life expectancies (Japan)
- Expanding income inequality (overseas)
- Insufficient access to financial services (overseas)

Consumption Trends

- Shift toward cashless payments
- Diversification of consumption needs
- Increasing focus on health

Sustainability

- Climate change
- Wars and conflicts

AFS Group Strengths

» P.15-P.20

Online touchpoints

Expertise about providing financial services with roots in overseas markets

Medium-Term Management Plan

Second founding:
Value chain transformation and new network creation

Sources of



AEON Brand Strength

Stores	Approx. 18,000
Operating revenue	¥9,116.8 billion



Our Purpose

Our purpose is to bring “finance” closer to everyone. By committing to each and every person, we brighten up everyday lives with peace of mind and smiles.

» P.7–P.10

Our Four Material Areas

» P.23–P.24

01

Pursuing happiness through innovative financial services

02

Exerting diversity and the potential of our people

03

Establishing organizational resilience

04

Addressing climate change

Our Services

» P.16–P.18



Expenditure



Investment



Saving



Preparation for the Future



Borrowing



Asset Management

Our Value

Financial Services Tailored to Lifestyles

We combine offline services under the AEON brand with online contact points to provide services that match individual customer needs.

Improving Access to Financial Services

We will improve access for more customers in Asian countries by democratizing financial services.

Value Creation

Network

Cardholders	48.24 million
Countries served	11
Sales offices	596

Financial Capital

Consolidated total assets	¥ 6.6 trillion
Rating	A (JCR) A- (R&I)

» P.57–P.59

Human Capital

Employees	16,132
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» P.30–P.38

*As of February 2023

Well Positioned

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 ¥9 trillion.

AEON Group

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



Operating Revenue **¥9,116.8 billion*2**

Stores **18,000**

Countries Served **14**

*1 The Financial Services Business includes the AEON Financial Service Group, in addition to AEON Reit Management Co., Ltd.

*2 As of February 28, 2023



AEON Financial Service

Business Areas

- Credit Card Business
- Installment Financial Business
- Banking Business
- Insurance Business
- Leasing Business
- Collections Business

- AEON Credit Service Co., Ltd.
- AEON Insurance Service Co., Ltd.
- ACS Credit Management Co., Ltd.
- AEON S.S. Insurance Co., Ltd.
- AEON Product Finance Co., Ltd.
- ACS Leasing Co., Ltd.
- AEON Allianz Life Insurance Co., Ltd.
- FeliCa Pocket Marketing Inc.
- AEON CREDIT SERVICE (ASIA) CO., LTD.
- AEON THANA SINSAP (THAILAND) PCL.
- AEON CREDIT SERVICE (M) BERHAD
- Overseas subsidiaries

- AFS Corporation Co., Ltd. (Bank holding company)

- AEON Bank, Ltd.
- AEON Housing Loan Service Co., Ltd.
- AEON CREDIT SERVICE (PHILIPPINES) INC.
- AEON SPECIALIZED BANK (CAMBODIA) PLC.



Comprehensive Financial Services

Provision of Comprehensive Financial Services that Are a 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.

Our ability to closely tailor services to the life stages and diverse lifestyles of our customers and provide them with meticulous support also represents a major strength for the Company as a comprehensive financial group with its origins in the retail industry. We will continue to create value unique to our company by linking a variety of products and services handled by the AEON Group with finance.

Provision of financial services

tailored to life stages

¥ 10,800.0 billion

Number of cardholders

48.24 million

Number of domestic cardholders

30.82 million

*As of February 28, 2023



Payments

Extensive Range of Payment Services



In addition to credit cards, debit cards, and WAON e-money, we offer an extensive lineup of payment services, including AEON Pay barcode payments, and payments using WAON POINT. AEON Pay is available via the iAEON integrated app and AEON Wallet, which is a portal app for all financial services. Since June 2023, people who do not have AEON Cards have been able to access charge payments by linking the system with their bank accounts. By using our payment services as a gateway for cross-selling, we will build links with AEON Group companies and external partners through our financial services.



Banking

Retail Banking Services



AEON Bank, Ltd. has a nationwide network of branches located mainly in AEON shopping centers. These branches, which are open 365 days a year, offer deposits, ATM services, loans (including housing loans), and advice about asset management. AEON Bank offers comprehensive retail banking services to meet customers' day-to-day needs, including a full range of online services and transactions.



Insurance

Expansion into the Health and Wellness Business

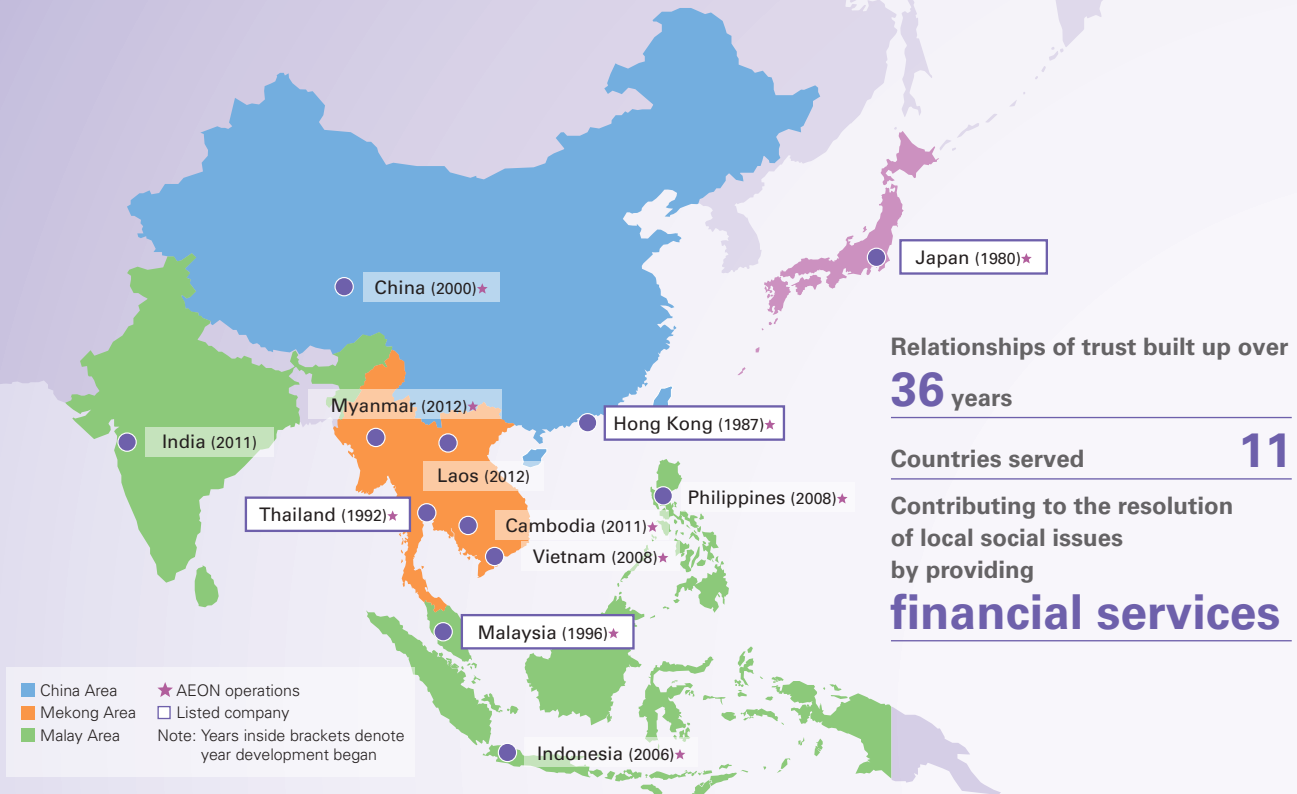


Our responses to the needs of today's continuing rise in health-awareness include sales of Genki Passport whole-life medical insurance for health promotion, and the provision of the ROUTY healthcare app. We are also establishing branches in AEON shopping centers where customers can obtain advice about the best insurance products to address their needs.

STRENGTH
02

Overseas Expansion
Active, Asia-focused 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. We have companies listed on stock exchanges in Hong Kong, Thailand, and Malaysia, with strong, localized customer bases and high notoriety.



Business Area Overseas

	Domestic	Mekong Area					Malay Area				China Area	
	Japan	Thailand	Cambodia	Vietnam	Myanmar	Laos	Malaysia	Philippines	Indonesia	India	Hong Kong	China
AEON Group Stores	●	●	●	●	●		●	●	●		●	●
Installment Finance	●	●	●	●	●	●	●	●	●	●		●
Personal Loans	●	●	●	■	●		●	●		●	●	●
Credit Cards	●	●	●				●		●		●	
Insurance Agencies	●	●		●			●				●	●
Electric Money (Prepaid)	●		●				●				■	
Collections Business	●	●		■								●
BNPL									●			
Digital Bank							■					

Products and services offered only in Japan: Bank deposits, debit cards, housing loans, small and short-term insurance, life insurance, and leases



Hong Kong



For many years, AEON Credit Service (Asia) Co., Ltd. collaborated with AEON STORES (HONG KONG) CO., LTD., which operates a retail business in Hong Kong. For example, the two companies regularly run Customer Appreciation Days.

AEON Card WAKUWAKU, which is targeted toward users in younger age groups, is attracting more cardholders thanks to additional benefits that can be accessed during visits to Japan.



Thailand



AEON THANA SINSAP (THAILAND) PCL. has become Thailand's biggest non-bank thanks to growth achieved through collaboration with leading local companies, including airlines, railroads, and major retailers.

It is digitalizing its app utilization processes and improving its operating efficiency and productivity, including the provision of totally cardless access to unsecured personal loans.



Malaysia



*Image of digital banking app

AEON CREDIT SERVICE (M) BERHAD is promoting customer base integration with local AEON Group retailers to allow data utilization and active cross-selling. AEON CREDIT SERVICE (M) BERHAD enjoys strong support from local customers and is ranked first in the market for motorcycle installment payment services, accounting for almost one-third of all newly registered motorcycles.

AEON Credit Service is also the first Group company to obtain a digital banking license in Malaysia and is now making preparations to launch this business.

» P.20 The Medium-Term Management Plan

Basic Policy

Second founding: Value chain transformation and new network creation

Topic: Domestic Initiatives

Expanding Customer Touchpoints

Under its growth strategy, the AEON Group aims to focus the strengths of its Group companies toward the creation of an AEON Living Zone through which products, services, and lifestyle infrastructure with strong local characteristics can be provided seamlessly. Our role in this strategy is to create infrastructure to link the AEON Living Zone through financial services.

As part of our contribution to this vision, we have updated our integrated financial app, the AEON Wallet to enhance usability from the customer's viewpoint. In addition to making the app simpler to use, we have made it possible for people without an AEON Card to access AEON Pay, coupons, and other services. We will continue to build our customer base while expanding our touchpoints to provide a convenient, seamless experience in the context of day-to-day living.

We are also strengthening collaboration with local communities. Initiatives in this area include the acquisition of FeliCa Pocket Marketing Inc. as a consolidated subsidiary, which specializes in Community Currency and regional point systems, as well as the operation of the "My Full" portal site for the hometown tax system.



Creating infrastructure for the construction of AEON Living Zone

Domestic
1

Taking the needs of local customers' living infrastructure

Domestic
2

Increase risk and cost control capabilities

Domestic
3

Ma
Initia

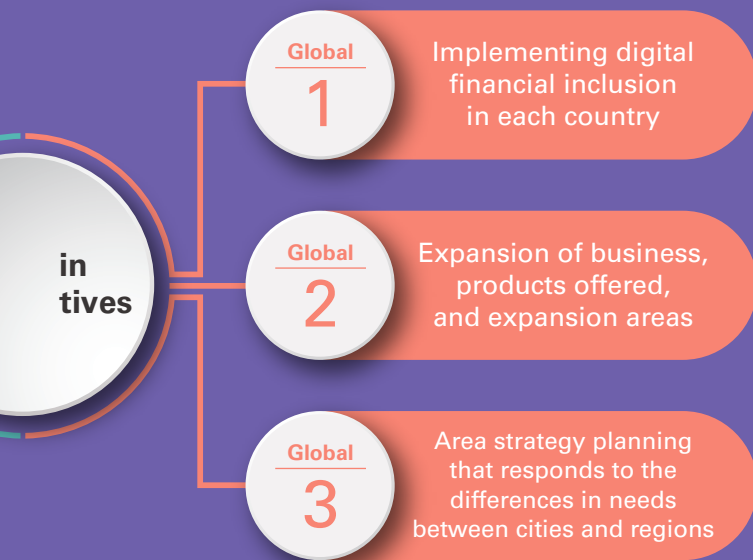
Enhancing Credit and Collection Systems with AI and Other Technologies

Customers must be able to use the services provided by the AEON Financial Service Group securely. We achieve this by using AI and information technology to enhance our credit and receivables management systems.

ACS Credit Management Co., Ltd. uses know-how developed through its debt collection processes, as well as data analysis technology and AI-based scoring to produce extremely precise analyses and make effective use of data assets. It is also optimizing productivity and operating efficiency by using accumulated data resources and information technology, including the development of highly efficient debt collection systems based on original scoring techniques.

AEON Financial Service has established a new security center, further strengthening systems to ensure that customers can use our services securely. This facility will allow centralized management of our card fraud detection processes and customer inquiry response services.

Our goal is to contribute to the construction of an AEON Living Zone (marketplace) that transcends the Group's products, services, and customer base by linking AEON Group companies and external partners through our financial services, including our payment and point systems.



Topic: Global Initiatives

Preparations for the Opening of a Digital Bank in Malaysia

In 2022, AEON Financial Service obtained its first digital banking license in Malaysia, and we are currently preparing to open a digital bank there in 2024.

The launch of this digital banking business will enable customers to access financial services continuously as their financing needs change in step with income and life stage changes. In addition to providing financial products and services, such as deposits, insurance, and small loans, the bank will also help customers to enrich their lives by working with other AEON Group companies to offer even greater support. It will also provide an environment in which banking services are readily accessible to a wider range of users, including the unbanked class of customers, who have previously found it difficult to access services.



*Image of digital banking app

Acquisition of Equity in a Vietnamese Finance Company

In October 2023, AEON Financial Service decided to acquire an equity interest in Post and Telecommunication Finance Company Limited, which specializes in personal financing. Since 2008, this company has been working to provide lifestyle-related services to its customers, primarily through its own installment sales of electrical appliances and motorcycles. The AEON Group is expanding its retail store network in Vietnam, which has a low average age and is expected to maintain high economic growth.

Going forward, the entire AEON Group will work together to accelerate the introduction of the AEON Living Zone in Vietnam. We will continue to enhance the services that we provide by applying the financial know-how accumulated in other Asian countries to the development of products for which there is strong demand in Vietnam, such as personal loans and credit cards.

FY2025 Targets

Operating Revenue	¥760 billion*
Operating Profit	¥100 billion
Operating Profit Ratio	Domestic Business 40%
	Global Business 60%

*Consolidated operating revenue is the planned figure before the adoption of the Accounting Standard for Revenue Recognition.

We are working under our new management structure to realize Our Purpose and achieve continuous growth in our corporate value.

Tomoyuki Mitsufuji

Director and
Managing Executive Officer,
General Manager of the
Finance and Accounting Division



In recent years, we have seen dramatic shifts in societal values and perspectives, as well as major changes in consumer lifestyles and behavior patterns. There have also been significant shifts in our business environment, including growing demand for contactless services and remote communication options, diversification of products and customer needs, dramatic changes in the utilization of IT and other digital technologies, such as AI, and the emergence of numerous competitors with various backbone operations. To achieve sustainable growth under these circumstances, we must expand our customer base and enhance user satisfaction, while also working to introduce new technologies and raise productivity.

Based on this perception of our business environment, we decided in June 2023 to absorb AEON Credit Service Co., Ltd., a consolidated subsidiary. The aim of this move was to allow management resources to be allocated more strategically across the Group, while further accelerating our decision-making processes. Under this new business structure, all AEON Financial Service executives and employees will work together to realize Our Purpose and pursue business initiatives designed to enhance our corporate value.

Fiscal 2022 Performance and Progress under the Current Medium-Term Management Plan

Fiscal 2022 was the second year of our current medium-term management plan. Our efforts to expand transactions through marketing initiatives geared toward changes in consumer behavior patterns resulted in consolidated operating revenue of ¥451.767 billion. This represents an increase over the previous year's performance after adjustment for a ¥37.401 billion reduction in revenue due to application of the Accounting Standard for Revenue Recognition in Japan. Progress on our efforts to expand operating receivables, which consist primarily of cash advances in Japan was slower than expected. Despite this, consolidated operating profit was ¥7 million higher at ¥58.859 billion.

Under the current medium-term management plan, fiscal 2021 and 2022 were originally positioned as a period of preparation, followed by a phase leading to profit expansion starting in fiscal 2023. However, we have repositioned fiscal 2023 as a time for continued upfront investment. This reflects the impact of the COVID-19 pandemic, inflation, and other factors, as well as new

investments, including AEON Allianz Life Insurance and preparations for the establishment of a new digital bank in Malaysia. Currently, we are reviewing our milestones.

The cardholder base in Japan is over 30 million. Cardholder operating loans declined during the COVID-19 pandemic but have since recovered and returned to an upward trend. In the payment business, we are working to promote cashless payments throughout the Group and further enhance convenience for our customers. Our efforts in this area center on AEON Pay, a barcode payment method that can be used with the AEON Group's all-in-one iAEON app, as well as the AEON Wallet financial service app. In addition, the AEON Bank is enhancing the value of the comprehensive financial services that it provides to customers by lowering its housing loan interest rates and reviewing the unique benefits available through the AEON Select Club.

We have significantly accelerated our digitalization initiatives in overseas markets. Thanks to digital technology, the majority of transactions, from filing applications to the use of services, can be carried out via smartphone. In addition, by using AI-based data analysis and external data sources to enhance credit screening and credit management methods, we have been able to effectively control late payment and non-payment risks. We will continue to enhance the convenience of our services and the effectiveness of our credit screening and credit management methods as part of our continuing commitment to digital financial inclusion.

Financial Policies and Financing

Our balance sheet consists of assets, mainly in the form of operating loans (receivables), which are financed by bank deposits and borrowings, and shareholders' equity. The maturities of our receivables and the demand for funds vary according to the country and business area. Each Group company therefore needs to procure funds in ways that match their purposes. To ensure that our affiliated companies acquire funds appropriately and efficiently according to their needs, the Internal Control Committee and other bodies provide continual monitoring and guidance in relation to financing, interest rate risks, capital adequacy, and other factors. In addition, given the current interest rate uptrend, we believe that our ability to make optimal use of AEON Bank deposits will be a decisive factor as we work to secure a competitive advantage.

Enhancing Corporate Value

We see shareholder returns as one of our most important management priorities. Our basic policy is to provide appropriate profit distribution on a continuing basis, while also improving our competitiveness by investing in business expansion and productivity improvement, and maintaining a good balance with internal reserves as a risk buffer.

We return profits to shareholders primarily through dividends. Our guideline for shareholder returns is a dividend payout ratio of 30–40%. In fiscal 2020, our fully diluted earnings per share (EPS) dropped to ¥81.99 due to the impact of the COVID-19 pandemic. This decline, which resulted in the first dividend reduction in our corporate history, was a source of concern for our shareholders.

However, in fiscal 2022, we posted an EPS of ¥142.13 and paid a dividend of ¥53 per share, which brought the total payout ratio to 37.3%. Going forward, we will constantly target further improvement in our sustainable profitability.

We are also pursuing sustainable improvement in our corporate value by investing both organic and non-organic capital in growth fields. In line with our commitment to financial inclusion, we have laid foundations for growth by offering financial services that match the needs of customers in Asian countries. We decided to acquire the Vietnamese finance company Post and Telecommunications Finance Limited as a subsidiary in 2023, and we have plans to open a digital bank in Malaysia in 2024. In Japan, we acquired FeliCa Pocket Marketing as a consolidated subsidiary with the aim of enhancing our marketing capabilities in local governments. We are also strengthening our financial services for individuals in specific regions in Japan and other countries, including the expansion of our community-based solutions. Maximization of corporate value across the entire Group is a constant management focus, and we place particular importance on post-merger integration (PMI).

Investment in both human resources and IT systems is essential to the improvement of our competitiveness in domestic and overseas markets in today's increasingly challenging business environment. We will continue to use IT and other digital technologies, including advances in the rapidly evolving field of AI, to drive sustainable growth by enhancing the quality of the services we offer to our customers, while also raising our productivity and operating efficiency. The future is difficult to predict in this era of volatility, uncertainty, complexity, and ambiguity (VUCA). That is why we need to make effective use of

IT and digital technology while also investing in the development of human resources capable of adapting quickly to change. We are expanding educational opportunities to enable all employees, including officers, to improve their DX literacy. We are also preparing to update our credit card system as infrastructure for the AEON Living Zone and a framework for the collection, sharing, and utilization of information and data from the AEON Group's diverse businesses. By strategically investing in growth, we will expand the scope of our business activities and enhance our profitability.

To Our Stakeholders

Throughout our history, we have worked to provide financial services tailored to the needs of our customers in order to create an environment where finance is accessible to everyone. The financial products we handle play an invisible but essential role in daily life. By always taking the user's perspective into account, and by maintaining a cyclical approach that enables us to identify customer needs quickly and provide solutions to those needs, we have been able to benefit our customers by adding value in ways that are convenient and readily accessible. That is the reason for the existence of AEON Financial Service and the key to our ability to maintain sustainable growth. We will take steps to give our stakeholders, including investors and shareholders, a deeper understanding of our corporate value through the enhancement of our communication activities, including the development of our integrated report and other disclosure tools, as well as financial briefings and individual meetings, to provide clear information about our activities.

We look forward to the continuing support of our customers and partners.

Major Financial Indicators

(Billions of yen)

	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2025
Operating revenue	439.0	457.2	487.3	470.6	451.7 (489.1)	760.0
Year-on-year increase/decrease	108%	104%	107%	97%	96% (104%)	—
Operating profit	70.1	65.0	40.6	58.8	58.8	100.0
Year-on-year increase/decrease	107%	93%	62%	145%	100%	—

* Ordinary revenue and ordinary profit for fiscal 2018.

* Consolidated operating revenues for fiscal 2021 and prior, as well as the planned figure for fiscal 2025, were before the adoption of the Accounting Standard for Revenue Recognition.

* Figures in parentheses for fiscal 2022 are prior to the adoption of the Accounting Standard for Revenue Recognition.

IT Systems and Digitalization Investment Results

(Billions of yen)

	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Period of Medium-Term Management Plan Fiscal 2021–2025
Consolidated	34.4	33.3	39.8	34.0	38.7	210.0
Domestic	28.0	28.1	34.3	29.2	30.4	—
Global	6.5	5.1	5.4	4.8	8.3	—

KPIs

	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2025	
Ratio of bad debt allowance to operating revenue	Domestic	75%	76%	66%	73%	77% (80%)	65%
	Global	52%	52%	52%	50%	47%	46%
Ratio of personnel expenses to operating revenue	Domestic	16%	16%	15%	16%	19% (17%)	9%
	Global	16%	15%	14%	14%	13%	10%

* For fiscal 2018, the cost ratio is as a percentage of ordinary income. Operating expenses include selling, general and administrative expenses and financial expenses.

* Consolidated operating revenues for fiscal 2021 and prior, as well as the planned figure for fiscal 2025, were before the adoption of the Accounting Standard for Revenue Recognition.

* Figures in parentheses for fiscal 2022 were calculated using the operating revenues prior to the adoption of the Accounting Standard for Revenue Recognition.