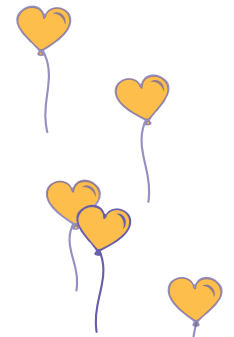




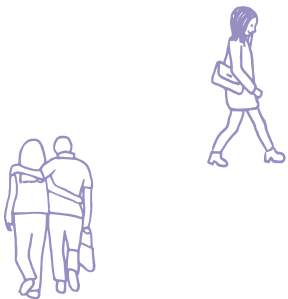
Planting Seeds of Growth
We are AEON

Integrated Report 2024

For the year ended February 29, 2024



"FINANCE" CLOSER TO EVERYONE



AEON Financial Service



AEON Foundational Ideals

Pursuing peace, respecting humans, and contributing to local communities,
always with customers as our starting point.

AEON firmly believes that retailing is an industry to promote peace, humanity,
and local communities.

To remain a thriving corporate group that fulfills this mission,
we are committed to continuous innovation, with customers as our starting point.

Please refer to our corporate website for the AEON Foundational Ideals
<https://www.aeon.info/en/company/concept/>



AEON Group Future Vision

Create a future lifestyle that leads to a smile for each and every person

The future that the AEON group wishes to realize is one in which customers can feel a “brighter society” and “happiness that is uniquely their own,” creating a future that is fulfilling and full of smiles.

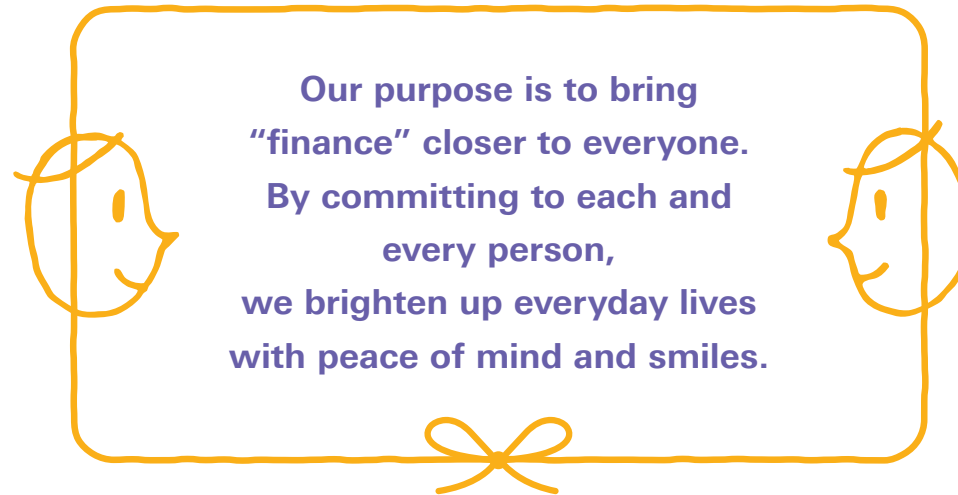
The AEON group wishes to be a group that leads the co-creation of lifestyles,
enriching each individual and society as a whole.

Please refer to our corporate website for the AEON Group Future Vision
<https://www.aeon.info/vision/en/>





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.

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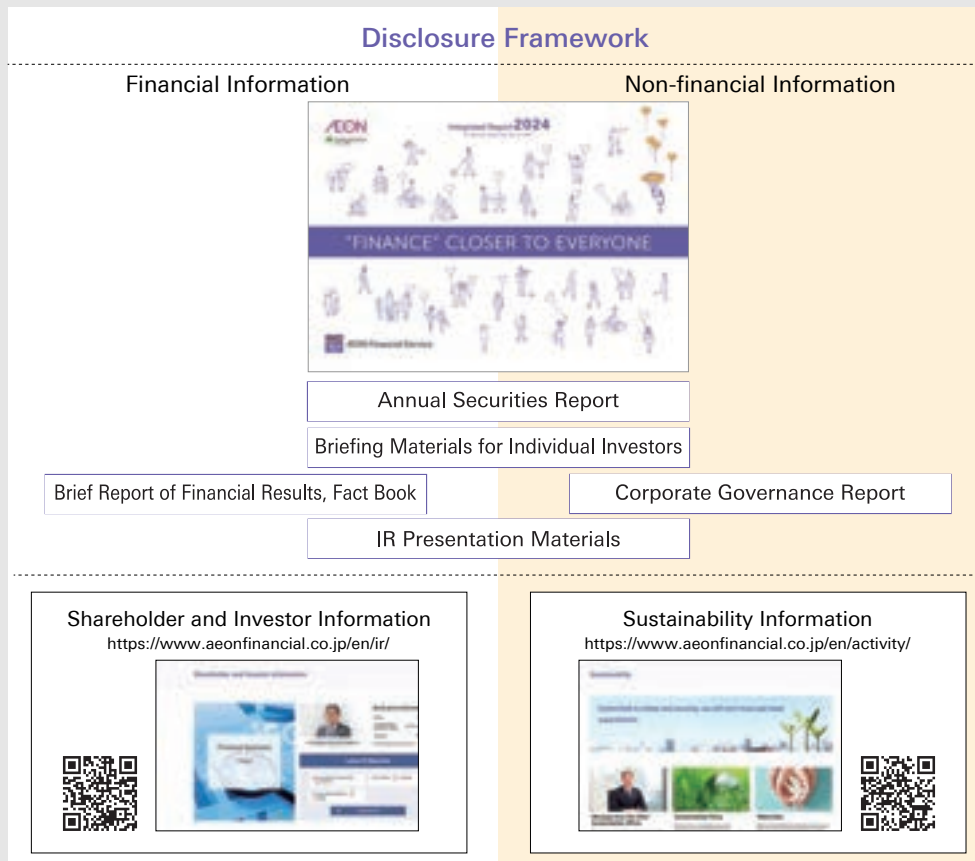


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Editorial Policy



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

Reporting Scope

Organizations: AEON Financial Service Co., Ltd. and its consolidated subsidiaries
 Period: Year ended February 29, 2024 (March 1, 2023 to February 29, 2024) *Includes some information outside this period.

Notes on Forward-looking Statements

Statements contained in this Integrated Report with respect to the Company's future management strategy, business policy, and results forecasts are forward-looking statements, which are based on the assumptions and estimates in light of the information currently available. These forward-looking statements involve various uncertain factors, including risks related to economic trends, industry competition, market demand, exchange rates, and tax and other systems. Therefore, the Company's actual results, performance or achievements to be announced going forward may differ from the statements herein due to these factors.

Editorial Policy for AEON Financial Service's Integrated Report

With the aim of achieving sustainable growth and enhancing corporate value through the provision of financial services, AEON Financial Service has formulated 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" to define the reasons for the existence of the AEON Financial Service (AFS) Group. We have published an integrated report since 2017 so that our stakeholders, including shareholders and investors, can deepen the understanding of our initiatives for sustainable enhancement of corporate value. We aim that this report will help our stakeholders understand our aspirations as well as stimulate dialogue with them. This report was edited in reference to the International Integrated Reporting Framework issued by the IFRS Foundation and the Guidance for Collaborative Value Creation 2.0 published by the Ministry of Economy, Trade and Industry and mainly introduces information deemed important for medium- to long-term enhancement of corporate value. For more details, please see disclosure materials on our website described in the Disclosure Framework. We will continue to strive for sustainable enhancement of corporate value with higher quality information disclosure and communications through dialogue with our stakeholders. As we intend to further improve the content of this report, your frank opinions and comments would be highly appreciated.

Main Points of Integrated Report 2024

The concept of Integrated Report 2024 is to introduce the AFS Group's business strategy and materiality related to sustainability that supports it, as well as our initiatives on human resources, which are important management resources, toward the realization of Our Purpose in an integrated manner. This report is designed to help readers visualize that the AFS Group will grow while combining economic value and social value. To this end, it explains new businesses that the AFS Group is promoting to continue sustainable growth while responding to the rapidly changing external environment, action to realize management conscious of capital cost and stock price, and governance enhancement initiatives, together with messages from representatives.

Main points

- New Business: Establishment of a Digital Bank in Malaysia [P.11-12](#)
- Action Policy Based on Management Conscious of Capital Cost and Stock Price
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Management Message

To grow sustainably in line with AEON Foundational Ideals, AEON Group Future Vision, and Our Purpose, we will redefine customer-oriented financial services and transform ourselves into a company that contributes to its stakeholders.



President and CEO

Kenji Fujita

SESSION

1

AEON Financial Service's Values and Wishes

About a year has passed since Our Purpose was formulated. What kinds of efforts have you made to share the Purpose?

We created Our Purpose for the AEON Financial Service Group in July 2022, clarifying our aspirations and wishes toward realizing AEON Foundational Ideals and AEON Group Future Vision. At the same time as the launch of AEON Group Future Vision in 2021, we set up a project to create the Purpose. After formulating it, we started rolling out Our Purpose as a company-wide project while preparing for the management integration of AEON Credit Service Co., Ltd., then a subsidiary of AEON Financial Service.

The first part of Our Purpose, “to bring ‘finance’ closer to everyone,” shows our wish. The second part, “By committing to each and every person, we brighten up everyday lives with peace of mind and smiles,” defines our aspiration. The words of each part contain deep meanings. These are created mainly by younger employees in their 20s to early 30s, next generation leaders. “To bring ‘finance’ closer to everyone” may sound soft, but it represents a massive challenge to us.

We held town hall meetings in Japan to share an understanding of Our Purpose, which we believe led to a deeper understanding of it by employees. On the other hand, we needed some preparation time to explain the Purpose in local languages to our overseas bases, which extend to 10 countries in Asia. In May 2024, we gathered their heads of HR in Kuala Lumpur, Malaysia, and I, Our Purpose Ambassador, explained it to them in person, using a whole day. While Our Purpose has not yet been sufficiently shared, it is becoming a fundamental value in Japan that employees revisit when taking action. Outside Japan, it is vital that employees in different countries share the value after gaining a firm understanding of Our Purpose through discussions. It is also important that I, Our Purpose Ambassador, expand the circle of people who identify with the value, including

overseas employees. I will continue striving to embed Our Purpose as a value we consult when we act, while increasing exchanges between employees located in different countries.

Could you describe your vision of Ideal State for 2030—“A community-based global company that brings ‘finance’ closer to everyone”?

The business environment has changed significantly since we launched the medium-term management plan for fiscal 2021–2025, impacted by events such as the COVID-19 pandemic. Amid these circumstances, we deepened our discussions at our strategic meetings in fiscal 2023, whose participants included Outside Directors. At those meetings, we looked back, at midterm, on the medium-term management plan, changed policies based on the changes in the environment, and discussed the “Ideal State” to do back-casting from the future. Our Ideal State for 2030 became clear as our vision for the future became more apparent due to the deepening of AEON Foundational Ideals, establishment of AEON Group Future Vision and Our Purpose, and deepened sustainability initiatives, in addition to the changes in the external environment.

In view of the purpose and sustainability, we have set ideal states and key indicators for our four material areas identified in 2021. We operate globally, providing infrastructure that connects countries and regions. We prioritize community-based approaches and aspire to attend to each person’s living. Going forward, we aim to make Japan’s payment methods available to any country in Asia by building networks with a global mindset.

The first of the material areas is “pursuing happiness through innovative financial services.” We will advance financial inclusion, leveraging digital channels. For example, we have opened a digital bank in Malaysia. We will expand our services and reach in and outside Japan to realize financial inclusion through digital means. We will also strengthen human rights initiatives through efforts to advance financial literacy. In Asia, there are still many people without access to financial services. We will help enrich their daily lives by providing financial services and knowledge.

The second material area is “exerting diversity and the potential of our people.” To grow as a company, we need to accept diverse individuality and be an organization where individuals can demonstrate their abilities. To this end, we will respect diversity and provide more educational opportunities to help our employees improve their skills. We will also prioritize health and productivity management, believing that employees’ good health is essential for offering services that bring health and happiness to our customers.

The third material area is “establishing organizational resilience.” It is important to have resilience, the ability to readily recover from adversities. As an infrastructure company, it is crucial that we withstand unforeseeable events and, even if we fail, quickly reboot. Therefore, we will make ourselves even more resilient.

The fourth material area is “addressing climate change.” This may not seem directly relevant to our business, but we will contribute to carbon neutrality through various financing methods. Achieving zero emissions in 2050 is a shared target of the AEON Group, and we are working toward it.

AEON Financial Service’s Materiality

Contributing to peace through the creation of a sustainable society		16 PEACE AND JUSTICE	Relevant SDGs
Human Rights	Pursuing happiness through innovative financial services	<ul style="list-style-type: none"> Customer Responsibility Financial Inclusion and Financial Education Technological Innovation Sustainable Finance Contribution to Local Communities 	
	Exerting diversity and the potential of our people	<ul style="list-style-type: none"> Diversity & Inclusion Securing and Maintaining Human Resources/Human Resources Development Labor Practice Occupational Health and Safety 	
Establishing organizational resilience		<ul style="list-style-type: none"> Corporate Ethics and Compliance Information Security Corporate Governance Risk Management Business Model Resilience Supply Chain Management Stakeholder Engagement 	
Addressing climate change		<ul style="list-style-type: none"> Response to Climate Change Effective Use of Resources 	

P.31 Sustainability of AEON Financial Service Group

SESSION 2 Initiatives for Achieving the Ideal State

What do you think should and should not change?

First, what should not change is that we operate our business around AEON Foundational Ideals, AEON Group Future Vision, and Our Purpose. Another point is to pursue transformation. On the other hand, we should change the attitude of maintaining the status quo. We must proactively change our business models, products, and services by predicting customer needs and future changes, even if it means taking certain risks. It is also necessary to have the courage to forgo currently successful things if they are expected to become maladaptive to future conditions. My role here is to ensure that our management philosophy takes root in the organization and then, based on the decision criteria, lead the transformation. I will also encourage our employees to innovate

Management Message

and will support initiatives for building an environment that is conducive to it.

A business model used to last for a decade or so, but it lasts only around five years because things change so quickly nowadays. For example, smartphone payments are likely to remain mainstream for another five years, but in 10 years, a completely different payment method, such as biometric authentication, could become mainstream. And paper money may no longer be in use. Cash transactions will decrease further, and mechanisms that cost less will emerge. We need to adopt practical methods and evolve proactively to avoid getting behind the curve in the face of these changes.

Given that business models are becoming obsolete faster and faster, what are your future challenges and initiatives?

In a competitive environment, we sometimes win and sometimes lose. We do not necessarily need to compete with our rivals on the same playing field. We should differentiate ourselves by competing in an area where we can demonstrate our strengths.

Our great advantage is having both real and digital contact points with customers. While fully leveraging the real contact points, an advantage of the AEON Group, we will evolve our business models to those around digital to suit customers' changing lifestyles. Another significant advantage of being a member of the AEON Group is that we have a strong connection with the tenants of AEON Group's shopping centers, local communities, and the government. We should explore more about what we want to do and what we can do using that connection. For example, the AEON Group serves the function of social infrastructure in times of disaster. It supports social life by working with the government and local communities. It goes beyond retail, providing places and goods, including food, and collaborating with business partners in disaster planning. In finance, the

key is to look deeper into what we can do, thinking beyond existing business coverage.

To keep evolving, we need the courage to quickly discontinue legacy systems that are not useful to customers while maintaining those that are useful. We will accelerate this process. In addition, to create new values, we will actively invest in high-growth or profitable areas, domains, and technologies. For example, the entire Japanese market is expected to shrink, as suggested by demographic factors, but the cashless market will grow. Therefore, we are investing in businesses that have an affinity with the payments industry and payments in general.

It is also important to increase productivity by eliminating overlaps, such as those in functions,

to create structures that enable constant transformation to respond to customer needs quickly. In addition, competent employees are essential for such a speedy transformation. To this end, we will provide them with even more training opportunities. In fiscal 2023, we established the AFS Academy, an educational and training institution for our people. This created a system for helping reform-minded employees acquire knowledge and advance their careers.

SESSION

3

Strategy for Transforming Business Models

The share of cashless payments in Japan reached 39.3% in 2023. The shift to cashless is expected to accelerate even more going forward. How do you see the business environment surrounding AEON Financial Service?

The share of cashless payments outside Japan is around 60%, hitting 90% in some countries. The cashless share in Japan is also forecasted to double from 2023 to reach 80% by 2030. Payments are positioned at the end point of any transactions. In the future, I expect payments to also become the entry point for consumers to select products and services while also being the end point. The mechanism underlying smartphone payments already serves as a digital wallet, an alternative to consumers' traditional wallets holding cash. I expect smartphones to become the primary transaction tool that also serves the payment authentication function. By 2030, we will probably no longer need to carry physical wallets. Going forward, our share in the digital wallet market, or which wallet to carry and use, will gain importance. Therefore, we will build infrastructure to establish our market share. After that, biometric authentication may replace digital wallets, eliminating the need to carry anything, even smartphones. This would prompt companies to fight for a share of the new infrastructure. Currently, credit card frauds in Japan total around ¥54 billion. Advancements in biometric authentication technologies, such as fingerprint and iris verification, help prevent such fraud. We intend to build a safe and secure payment environment by working on such technologies as an industry-wide effort instead of doing it alone.

The medium-term management plan states as its basic policy "Second founding: Value chain transformation and new network creation." Accordingly, in fiscal 2023, you implemented various initiatives in a short time frame to review the business portfolio. What is your future policy, and what progress have you made so far?

As a comprehensive financial services provider within the AEON Group, we have been working to diversify finance. Given the future expansion of cashless payments, technological development, and new entrants from other industries, our current goal is to provide multifunctional financial services, leveraging more of the AEON Group's business foundation. Accordingly, we are reviewing our



business portfolio, which is based on historical industry classification.

To enhance our multifunctional financial services, we need to sort out customers' needs anew. Product offering is one example. Our bank branches have provided loan, exchange, and deposit services, among other functions. We will change the methods of delivering these or the lineup of products itself by predicting how customers' lives will evolve from now on. For instance, leveraging real and digital channels, we will transform our touchpoint infrastructure to make our contact with customers seamless, simple, and easy to understand. This will include creating an environment where payments and loans are readily available anytime and anywhere. For asset formation, we will introduce a mechanism for customers to easily purchase various products, such as insurance for hedging risks, in addition to investment trusts. Moreover, I expect that we will have more cases of tie-ups with community services. In a recent case, we participated in Saitama City's regional trading company project, providing a local app service that connects people with the government and companies in the region. This app is also linked to an AEON Group app, enabling its users to complete all necessary arrangements in their daily lives with one app. We will strengthen collaboration between the retail business and the AEON Group and focus on establishing infrastructure. Through these efforts, we will create synergies in and outside the AEON Group and build the AEON Living Zone.

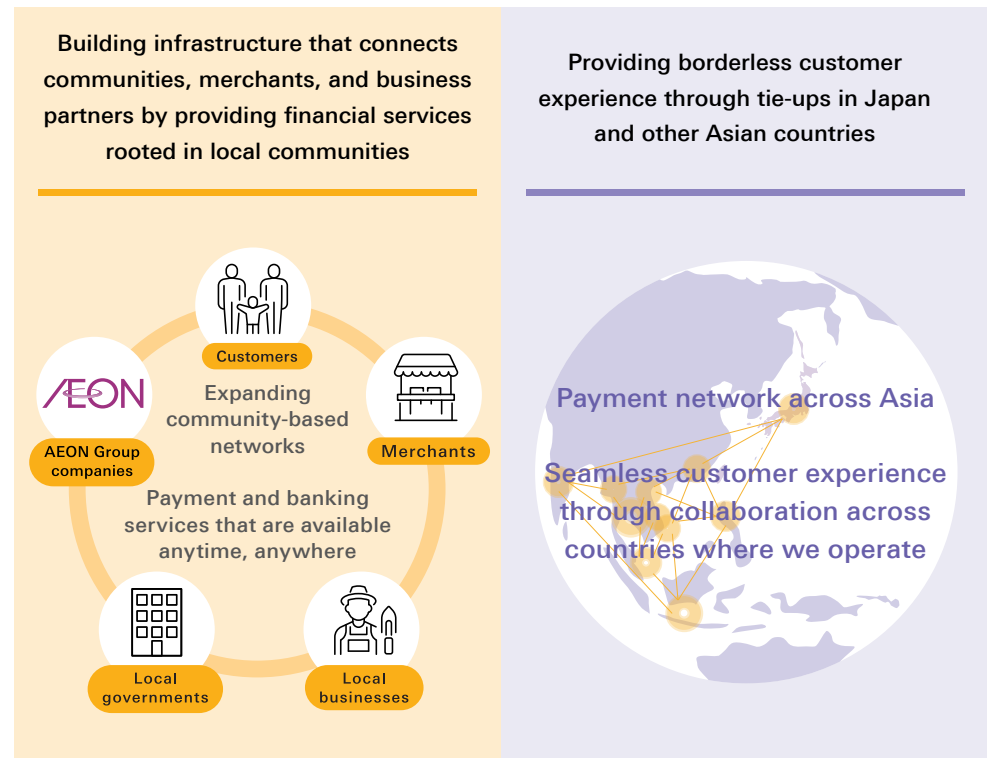
In our future business portfolio, overseas markets will become more critical. Since the environment differs from country to country, we cannot apply the same business mode to every country. Financial inclusion will be our key management theme when addressing their markets. In May 2024, we started our digital bank business in Malaysia. A digital bank can complete the provision of products and services via smartphones. Establishing this business model is especially significant for our future overseas business, as it will help us realize financial inclusion and roll out new technologies. We have also decided to acquire a Vietnamese finance company to expand operations in growth markets. We will build the AEON Living Zone in the two countries and establish a business model that combines retail and finance. In other countries, we are transforming business models or creating new business models, suiting each area.

Our business portfolio rebalancing is only 30% to 40% complete. This is based on our progress in growing in core and high-growth domains that we should focus on, divesting low-priority businesses, and implementing productivity-enhancing measures. We will accelerate our efforts.

AEON Financial Service is uniquely positioned to use the AEON Group's infrastructure to realize the online merges with offline (OMO) approach. While we have some real bases, we need to build a business model that integrates real and digital channels more seamlessly. In particular, we are propelling the consolidation and integration of sales touchpoints. We have also clarified the positioning of AEON Wallet, our app, as AEON's comprehensive financial services app, consolidating products and services into it. With its design renewed in September 2023, AEON Wallet's design and user experience (UX) are highly recognized, winning the globally known iF Design Award in Germany and A' Design Award in Italy.

How we differentiate ourselves is a key to strengthening our business in the digital domain. In addition to improving our technology to harness IT and AI, we will further enhance user interface

(UI) and UX so that customers can easily use digital technologies. Since the AEON Group has various apps across its group companies, we will consolidate apps and payments and accelerate digitalization for better customer experience.



SESSION

4

Expanding High-Growth International Business

While there seems to be significant room for growth in international business, competition is expected to intensify going forward. What is your take on the business environment, and what are the opportunities and risks?

Advancements in digital technology have allowed more competitors from outside the existing

Management Message

financial services sector and business formats to enter the market, catalyzing leapfrogging in countries with emerging financial markets. This has led to intensified competition.

The question is how to respond to these circumstances. AEON Financial Service established operations in Hong Kong, Thailand, and Malaysia in the 1980s and 1990s before financial services became widely available in those countries. We now operate in 10 overseas counties. As such, the ability to share know-how gained through varied experiences operating in multiple countries is a unique strength and significant edge. Moreover, we can pursue a business model combining finance and retail in countries where AEON operates its retail business. This makes it easier for us to seize business opportunities and have an advantage in branding. However, we cannot establish the same business model in all countries as each has different entry barriers. In some countries, we have yet to shift away from the model we used at the time of foundation. We will divest businesses in countries where their continuation is difficult and reallocate investments into countries with the potential for continuous growth. The key is how quickly we can build business models suitable for these countries' operating environments. Going forward, we will also examine expansion into new geographical areas with growth potential.

What is your future expansion plan for international business, including the digital bank that started operations in Malaysia?

The Malaysian digital bank is trying to build a new business that provides financial services to the AEON Living Zone stakeholders for financial inclusion. We will do this by giving individual customers financial access as a bank and also by expanding the B2B product lineup for business partners, retail suppliers, and other companies. In addition, the bank operates with an agile approach, making the most of apps. We built its systems in just eight months. Given that these technologies and architectures can be used anywhere, we intend to expand them to countries where we can obtain banking licenses and find entry opportunities. This may become a new business model that will change our overseas expansion approach, which has been focused on non-bank businesses until now.

I feel that AEON's brand value is even higher in regions where AEON operates the retail business, such as Vietnam and Malaysia, than in Japan. On the other hand, the AEON Group has not opened any retail stores in India, for example. Therefore, we cannot leverage the brand strength in the market. We were the first company to provide installment finance for smartphones in India and have expanded the scope of business. Competition has intensified as local rivals have entered the market with new business models using digital technology. That said, India is a growing market with an increasing population, and we aim to re-establish our business model and grow there. I believe the Asian market still has places where we can gain the benefits of first-mover advantages. We will proactively invest in such countries and deploy optimal talent to work there by hiring locally and sending people from Japan and other countries.

SESSION

5

Stronger Human Capital and Roles of the AFS Academy

How will you enhance human capital to implement the medium-term management plan and realize the ideal state?

We can neither transform value chains nor create networks without people. In that sense, human capital is the most important management resource. Until now, the structure of our business portfolios in Japan has been diversification-oriented, with people remaining in the closed-off worlds of their respective portfolios. While we advance the ongoing business structure reforms, we must also acquire and develop people who fit the new business portfolios. This is as an urgent task. Cultivating management, digital transformation, and global talent is particularly important. We are working on this by setting specific numerical targets. When developing talent, it is important to encourage younger employees to accumulate various experiences, including overseas assignments that go beyond their business domains, to expand their horizons. To this end, we will adequately rotate people for their career development, such as by assigning them to growing overseas markets, in a continuing initiative to help them feel their growth. We will also promote knowledge acquisition through training and encourage internal networking, establishing an environment for autonomous career planning and healthy competition with peers.

What kinds of people and strategies do you seek for toward "exerting diversity and the potential of our people," which is one of the material areas?

Human rights are one category of materiality we focus on. On the business front, we are committed to providing innovative financial services, realizing financial inclusion, and contributing to local communities. We need people capable of respecting diversity, building a resilient organization, and addressing global issues for the future of our company. These qualities are required in addition to demonstrating Our Purpose, being innovative, and having integrity. To achieve these qualities through human capital enhancement, it is essential to establish diversity, equity, and inclusion (DE&I), as well as an environment conducive to it. In addition, our people must improve not only their hard skills but also their soft ones.

We established the AFS Academy to develop such talent. In addition to work-related basic education, the academy provides a wide variety of educational opportunities, including courses for acquiring external knowledge. About a year has passed since we launched the academy in 2023. Educational opportunities that give access not only to expertise for work but also to various kinds of wisdom, such as those provided by internal and external instructors on general topics, are bearing fruit to some extent. On the other hand, we learned a lesson that we need to tackle the urgent task of developing talent more strategically. Therefore, in fiscal 2024, we shifted to managing



the academy as an integral part of the Human Resources Development Department under the Human Resources and General Affairs Division. Another function of the AFS Academy is to provide financial education open to external students. In fiscal 2023, around 20,000 students participated in university lectures and financial education for high school students. Going forward, we will expand our initiative to include financial seminars by AEON Bank.



A snapshot of AFS Academy courses

We provide all employees with opportunities to cultivate their appetite for learning. They include lectures by internal and external instructors and courses to acquire various skills.

P.44 Materiality (2) Exerting Diversity and the Potential of Our People > AFS Academy

SESSION

6

Stock Price-Conscious Management and Stakeholder Engagement

The Tokyo Stock Exchange (TSE) requested listed companies to take “Action to Implement Management that is Conscious of Cost of Capital and Stock Price.” What dialogues have you had with shareholders, and what specific measures have you taken in response, if any?

Aside from the TSE’s request, being mindful of capital costs and stock prices is essential for managing our company resiliently. I have years of experience working at overseas listed companies, where stock prices were the center of management focus and management was conscious of valuation at all times. Japan did not have this design sufficiently. Return on equity (ROE) is the key to increasing the price-book value ratio (PBR), which essentially means generating more returns, the R element. Increasing capital productivity with higher operating profit ratio in our core businesses is important. It is also vital to embed capital productivity-conscious management internally, create a framework for aiming for higher capital productivity, and make it visible. We are working to visualize our complex business models by clarifying the cost of capital and returns and setting key performance indicators (KPIs) taken from a tree that breaks down ROE for businesses. We track the numbers so that each employee understands that their actions can lead to higher PBR or ROE and

that they are participants in management.

Based on our dialogues with shareholders and investors, they expect us to create more synergies with the AEON Group and boldly transform ourselves to build sustainable business models. Some pointed out that our business models are complex and KPIs are difficult to understand. We have shared such views among the management team and are working to make improvements through our investor relations activities. Since returns differ from business portfolio to business portfolio, some investors requested that we consolidate those portfolios speedily and boldly. We intend to transform our portfolios with employees participating in management. Moreover, we need to make better use of the AEON Group and become innovative in creating synergies. I see that one of our challenges is to grow by leveraging the AEON Living Zone and disclose its fruits.

Please elaborate on dialogue and engagement with stakeholders, including shareholders and investors.

Our reflection on dialogue and engagement with our stakeholders’ points to insufficient external communication and corporate branding. Based on this, we newly established a division responsible for corporate branding in fiscal 2024 and are working to develop marketing and branding. We have just started our engagement, and it is not sufficient yet. We have various ongoing initiatives to activate internal and external communication through more vigorous information exchanges and encouragement.

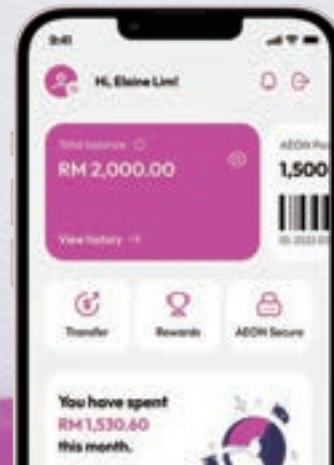
Since the founding of AEON Financial Service in 1981, we have been operating our businesses as a comprehensive financial services provider within the AEON Group, aiming to make customers’ daily shopping more convenient. We serve the same role in our expansion into other Asian nations, which started in 1987 with Hong Kong. Amid the structural changes in society, our industry is also undergoing a significant transformation. We will keep challenging ourselves based on Our Purpose to help each customer improve their lives. We look forward to the continued support from our stakeholders in this endeavor.





[Special Feature] Establishment of a Digital Bank in Malaysia

Establishment of the First Islamic Digital Bank in Malaysia!



Our History in Malaysia

Since the establishment of ACS Credit Service (M) Sdn. Bhd. in 1996, we have expanded our business in Malaysia by providing motorcycle installment payment and variety of other services. For many Malaysians, motorcycles are an essential mode of transportation. However, many lack the financial resources to purchase a motorcycle and have historically encountered challenges in securing loans from local financial institutions. In response to this need, we have contributed to local financial inclusion over the years by providing accessible installment payment services, which at that time were not accessible by all, leveraging the credit business expertise we have accumulated in Japan.

Currently, we have the highest market share for motorcycle installment payments, accounting for almost one-third of all newly registered motorcycles, and we are grateful for the strong support from local customers.



Milestones in Malaysia

December 1996	Establishment of ACS Credit Service (M) Sdn. Bhd. (currently AEON Credit Service (M) Berhad)
November 2005	AEON Credit Service (M) Berhad become the first nonbank in Malaysia to issue credit cards
December 2007	AEON Credit Service (M) Berhad listed on the Malaysian stock exchange (Bursa Malaysia)
April 2022	Obtained the digital banking license from Bank Negara (Central Bank) and Ministry of Finance, aligned with the Islamic Financial Services Act (IFSA)
May 26, 2024	Officially launched AEON Bank (M) Berhad (Malaysia's first Islamic digital bank)



Rationale behind the establishment of the digital bank

Launch of a new digital bank that meets local needs

The new digital bank was officially launched on May 26, 2024. It was established based on our objective to further contribute towards providing accessible banking solutions to the local population.

In Southeast Asian countries, there are a marginalised communities that do not have bank accounts nor have access to financial services, despite having a high smartphone penetration rates. In light of this, we are committed to further contributing to financial inclusion initiatives by facilitating easy access to banking services via digital channels.



Synergy with AEON Group

AEON Group stores in Malaysia

General merchandise stores (GMS) : **33**
 Supermarket stores: **8** Discount stores: **21**

The AEON Group operates more than 60 retail stores in Malaysia. AEON Bank (M) Berhad is committed to creating synergy within the AEON Group as a whole by connecting its customers, the AEON Group, business partners, and affiliated merchants with financial services mainly through its digital banking solutions and playing a significant role in expanding the AEON Living Zone.

By pioneering a new business model, AEON Bank (M) Berhad will contribute to the greater expansion of the AEON Group in other areas going forward.

Interview with Raja Teh, CEO of AEON Bank (M) Berhad

AEON Bank (M) Berhad's business model and strengths

AEON Bank (M) Berhad (hereinafter, "AEON Bank") is the first Islamic digital bank in Malaysia and it offers a suite of simple, safe, and accessible online banking as well as digital payment solutions. In recent years, there has been a growing demand for Islamic financial services, and this is one of the advantages that distinguish us from other digital banks in Malaysia. Moreover, being part of the AEON Group is our competitive advantage and it anchors our customer value proposition (CVP). The AEON Group has been a recognizable household brand with over four decades of history in Malaysia. AEON Bank is a unique bank in Malaysia that provides Shariah-compliant financial services integrated with the Group's own retail ecosystem .

Our Personal Banking segment currently offers products and services, such as Savings Account-i, AEON Bank x Visa Debit Card-i (including virtual Debit Card-i via the app), Savings Pot, budgeting tools, spending analysis, e-wallet DuitNow QR, and cash withdrawal via the ATM under MEPS (Malaysian Electronic Payment System) network, utility bill payment, alongside partnerships with strategic affiliated merchants. On top of that, it also rewards customers with benefits such as AEON Points through the AEON Group's Loyalty Program, thereby promoting integration with the AEON Living Zone in Malaysia.

In conjunction with its launch, it has been implementing promotion campaigns to familiarize the public with services offered by AEON Bank with a hope that many people will realize the attractiveness of its services as soon as possible.

Going forward, AEON Bank will introduce the Business Banking segment to offer products and services targeted at AEON's major business partners and other corporate clients, as well microfinancing for local entrepreneurs, especially Malaysian Micro, Small and Medium Enterprises (MSME).

As a cloud native, AEON Bank has also been focusing on developing data architecture in-house, as well as strategic collaboration with B2B partners on building our cloud infrastructure and optimising on AI and ML.

The digital bank 's goals and expectations

AEON Bank is committed to provide Shariah compliant, simple, safe, and accessible financial solutions for Malaysians, including the unbanked and the underserved. It aims to empower local communities to achieve further development and economic independence and contribute to the growth of fintech and the digital economy in Malaysia by realizing financial inclusion. Moving forward, it will continue to offer banking products and services that create smiles and connect hearts .



What is a digital bank? : A bank that provides services online using digital technology.

It mainly refers to a bank that can offer financial services for online value creation.

What is Islamic finance? : Financial practices that comply with Shariah principles. Its main features include the prohibition of interest payments and investments non-ethical practices, gambling industry, addictive substances such as alcohol, etc.

History of Value Creation

(Millions of yen)
80,000

Providing Convenient and Beneficial Lives for All Customers through Our Financial Services


With keen awareness of changes in society, we will continue to grow while providing new value, to bring “finance” closer to our customers across Japan and in Asian countries.

Consolidated Operating Profit

70,000—
60,000—
50,000—
40,000—
30,000—
20,000—
10,000—

1980s

Company founding, card shopping business launch

- Domestic 1980** Began issuing the JUSCO Card 
- Overseas 1987** Opened the Hong Kong branch
Began overseas operations in Asia
- 1981** Established Nihon Credit Service Co., Ltd.


1990s

Full-scale overseas business expansion

- Domestic 1994** Changed trade name to AEON Credit Service Co., Ltd.
- 1996** Shares listed on the Second Section of the Tokyo Stock Exchange
- 1998** Shares listed on the First Section of the Tokyo Stock Exchange
- Overseas 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** Established ACS Credit Service (M) Sdn. Bhd. (currently AEON Credit Service (M) Berhad) in Malaysia

2000s

Service diversification and acceleration of expansion in Asia

- Domestic 2003** Began issuing AEON Gold Card, the industry's first credit card with no annual fee
- 2007** Began operations of AEON Bank, Ltd. 
- 2008** Insurance agency business merged to establish AEON Insurance Service Co., Ltd.
- 2009** Began issuing AEON Card Select, a single card that functions as a credit card, cash card, and e-money
- Overseas 2000** Established subsidiary in Shenzhen, China
- 2001** Shares of AEON Thana Sinsap (Thailand) PCL. listed on the Stock Exchange of Thailand
- 2006** Established subsidiary in Indonesia
- 2007** Shares of AEON Credit Service (M) Berhad listed on the Malaysian stock exchange
- 2008** Established subsidiaries in the Philippines and Vietnam



Hong Kong



Hong Kong



Thailand



Malaysia



Hong Kong



Thailand



Malaysia



Indonesia



Philippines



Vietnam

1980

1981

1982

1983

1984

1985

1986

1987

1988

1989

1990

1991

1992

1993

1994

1995

1996

1997

1998

1999

2000

2001

2002

2003

2004

2005

2006

2007

2008

2009 (FY)

- Bubble economy and consumption expansion due to increase in real wages
- Proliferation of credit cards

- Bubble burst and contraction of domestic market
- 1997 Asian currency crisis

- Multiple debt problem and revised Money Lending Business Act (promulgated in 2006, fully enforced in 2010)
- 2008 Lehman Brothers bankruptcy crisis



2010s

Origins of AEON Financial Service, to establishing a comprehensive financial business

Domestic 2010 Launched AEON Select Club, a service for housing loan customers



2013 Created AEON Financial Service Co., Ltd. through management integration of AEON Credit Service Co., Ltd. and AEON Bank, Ltd.



2016 Launched smartphone app AEON Wallet

Overseas 2011 Established subsidiaries in India and Cambodia

2012 Established subsidiary in Laos and Myanmar



2020s

The second founding, taking on challenge of business model transformation

Domestic 2021 Launched the AEON Pay code payment system



2022 Updated design of the AEON Card



2023 Integrated management between AEON Financial Service Co., Ltd. and AEON Credit Service Co., Ltd.

Overseas 2024 Established digital bank business in Malaysia operated by AEON Bank (M) Berhad



2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 (FY)

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

- Global outbreak of COVID-19 and lifestyle transformation
- Acceleration of inflation



Ideal State for 2030

A community-based global company that brings

“finance closer to everyone”

AFS at a Glance (As of February 29, 2024)

A comprehensive financial group with its origins in the retail industry, offering safety and security, as well as convenience and benefits in everyday life



Consolidated cardholders: **50.27** million
(Domestic: 31.49 million; Overseas: 18.78 million)

Number of bank accounts at AEON Bank: **8.58** million

AEON Pay code payment system users: **9.9** million

“From just spending money before, I now want to spend it conveniently and advantageously.” The first to pick up on this kind of sentiment among customers were the sales floor employees of JUSCO (currently AEON) general merchandise stores. Together, we came up with ideas to provide convenient and beneficial payment methods, including credit cards, and expanded our customer base by enhancing services from a consumer perspective, such as by setting up a bank open 365 days a year.

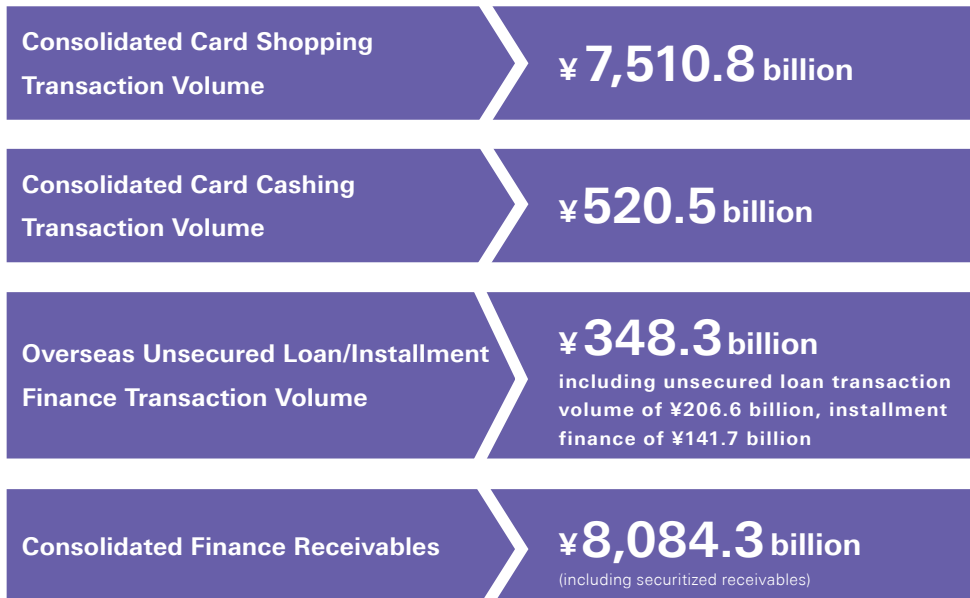
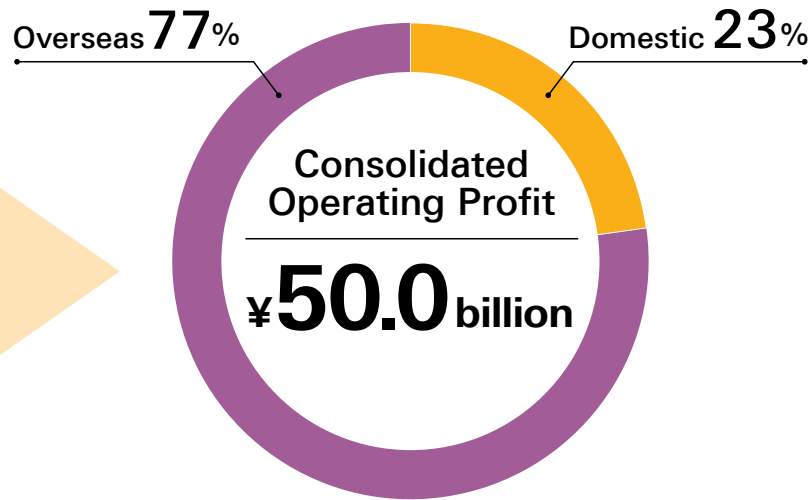
Providing financial services for customers in Asian countries



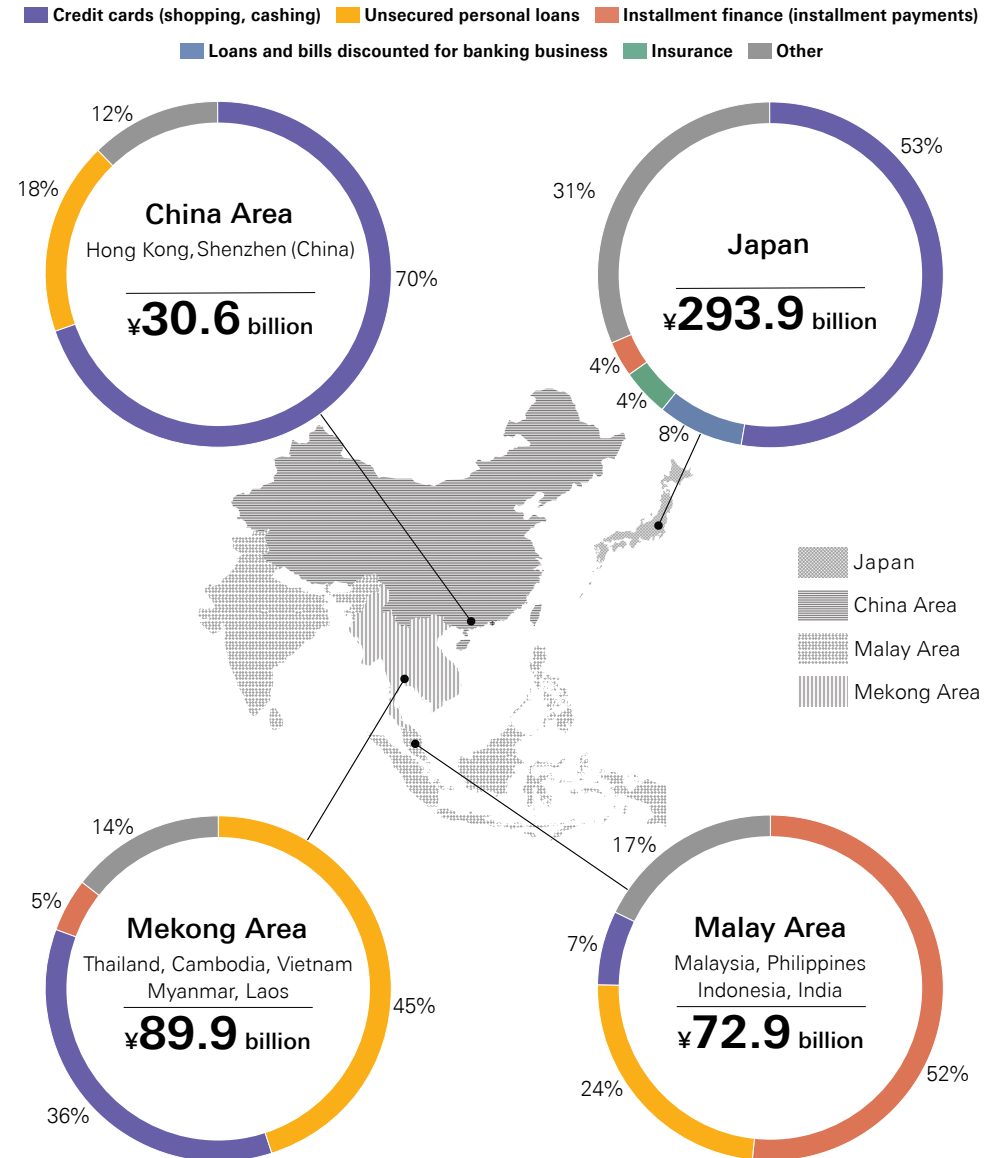
Business areas: **11** countries in Asia including Japan

Locations: **592** (Domestic: 353; Overseas: 239)

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. By providing financial services close to customers and rooted in the local community, we are currently operating in 11 countries including Japan and are listed on the local stock exchanges in Hong Kong, Thailand, and Malaysia.



Operating Revenue by Area



*As of February 29, 2024

Value Creation Process

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 financial services to meet every need.

SOCIAL ISSUES & CHANGES IN THE INDUSTRY

Opportunities

- Economic growth in Asian countries
- Inflation, rising interest rates
- Shift toward cashless payments
- Promotion of digitalization, upgrade of industrial technology
- Diversification of consumption needs
- Increased focus on asset building needs

Risks

- Birthrate decline, demographic aging, and shrinking workforce (Japan)
- Insufficient access to financial services (overseas)
- Tightening of regulations in various countries
- Competition escalating beyond business formats
- Wars and conflicts
- Response to climate change

INPUT

Financial Capital

Consolidated total assets **¥6,945.5 billion**

Consolidated equity **¥458.3 billion**

Human Capital

Employees **15,968**
including Overseas **10,700**

Intellectual Capital

Fusion of digital and real

Data accumulation

Social Capital

Consolidated cardholders **50.27 million**

Business areas of financial services **11 countries**

AEON Brand Strength

AEON Group employees **Approximately 600,000**

Stores **17,887**

*As of February 29, 2024

BUSINESS ACTIVITY (BUSINESS PROCESS)

Strategy

Second Founding

Value chain transformation and new network creation

Business Circulation

Value chains

Our Strengths

Real touchpoints

Expertise about providing financial services rooted in communities overseas

Maximization of value provision for customers

Real/digital networks

Data utilization

Materiality

Pursuing happiness through innovative financial services

Exerting diversity and the potential of our people

Establishing organizational resilience

Addressing climate change

Corporate Governance

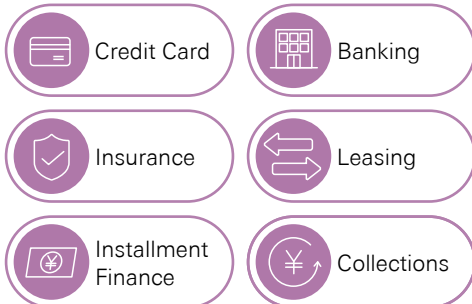
Our Purpose

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.

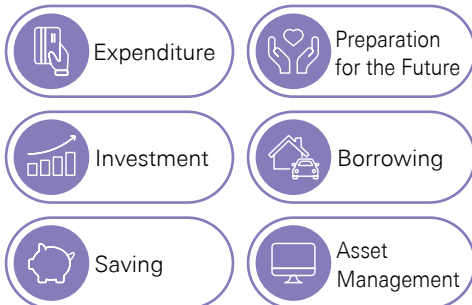
Ideal State
for **2030**

OUTPUT

Business Areas



Our Services



OUTCOME

Financial Capital

ROE **4.7%**

Dividends **¥53/annual**

Rating JCR **A (Stable)**
R&I **A- (Stable)**

Human Capital

Percentage of managerial positions filled by women **33.5%**

Ratio of employees in international departments **67.6%**

Intellectual Capital

Financial expertise, data accumulation

Improvement of customer experience with DX

Social Capital

Promoting financial inclusion initiatives

Strengthening cooperation with regions and local communities

*As of February 29, 2024

OUR VALUE

Financial Services Tailored to Life Cycles

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.

IMPACT

– Co-creation of Value with Stakeholders

Shareholders and Investors

- Return on profit created
- Achieving medium- to long-term growth and improving shareholder value

Customers

- Happiness with financial services
- Contribution to labor saving, energy saving, and automation

Employees

- Job satisfaction and fostering diverse values
- Advancement of an energetic workplace culture

Business Partners

- Support in quality enhancement through digitalization
- Building a consumer chain that is sustainable and highly competitive

Local Communities

- Coexistence and co-prosperity with local communities
- Creation of employment opportunities

Global Environment

- Contribution through reduced CO₂ emissions, provision of related loan products

A community-based global company that brings “finance closer to everyone”

Our Strengths and Achieving Our Aspiration

OUR STRENGTHS

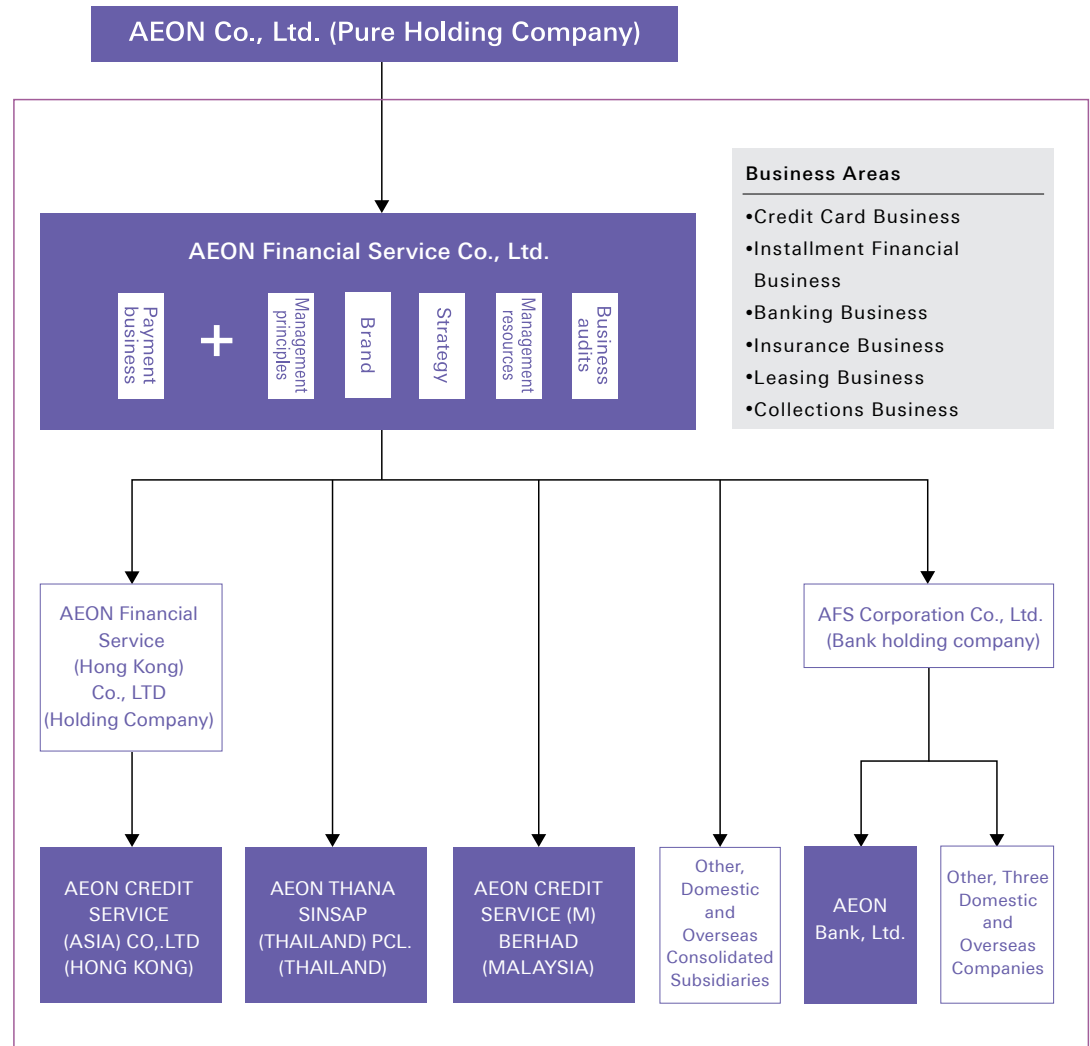
As a comprehensive financial services provider within the AEON Group, our role is to create infrastructure to link the AEON Living Zone through financial services. We are developing our business by leveraging, in addition to AEON brand strength and the network of stores across Asian countries, our wide-ranging financial expertise, such as for credit cards and banks, that we have accumulated since our founding.

We are continuing to grow and provide financial services unique to our company, leveraging our strength in "Retail & Finance" and "Real & Digital."



Operating Revenue	¥ 9,553.5 billion
Stores	17,887
Countries Served	14

*2 as of February 29, 2024

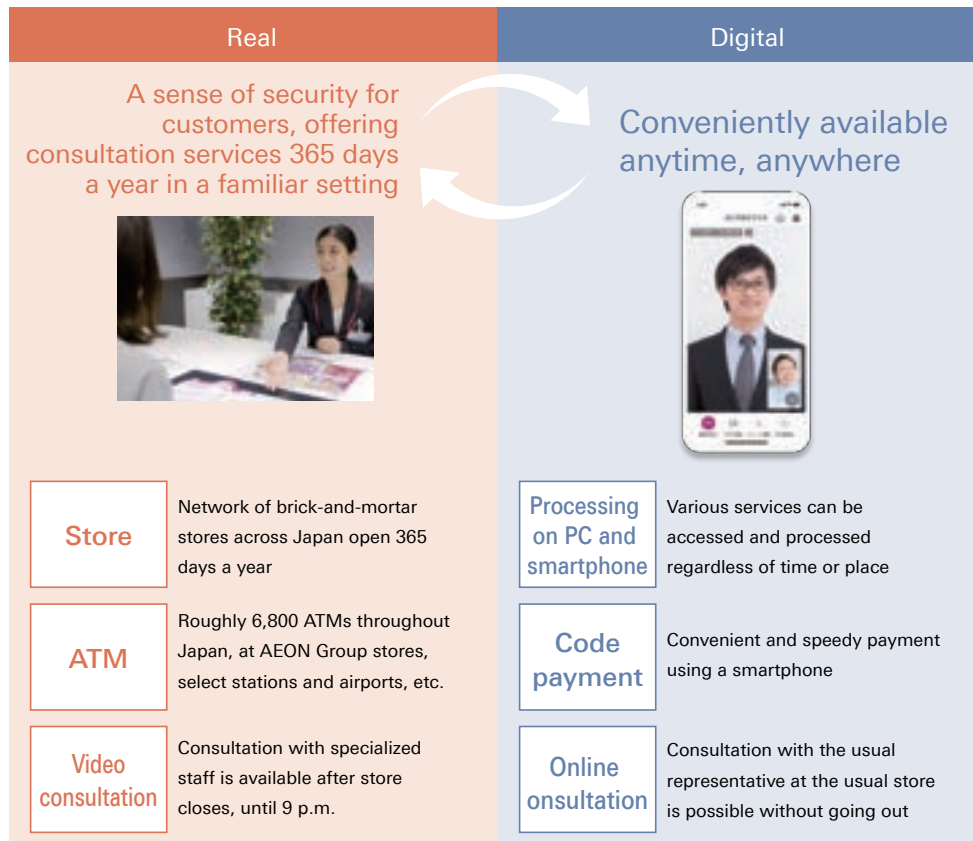




STRENGTH 01

Real & Digital

We have combined the strength of our brick-and-mortar (real) stores and ATMs located in AEON shopping centers, and other locations across Japan with our digital services platform, in order to provide services that are “safe, secure, convenient, and beneficial anytime, anywhere.”



STRENGTH 02

Provision of Comprehensive Financial Services Tailored to Life Stages

Our ability to closely tailor services to the life stages and diverse lifestyles of our customers and provide them with meticulous support 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.



Our Strengths and Achieving Our Aspiration

STRENGTH 03

Active, Asia-focused Overseas Development

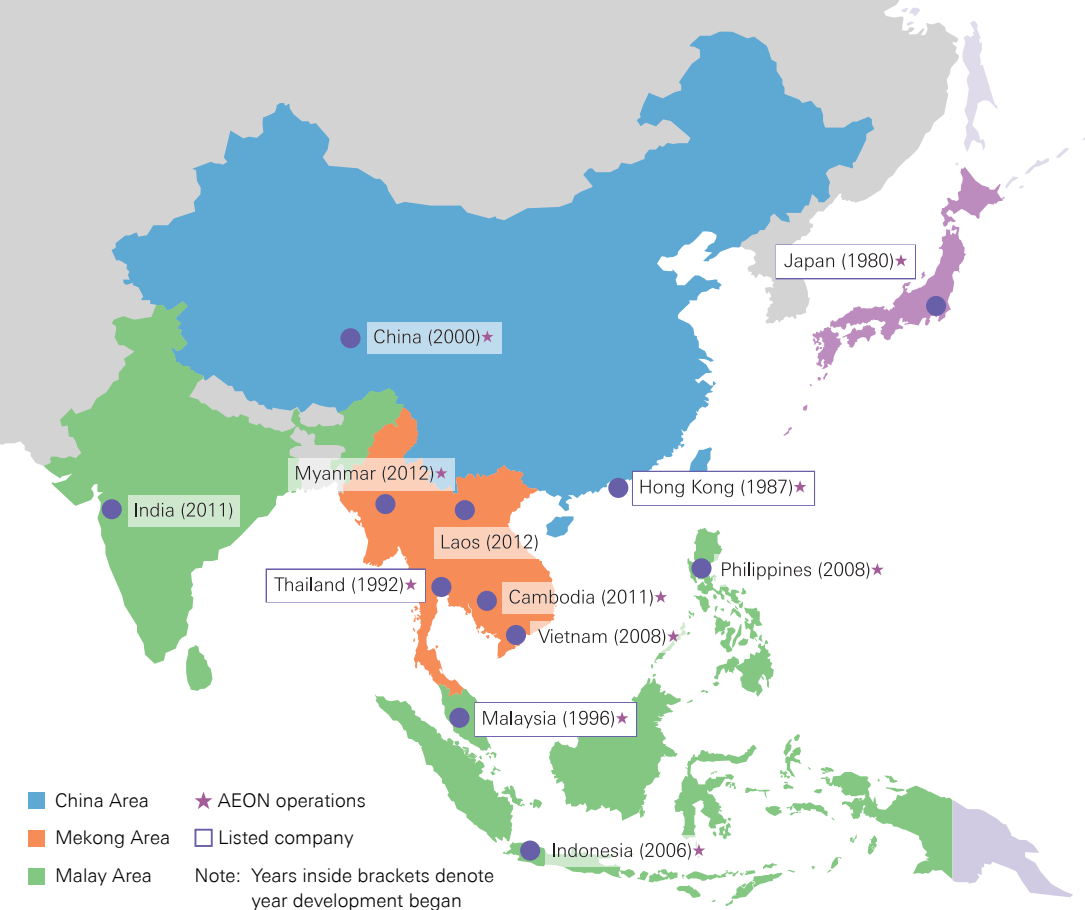
Since starting business overseas in 1987 in Hong Kong, we have positioned business expansion in Asia as a focused strategy and become listed on the local stock exchanges in Hong Kong, Thailand, and Malaysia. We have a localized customer base and network of affiliated merchants, and we provide financial services close to the customers of communities in each country.

With overseas expansion that is pioneering and business development rooted in the local areas, we are working to build AEON living zones for countries in Asia in the same way as in Japan, with AEON Group companies and key partners.

Relationships of trust built up over **37** years

Countries served **11**

Contributing to the resolution of local social issues by providing **financial services**



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: housing loans, small and short-term insurance, life insurance, and leases

* as of February 29, 2024

AEON Credit Service (Asia) Co., Ltd.



We will further expand the AEON Economic Zone by leveraging the strength derived from our membership base of more than a million people.

Managing Director
Wei Aiguo

With providing readily accessible benefits and making customers happy as the starting point, we have been offering benefits to customers by collaborating with AEON Stores (Hong Kong) and other affiliated merchants centered on the AEON Card since the 1990s. In addition to offering installment payment, immediate issuance of card, and various online services, we have been repeatedly improving services and adding functions in recent years such as linking cards to smartphone payments, expanding mobile payments, and issuing cards with cashback benefits.

In Hong Kong, a global financial center with a population of approx. 7.5 million people, the number of credit cards in circulation has reached saturation point. Under such circumstances, we steadily increased the number of card members through our network of AEON Group retail stores and affiliated merchants with broad acceptance among customers in Hong Kong, and the number of card members has exceeded 1 million. In addition to Hong Kong, we, working together with various government-led policies, have expanded the business to the Greater Bay Area including the city of Shenzhen and Guangdong Province.

Under such a favorable business environment, we will build the AEON Living Zone by realizing Our Purpose of bringing "finance closer to everyone" so as to further expand the support from customers and grow our business.

Based on Our Purpose, we will work tirelessly to offer convenient and readily accessible services to our customers to make their daily lives prosperous with peace of mind and smiles. We look forward to your continued support.

AEON Thana Sinsap (Thailand) PCL.



With DX of financial services, we aim to become a company that is most favored by the customers in Thailand.

Managing Director
Toshiya Shimakata

E-commerce rapidly expanded in Thailand during the COVID-19 pandemic and shared services and EV spread as well. In the financial field also, there have been changes that drive new consumption such as the widespread use of QR Code payment platform called Prompt Pay.

At the same time, aging population with dwindling birthrate has become a social issue also in Thailand, and this is expected to further accelerate the increase in number of foreign workers and the shift to digital markets in the retail and services industries. We believe that these changes will bring about new needs also in the financial industry.

After our establishment in 1992, we started off with installment sales and expanded our product line to include small loans and credit cards, offering financial services to a wide range of customers. In the past few years, we have been promoting DX of financial services leveraging fintech including issuance of NextGen Card, a digital-only credit card with no plastic cards, and this has been well received by young people and other new customers. Based on our belief that contribution to community is an important mission, we have also been actively engaging in social contribution activities such as tree planting and other environmental conservation efforts by working together with the AEON Group as well as making donations to schools for supporting younger generations. We aim to become a company that is most favored by the customers in Thailand as we embody Our Purpose by continuing to meet the needs of local customers and offer financial services that help them in their daily lives.

AEON Credit Service (M) Berhad



We offer financial solutions that deliver "happiness that is uniquely theirs" and "smiles" to customers.

Managing Director
Daisuke Maeda

In 1996, we started an installment payment business in Malaysia for electrical appliances, demand for which was increasing following economic development. We subsequently expanded the business to include installment payment for motorcycles, which were a daily necessity. We are striving to offer financial solutions, together with affiliated merchants, to customers who do not have easy access to general bank loans. In recent years, we have been offering point cards and credit cards to customers using AEON.

In Malaysia, we are currently witnessing the emergence of needs that go beyond existing financial services following rising income, shift to online services, diversification of interests and preferences, and rapid spread of cashless payment on the back of economic development and changing environment following the COVID-19 pandemic.

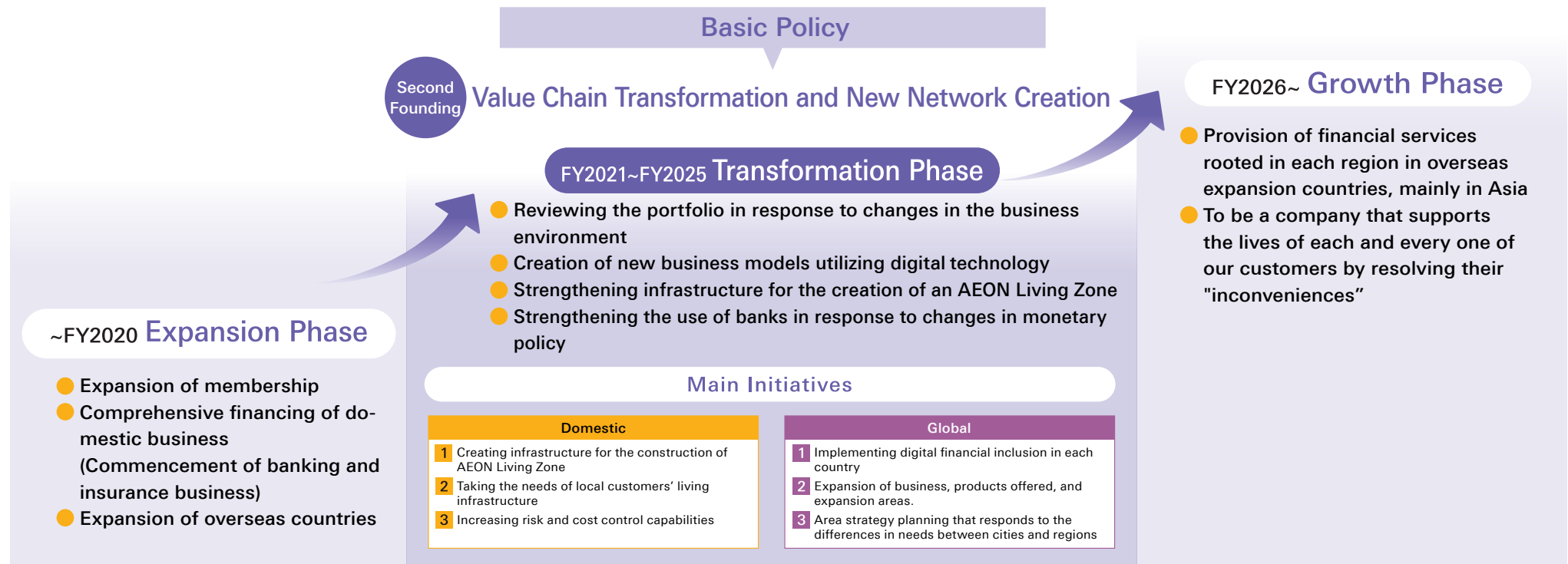
Against this backdrop, we completely digitalized the application process and introduced prompt screening for various loans utilizing AI, which has led to increasing popularity among customers. We have also obtained the permit for digital bank business, which was issued only to five companies in the country, and have established AEON Bank (M) Berhad. The bank, in addition to meeting a wide range of financial needs including deposits, will offer services unique to AEON in collaboration with AEON Group common points.

We will pursue the development of AEON Living Zone by working as one with the AEON Group so as to offer a lifestyle of the future to customers. We will work toward delivering "smiles" and "happiness that is uniquely theirs" to individual customers with our smartphone app AEON Wallet to realize Our Purpose, which is to bring "finance closer to everyone".

Overview of the Medium-Term Management Plan for FY2021–FY2025—Progress to Date

Our goal is to contribute to the construction of an AEON Living Zone that transcends the AFS Group's financial products and services, and customer base by connecting customers, local communities, business partners, affiliated merchants, and AEON Group companies with our financial services, including payment and point systems.

The environment surrounding the AFS Group has been changing rapidly, such as intensifying competition due to the entry of players from other industries, changes in customer needs resulting from rising living standards in remarkably growing Asian countries, and the advance of digitalization driven by the development of AI and information technology. Under such circumstances, we aim to create business models that will allow us to provide optimal services when customers need them by utilizing digital channels and data so as to remain a business operator that can offer financial services chosen by customers.



Medium-term Target Indicator

Aim to achieve and maintain **ROE of 10.0% or more** by strengthening profitability and increasing capital efficiency



Progress of Main Initiatives

Domestic

1 Creating infrastructure for the construction of AEON Living Zone

The AEON Group has set the creation of the AEON Living Zone as one of its growth strategies. Our role in this strategy is to create infrastructure that connects the AEON Living Zone with financial services.

In September 2023, AEON Wallet, a smartphone app, was updated as a comprehensive financial app, enabling the seamless use of a wide range of financial services. Further in May 2024, AEON Pay, a code payment system, was added to smartphone apps provided by AEON Group companies. This is an example of our efforts to create an environment that enables our customers to use our services seamlessly on a daily basis.



Domestic

2 Taking the needs of local customers' living infrastructure

The AFS Group is working to restructure touchpoints so as to smoothly provide necessary services from the customers' viewpoint. The AFS Group is creating an environment that can provide one-stop services anytime and anywhere, such as remote consultation via videophones and smartphone apps in addition to face-to-face services at stores by taking advantage of real and digital channels.

We are also strengthening collaboration with local communities, including through entering the community currency business and launching the "My Full" portal site for the hometown tax system.



Domestic

3 Increasing risk and cost control capabilities

The AFS Group continues to enhance its credit and receivables management using AI and information technology to provide safe and secure services. ACS Credit Management Co., Ltd. uses data analysis technology and AI-based scoring to produce extremely precise analyses and make effective use of data assets.

In addition, we are enhancing the security of payment services by means such as sending a notice of credit card use to customers and detecting card frauds using AI.

Global

1 Implementing digital financial inclusion in each country

In May 2024, we launched AEON Bank (M) Berhad, which provides the first Islamic digital banking services in Malaysia. The bank is committed to maximizing customer lifetime value (LTV) by introducing AI analysis and other cutting-edge technologies and providing appropriate services that match customers' changing financial needs according to changes in their income and life stages. It also provides an environment in which banking services are readily accessible to a wider range of users, including the unbanked class of customers who have found it difficult to access financial services.



Global

2 Expansion of business, products offered, and expansion areas.

In October 2023, AEON Financial Service decided to acquire an equity interest in Post and Telecommunication Finance Company Limited, which specializes in personal financing, to expand the AEON Living Zone in Vietnam together with AEON Group companies. We have been providing services centered on in-house installment sales of electrical appliances and other products in Vietnam since 2008. With the acquisition of this company, we will offer a wider variety of financial services that better serve customer needs.



Global

3 Area strategy planning that responds to the differences in needs between cities and regions

In Asian countries, we are working to build a credit management model tailored to customer attributes and product portfolios in each region. We segment portfolios, identify projected lifetime earnings and bad debt risk, and utilize this information in sales policies and screening criteria to develop area strategies, thereby maximizing profits and reducing bad debt expense.

Message from Finance and Accounting Representative

We aim to increase our ROE to 10.0% or above and PBR to 1.0x or above quickly by supporting efforts to transform business portfolios and strengthen revenue-generating capabilities on the financial front.



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

Tomoyuki Mitsufuji

Basic Policy on Financial and Capital Policy

Our basic financial and capital policy is to strike a balance between appropriately allocating resources to achieve Our Purpose and returning to our stakeholders while maintaining and improving financial health. It is no exaggeration to say that the financial inclusion vision represents our characteristic significance. Therefore, investing in making each customer's life more prosperous and maintaining a robust financial position to support the effort are cornerstones of our business operations.

In the fiscal year ended February 28, 2024 (fiscal 2023), we posted the highest-ever consolidated total assets of ¥6,945.5 billion, up ¥286.1 billion year on year. In Japan, deposits at AEON Bank, which stand at approximately ¥4.5 trillion, finance most of the operating assets won by the payment and banking businesses. Now that we are back in a world with interest rates, we are expected to demonstrate our competitive edge even more. At the same time, we appropriately allocate resources to invest in information technology to make our services more convenient and easier to use than our competitors, even by

a small margin, amid the ever-intensifying competition in the credit card industry. Outside Japan, we have been investing proactively in growing Asian countries, always aiming to achieve the best balance among enhancing services, generating revenues, and maintaining a robust financial position.

Overview of Fiscal 2023 Financial Results

On a consolidated basis, we recorded operating revenue of ¥485.6 billion (up 7.5% year on year), operating profit of ¥50.0 billion (down 14.9% year on year, with an operating margin of 10.3%), and profit attributable to owners of the parent of ¥20.8 billion (down 31.9% year on year). With an increase in revenue and a decline in profit, we significantly underperformed our pre-COVID profit level. In fiscal 2023, our Japan and overseas businesses worked to expand customer touchpoints that integrate physical and digital channels amid rapidly changing customers' lifestyles and consumption behavior after the COVID-19 pandemic. Measures like this successfully led to steady growth in payment volume and operating receivables balances, pushing up operating revenue. However, selling, general, and administrative expenses, such as sales promotion and personnel expenses increased in Japan. Overseas, bad debt-related expenses rose as governments scaled down the consumer protection measures, they introduced during the COVID-19 pandemic. Rising living expenses driven by runaway inflation also contributed to higher bad debt-related expenses. As a result, ROE declined to 4.7% and PBR to 0.6x. We see major challenges in earnings power and capital efficiency.

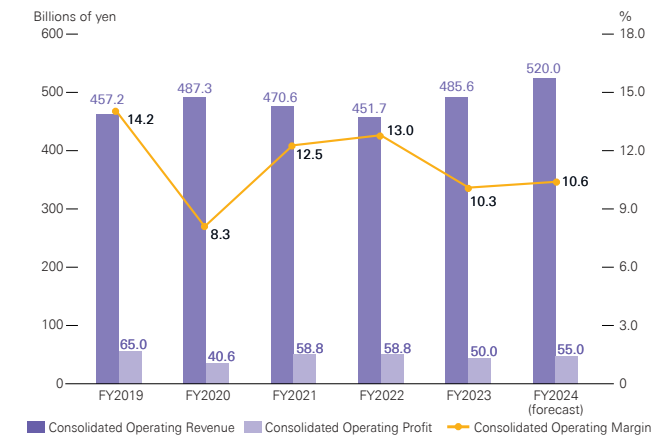
Outlook for Fiscal 2024 Financial Results

In fiscal 2024, we expect to post operating revenue of ¥520.0 billion (up 7.1% year on year), operating profit of ¥55.0 billion (up 9.8% year on year, with an operating margin of 10.6%), and profit attributable to owners of the parent of ¥21.0 billion

(up 0.5% year on year). We aim to return to a profit growth track by reaping the benefits of business structural reforms and measures implemented under the medium-term management plan.

Our Japan business has made revolving and installment payments and cash advance services more convenient through efforts to improve smartphone UI and UX since the previous year. This has led to higher transaction volumes. In addition, we have steadily increased operating receivables balances, a leading indicator of business performance. During fiscal 2024, we expect to recover over ¥100 billion in cash advances

Consolidated Operating Revenue/Operating Profit/Operating Margin



Consolidated Operating Revenue	FY2024 (forecast)	¥520.0 billion
Consolidated Operating Profit	FY2024 (forecast)	¥55.0 billion
Consolidated Operating Margin	FY2024 (forecast)	10.6%

and other operating receivables balances lost during the COVID-19 pandemic.

Our overseas business experienced a varied recovery in business conditions depending on the country. Malaysia (Malay Area) is seeing signs of recovery ahead of others, owing to efforts to improve customer convenience by leveraging digital technology.

In Malaysia, AEON Bank (M) Berhad, an operator of the new digital bank business, started its operations on May 26, 2024. In Vietnam, we expect to complete the acquisition of a finance business by the end of fiscal 2024. We will enhance customer convenience and drive earnings growth by setting up new businesses in addition to existing ones.

On the financial front, our major challenge is to control bad debt-related expenses, which surged by around ¥11.4 billion from the previous year overseas. We will refine the quality of credit extension and collection using digital and artificial intelligence technologies. In addition, we will enhance our

forward-looking initiatives through data analysis.

Impact of Changes in the Interest Environment in Japan and Overseas

In Japan, there is a concern that funding costs may increase because interest rates are rising after the Bank of Japan's monetary policy shift. However, we see this as a great opportunity that allows us to leverage our competitive edge of having AEON Bank's deposits. AEON Bank has reasonable levels of variable-rate loan receivables and securities with room for spread widening between procurement and investment. In addition, we expect that using deposits, a stable source of funding, will effectively limit the narrowing in procurement-investment spreads for shopping revolving credit and cash advance receivables in Japan, where maximum interest rates are set on these products.

In the last fiscal year, financial expenses increased by around ¥4.8 billion in overseas business, driven by higher

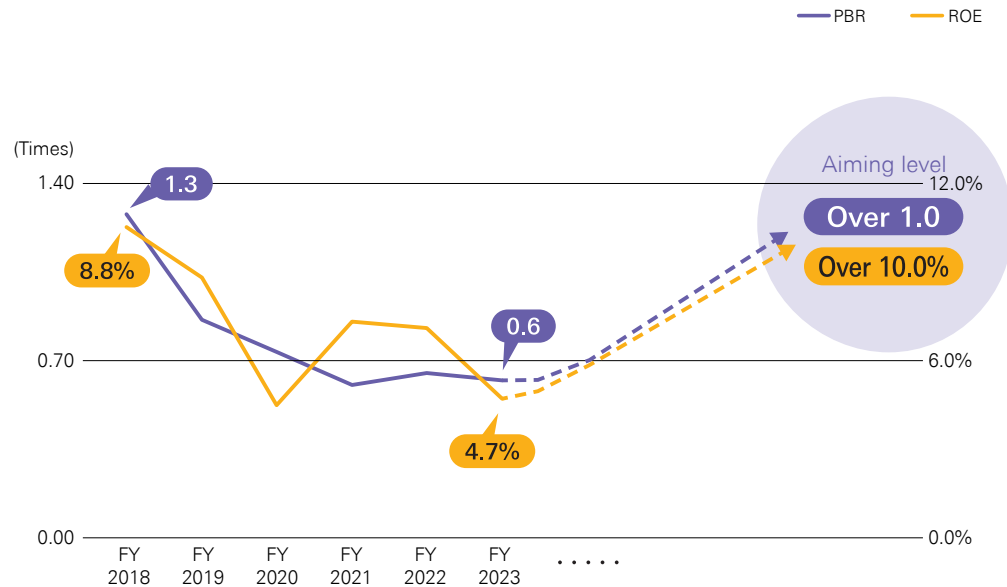
receivable balances and rising interest rates. Our latest outlook is that declines in US dollar interest rates will spread to the procurement interest rates of the countries where we operate. Our overseas group companies are properly managing their finances to benefit fully from this.

Raising ROE to 10%

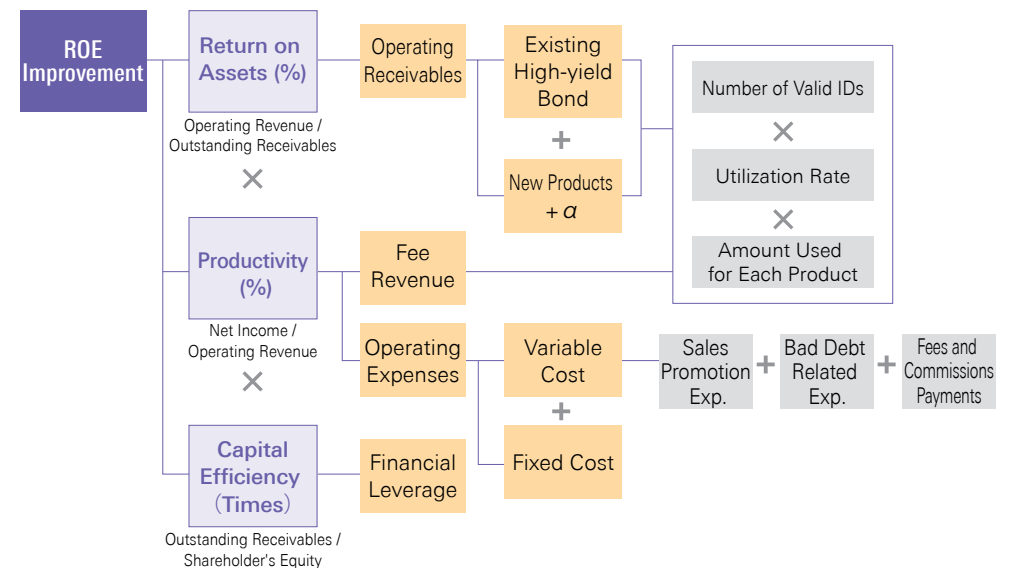
Raising ROE above the cost of shareholders' equity is our key management challenge. We are conscious of three indicators to increase ROE: return on assets, productivity, and capital efficiency. We can achieve a higher return on assets by building operating receivables balances, higher productivity by pursuing cost-benefit analysis and increasing fee revenues, and higher capital efficiency by proper risk-taking on balance sheets. Setting and managing targets appropriately for these indicators is the proper way to raise ROE.

The key to improving return on assets is to increase operating receivables balances, which are spread across small lots and

Recognition of current status and establishment of management indicators



Approach to ROE Improvement



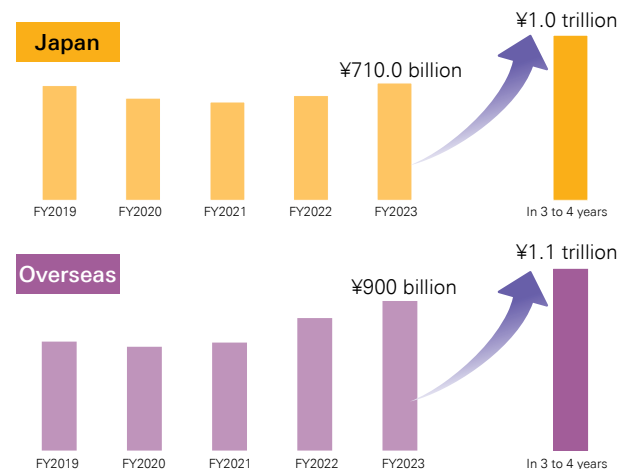
Message from Finance and Accounting Representative

are highly profitable. In Japan, we will increase operating receivables balances, such as revolving and installment credits, cash advances, and unsecured loans, from around ¥710 billion as of the end of February 2024 to around ¥1 trillion in the coming three to four years. Outside Japan, we will raise the balances from around ¥900 billion to around ¥1.1 trillion in the same timeframe.

To boost productivity, we will control bad debt-related expenses and reduce financial expenses (ratio), as described earlier. We will also continuously improve efficiency and convenience by more effectively using advertising and other expenses and utilizing information technology.

As for capital efficiency, financial leverage (total assets/shareholders' equity) stood at around 15 times against ¥450.5 billion in shareholders' equity for fiscal 2023. Our balance sheet is sufficiently creditworthy if we also consider that AEON Bank, which operates under strict capital adequacy regulations, is our group company. Given this, we can implement our policy of building operating receivables balances without problems.

Changes in Operating Receivables Balances



*Operating receivables balances in Japan are the total of cash advances on credit cards, revolving and installment credits, unsecured loans, and the like (excluding securitized receivables).

Toward Achieving Optimum Business Portfolios

We continuously review our business portfolios to improve profitability. In FY2023, we executed an absorption-type merger of AEON Credit Service Co., Ltd., our consolidated subsidiary, to streamline operations. We also made FeliCa Pocket Marketing Inc., a provider of community currencies and other solutions to local governments, our consolidated subsidiary. In Vietnam, we have decided to acquire Post and Telecommunication Finance Company Limited, a finance company offering loans to individual customers.

In March 2024, we completed the sale of AEON Product Finance Co., Ltd. (currently Orico Product Finance Co., Ltd.), an installment sales finance business for individual products, to Orient Corporation ("Orico"). The sale was intended to reduce external funding costs and optimize the allocation of human resources. We have concluded a business alliance agreement with Orico and are examining initiatives for value creation in wide-ranging business areas.

When considering business acquisitions or sales, we examine each case based on criteria such as reasonable returns on investment and the target company's valuation. Specifically, after considering the capital cost, we conduct due diligence, covering elements such as profitability in a specific timeframe and, in overseas cases, the relevant country risk and foreign exchange fluctuation risk. We do this because our business portfolio review emphasizes fiscal discipline in addition to the business mix of target companies.

Dividend Policy

We see shareholder returns as one of our most important management priorities. Our basic policy is to distribute appropriate profits to our shareholders while securing internal reserves for expanding business and enhancing productivity to make our company more competitive. Specifically, we target a payout ratio between 30% and 40% to pay dividends stably and continuously.

On the other hand, earnings per share (EPS) in fiscal 2023 were ¥96.80, a significant drop from the previous fiscal year. Despite this, we paid a dividend of ¥53 per share, the initial forecast, with the payout ratio topping 50%. This reflects our

policy of paying stable and continuous dividends and considers that specific actions to transform our business portfolios have started. For fiscal 2024, we forecast a dividend of ¥53 per share, the same level as the previous fiscal year, although the payout ratio will exceed the target range (compared to the initially forecasted profit). This is because the transformation of our business portfolio has gained traction since the last fiscal year, that our measures to strengthen future revenue-generating capabilities are bearing fruit, and that our policy remains to pay stable and continuous dividends.

Management's mission is to generate sufficient profits and distribute more profits in line with the basic policy. With a renewed and acute awareness of this mission, the management team is committed to improving profitability quickly.

Stakeholder Engagement

Corporate management must be able to share a growth strategy, execute it steadily, and deliver the results to win the support of various stakeholders.

We seek to gain the understanding of our shareholders and other stakeholders on the status and strategy of AEON Financial Service through active dialogue. At the same time, we will incorporate their expectations and views into management. Specifically, we hold briefing meetings with the participation of our management, including the President and CEO. We also have individual meetings with institutional investors and analysts in and outside Japan, as well as company briefings for individual investors to expand opportunities for dialogue.

We share the feedback from investors and analysts at board meetings and other occasions internally to recognize issues and discuss improvements. Such engagement would make management more transparent in the eyes of market participants and have a positive effect on our stock price, in addition to helping our management remain up to date.

We will use these engagement activities effectively to increase our corporate value steadily. This is our way of responding to the expectations of our shareholders and other stakeholders. We look forward to the continued support of our customers and partners.



Message from Payment Business Representative

We aim to expand customer touchpoints with our unique differentiation strategy against the backdrop of rising ratio of cashless payments and achieve double-digit operating margin early on.



Director and
Managing Executive Officer,
Representative of the Payment
Business

Kazuaki Arima

What are the roles of the Representative of the Payment Business?

Amid concerns over a decline in consumer population in Japan, the cashless payment ratio is expected to reach 80% in 2030. The Payment Business has an important role of putting us once again on a growth trajectory by riding the tailwind of increasing cashless payments.

In recent years, competitors, who are mainly online services, have grown significantly due to the movement restrictions that were in place during the pandemic. By contrast, our strength is in payments at brick-and-mortar stores, primarily of the AEON Group, but net sales at these stores declined during the pandemic and card shopping as well as revolving and installment payments suffered considerable damage as a result. Moreover, the outstanding operating receivables for card cashing declined to approx. 130.0 billion yen in two years between FY2020 and FY2021 due to a decline in funds demand following distribution of government subsidies and diversification of usage. During this period, we also made investments for system upgrade, which resulted in higher fixed costs and lower profitability.

We launched the AEON Pay code payment system in September 2021, later than other companies, but the number of affiliated merchants has now reached about 2 million. We plan to increase this to 10 million locations in 2030 by identifying candidate stores in each industry and adding them. We will also further expand our cashless payment transaction volume from the current approx. 10 trillion yen. It is my responsibility to raise profitability by improving convenience of payment through addition of affiliated merchants and increasing efficiency through digitalization of operations.

Where do you see business opportunities and what are the issues?

We have to further raise the cashless payment ratio, which is currently almost 40% at the AEON Group stores. Almost 80% of AEON Card holders use their cards also at stores that are not part of the AEON Group. We can expect operating revenue to rise by improving the convenience of AEON Card and increasing the number of customers who use it as their main card. We launched the My Full portal site for the hometown tax system in September 2023 and My Crowd Funding in March 2024 as we worked to strengthen cooperation with communities. Our own events held at AEON Malls, etc. have been popular, and an increasing number of local governments and businesses are cooperating with us.

On the other hand, a pressing issue for us is phishing scams and other card frauds. In November 2023, we established a security center that combines the functions of credit control and call center into one to strengthen countermeasures against the issue.

Please explain your differentiation strategy.

Our strength is the network of AEON Group's brick-and-mortar stores. The touchpoints spread across the country, where we can contact customers, are our unique differentiating factor.

In order to leverage this to the maximum extent, we will strengthen our cooperation with the AEON Group and work on raising the attractiveness by enhancing benefits and services that would persuade customers to use our payment services. In 2024, we started offering a 5% discount benefit on shopping at AEON Malls on the 20th and 30th of every month targeting AEON Gold Card holders. In addition to these offers on specific days, we have in place various benefits such as doubling of points when using AEON Cards at AEON Group stores. We aim to expand the use of AEON Cards by offering these unique benefits not found in other companies.

*Benefits, etc. may not be available at some stores.

Measures for improving profitability and ROE

Our proprietary differentiation strategy and the measures to improve convenience with the help of digital technology have borne fruit, and the number of cardholders increased compared with the previous year. Outstanding operating receivables are expected to return to the level before the pandemic within FY2024. I am also expecting to see the effects of the cost structure revision we are currently working on around 2025. Before the pandemic, we used to maintain an operating margin exceeding 10% in Japan, but it declined greatly following the pandemic. However, in addition to the recovery in outstanding operating receivables, we will strive to strengthen profitability by increasing the number of AEON Pay affiliated merchants, enhancing the touchpoints by improving convenience, and expanding the payment transaction volume in enhanced cooperation with the AEON Group and local communities. At the same time, we are expecting operating margin to return to about 10% in FY2025 as we firmly control various expenses. I believe we can achieve the medium-term target of 10.0% in ROE in a relatively short period once the profitability of the domestic business normalizes, and we aim to improve profitability early on.



Message from AEON Bank President

We will improve profitability by offering a wide range of financial services to meet customers' consultation needs in one-stop, as well as increasing touchpoints with customers.



President and
Representative Director ,
AEON Bank, Ltd.

Hiroaki Kobayashi

What are the roles of AEON Bank and its differentiating factors?

AEON Bank came into existence as a response to the voices of AEON customers who wanted to drop by at the bank while shopping. It is a bank that is convenient to customers, with which they can readily consult even on weekends, national holidays, or during the night. Since opening in 2007, we have widened our range of services from housing loans, insurance products, and investment trusts, to testamentary trusts as well as acting as an intermediary for tax affair consultations, developing an environment where we can offer financial products and consultations in a one-stop service. We play the role of expanding the services of the AEON Living Zone by responding to various needs for consultations regarding money and offering financial services close to customers' lives.

Our major differentiating factor is that we have both physical and online services for responding to financial consultation needs at all times, as in addition to our highly convenient brick-and-mortar branches inside AEON Group retail stores, we provide Internet banking and online remote consultation services.

Recently we are seeing regional and other banks closing down branches and reducing the number of ATMs. At the same time, there is high demand for face-to-face consultations such as for housing loans, as well as an overwhelming number of customers who wish to have bank branches and ATMs in their neighborhood. No other bank offers consultation services for 365 days a year including during the night, and I believe the trend of other banks reducing branches would create an environment where we can further demonstrate our strengths.

What is your view on interest rate rises in Japan?

The unprecedented monetary easing which lasted for more than 10 years has ended, and we are shifting into a world with interest rates. AEON Bank also raised interest on deposits and interest rates on housing and other loans in May 2024. Long-term interest rates were already rising, and the yield of long-term government bonds has started exceeding 1%. We manage funds that we receive from deposits from customers in credit cards, various loans, and securities. Rising interest rates are expected to have a positive impact as it expands the margin between interest rates on deposits and loans. Given the tailwind of rising interest rates, we will further increase deposits, while also using the profits generated from this to provide even more convenient services.

What are the business opportunities and what is your strategy going forward?

We will further demonstrate our strengths in physical branches and respond to customer needs by offering both the sense of security that face-to-face consultations provide, as well as the convenience of completing other procedures online. Unlike online banks and securities companies, which sustain themselves over the internet, having a physical branch incurs costs. However, we will enhance low-cost branch operations with a small number of staff by incorporating online consultations, even as we offer a full lineup of

products. In addition to retail finance for individual customers, we will also strengthen supply chain finance by targeting businesses supplying products to the AEON Group. We believe that we can create more opportunities for business expansion by combining the information held by the companies within the AEON Group with the financial data held by the AFS Group, and connecting it to the AEON Living Zone, including the AEON Group's business partners.

How do you plan to build your ideal product portfolio?

The current mainstay product of AEON Bank is housing loans. In housing loans, we have earned the support of our customers based on our strengths outside of interest rates, such as the AEON Select Club shopping discounts for those concluding loan agreements, which leverage the advantages of being part of the AEON Group. Going forward, we will enhance the offering of unsecured loans to individuals such as car loans and credit card loans, which are in high demand among customers visiting AEON stores. Digitalization of the procedures that are still being handled manually is indispensable for increasing unsecured loans. We will promote DX to improve productivity. Both unsecured loans and the aforementioned supply chain finance are expected to grow in scale and contribute to profits, and we will grow them into the next pillars of revenues.

In the asset formation business, we switched the offering of investment trusts to a financial instruments intermediary service. This enables us to respond to a wide range of asset management needs including equity, which we were unable to offer until now. At the same time, it eliminated burdens such as investment in systems, leading to improvement in profitability. In addition to the impact of the spread of COVID-19 on purchases and review of insurance, there are rising needs for insurance products as part of asset formation. We will strengthen our human resource development to nurture financial specialists who can respond to various consultations and boost man-hour productivity.



Message from Overseas Business Representative

Based on the concept of financial inclusion, we will search for further growth opportunities and aim to secure high profitability and to contribute to consolidated ROE.



Director and
Managing Executive Officer
General Manager,
Overseas Business Division

Mitsugu Tamai

What are the missions of the overseas business?

The overseas business accounted for about 40% of consolidated operating revenue and about 75% of operating profit in the fiscal year ended February 29, 2024. There still is a large room for growth in the overseas business given the improvements in standard of living mainly in Asia, and we can also expect market development utilizing new technologies. In addition to Hong Kong, Thailand, and Malaysia, where we have listed our shares on the local stock exchanges, the businesses in India, Indonesia, and Cambodia are also getting on the growth trajectory. Based on the idea of financial inclusion, the mission of the overseas business is to contribute to further profit growth and improvement in consolidated ROE while realizing synergies with the AEON Group companies.

What are the current issues and how do you plan to address them?

In Hong Kong, Thailand, and Malaysia, profitability worsened due to increases in bad debt expenses resulting from price rises and higher payment burdens of customers following the

discontinuation of support measures that the governments had in place during the COVID-19 pandemic. In particular, recovery in Thailand (Mekong Area) has been delayed, but the business in Malaysia has seen a recovery in profitability earlier than expected as initiatives implemented so far such as improvement in convenience through digitalization have been successful. You cannot avoid being affected by the local economy, but improving profitability requires improvement in screening accuracy and streamlining collection with respect to credit management in addition to acquisition of high-quality operating receivables. We aim to further improve productivity by raising accuracy and efficiency utilizing AI, DX, and other digital technology and applying the initiative laterally to other countries.

What are the measures you are focusing on in FY2024?

I have high hopes on the digital bank, which opened in Malaysia in May 2024. It aims to become profitable within five years from the opening, but we would definitely like to realize it earlier than that. Another important measure is rebuilding the Vietnam business, which has been a pending issue. We are expecting to receive local approval for making the finance company into a consolidated subsidiary within FY2024. After making it a consolidated subsidiary, we will strengthen PMI and aim to further expand business scope. These two countries have high growth potential, and we plan to continue investing management resources.

At the same time, we are discussing the distribution of management resources, and we plan to promote selection and concentration of the businesses.

What are your area-based strategies?

The starting point of our Group's overseas business is financial inclusion, which means offering opportunities to use financial services to everyone. The digital bank, which started operations

in Malaysia, also targets those who had not been able to receive the services of financial institutions till now. The central bank also has requested to make financial services readily available to everyone through apps and to support the daily lives of customers. We achieved significant growth in Malaysia in the installment finance business for motorcycles. We will aim to achieve further growth by offering products and developing a structure that would allow us to provide seamless financial services.

We enjoy high brand recognition in Hong Kong and have won the support of local customers, but the area has limited population, and there are many rival companies. Our plan is to maintain our business foundation while simultaneously strengthening our business.

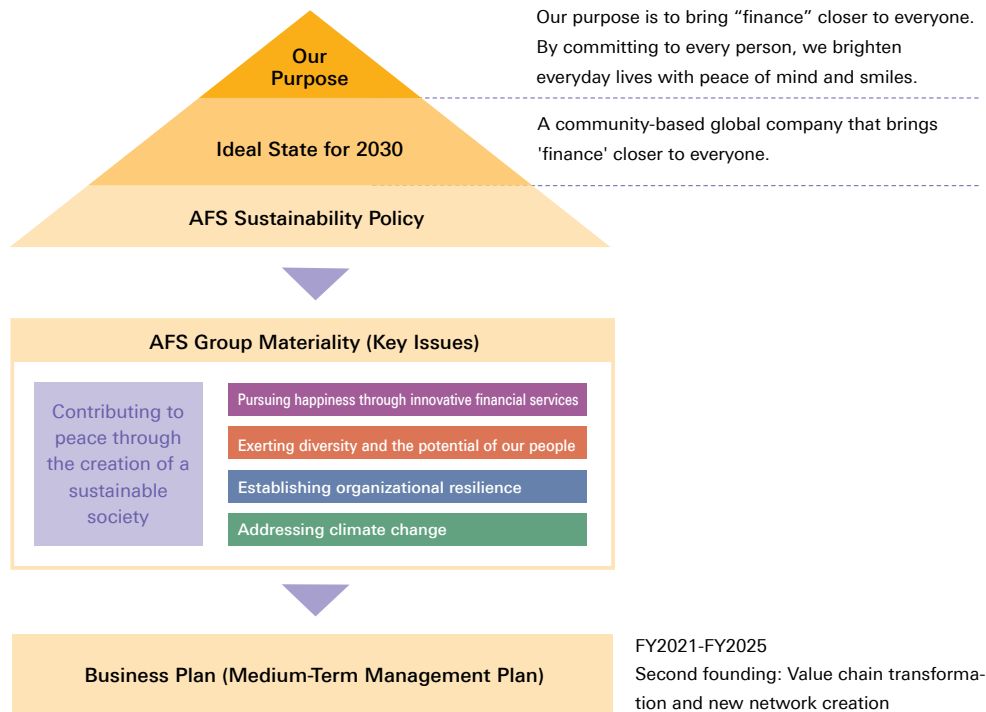
There are only a limited number of AEON Group stores in Thailand, but we have achieved growth through alliances with prominent local businesses such as Big C Group and Thai Airways. With Thailand also struggling with declining birthrate and aging of society, we are considering the next growth strategy.

Where do future business opportunities lie?

When we search for growth opportunities in a country, its population is also an important factor. India became the most populous country in the world, and the high growth is expected to continue. We acquired a non-bank license in February 2013 and established a local subsidiary in Mumbai. We faced many difficulties till now, but finally we are expecting to turn profitable in the current fiscal year. We are reconsidering the growth strategy for another round of growth. We are also studying the markets in the countries neighboring India by exchanging opinions with retail businesses of the AEON Group. Malaysia and Vietnam are areas that the AEON Group is also focusing on. Finance and retail have high affinity, and we aim to continue maximizing synergies of being part of the AEON Group.

Sustainability of AEON Financial Service Group

Guided by Our Purpose, the AFS Group identified key social issues (materiality) that affect our business over the medium to long term, with the aim of contributing to peace and realizing a sustainable society in which everyone can live a content and happy life.



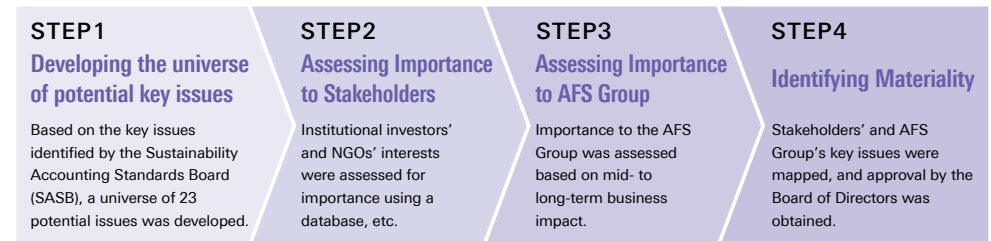
AFS Sustainability Policy

To promote sustainability management that balances the economic value created through our business activities with the social value enjoyed by local communities, the AFS Group formulated the AFS Sustainability Policy in 2021. The policy defines how our Group sets out the principles by which it will proactively and assertively promote sustainability activities together with local communities, customers, and business partners, and incorporates sustainability perspectives into all decision-making for business operations. The policy stipulates that the AFS Group is to practice long-term value creation in harmony with the natural environment and social systems.

▶ The AFS Sustainability Policy : <https://www.aeonfinancial.co.jp/en/activity/policy/>

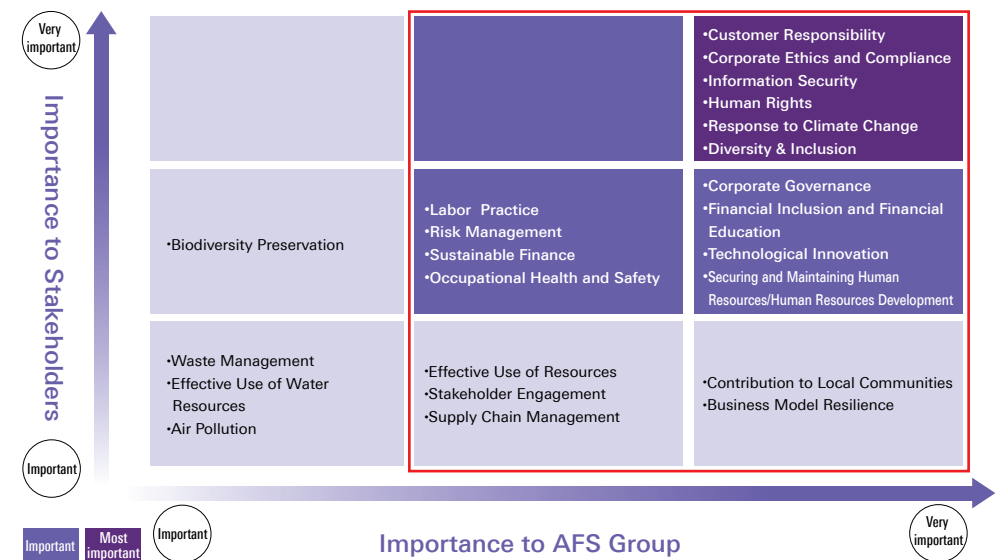
The Materiality Identification Process

The AFS Group has identified materiality (key issues) that impact our business in the medium to long term through the following four steps.



Materiality Map

After assessing the importance of key issues to stakeholders and the AFS Group, we identified 19 issues as materiality, with six issues categorized as the most important, eight as important, and five as being of particular importance to the AFS Group.



Categorization of Materiality

“Contributing to peace through the creation of a sustainable society” has been set as the most important concept that encompasses the 19 key issues (materiality) that were derived and identified from the materiality map. In contact with customers day by day, the financial business of the AEON Group will continue in peace to be sustainable. We will also work on initiatives to resolve social issues, including human rights, customer responsibility, diversity and inclusion, and financial education, while being deeply involved with people, including our customers and employees.






By systematically classifying materiality into four areas, four issues have been identified.

- Pursuing happiness through innovative financial services
- Exerting diversity and the potential of our people
- Establishing organizational resilience ■ Addressing climate change

Initiatives for these four issues and key indicators for 2030 have been set, and the AFS Group is moving forward toward resolving the issues.

Guided by Our Purpose, each of our employees will think independently and take on the challenge of innovation through autonomous action for the corporate group to become a leader in contributing to customers and communities.

AFS Group Materiality

Contributing to peace through the creation of a sustainable society 			Initiatives	Key Indicators (2030)	
Human Rights	Pursuing happiness through innovative financial services	We are committed to enriching the lives and happiness of our customers by providing safe, secure, and innovative financial services, by building an infrastructure that enables access to financial services for everyone, and by promoting the improvement of financial literacy.	<ul style="list-style-type: none"> • Customer Responsibility • Financial Inclusion and Financial Education • Technological Innovation • Sustainable Finance • Contribution to Local Communities 	<ul style="list-style-type: none"> • Providing a safe, secure, and accessible financial infrastructure • Promoting DX to Improve Customer Experience • Contributing to the development of local communities through financial services. • Enriching the lives of customers, business partners, and employees through financial education. • Managing and procuring funds in consideration of social and environmental changes 	<ul style="list-style-type: none"> • Digital provision of all financial products and services, along with continuous updates of security measures ensures that customers can feel safe using them. • Provision of payment services that are borderless in the countries where we operate. • Developing and securing human resources for DX promotion • Promoting financial inclusion initiatives • Cooperation with communities and local areas • Support for disaster measures using financial services • Total number of participants in the financial education program: 500,000 Domestic: 350,000 Overseas: 150,000 • Consideration of sustainable investment and loan policies • Implementing sustainable finance
	Exerting diversity and the potential of our people	We are committed to achieving our goals as a team by respecting the humanity and diversity of our employees and by creating a work environment where everyone feels fulfilled and where individual abilities are maximized.	<ul style="list-style-type: none"> • Diversity & Inclusion • Securing and Maintaining Human Resources/Human Resources Development • Labor Practice • Occupational Health and Safety 	<ul style="list-style-type: none"> • Respecting the diversity of employees and creating a flexible and rewarding work environment. 	<ul style="list-style-type: none"> • Percentage of managerial positions filled by women Directors: 30%; Divisional heads and higher : 30% (Domestic) • Employment rate of persons with disabilities: 3% (Domestic) • PRIDE Index Recognition (Domestic) • Rate of male employees taking childcare leave: 100% (Domestic) • Enhancement of employee training • Improvement in employee engagement
Establishing organizational resilience	We are committed to developing highly ethical and disciplined human resources and enabling quick and flexible decision-making by transferring authority to frontline operations. We are also committed to evolving our governance structure and building a strong corporate culture through the supervisory function exercised by the Board of Directors, risk management throughout the value chain , and business management enhancement.	<ul style="list-style-type: none"> • Corporate Ethics and Compliance • Information Security • Corporate Governance • Risk Management • Business Model Resilience • Supply Chain Management • Stakeholder Engagement 	<ul style="list-style-type: none"> • Building a governance structure that improves stakeholder trust 	<ul style="list-style-type: none"> • Compliance with laws and regulations • Number of operation suspensions due to incidents • Consideration of the inclusion of sustainability indicators into officer compensation • Improvement in external ESG rating assessment • In times of business crisis, such as during a natural disaster, a prompt and appropriate response is necessary for minimizing damage, ensuring business continuity, and facilitating early recovery (BCP). • Fostering governance awareness 	
Addressing climate change	We aim to solve global issues by working toward decarbonization together with our customers and local communities through the products and services that the Group provides, transforming our business model, and effectively using resources in our business activities.	<ul style="list-style-type: none"> • Response to Climate Change • Effective Use of Resources 	<ul style="list-style-type: none"> • Providing financial services that contribute to a decarbonized society 	<ul style="list-style-type: none"> • Addressing climate change • Promotion of sustainability activities for environmental conservation • Reduction of greenhouse gas emissions by promoting energy conservation • Provision of environmentally responsible products and services 	

Materiality (1) Pursuing Happiness through Innovative Financial Services

DX

The Company is further accelerating the Group-wide digital transformation (DX). The DX Committee, based on the DX strategy, is working to optimize the DX initiatives of the various Group companies in addition to promoting Group-wide DX.

Further, the Company as well as AEON Bank, Ltd. and ACS Credit Management Co., Ltd. were certified as DX Certified Business Operator by the Ministry of Economy, Trade and Industry.



DX Strategy: Use the Unique Capabilities of the AEON Group to Provide Safe, Secure, Convenient, and Beneficial Customer Experiences

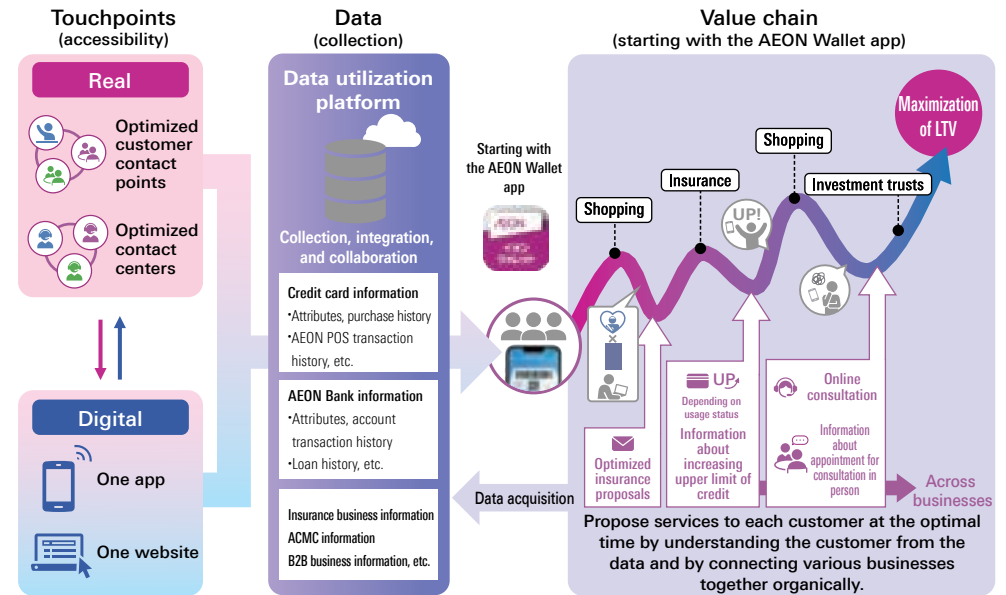
We have positioned our current medium-term management plan as the path to our “second founding.” Based on the core visions of the plan, which are “value chain transformation and new network creation,” we will transform from a business model centered on the real-world contact points that give AEON an advantage in Japanese and overseas markets to an “online merges with offline” (OMO) value chain structure that also incorporates digital contact points. In Japan, we are helping to construct the AEON Living Zone, which provides seamless access to the products, services, and lifestyle products of the AEON Group, by enabling consumers to access payment functions and financial services digitally through the AEON Wallet app. In Asian markets, we are working toward digital financial inclusion by offering digital solutions tailored to digital maturity levels in each country.

We are promoting DX in transformation of business model from the three perspectives of customers, business, and employees (workstyle reform). We will utilize the data and AI technology of the AEON Group to offer valuable customer experience and realize operation excellence while simultaneously pursuing workstyle reform.

By implementing these DX initiatives, we will provide safe, secure, convenient, and beneficial customer experience unique to the AEON Group to achieve Our Purpose of bringing “finance” closer to everyone. We will continue our efforts to provide peace of mind and brighten the lives of every individual customer.

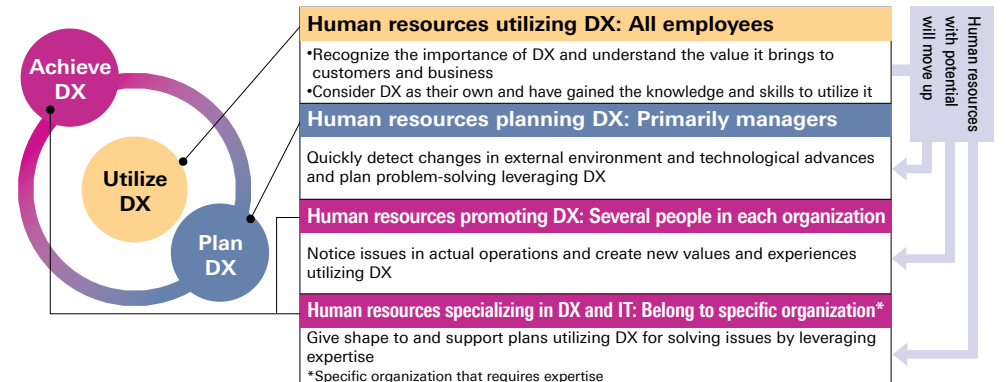
Toward business model transformation

We are determined to provide timely responses to the needs of individual AEON Group customers through the timely provision of optimized services that match their lifestyle, interests, and preferences both digitally and physically. We will continue to maximize the lifetime value (LTV) of the AFS Group by providing high-value customer experiences.



Development of DX human resources

The Company has determined that development of human resources, building a system, and fostering corporate culture for promoting DX are important for reforming the business model and creating new customer values. As part of that, we have launched a program to improve DX literacy of all employees. The aim of the program is to develop and enhance human resources who can plan and realize DX as well as to enable them to acquire management skills to spearhead organization-wide DX promotion.





Strengthening of Service Centered on Integrated Financial App

In September 2023, we relaunched the AEON Wallet app for smartphones as an integrated financial app with a simpler and more intuitive design to further enhance the usability and clarity. In addition, individual users can select and customize the home page with the functions they want to use. We won three international design awards in recognition of these cutting-edge designs—the iF Design Award 2024 from Germany in the service design section, the Bronze Prize of the A' Design Award & Competition 2024 from Italy in the Mobile Technologies, Applications and Software Design section, and the Silver Award of International Design Excellence Awards from the US. In terms of functions also, we are striving to improve the convenience so that customers will utilize the app more than ever and use various financial services in a seamless manner.



Left iF Design Award 2024, Germany
Center A' Design Award & Competition 2024, Italy
Right International Design Excellence Awards, the US

[Three home page screens to choose from]



▲ Credit card usage

▲ AEON Pay

▲ Information on various deals

The AEON Pay barcode payment is added to the AEON Wallet and the iAEON integrated AEON app. Users can easily settle payments at the checkout counters of AEON Pay affiliated merchants throughout Japan by presenting the barcode displayed on the smartphone. In addition to credit card payment by registering an AEON mark card to the app, we also started offering a charge payment function linked to a bank account in June 2023 and enabled topping up at AEON Bank ATMs and through Waon Charger Lite in July 2024. Customers can accumulate Waon Points, shared across the AEON Group, by using AEON Pay for settlement. These accumulated points can be used to make payments at Waon Point affiliated merchants at the rate of one yen for one Waon Point. It also offers a function to easily transfer funds of as little as one yen between two customers with AEON Pay with no fees, at the user's convenience. We are working to enhance the convenience and benefits associated with day-to-day shopping by improving the AEON Pay functions and increasing the number of affiliated merchants.



Progress toward Digitalization in Overseas Markets

We are enhancing our customer base by improving convenience based on smartphones and offering new services also in various countries. By combining AI technology with external credit information, we have reduced screening times and enhanced our ability to provide customers with smooth access to our services. These improvements to customer convenience include the introduction of electronic know your customer (e-KYC) technology to reduce complicated tasks at the time of application and shorten waiting times.

● Thailand

In Thailand, local subsidiary AEON Thana Sinsap (Thailand) PCL. started offering a fully digital credit card Next Gen in January 2024, which can be applied for and is issued using a smartphone app. The card can be issued in as quickly as 30 minutes and also has the benefit of a 5% cashback on online payments.

● Malaysia

Our Malaysian subsidiary, AEON Credit Service (M) Berhad has been deepening the collaboration with AEON Group companies in Malaysia through measures such as unifying the points offered by individual companies in 2018. The company has also revamped its AEON Wallet Malaysia app as a group-wide membership app. Users are issued a point account immediately upon downloading the app and can access information on various deals offered by the AEON Group. Moreover, it also offers a function to transfer funds between users and allows them to apply for credit cards and loans. Through such measures, the company, along with AEON Bank (M) Berhad, is working to expand the AEON Living Zone in Malaysia.

P.11 See pages 11 and 12 for special feature on AEON Bank (M) Berhad.

● Indonesia

In October 2023, our local subsidiary in Indonesia, PT. AEON Credit Service Indonesia, launched QRIS PayLater, a new buy now, pay later (BNPL) payment service. The service enables users to not only apply and carry out personal identification through a smartphone app but also conclude the contract and make payment.





Materiality (1) Pursuing Happiness through Innovative Financial Services

Contribution to Local Communities Through Financial Services

The AFS Group provides financial services tailored to its customers in each country and region from a long-term perspective so as to contribute to the development of local communities.

My Full and My Crowd Funding—Portal Sites That Support and Co-create with Each Region

In September 2023, the Company established My Full, a hometown tax system portal site, which fully supports and co-creates the future of hometowns, for jointly creating a new form of the system with the aim of making better contributions to the local communities. Through this site, we are disseminating the charms of various local municipalities nationwide such as the beautiful nature, delicacies, culture, art of those communities, and the passion of the people there.

▶My Full : <https://www.furusato.aeon.co.jp/> (Japanese Only)

In March 2024, we launched My Crowd Funding, a portal site offering purchase-type and donation-type crowdfunding service. We are providing a service with a high level of satisfaction by introducing projects that meet the requirements and preferences of each and every one of our supporters including those offering new products or promising innovative challenges from regions across the country. We will collaborate with the AEON Group companies to introduce attractive projects available only on My Crowd Funding and also start offering a hometown tax-type service, which we are planning to launch in November 2024, in a bid to continue responding to all kinds of financial service requirements.

▶My Crowd Funding : <https://www.mycrowdfunding.aeon.co.jp/> (Japanese Only)

Participation in Regional Trading Firm Business in Saitama City

Tsunagu Co., Ltd. was established in May 2024 with investments from Saitama City and local businesses and business associations. The Company and FeliCa Pocket Marketing Inc. (hereinafter referred to as “FPM”) have also participated in the company. It aims to pass on a sustainable Saitama City to future generations by building an economic system within the region where various public and private services are connected to the citizens through the introduction of digital community currency and citizen apps, a first such attempt by a designated city. We aim to revitalize the local communities in Saitama City and improve convenience with cashless and other services by participating in the project as the entity issuing the digital currency, along with FPM, the developer of the Saitama Citizen App, which provides 16 years of experience and know-how in the community currency business.



Support to Small Business Owners in Malaysia

In Malaysia, AEON Credit Service (M) Berhad has issued membership cards that provide access to e-money and account functions for small business owners. This service is provided in partnership with a small business association of street food stalls and other small businesses. Members can use the card to make cashless transactions at partner stores that can be settled into a full account and purchase ingredients from AEON Group retailers at wholesale prices. The cards can also be used to pay social insurance charges and receive subsidy payments. Through this service, AEON Credit Service (M) Berhad is helping small business operators to stay in business.



Procuring Funds in Consideration of Social and Environmental Changes

The AFS Group will strive to offer sustainable finance including financing that gives consideration to social and environmental changes.

Sustainability-linked Loans

Our Hong Kong-based subsidiary, AEON Credit Service (Asia) Co., Ltd. (“ACSA”), procured funds through a sustainability-linked loan in November 2022. The loan agreement stipulates sustainability targets for ACSA, including the reduction of electricity consumption and paper consumption, and the provision of financial support to students.

In January 2023, our Malaysian subsidiary, AEON Credit Service (M) Berhad (“ACSM”), also obtained a sustainability-linked loan. ACSM made a commitment to pursue sustainability and will continue to reduce CO₂ emissions and strengthen corporate governance. It will also provide increased finance for e-bikes. Financial inclusion initiatives will include the provision of financial services to small businesses and the implementation of ESG education programs in schools.

The AFS Group will continue to contribute to the realization of a sustainable society by addressing social issues through its business activities in various countries, while also working to improve its corporate value.



Financial Education

The AFS Group is helping to build a sustainable society through various initiatives based on the Sustainable Development Goals (SDGs) and other programs. For example, our awareness of the importance of learning about finance has led us to focus on initiatives to improve financial literacy.

Providing Financial Lectures

We are offering financial education mainly to university students, who will become users of financial services as working adults. We have a full-time team at the AFS Academy, newly established in March 2023, which provides financial education from a fair and neutral consumer perspective. We are expanding the number of universities where we offer complementary financial lectures.



Complementary Financial Lectures

	FY2019	FY2020	FY2021	FY2022	FY2023
Number of universities	25	12	11	11	10
Total number of lectures	116	93	84	75	94
Total number of participants	5,344	7,985	6,145	7,934	14,258

Nationwide Financial Education Program

We offer educational programs on money-related topics including credit cards at high schools and vocational schools in each region, mainly at our branches throughout Japan so as to enable them to use cashless settlement properly and skillfully. The number of requests from educational institutions is increasing thanks to the spread of cashless payments and the lowering of the age of majority in April 2022, and we are strengthening our efforts on an ongoing basis.



List of Financial Education Programs in Various Communities

	FY2019	FY2020	FY2021	FY2022	FY2023
Number of programs	3	1	14	96	85
Total number of participants	267	66	1,673	14,857	11,629

Activities with AEON 1% Club Foundation

The six companies—AEON Financial Service Co., Ltd.; AEON Bank, Ltd.; AEON Insurance Service Co., Ltd.; ACS Credit Management Co., Ltd.; AEON Housing Loan Service Co., Ltd.; and ACS Leasing Co., Ltd.—donate 1% of their income before income taxes to the AEON 1% Club Foundation. The foundation collaborates with cooperating AEON Group companies to support projects with main themes: the sound development of the next generation, the promotion of friendship with foreign countries, and the sustainable development of regional communities.

The AEON 1% Club was established in 1990 as a vehicle for the fulfillment of our social responsibilities through concrete actions based on the AEON Basic Principles. Funded by 1% of profits generated when consumers use AEON Group goods and services, the program is focused on environmental and social contribution activities. The Company will continue to actively engage in social contribution activities together with the AEON 1% Club.

Exciting Cashless Experience Events

As part of the activities of AEON Cheers Club of AEON 1% Club, we have been conducting financial education events for children at AEON stores with the aim of sound nurturing of youth shouldering the next generation. By getting the children to learn about the convenience of cashless transactions, we offer opportunities for them to think of the future of money, and at the same time, we believe that this would lead them to gain interest in money from a young age and acquire knowledge and judgment capability regarding money.



Designed for children aged from preschool to junior high school, these events provide participants with opportunities to experience the convenience and other advantages offered by cashless payment systems through a range of contents, including quizzes on the history of money, what cashless living is like today and in the past, and experiencing actual weight of money.



The AFS Group will continue to expand the scope of financial education to include junior high school students and working adults for the creation of social infrastructure in the form of a cashless society that is safe, secure, and convenient and offers economic benefits. We will work to improve financial literacy also by expanding financial education to other countries.



[Discussion] Pursuit of Our Purpose and Taking on Challenge of Transformation



Senior Managing Executive Officer
Head of Human Resources and General Affairs

Shigeki Mishima

(Joined AEON Financial Service in April 2024)

Director and Managing Executive Officer
General Manager of the Corporate Planning Division

Yuro Kisaka

AEON Financial Service has clearly stated the Ideal State for 2030 to realize sustainability management guided by Our Purpose. The Head of Human Resources and General Affairs and the General Manager of the Corporate Planning Division discussed the corporate culture reforms and human resource-related initiatives needed to realize the aspirations embodied in Our Purpose and the Ideal State for 2030.

Relationship between Our Purpose and Ideal State for 2030

Kisaka: The AFS Group is operating business in 11 countries. In 2023, we expressed our aspirations as Our Purpose so that the Group would become one and keep offering values to customers. Then, we discussed, primarily from three perspectives, the state we ought to be in, in 2030, for us to feel that we are pursuing Our Purpose. The first point is that we are operating business in many countries; the second is that we are a community-based company; and the last point is resolving the “inconveniences” of customers. We had repeated discussions and reached the expression “A community-based global company that brings ‘finance’ closer to everyone”

Mishima: After hearing the discussion process for identifying the Ideal State for 2030, I felt that it incorporates our clear aspiration to continue being a company of choice by further honing our strength.

Kisaka: Our Purpose is something we will constantly pursue and continue to embody. What we have to do to make finance closer to customers and respond to each customer differs depending on the given situation. Needs of customers keep changing. Our

Purpose is not something that we attain, but it is a state in which we will be at all times, and in doing so, the AFS Group can achieve sustainable growth.

Mishima: A company that is constantly transforming itself is one that will continue to be chosen by customers, and I always felt that AEON Group is a corporate group that keeps transforming, even before I joined AEON Financial Service. Our Purpose does not end at the point once we achieve it, but it is something where we relentlessly ask ourselves how we should change in order to embody it. To make Our Purpose our own personal matter is nothing other than for each of us to have the will and determination to keep changing.

Kisaka: The starting point for formulating Our Purpose was the question: why are we gathering here? Our business has diversified, and how the company is viewed differs from division to division, but we thought that expressing the “why” in one phrase would give us a sense of unity. To make Our Purpose our own personal matter calls for a process for us to find out on our own “why” we are working. To this end, conversations with superiors and colleagues are very important in addition to information from the management team.

Initiatives for transformation and new roles of middle managers

Mishima: We conducted many town hall meetings and workshops for managers in FY2023 to win the understanding of employees regarding Our Purpose. More than 10,000 employees participated in the town hall meetings including those at overseas Group companies. We have been selecting leaders who will instill Our Purpose among employees and practice it, and we are increasing opportunities for them to interact with the top management in Japan and abroad. We will continue with these initiatives to enable them to understand and empathize with Our Purpose and ultimately to achieve change in behavior of each and every employee. We, the management, as well as the middle management layer are required to fully understand the issues identified by the employees on site through interaction with them and support them in solving those issues.

Kisaka: A sudden change in the competitive environment made it necessary to implement management based on Our Purpose. Earlier, each company was able to offer values to customers just by focusing on their own field. Now, it is indispensable that the AFS Group works as one and offers values to customers. Our Purpose is positioned as the criteria and guidepost for the companies to cooperate and work together.

Mishima: We are currently working on two things. One is promotion of person-to-person exchange from the perspective of overall optimization wherever there are business opportunities irrespective of business format or region and going beyond the boundaries of corporations and businesses such as banking, insurance, and credit cards. To realize this, each employee needs to have the attitude to autonomously consider his or her own career and make choices, and we also need to change the way we operate the system for personnel changes. Another point is promotion of DE&I. Financial services offered by our Group are used by diverse customers in terms of gender, age, and nationality among other factors. To understand the difficulties faced by diverse customers and offer new products and services, we should aim to have an employee composition that reflects the composition of the society and the consumption market.

Kisaka: The management team recognizes that the deep-rooted silo culture is keeping us from transforming the business



Shigeki Mishima: Joined Matsushita Electric Industrial Co., Ltd. (current Panasonic Holdings Corporation) in 1987. Held a series of positions as the head of human resources for the head office as well as business divisions. Appointed General Manager of the Corporate Human Resources Strategy Department, Corporate Strategy Division, in 2013, and Chief Human Resources Officer (CHRO) in 2019. Joined AEON Financial Service and assumed current position in April 2024.

portfolio. It is obvious that the source of our growth potential lies outside Japan. We, therefore, need to change the Japanese way of thinking of separating the domestic business from overseas business and further demonstrate our ability to come up with global conceptualization.

Mishima: We established the Management Personnel Development Committee consisting of directors who are executive officers to leverage the career aspirations of motivated and capable employees in an optimal manner across the AFS Group and to grow the business in the future. The committee is also discussing a program that would identify and offer opportunities to younger and mid-tier employees who are willing to pursue new career paths and actively participate across Group companies without restricting such resources to certain divisions. We are promoting human resources development corresponding to the needs of each company also at the main Group companies overseas. At the same time, we are also sharing necessary human resource information to enable the committee to discuss and propose human resource development and allocation from the perspective of overall optimization as we implement strategies for the overseas business, which is expected to accelerate.

Kisaka: The engagement survey brought to light the issue of the management's message to transform the company not really reaching the employees in the frontline. Even if the management holds up lofty ideals, employees cannot be motivated to take on challenges unless they feel the changes in their daily operations.

Mishima: The engagement survey revealed the gap between employees' expectations of the company and the level of satisfaction they have about the current situation. The large gap points to the high expectations on the company and means that there is large room for transformation. Here, I believe promotion of DE&I will be a breakthrough. It is sometimes necessary to appoint a manager from a division with a totally different viewpoint, besides promotions within the division, in order for an organization to transform without getting caught in its past history. Improvement of gender balance in the decision-making layer is also a must. In management based on Our Purpose, the roles of managers with subordinates will change considerably so that they can improve engagement by employees with diverse values.

Kisaka: What is important is that superiors and subordinates think together what they should do and what they need to change to offer values to customers. Many of employees who engage with customers on site have such awareness, but I see cases where their superiors cannot contribute to solving the issues. If awareness of problems on site becomes weaker, the higher the position to which they are escalated to, it will end up nipping the buds of transformation by following precedents and being trapped in preconceived notions.

Mishima: Employees who can think of Our Purpose as their own matter are sensitive to changes in customers and market and will play the main role in creating new values. I would like managers to build a management style that attaches importance to dialogue rather than instructions and orders so that they will become masters at how to delegate work to subordinates. An ideal manager is one who develops an environment for his or her team members to take on challenges and encourages them. Sharing of values is indispensable for this.

Tolerating failures and encouraging them to try once again

Kisaka: It is important for the organization to not stop in its tracks. Any organization tends to become inward looking unless you intentionally create a condition where members keep taking on new challenges. We encourage employees to take on challenges, but I feel many of them have yet to fully feel the incentive of taking on challenges. I believe it is because the value of positively rating

the act of taking on challenges and failing has not sufficiently spread. This lack of sense of security is also seen in the results of the engagement survey, so I am working on developing a corporate culture of tolerating failures and encouraging to try again. One example is the ideathons, an in-house contest for new business ideas that we started in the previous fiscal year. More than 80 employees entered the contest, and we are providing all-out support to ideas with innovative thinking and technologies by offering funds for commercialization irrespective of the experience or age of the employee. We respect the employees who challenge the unknown even if it does not bear fruits.

Mishima: We attach importance to open recruitment when matching individual motivation with new assignments or opportunities for new challenges. We need to have the concept of considering the personnel, who leveraged their own will to take on the challenges in a new field, as precious human resource assets irrespective of the outcome. If such culture takes root, the number of employees taking on new challenges will increase, and the effectiveness of open recruitment will also increase.

Kisaka: We have started working on the formulation of a growth plan for pursuing Our Purpose and realizing the Ideal State for 2030. With Mr. Mishima joining the discussions, we have been able to hear his sharp observations from novel viewpoints. We are also deepening discussions regarding sustainability strategy and human resource strategy linked to management strategy, and I would like to explain it to our stakeholders as early as possible.



Yuro Kisaka: Joined AEON Financial Service in 1997. Worked in the sales divisions in Hong Kong and Malaysia from 2003 and was appointed Representative Director and President of AEON Microfinance (Myanmar) Company Limited in 2012 and of AEON Credit Service (M) Berhad in 2019. Director and Managing Executive Officer of AEON Financial Service since 2021 and serving in the current position since June 2023.



Materiality (2) Exerting Diversity and the Potential of Our People

As a member of the AEON Group, we have been promoting management centered around respecting human rights put forward by AEON. We are pursuing initiatives for realizing management that draws out the capabilities and motivation of each and every employee in order to achieve Our Purpose by responding to the changes in the market environments in Asian countries including Japan.



Realization of Our Purpose

In recent years, changes in the business environment have accelerated at an increasing pace. They include 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 continue growing in such an unpredictable era, we need to be a company that can gather diverse individuals and enable them to play active roles. We will share Our Purpose, which is our reason for existence, as aspirations and values that are the foundation for diverse human resources and act according to Our Purpose to improve corporate values.

(1) Town hall meetings

We have been holding town hall meetings, in which we share Our Purpose by distributing a video featuring messages from the top management and the thoughts of the members of the Our Purpose formulation project. The meetings also serve as a platform for individual employees to give frank views about Our Purpose, think about what is needed for embodying Our Purpose, and deepen empathy through dialogues with a promotion ambassador.



● Group companies in Japan

We held 317 town hall meetings in FY2023 both in person and online, and a total of 10,580 employees participated in them. We distribute Our Purpose Card to newly joining employees to introduce Our Purpose and are continuing with activities to deepen awareness and empathy toward Our Purpose.

● Group companies overseas

The companies held a kickoff meeting to promote activities to spread awareness and deepen understanding overseas. The employees in charge of town hall meetings at various overseas companies gathered in Malaysia and traced the history of the AEON Group as well as that of the AFS Group that led to the formulation of Our Purpose to further deepen their understanding of the concept. Going forward, we will continue to pursue promotion activities using videos and other such means to expand its understanding to all employees across various regions.

(2) Workshop for the management and supervisory layer

We are conducting workshops where those in managerial and supervisory positions deepen their understanding of Our Purpose and become able to convey it in their own words to the employees in their respective divisions, and the employees in turn recognize their individual aspirations and contemplate how to work on them in light of Our Purpose. In the workshops, the participants work on defining their own My Purpose, after which they create opportunities for dialogue with their team members and provide support to enable them to act according to Our Purpose.



Defining My Purpose

Dialogue with members after participating in the workshop

- Dialogue with members was a great opportunity to grasp what they attach importance to and also to discuss how to carry out operations.
- I was able to learn about each person's way of thinking, which deepened mutual understanding.
- It raised the awareness of members who did not know what to do regarding Our Purpose.



(3) Employee-management dialogue sessions

We are holding dialogue sessions as a joint initiative between the labor union and the Company as part of providing opportunities for individual employees to deepen their understanding of Our Purpose and consider how they should act. We use these as opportunities to trigger the next action, as executives participating in such sessions held by the labor union exchange views with the participants, where they mutually convey and learn their perception of Our Purpose and how they feel about working at the Company.

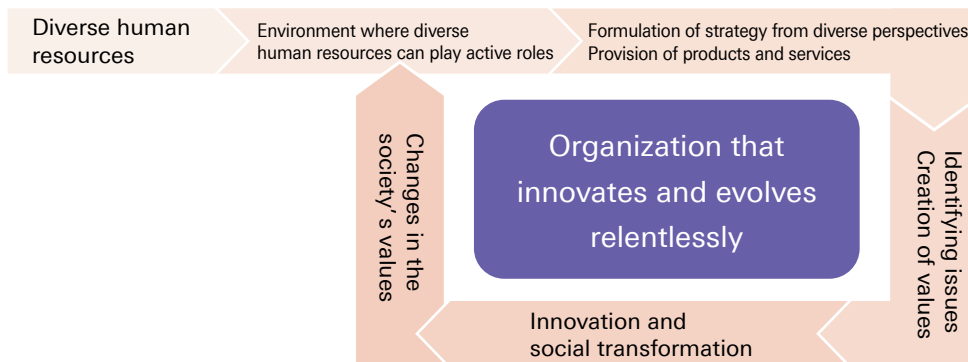
(4) Sharing of initiatives for instilling Our Purpose by companies and divisions

We share initiatives implemented by various companies and divisions at the joint AFS Group morning meeting held every month. We share the themes for dialogue as well as the processes for deepening empathy and utilize them in promotion activities at individual divisions.



Promotion of Diversity, Equity & Inclusion (DE&I)

The AFS Group believes that the innovations created by gathering diverse values of each and every employee and the presence of motivated employees, who act autonomously and create changes, are indispensable for its sustainable growth. It is important that diverse values are reflected in strategies, products, and services for us to respond to customer needs. Based on this concept, our key issues are nurturing of talents, development of an internal environment for all employees in different life stages with different lifestyles to be able to work with motivation in their own style, and diversification of the decision-making layer.



(1) Establishment of Diversity, Equity and Inclusion Department

In March 2024, the Company established the Diversity, Equity and Inclusion Department and has been further accelerating initiatives to promote DE&I throughout the AFS Group.

We are implementing measures based on the idea that promotion of DE&I is not only beneficial for the involved parties but also for ensuring the development potential of the Company, or, in other words, for the future of the Company.

The AFS Group has diverse customers in terms of gender, age, and other factors, and it is necessary to ensure diversity of employees reflecting the composition of society and customers in order to understand and respond to the needs of such customers. Moreover, diversity of the decision-making layer is important for leveraging diversity and reflecting diverse opinions and values on to strategies, products, and services.

The issue currently faced by the AFS Group (Japan), in terms of employee composition by layer, is improving the ratio of female employees in the decision-making layer of section managers and above and optimizing the gender balance of the layer. In order to solve this issue, we are working on developing an environment that facilitates active participation of female employees. We believe that developing an environment that enables female employees to play active roles will create a better environment also for other employees in general.



Eri Ichihashi

General Manager,
Diversity, Equity and
Inclusion Department,
AEON Financial Service
Co., Ltd.

We newly established Diversity, Equity and Inclusion Department, a dedicated organization for further accelerating promotion of DE&I. For the Company, promotion of DE&I is the key for realizing Our Purpose to “bring ‘finance’ closer.” In order to continue to be a company needed by customers, we have to maintain an environment where the employees with diverse knowledge and experiences come together and safely engage in clash of ideas so as to respond to diverse needs. To develop such employee mindset and corporate culture, we are considering implementation of training on unconscious bias and to gain the understanding of employees on why we promote DE&I in addition to offering them opportunities to connect with and help each other. I would like to convey that what various employees have felt and experienced as involved parties is, in fact, something of significant value for the company.

(2) Initiatives to support female employees' active participation

● Support for career development of female employees through participation in J-Win

The Company became a member of Japan Women's Innovative Network (NPO J-Win) to gain know-how for promoting women empowerment and dispatch employees to educational programs to support career development of female employees. In FY2024, we also joined the Men's Network program offered by J-Win based on the thinking that understanding and transformation of men are necessary for promoting support for female employees' active participation in the Company, in addition to improving the skills and developing the mindset of the dispatched female employees. The program is aimed at facilitating men's understanding of DE&I and promotion of women's empowerment. We dispatch employees who are divisional heads and higher to the program so that they will spearhead the DE&I movement of their respective organizations after the training.

● Dispatch to Daimanzoku College, female manager development program

AEON Group is nurturing candidates for female managers through an initiative called Daimanzoku College. We are strengthening our efforts to promote DE&I and improve the ratio of female managers, dispatching 35 employees to the program in FY2024 compared with seven in FY2023, and shoring up our support for career development of female employees.

● Women's networking Magenta Network

AEON Bank, Ltd. established Magenta Network, a cross-divisional network themed on connections aimed at developing a more female employee-friendly environment, facilitating their active participation. As part of this, around 60 members are introduced to various experiences and ways of thinking in sessions focused on dialogues where they gain new insights. It serves as an opportunity for participating employees to have a bright and positive outlook regarding their future life career* as they build relationships with female executives and senior employees. We will leverage this networking to come up with specific improvement proposals for developing an environment where we can respect and accept diversity, and each and every employee can play active roles.

*Life career denotes the career that is formed through the lifetime of a person including both work and private life.

Materiality (2) Exerting Diversity and the Potential of Our People



Human Resource-related Data and Initiatives

(1) Percentage of managerial positions filled by women

By the end of FY2023, the percentage of managerial positions (assistant manager or higher) in the AFS Group (domestic and overseas) that were filled by women was 33.5%.

The AFS Group has a large number of female customers, and it is necessary for us to formulate strategies and develop products and services based on diverse opinions in order to respond to various customer needs. In this respect, we believe an increase in the ratio of female managers will lead to further improvement in corporate value. Based on this idea, the AFS Group aims to achieve 50% in the ratio of women in managerial positions including assistant managers in FY2025. We have been encouraging active participation of female employees by providing support for career development such as female manager training, enhancing flexible workstyle options, and developing the workplace environment.

(2) Support for male employees' participation in child-rearing

The rate of male employees taking childcare leave was 75.6% at the AFS Group in Japan in FY2023.

Encouraging men to participate in household chores and child-rearing leads to promotion of diverse career paths for male employees and boosting active participation of women from various aspects including corporate culture and environment. In addition, this will also lead to ensuring equal opportunities for men and women and elimination of gender bias. We are also aiming for 100% in the rate of male employees taking childcare leave in FY2025 considering that child-rearing is a valuable experience for grasping the needs of customers with family and of female customers, who account for a major share of the AFS Group's customers.

(3) Ratio of mid-career hires

Mid-career hires account for a high level of about 80% of managerial positions (directors, divisional heads) within the AFS Group. In addition to regular hiring, we have maintained a tradition of hiring people from a variety of backgrounds and are working to foster a corporate culture that respects diverse values.

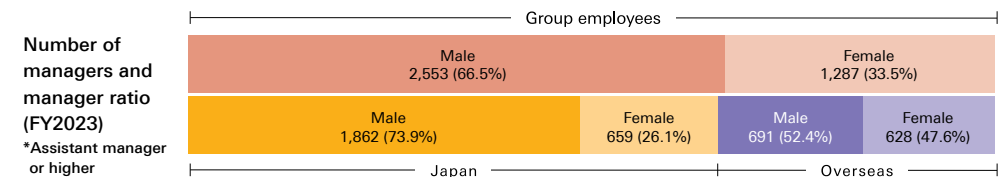
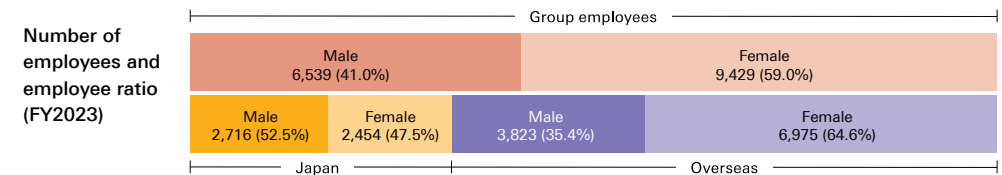
(4) Employment ratio of people with disabilities

The rate of people employed by the AFS Group in Japan, who have disabilities, stands at 2.42%.

Employees with disabilities are in charge of operations that are appropriate for their respective characteristics and abilities. Retention rate of employees with disabilities has been growing as we engage with each employee and provide care through measures including building a support system in the workplace with their supervisors. We also aim to develop an environment that is friendly to everyone by removing barriers taking the respective characteristics into account such as introduction of desks tailored to the individual characteristics and tools for those who have hearing difficulties (text transcription app). Further, we operate farms growing vegetables and Phalaenopsis orchid. They are utilized for employees' celebrations and mourning and other ceremonies and also for decorating stores.

We will continue to strengthen our initiatives for raising job satisfaction of employees with disabilities by promoting individualized work experiences and skill improvement. Also, by strengthening the support system that includes certified personnel, expanding the training for accepting people with disabilities at workplace, and by conducting training for all employees for promoting understanding of disabilities, we aim to achieve a 3% employment rate for people with disabilities in FY2030.

Human Resource-related Data



Rate of male employees taking childcare leave (FY2023)

75.6% *Total for 10 Group companies in Japan

Wage difference among workers in Japan (FY2023)

All workers	Full-time employees	Part-time and fixed-term workers	*Calculated based on the stipulation by the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015; Average annual salary of female workers/Average annual salary of male workers × 100%)
44.9%	69.1%	108.2%	

The AFS Group does not have gender-based categories for employee classification, salary, and promotion system. The wage difference between male and female workers is caused by the number of male and female employees, length of service, job type, and working hours among other factors.

Total number of new hires (FY2023)

Japan	Male	Female	Total
Regular recruitment	55	33	88
Other than regular recruitment	137	95	232

Average age and average length of service (as of February 29, 2024)

Japan	Male	Female	Total
Average age	42.3	40.4	41.4
Average length of service (years)	9.3	7.5	8.4

Employment rate of persons with disabilities (as of June 1, 2024)

2.42%

*Total for seven Group companies in Japan. Below is the statutory employment rate as there are less than 43.5 permanent employees. Companies not included: AFS Corporation Co., Ltd., ACS Leasing Co., Ltd., AEON S.S. Insurance Co., Ltd.



Human Resources Development

In terms of AEON human resource activities, there is a saying that has been passed down from generation to generation — “The greatest form of welfare is education” — and Group companies actively invest in education, such as in the provision of learning opportunities. We encourage our employees to work hard and request that they continue to strive toward their goals.

(1) Main education programs

The AFS Group will offer more support than ever for employees to autonomously build their individual careers and promote offering of various growth opportunities to realize our Management Strategy through measures that not only include training to acquire skills required by the management and to improve knowledge but also unearthing and nurturing of management candidates and offering skill improvement programs for all employees.

Management Personnel	Professional Personnel	Philosophy, Human Rights, Governance
<ul style="list-style-type: none"> •Director and auditor training •Training for newly appointed directors •Management executive training •Compliance training for officers •Executive coaching •Overseas management personnel development course •Domestic graduate school (MBA course) dispatches •Training for overseas assignments •Basic management course •OT (organizational training) •Program for nurturing female managers 	<ul style="list-style-type: none"> •DX human resources development program •Finance and accounting personnel development course •Job-specific courses (digital technology, human resources, business administration) •Prototype development training 	<ul style="list-style-type: none"> •Training on Our Purpose •Training on AEON Group Future Vision •Risk management training •Internal control training •Sustainability training •Training for directors and auditors to be dispatched •Training about people with disabilities •Anger management training •Finance and accounting manager training •Diversity promotion training •Compliance training
Job Layer, Appointment, Career Support	Well-being	
<ul style="list-style-type: none"> •Business leader program (BLP) •Seminar for promoted employees •Training for prospective recruits •Training for new employees •Follow-up training for employees during their first three years •CDP training (at ages 30, 40, and 50) •Group management and supervisory training •New center director training •Managers' training on evaluation •Training for mid-career hires 	<ul style="list-style-type: none"> •Health and productivity management training •Training on women's health issues •Mental health training 	

Note: Including AEON Group common programs

(2) Increasing training opportunities

In FY2023, we spearheaded the various educational measures at the AFS Group companies, consolidating and implementing them. We also streamlined the education-related operations at the AFS Group companies by taking the initiative by distributing various educational contents planned and produced in-house by us to these companies. Implementation of a common program across the Group companies has been contributing to creation of group synergies and making the education levels uniform throughout the Group. Through these initiatives, the time spent on training at the Group companies in Japan increased significantly by 278% compared to a year ago, and it enabled us to offer lots of educational opportunities to all employees of the AFS Group.

Training cost and training time

Japan	FY2023	FY2022
Training cost per person	¥77,438	¥32,906
Training time per person	66.1 hours	23.7 hours

(3) Nurturing of next-generation managers

We launched AFS Next-Generation Management Development Program in FY2024 for early unearthing and systematic nurturing of next-generation managerial staff who will drive forward management based on Our Purpose. With the newly established Human Resources Sought by the AFS Group at the base, the program aims to find human resources for the next generation from the perspective of total optimization of the Group and purposefully and systematically offer growth opportunities to them, taking into account what kind of management human resources should lead the AFS Group in an ever-changing business environment.

We will continue to nurture the unearthed human resources through the succession plan including their active assignment to positions with responsibility. We will also strive to ensure the success of the medium to long-term business opportunities through investment in human resources.

Human Resources Sought by the AFS Group

- 1 Commit sincerely to each and every person
- 2 Anticipate changes
- 3 Continue working on self-improvement
- 4 Act autonomously
- 5 Create new values

Materiality (2) Exerting Diversity and the Potential of Our People

Career Design

The Company is offering career design support for employees from four perspectives based on the recognition that approaching one's work with a full understanding of what it means to play a central role and how one wants to be will lead to improvement in customer satisfaction, job motivation, and well-being.

- 1 We conduct career training (CDP training) every year for all employees who are in the third year with the company and those who turned 30, 40, and 50 years old to promote self-understanding.
- 2 We post workplace profile of all departments and branches on the in-house intranet for promoting better understanding of jobs to share information regarding organization, job, fulfillment, and personnel requirements.
- 3 We set up a career consultation desk to support individual employees' career design. It has offered consultations to about 120 employees over two years.
- 4 We are implementing measures such as internal open recruitment, side jobs in or outside the company, and self-declaration to support employees to realize the career paths they envisage.

We will continue to further expand initiatives, measures, and person-to-person exchange in cooperation with the AFS Group companies.

Overseas trainee system

Employees are assigned to an overseas subsidiary for six months and engage in businesses and operations that are not available in Japan while experiencing culture and customs different from those of Japan.

The system encourages younger employees to take on challenges beyond the boundaries of companies and countries. The system is designed in such a way that the trainees will gain experience at multiple divisions during the trainee period so that they can envisage career paths across the entire Group, including the Japanese business, in addition to the overseas business after the dispatch period ends.

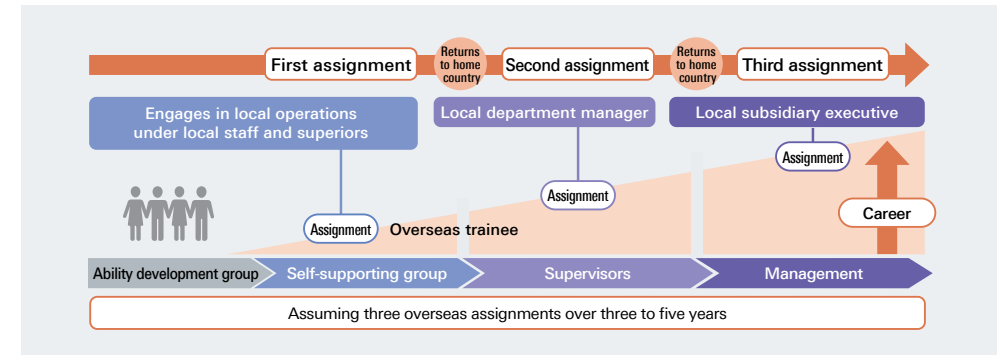


Hong Kong

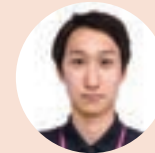


Malaysia

Overseas Model Assignment Plan



We conducted open recruitment for the system at the Group companies in Japan, and a total of six trainees are participating in the overseas trainee program in Hong Kong and Malaysia in FY2024.



Ikuya Hosaka

Trainee, AEON Credit Service (Asia) Co., Ltd.

I am participating in a project to improve the logic of products and services in the marketing division, in which I had no experience in Japan, and I am spending my days here in a fulfilling way.

In the work I am doing here, I sometimes have difficulties due to the language and differences with the product design in Japan, but my supervisors and colleagues are very cooperative, and I feel very happy and rewarded when I am able to understand the content. My first overseas assignment was in Hong Kong, and I would like to continue being involved with overseas operations including Hong Kong.



Keita Fujikawa

Trainee, AEON Credit Service (M) Berhad

Following the training period, I am currently working for the management strategy department of AEON Credit Service (M).

In Malaysia, I am responsible for a broad range of work, and it feels deeply rewarding. I am studying macroeconomics necessary for preparing meeting materials while simultaneously learning the language. The experience of working overseas under this system has strengthened my desire to continue working outside Japan. I aim to become the president of a foreign company in the future, and I will strive to absorb as much as I can during the remaining training period.



AFS Academy

In March 2023, we established the AFS Academy as a human resource training and development institution, through which we have been meeting the employees' needs for learning while promoting spontaneous learning of employees. Our management challenges as a company, including the need to adapt to the rapid spread of digital technology, are paralleled by the challenges faced by individual employees, who need to adapt to a changing social environment by modifying their mindsets and work styles as well as acquire new knowledge through reskilling. We believe "the greatest form of welfare is education." That saying is reflected in our active investment in human resources, including the provision of learning opportunities. Through the AFS Academy and its extensive range of courses, we have further expanded our commitment to human capital management by enabling them to develop over the medium to long term.

	Themes and overview	Goals	Results for FY2023
Lecture topics	<ul style="list-style-type: none"> •Human resource management •Psychological safety •DX, career development, etc. 	The acquisition of a wide array of knowledge and general education through lectures presented by prominent figures and experts in various fields	
Courses	<ul style="list-style-type: none"> •Innovation and management fundamentals •DX, introduction to financial accounting, diversity, self-understanding, and psychological safety •Support for the acquisition of the Certified Internal Auditor (CIA) qualification, IT passport, etc. 	Acquisition and improvement of basic management skills centered on ability to innovate and on leadership as well as nurturing of specialized human resources. Acquiring knowledge not directly related to the operation as well as specialized knowledge and development of attitude to learn proactively.	67 lectures were held. A total of 1,816 people participated.
Courses by in-house lecturers	<ul style="list-style-type: none"> •Sales skills •Career development, etc. (Group employees become lecturers for their respective specialized fields) 	Lecturers teach know-how (wisdom and knowledge) and experience they acquired in operations. For making it effective learning with familiar examples.	
Online learning	<ul style="list-style-type: none"> •Video-based learning •Digital library 	Offering opportunities to learn without the constraints of time or place. Building a broader knowledge base.	Number of users: 3,267 employees Total video viewing time: 8,510 hours

Comments from AFS Academy lecturer



Masato Anada
Director and Executive Officer
AEON Bank, Ltd.

I decided to become an in-house lecturer, as I thought that teaching at AFS Academy and conveying my ideas and passions can contribute to vitalization of the community in the AFS Group.

I believe that a person teaching at the academy and continuing to facilitate communications would induce some sort of chemical reaction between the speaker and listener, which in turn would broaden the scope of work and spontaneously generate projects. That is why I would like various people to experience being an in-house lecturer.

Comments from AFS Academy student



An Ruien
AEON Bank, Ltd.

I learned about ASF Academy in the new hire training and began making use of it.

I am taking courses I am interested in from among the wide range of courses offered, such as self-understanding (Myers-Briggs-Type Indicator or MBTI) and marketing.

I understood myself through the MBTI course, which has resulted in deepening of my interest in customers.

Currently, I am mainly taking courses on the skills I need for my job, and I would like to deepen my learning and work in the marketing field in the future.

Comments from AFS Academy student



Kota Utashiro
AEON Financial Service
Co., Ltd.

I am a frequent user of the online courses and digital library offered by AFS Academy. I use them during my commute for improving my knowledge and skills. Online courses are convenient in that I can replay the part I did not understand the first time around and learn while clearing up the portions I am not sure about. Now, leveraging what I learned in the experience-based marketing course, I am able to make proposals with a storyline and offer explanations. I would like to contribute to the Group by continuing to gain new knowledge reflecting the management environment and market trends and creating new values.

The program is offering morning classes starting at 8:30, a time that students said is convenient for participating for self-development, in addition to an Excel course during day time on Saturdays. It also offers courses under latest topics such as generative AI. We will continue to offer opportunities for employees to learn skills necessary for self-realization and support spontaneous learning.

Materiality (2) Exerting Diversity and the Potential of Our People



Initiatives toward Realization of Well-being

We are driving forward health and productivity management based on the recognition that the good mental and physical health and willingness to work of each employee is inevitable to realize Customer-First.

(1) Health and productivity management

In FY2016, the AEON Group adopted the Health Management Declaration as the basis for its efforts to ensure the physical and mental health of the Group's employees and their families and cultivate human resources capable of achieving continual personal growth through careers spanning many years.

Initiatives implemented by the AFS Group under the Health Management Declaration are listed below.

The AEON Group provides health support for its employees and their families and works with its employees to build health and happiness in local communities.

[Behavioral guidelines]

- 1 We are working to prevent health issues through health checkups and subsequent follow-up processes.
- 2 We strive to improve employee mental health through four types of care (self-care, care provided by line managers, care by in-house industrial physicians, and care using resources from outside the Company).
- 3 We comply with the conduct guidelines set down in the Declaration to Eliminate Unpaid Overtime and Long Working Hours and the Declaration on the Elimination of Harassment as part of our efforts to develop an organizational culture that offers psychological security and safety while fostering energized workplaces.
- 4 We are helping to improve the health of customers and local communities through our products and services.

Thanks to these efforts, the Company and seven domestic Group companies (AEON Bank, Ltd.; AEON Insurance Service Co., Ltd.; ACS Credit Management Co., Ltd.; AEON Housing Loan Service Co., Ltd.; AEON S.S. Insurance Co., Ltd.; ACS Leasing Co., Ltd.; and AEON Allianz Life Insurance Co., Ltd.) have been designated as Outstanding Health and Productivity Management Organizations for 2024. The Company and ACS Credit Management Co., Ltd. were also recognized as White 500 organizations for 2024, having been selected in the top 500 companies in the large enterprise category.



AEON Financial Service Co., Ltd.
ACS Credit Management Co., Ltd.
Recognized as White 500 organizations for 2024

Domestic companies designated as outstanding health and productivity management organizations

Included for six consecutive years	AEON Financial Service Co., Ltd. ACS Credit Management Co., Ltd. AEON Housing Loan Service Co., Ltd. AEON Insurance Service Co., Ltd., ACS Leasing Co., Ltd.
Included for five consecutive years	AEON Bank, Ltd.
Included for three consecutive years	AEON Allianz Life Insurance Co., Ltd., AEON S.S. Insurance Co., Ltd.

(2) Physical health and mental health

The Company has set forth the improvement in the anomaly observation rate and the rate of employees feeling high stress as an indicator for health and productivity management.

In terms of physical health, we built a structure where we centrally manage the health checkup results of all employees and public health nurses belonging to the health support centers of the Company directly follow up on employees who were found to have any anomalies.

For mental health, we have been implementing the Mental Health Improvement Plan. Under the plan, we are focusing on (1) participation of all employees in mental health training (every year), (2) enhancement of consultation desks (mental health consultation by supervising industrial physicians and public health nurses of the health support centers and introduction of an external employee assistance program (EAP)), (3) enhancement of support for mental health leave and return to work (cooperation with supervising industrial physicians and public health nurses), and (4) enhancement of support for workplaces requiring support based on group analysis of stress check (improvement of workplace culture by the Safety and Health Committee and internal sharing of successful case studies).



**Kotaro
Kayashima**
Supervising
industrial
physician

Health and productivity management means to strategically practice health management of those who work for the company from a management perspective.

We can expect individual employees of the company to fully demonstrate their abilities by making investments related to the health of the employees, which ultimately would be beneficial for the company including improved business results.

As organizations with specialized medical knowledge and unique information regarding the health problems faced by the companies, the health support centers (industrial physicians and public health nurses) established in the Company aim to support realization of health and productivity management as well as realize further well-being of individual employees including managing their mental and physical health and enabling them to receive treatment while working.



We were again recognized as a White 500 organization for the current fiscal year. We will continue to strive to grasp the issues faced by the Company through certified STEP and make various improvements, while carrying out health checkup of all employees, promoting giving up smoking, and utilizing Pep up health portal site in collaboration with the AEON Group and AEON Health Insurance Society.

(3) Promotion of a variety of work styles

Introduction of partner employee system

Based on Our Purpose, the Company established the partner employee system in June 2024 with the aim of building an organization and workplace where each and every employee independently think what they can do and autonomously take actions for realizing enriched lifestyle of customers.

The partner employee system targets employees who work under the hourly wage system. Unlike the conventional system, we made this into one in which the amount of compensation changes depending on the content and difficulty of the operations they are assigned to while allowing them to make flexible choices regarding working hours, place, and assignments (mission grade).

With the system, we aim to support those who transform themselves and grow while respecting individual employees' choice of workstyle (assignment, working hours, place of work) and promoting individuals' career development. It also aims to improve work satisfaction by introducing a compensation system that rewards the roles, growth, and challenges they have taken.

Thoughts put into partner employees

It incorporates our wish to see them as partners with whom we realize a better society and co-create products and services for customers rather than just their relationship with us as employer and employee.

Improvement of working environments

The Company has been promoting work-life balance through measures such as shortened working hours that can be used by anyone, introduction of consecutive holiday system, and systematic granting of annual paid holidays, as much as 15 days, so as to enable employees to choose the hours they work.

In addition, by allowing employees to choose from a variety of work styles that meet their needs, such as the balancing of work with childcare and nursing care, we are working to create environments in which employees can fully demonstrate their abilities.

- (1) Promotion of using the Papa Mama Leave, the AFS Group's unique paid leave aimed at encouraging male employees to participate in child-rearing
- (2) Introduction of flextime system (no core time setting)
- (3) Promotion of teleworking utilizing working at satellite offices or from home

In addition, internal bodies, such as the Operational Risk and Compliance Subcommittee, monitor working hours of employees including managers, annual paid leave utilization rates, and other factors in order to identify and assess occupational health and safety risks.

Improvement of Employee Engagement

As part of the AEON Group, the Company considers employees, who create values for customers, as the most important management resource. To embody Our Purpose, we believe it is imperative that our employees are motivated about their assignments and working in a fulfilling environment, and therefore we set forth improvement of employee engagement as an important goal.

As for the engagement score of the Company, it is 42.7 points for the consolidated subsidiaries in Japan and 70.3 points for overseas consolidated subsidiaries compared with 50.0 points on average for other companies.

Among the AFS Group, employees tend to have high expectations regarding trust in management and communication between layers, but satisfaction regarding this has been found to be low. We will implement initiatives based on communications between the management layer and employees by considering this issue as a group-wide problem.

In quantitative terms, we are aiming to achieve 50.0 points, which indicates sound relationship of trust in the organization, at the consolidated group companies in Japan by FY2026.

Initiatives for improving engagement



- We established a team dedicated to engagement improvement reporting to the head of the human resources and general affairs, which is supporting initiatives for improvement at the AFS Group companies and their divisions.
- As assistance to companies and divisions with a low engagement score, we are building a structure where a dedicated team works with the concerned division to support organizational improvement activities and promote autonomous organizational improvement.



- We are also continuing with activities to promote the importance of one-to-one meetings between superiors and subordinates, which is being implemented as a system, to deepen mutual understanding through communications within an organization.



- We monitor organizational improvement and report it to meeting bodies led by the Board of Directors on a regular basis.



- We have set engagement improvement as a priority target for executives so that the management team will take the initiative and are reviewing the officer compensation system and goal management system to enable evaluation of qualitative goals.



Materiality (3) Establishing Organizational Resilience



Our Basic Approach to Corporate Governance

The AFS Group's basic approach to corporate governance is as follows.

(1) We will instill the Foundational Ideals of AEON Co., Ltd., our parent company, into the Company and its Group.

[AEON Foundational Ideals]

Pursuing peace, respecting humans, and contributing to local communities, always with customers as our starting point.

AEON firmly believes that retailing is an industry to promote peace, humanity, and local communities. To remain a thriving corporate group that fulfills this mission, we are committed to continuous innovation, with customers as our starting point.

▶ [AEON Foundational Ideals](https://www.aeon.info/en/company/concept/) : <https://www.aeon.info/en/company/concept/>

[AEON Group Future Vision]

Create a future lifestyle that leads to a smile for each and every person

▶ [AEON Group Future Vision](https://www.aeon.info/vision/en/) : <https://www.aeon.info/vision/en/>

(2) In order to realize and put Our Purpose into practice, we will respect the independence and autonomy of our officers, employees, and Group companies and thoroughly implement our basic management policies.

[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.

[Basic management policies]

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

(3) To return profits to shareholders, to promote the generation of mutual benefits with other stakeholders, and to promote social contribution, all officers and employees of the AFS Group shall strive to work in unison in accordance with the following.

- 1) All parties involved in decision-making, starting from the Board of Directors to the various departments, endeavor to make optimal decisions by following proper procedures and complying with laws and regulations and other social norms; collecting sufficient information regarding the advantages, disadvantages, and risks; and engaging in unfettered discussions from multilateral viewpoints to identify the gains and losses expected from the decision.
- 2) Pursue improvement of operational efficiency and business innovation for the purpose of enriching the lives of our customers and strive for continuous growth by maximizing Group synergies.
- 3) Nurture employees who think and act autonomously by treating them fairly, conducting fair

performance evaluations, and offering appropriate opportunities to demonstrate their skills and maximize their abilities.

- 4) Strive for social contribution through business activities and sustainable business management.

Our business strategies and medium-term management plan are established based on these policies, and we implement appropriate business management of our Group companies to achieve them. For overseas subsidiaries, which occupy important positions in our growth strategy, we will build effective governance structures reflecting the business environment, government, laws and regulations, and other distinctive features of each country.

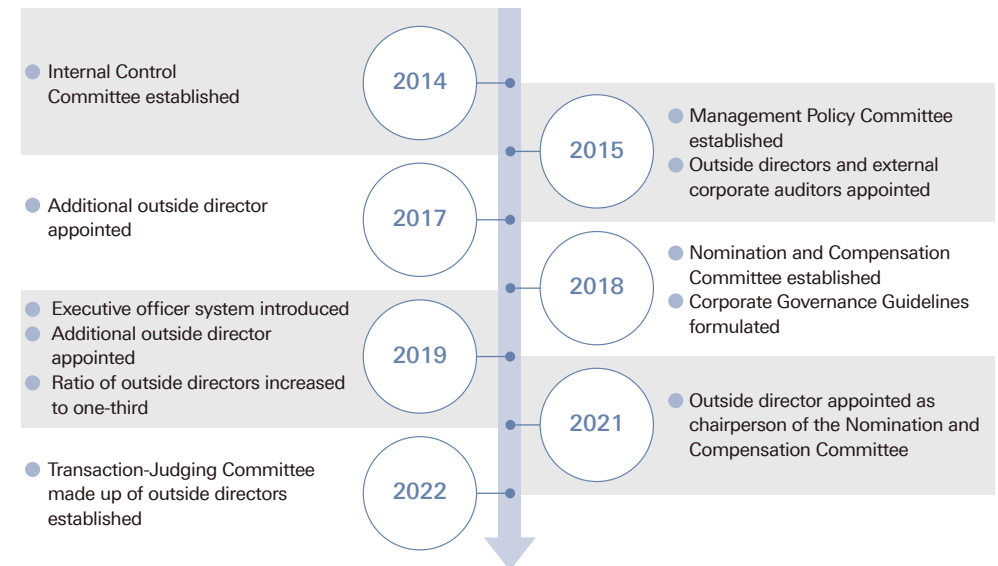
We will strive to ensure that the above ideals and policies are widely enforced and complied with across all business activities of AFS Group companies, including overseas subsidiaries, and fulfill our social responsibility.

We believe that the essence of corporate governance comprises respecting the rights of our shareholders, securing fairness and transparency of management, and increasing the vitality of management and will endeavor to realize effective and best corporate governance while constantly reviewing it.

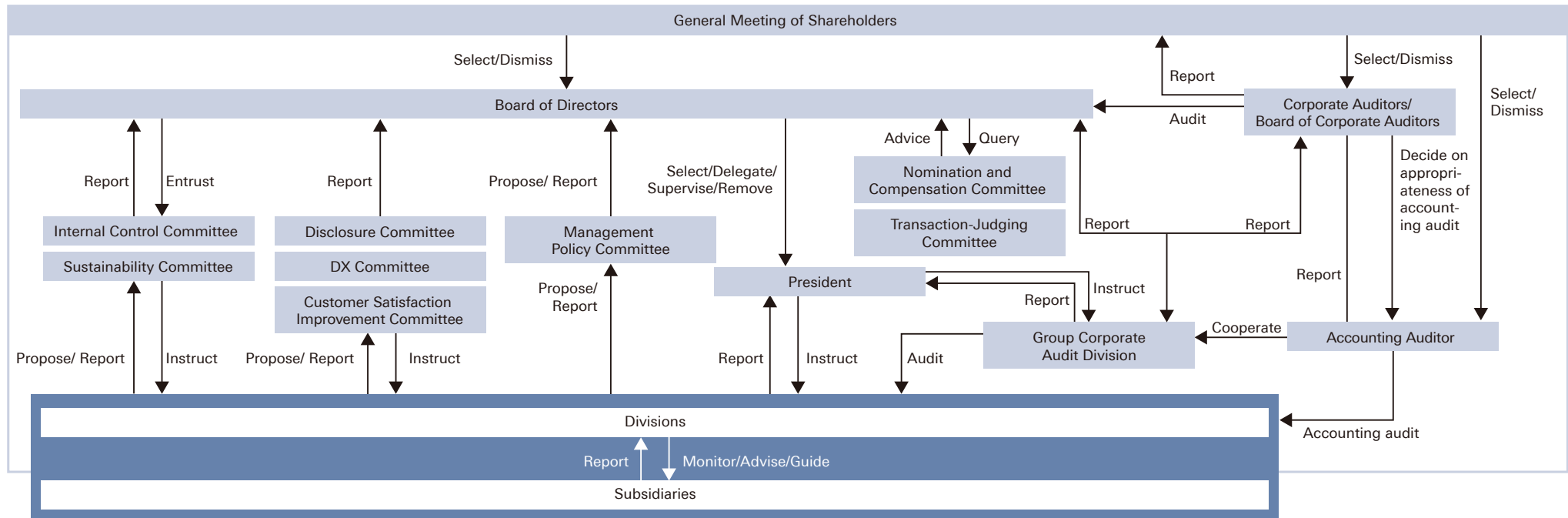
▶ [Please see below for the Corporate Governance Guidelines.](https://www.aeonfinancial.co.jp/en/activity/governance/guideline/)

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

History of Corporate Governance Enhancement



Corporate Governance (As of August 31, 2024)











Roles and Composition of Supervisory Bodies

Organization	Board of Directors	Board of Corporate Auditors	Nomination and Compensation Committee	Transaction-Judging Committee
Members	8 internal members and 4 outside members	1 internal member and 3 outside members	2 internal members and 4 outside members	4 outside members
Overview	<ul style="list-style-type: none"> Chaired by the chairman, it holds meetings once a month as a rule. It engages in ongoing enhancement of management monitoring and internal control functions. It holds regular meetings once a month and also convenes extraordinary meetings as necessary. 	<ul style="list-style-type: none"> The Company is structured as a company with a Board of Corporate Auditors. The four-member board consists of three outside members (including two that qualify as independent officers) and one corporate member. One member has considerable knowledge on finance and accounting. It meets once a month as a rule and also convenes meetings as necessary. 	<ul style="list-style-type: none"> Ensures that the nomination and compensation decisions for directors and senior management of each subsidiary of the Company and its Group companies are made with objective, transparent, and independent procedures. The committee is also consulted by the Board of Directors to discuss and deliberate the candidates for the next director and the compensation of directors. 	<ul style="list-style-type: none"> Deliberates on the appropriateness of significant transactions or acts that create a conflict of interest between the controlling shareholder and minority shareholders of the Company from the perspective of protection of the minority shareholders' interests. It holds meetings as necessary.
Ratio of outside officers	33% (4 out of 12 members)	75% (3 out of 4 members)	66% (4 out of 6 members)	100% (4 out of 4 members)
Number of meetings in FY2023	17	18	12	8
Chairperson	Chairman	Corporate auditor (full-time)	Outside director	Outside director








Materiality (3) Establishing Organizational Resilience

Structure of the Board of Directors and Board of Corporate Auditors (As of August 31, 2024)

Name	Title	Attendance at Board of Directors Meeting (in 2023)	First Appointment	Number of the Company's shares Owned	Reason for Appointment and Expected Roles as Director/Corporate Auditor	Members Appointed to Each of the Committees			
						Board of Directors	Board of Corporate Auditors	Nomination and Compensation Committee	Transaction-Judging Committee
 Shunsuke Shirakawa	Chairman	14/14	May 2023	525	After joining the Ministry of Finance, Mr. Shirakawa has held key positions including as Deputy Commissioner for Policy Coordination of Policy Bureau of the Financial Services Agency as well as Director General of the Kanto Local Finance Bureau of the Ministry of Finance. He has a wealth of experience and deep insight into financial administration. The Company expects him to appropriately enhance the supervisory function and decision-making function of the Board of Directors by having him provide opinions on the Company's management from a broad perspective, etc., and he is fulfilling his role as Director.	◎		○	
 Kenji Fujita	President and CEO	17/17	May 2020	4,547	After joining Jusco Co., Ltd. (currently, AEON Co., Ltd.), Kenji Fujita worked in positions such as Division Head of SC Business Development of AEON CO. (M) BHD. that AEON Co., Ltd. is developing in Malaysia, and as Director and Head of Corporate Management Division of AEON STORES (HONG KONG) CO., LTD., before working in positions including Managing Director of the Company's overseas listed subsidiaries AEON CREDIT SERVICE (M) BERHAD and AEON THANA SINSAP (THAILAND) PCL. As such, he has a wealth of management experience and a track record in the retail business and financial business of the Aeon Group. Currently, he fulfills his duties as a Director in striving to enhance corporate value over the medium to long term, in part by promoting the Medium Term Management Plan and business structural reforms while demonstrating leadership in serving as President and CEO of the Company, and he is fulfilling his role as Director.	○		○	
 Mitsugu Tamai	Director and Managing Executive Officer Head of Overseas Business Division	17/17	May 2021	4,213	After joining the Company, Mitsugu Tamai worked in positions such as Director and Head of Finance Division of the Company, and Executive Officer and General Manager of Administration Department, Affiliate Management Division of the Company before working in key positions including Managing Director of AEON MALL Co., Ltd. He has a wealth of experience and insight into overseas business, corporate administration and finance and accounting. Currently, he fulfills a significant role in developing overseas operations of the Group as Director, Managing Executive Officer and Head of Overseas Business Division in part by spearheading preparation for commencing operations of AEON BANK (M) BERHAD involving Malaysia's first Islamic digital bank. He fulfills his duties as a Director in part by facilitating autonomous governance and the establishment of earnings platforms of overseas subsidiaries of the Company, which involves providing appropriate guidance to such subsidiaries, and he is fulfilling his role as Director.	○			
 Yuro Kisaka	Director and Managing Executive Officer Head of Corporate Planning Division	17/17	May 2021	2,874	After joining the Company, Yuro Kisaka was appointed to key positions including Managing Director of overseas subsidiaries AEON MICROFINANCE (MYANMAR) COMPANY LIMITED and AEON CREDIT SERVICE (M) BERHAD. As such, he has a wealth of experience and insight into management and overseas business. Currently, he is promoting initiatives aimed at streamlining management and achieving growth in serving as Director, Managing Executive Officer and Head of Corporate Planning Division, which involves carrying out domestic business restructuring including an absorption-type merger involving former consolidated subsidiary AEON CREDIT SERVICE CO., LTD. In addition, he fulfills his duties as a Director in part by promoting sustainability management, which involves identifying the Company's materiality issues and establishing action plans related to sustainability, and he is fulfilling his role as Director.	○			
 Tomoyuki Mitsufuji	Director and Managing Executive Officer Head of Finance Division	17/17	May 2021	4,642	After joining The Sanwa Bank, Limited (currently, MUFG Bank, Ltd.), Tomoyuki Mitsufuji worked in areas such as that bank's Planning Department, Finance Department and Sanwa International plc (London) before working as Senior Vice President of Investment Banking Division and Head of Capital Markets Department of Lehman Brothers Japan Inc. Following this he took part in planning from the inception of AEON Financial Project Co., Ltd. (currently, AEON Bank, Ltd.), and he was in charge of areas such as the market department, risk management, operations, credit and business promotions as Director and Managing Executive Officer of the bank. As such, he has a wealth of experience and insight into financial business. Currently, as Director, Managing Executive Officer and Head of Finance Division, he fulfills his duties as a Director in part by formulating and implementing plans for the Company's financial enhancement on a consolidated basis, and he is fulfilling his role as Director.	○			
 Kazuaki Arima	Director and Managing Executive Officer Representative of Payment Business	14/14	May 2023	135	After joining the Company, Kazuaki Arima worked in positions such as Head of departments and branches, General Manager of New Business Development Department of AEON MALL Co., Ltd., General Leader of Four Shift System Promotion Team of AEON Co., Ltd. and other positions at Group companies before working in key positions including President and CEO of AEON ENTERTAINMENT CO., LTD. As such, he has a wealth of experience and insight into the payment business. Currently, as Director, Managing Executive Officer and Representative of Payment Business, he fulfills his duties as a Director in part by expanding use of external networks and enhancing payment options in the payment business, and carrying out initiatives to secure new sources of revenue, and he is fulfilling his role as Director.	○			
 Hiroyuki Watanabe	Director	17/17	October 2018	12,910	After joining Isejin Jusco Co., Ltd. (currently, AEON Co., Ltd.), Hiroyuki Watanabe worked in positions such as General Manager at the company's Kanto Regional Company, then took part in planning from the inception of AEON Financial Project Co., Ltd. (currently, AEON Bank, Ltd.) and in concurrent positions as Director, Senior Managing Executive Officer and Head of Corporate Management Division of AEON Bank, Ltd., President and Representative Director of AEON Bank, Ltd. and Director and Executive Vice President of the Company before working in key positions including Executive Officer of AEON Co., Ltd., Executive Vice President and Executive Officer in charge of Human Resources and Administration, Supervisor of Risk Management of AEON Co., Ltd. He has a wealth of management experience not only in the retail business but also financial business, and insight into broad areas and contributes to promoting the Company's business and strengthening its governance, and he is fulfilling his role as Director.	○			
 Tsukasa Ojima	Director	—	May 2024	0	After joining The Sanwa Bank, Limited (currently, MUFG Bank, Ltd.), Tsukasa Ojima has served as General Manager of Financial Corporation Group of Lehman Brothers Japan Inc., Executive Officer of Nomura Securities Co., Ltd., Director of Wealth Management, Inc., and Executive Officer of AEON Co., Ltd. As such, he has a wealth of experience and deep insight into the financial business and M&A. He will furthermore promote the Company's business and also proceed with branding redevelopment and other such initiatives in applying this experience and insight to the Company's management, and he is fulfilling his role as Director.	○			

◎ indicates Chair, and ○ Member. () under "Attendance" refers to attendance at Board of Corporate Auditors meetings.

Structure of the Board of Directors and Board of Corporate Auditors (As of August 31, 2024)

Name	Title	Attendance at Board of Directors Meeting (in 2023)	First Appointment	Number of the Company's shares Owned	Reason for Appointment and Expected Roles as Director/Corporate Auditor	Members Appointed to Each of the Committees			
						Board of Directors	Board of Corporate Auditors	Nomination and Compensation Committee	Transaction-Judging Committee
 Yoshimi Nakajima	Outside Director	17/17	June 2017	0	After working at major marketing posts in places such as foreign financial institutions operating in Japan, Ms. Nakajima became President of American Express International in Singapore and also in Japan, where she worked on management. She now serves as a special lecturer at the Graduate School of Project Design. Ms. Nakajima has a wealth of experience and a proven track record in corporate management of financial businesses, both in Japan and overseas. She has excellent insights into marketing, digital transformation, corporate governance, and diversity and inclusion. The Company expects her to express sound opinions and offer advice on the Company's business. Because she brings a diversity of perspectives from which she can also express opinions and offer guidance as chair of the Nomination and Compensation Committee, the Company has judged her to be an indispensable talent for the Board of Directors.	○		◎	○
 Kotaro Yamazawa	Outside Director	17/17	June 2019	0	After joining the Bank of Japan, Mr. Yamazawa became a director of the Osaka Securities Exchange (now the Osaka Exchange). He became a Senior Managing Executive Officer of the Japan Exchange Group (JPX) and then served as Vice President of the Osaka Exchange. Mr. Yamazawa has a wealth of experience and a proven track record in corporate management of financial business. He also has excellent insights into financial accounting and corporate governance. Because he can express sound opinions and offer advice centering on business strategy for sustainable growth with a focus on medium- to long-term growth markets and industry structure, while assimilating a wide range of views, the Company has judged him to be an indispensable talent for the Board of Directors.	○		○	○
 Tatsuya Sakuma	Outside Director	17/17	June 2019	0	Following his appointment as public prosecutor, Mr. Sakuma served as a general director of the Tokyo District Public Prosecutors Office and Chief of Special Investigations. He then became Chief Public Prosecutor of the Chiba District Public Prosecutors Office, followed in succession by service at two major positions, heading the United Nations Asia and Far East Institute for the Prevention of Crime and the Treatment of Offenders, and Director-General of the Research and Training Institute of the Ministry of Justice. He is now actively involved as a practicing attorney and brings to his directorship a wealth of experience and excellent insights spanning his long tenure in the legal profession. Based on such experience and insights, and because the Company expects him to express sound opinions and offer advice from an independent and objective basis, centered on compliance, internal controls, and risk management, he serves as chair of the Transaction-Judging Committee. Because he is capable of providing opinions and guidance in the area of promoting compliance management, the Company has judged him to be an indispensable talent for the Board of Directors.	○		○	◎
 Takashi Nagasaka	Outside Director	17/17	May 2020	0	As a certified public accountant, Mr. Nagasaka has served in succession as an audit manager at ChuoAoyama Audit Corporation and a Managing Director, then Senior Partner, of Shinnihon Audit Corporation (now Ernst & Young Shinnihon LLC). He now serves as Representative of Takashi Nagasaka CPA Office. Mr. Nagasaka has a wealth of experience and excellent insights, focused on financial audits and internal controls, from exercising responsibility at auditing firms across a broad span of industries including retail, financial, and companies operating overseas. Because he can express sound opinions and offer advice on an independent and objective basis, centered on transactions with controlling shareholders and assurance of propriety, the Company has judged him to be an indispensable talent for the Board of Directors.	○		○	○
 Maki Watanabe	Corporate Auditor (Full-time) (External)	14/14 (12/12)	May 2023	0	After joining JUSCO Co., Ltd. (now AEON Co., Ltd.), Ms. Watanabe held a variety of posts, including head for the Consolidated Accounting Division. She also served as corporate auditor of various Group companies. She has extensive experience in accounting and as a corporate auditor and can be expected to fulfill the role of corporate auditor by ensuring the soundness and appropriateness of management and decision-making. For these reasons, she is seen as a person who can play an essential role in enhancing the structure and functions of the Company's Board of Corporate Auditors.		◎		
 Yuko Yogo	Corporate Auditor (External)	17/17 (18/18)	June 2019	0	After joining Morgan Bank (now J.P. Morgan), Ms. Yogo was engaged in banking, securities, and asset management at foreign financial institutions operating in Japan, starting with J.P. Morgan Securities. Since 2008, she has served as representative executive officer at Fidelity Holdings Inc. and executive officer responsible for the Human Resources Department at Fidelity Investments (Japan) Limited and Fidelity Brokerage Services Japan LLC. Has a wealth of experience and proven track record as an internal supervisory manager and person responsible for human resources at foreign financial institutions operating in Japan. Also possesses excellent insights into company culture, human resources development, and diversity and inclusion. In addition to her deep insights and global perspective, she can contribute to the strengthening of corporate governance by offering advice from a social perspective. Because of this, the Company has judged her to be an indispensable talent who can enhance the functions of the Board of Corporate Auditors.		○		
 Yasuko Ono	Corporate Auditor (External)	—	May 2024	0	"After joining The Taiyo Kobe Bank, Limited (currently, Sumitomo Mitsui Banking Corporation), Yasuko Ono served in the Global Credit Department of Sumitomo Mitsui Banking Corporation and worked in positions such as President of SMBC SSC Sdn. Bhd. As such, she has a wealth of experience and insight in the financial industry. In addition, she served as an Audit & Supervisory Board Member of SMBC Consumer Finance Co., Ltd. and Group companies. The Company has determined that she will fulfill her role to ensure the validity and appropriateness of the Company's management from a standpoint of objectivity and neutrality. Accordingly, the Company proposes to select her as a candidate for Corporate Auditor (External)."		○		
 Takashi Fujimoto	Corporate Auditor	14/14 (12/12)	May 2023	0	After joining National Police Agency, Mr. Fujimoto held a variety of posts including Supervising Inspector General of the Secretariat of the National Police Agency and Director-General of the Criminal Affairs Bureau of National Police Agency, and has extensive experience in police administration including with measures against money laundering, along with wide-ranging insight. He also has experience as auditor of AEON Retail Co., Ltd. and AEON Delight Co., Ltd., and the Company has judged him to be an indispensable talent as a corporate auditor.		○		

◎ indicates Chair, and ○ Member. () under "Attendance" refers to attendance at Board of Corporate Auditors meetings.



Materiality (3) Establishing Organizational Resilience



Approach, as a Listed Subsidiary

The AEON Group aims to contribute to society through the best performance achieved by individual Group companies in their respective industries and domains based on the AEON Foundational Ideals. Individual Group companies are promoting sustainable growth through business operations that emphasize autonomy and originality of management. The AEON Group has adopted the practice of publicly listing those Group subsidiaries whose management quality is expected to benefit from the discipline of the capital market based on business or regional characteristics so as to strengthen governance such as management transparency and fairness as seen from the outside.

As the parent company, AEON Co., Ltd. holds 50.0% of voting rights of the Company. However, AFS has been making decisions independently as a listed subsidiary and has been working to maximize the value it offers to all stakeholders including minority shareholders by applying its unique insights as a comprehensive financial services provider with roots in the retail sector.



Transaction-Judging Committee and Nomination and Compensation Committee

Functions and roles of Transaction-Judging Committee

With independent outside directors as its members, the Transaction-Judging Committee is an advisory body to the Board of Directors aimed at protecting the minority shareholders' interests regarding significant transactions or acts that create conflicts of interest between the controlling shareholder and minority shareholders of the Company. The Transaction-Judging Committee Regulations stipulate that the Board of Directors must obtain the views of the committee before resolving on transactions between the Company or its subsidiary and the Company's controlling shareholder or its subsidiary (excluding the Company and its subsidiary), and other transactions or acts that create conflicts of interest between the controlling shareholder and minority shareholders of the Company.

[Activity status]

Main agenda items deliberated by the committee in FY2023 are as follows.

- Payment of brand royalty
- Acquisition of shares in a subsidiary of the controlling shareholder

Functions and roles of Nomination and Compensation Committee

With majority made up of independent outside directors as its members, the Nomination and Compensation Committee is established as an advisory body to the Board of Directors aimed at ensuring that the nomination and compensation decisions for directors and senior management of each subsidiary of the Company and its Group companies are made with objective, transparent, and independent procedures. The committee deliberates on matters regarding appointment, dismissal, human resources development, and other personnel matters of directors, corporate auditors, or executive officers and expresses their views to the Board of Directors. The Board of Directors must obtain the opinions of the committee in advance when making the following decisions.

- Selection of candidates for directors or corporate auditors to be proposed to the General Meeting of Shareholders
- Selection or dismissal of representative directors, directors with titles, and executive directors

- Policy on selection or dismissal of representatives of AFS Group companies (president or CEO or those equivalent)
- Appointment or dismissal of executive officers
- Approval of full-time directors concurrently holding position at another company
- Basic policies regarding selection, dismissal, etc. of directors, corporate auditors, or executive officers or criteria for judgment of independence of outside directors
- Compensation system for directors or executive officers or the actual amount of compensation based on the system

[Activity status]

Main agenda items deliberated by the committee in FY2023 are as follows.

- Appointment of AFS officer candidates and executive officers
- Transfer of AFS executive officers
- Appointment of candidates for the representatives of AFS Group companies and change of representatives
- Appointment of candidates for officers of AFS Group companies and changes to the management teams



Basic Policy on Compensation for Officers

AFS has policies in place for deciding the amount of compensation, etc. for its officers and their calculation methods.

- Compensation for directors strongly motivates execution of management strategies, is also linked to financial performance, and ensures fairness and transparency.
- Compensation for directors consists of the base compensation, performance-linked compensation, and equity-linked compensation in the form of stock option.

(1) Breakdown of compensation for directors

Base compensation

It is decided based on individual evaluation within the base amount set for each position and paid monthly. The base compensation for directors who are also receiving compensation from an affiliate for serving as an officer concurrently is decided individually.

Performance-linked compensation

Regarding the payment ratio of performance-linked compensation, 100% of the base amount is paid when the target set at the beginning of the fiscal year is achieved. The payment ratio fluctuates between 0% and 200% based on the business results of the concerned fiscal year and individual evaluation. Performance-linked compensation consists of compensation based on corporate performance and on individual performance.

- (1) Compensation based on corporate performance is calculated using a coefficient based on the rate of achievement of consolidated and non-consolidated business results with respect to the base amount for each position and is decided by comprehensively taking the business results into account.
- (2) Compensation based on individual performance is decided using a coefficient based on individual evaluation considering the performance of the division they are in charge of and the rate of



achievement of management targets and the base amount for each position.

Equity-linked compensation in the form of stock options

AFS allots new share subscription rights as equity-linked compensation in the form of stock options reflecting its business results to enhance the linkage of directors' compensation with share price and business results by sharing not only the benefits of rising share price but also the risks associated with its decline so as to motivate and inspire the directors to continue raising the business performance and increase the corporate value. The number of new share subscription rights allotted to each director is decided based on the business results for the concerned fiscal year and the base number for each position.

The total number of new share subscription rights to be issued as equity-linked compensation in the form of stock options was resolved as 200 units (20,000 shares in the common stock of AFS) as the annual upper limit at the 26th General Meeting of Shareholders held on May 15, 2007. The total number of new share subscription rights was revised upward to 400 units (40,000 shares in the common stock of AFS) as the annual upper limit from 200 units in a resolution by the 42nd General Meeting of Shareholders held on May 24, 2023.

(2) Ratios of components of compensation

The weight of total cash compensation (base compensation + performance-linked compensation) to overall compensation for officers (base compensation + performance-linked compensation + equity-linked compensation in the form of stock options) is set to be around 80% to 90% and is decided based on the business results of the concerned fiscal year and the base number for each position. The weight of performance-linked compensation to total cash compensation (base compensation + performance-linked compensation) is around 30%, and the weight rises as the responsibility increases. Outside directors receive fixed compensation alone and they are not subject to corporate or individual performance evaluation.

Total Compensation by Type and by Category of Officers (FY2023 Results)

Classification	Number of Recipients	Total Compensation (Millions of Yen)		
		Base Compensation	Performance-linked Compensation	Non-monetary Compensation, etc.
Directors(Outside Directors)	13(4)	185,490(55,200)	29,000(—)	8,385(—)
Corporate Auditor(Corporate Auditor (External))	4(4)	30,000(30,000)	—	—
Total(Total of Outside Directors)	17(8)	215,490(85,200)	29,000(—)	8,385(—)

*1 Based on the status at the adjournment of the 41st Ordinary General Meeting of Shareholders held on May 23, 2022, one retired director is included in the table above.

*2 The 34th Ordinary General Meeting of Shareholders held on June 24, 2015 resolved to limit compensation for directors to a total of ¥550 million per year. Monetary compensation is limited to ¥400 million per year (the 41st Ordinary General Meeting of Shareholders, held on May 23, 2022, resolved to limit compensation for outside directors to ¥100 million) and equity-linked compensation is limited to ¥150 million per year as determined by the fair market value of the stock options.

The number of directors at the conclusion of the 34th Ordinary General Meeting of Shareholders was 10 (with four outside directors), and the number of directors at the conclusion of the 41st Ordinary General Meeting of Shareholders was 12 (with four outside directors).

*3 The amount of compensation includes expenses related to the payment to five directors of ¥55.7 million for performance-linked compensation. Non-monetary compensation includes expenses related to the allocation of stock options (stock acquisition rights) of ¥13.399 million for six directors.

*4 The 13th Ordinary General Meeting of Shareholders, held on May 18, 1994, resolved to limit compensation for corporate auditors to ¥50 million per year. The number of corporate auditors at the conclusion of the Ordinary Meeting of Shareholders was three (with three external auditors).

*5 At the end of the corresponding fiscal year (February 28, 2021), there were currently 12 directors and four corporate auditors. Among these officers, two directors and one corporate auditor are paid no compensation.

Evaluation of Director effectiveness

In order to strengthen corporate governance to facilitate improvement in sustainable growth and medium- to long-term corporate value, the Company has analyzed and evaluated Board of Directors effectiveness. It is carrying out initiatives that apply the PDCA cycle on each issue identified as a result of this work. In fiscal 2023, a 10-question survey was conducted for all 12 directors and all four corporate auditors regarding the composition, administration, and other aspects of the Board of Directors.

<ul style="list-style-type: none"> • Overall assessment of the Board of Directors • Composition of the Board of Directors • Preparations for Board meetings • Administration of Board meetings • Board deliberations • Nomination and Compensation Committee 	<ul style="list-style-type: none"> • Board of Corporate Auditors • Each director's contributions to Board meetings • Action on issues identified in fiscal 2022 • Analysis of gaps between the importance of motions and the time spent on deliberations (analysis of gaps based on 10 levels)
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The questionnaire survey found that there were no major issues concerning the current corporate and governance structures and that the Board of Directors was generally functioning appropriately and was improving its effectiveness. In response to the issues identified as challenges pointed out in FY2022, we held more discussions on the strategy and strived to enhance the discourse on the course to be taken by the company as a whole. This led to noticeable improvements and enhancements, which have been recognized in the assessment. While we made efforts and implemented initiatives to enhance discussions, these are still insufficient. We will recognize the issues identified in the evaluation and continue to work to further improve the effectiveness of the Board of Directors.

[Issues identified as challenges regarding the Board's effectiveness]

- Deepening of discussions at the Board of Directors meetings:
The Board of Directors will enhance the discussions on strategies from a medium- to long-term perspective to improve AFS's corporate value. To this end also, the Board of Directors will discuss it from diverse executive perspectives in parallel to reinforce the awareness regarding discussions for improving corporate value.
- Reviewing the Board of Directors composition for sustainable growth:
We will have discussions based on the roles that the Board of Directors should play, clarifying the qualifications and insights needed for the Company's directors. For the development of next-generation management, we will discuss how the Board of Directors should be involved from the viewpoint of supporting sustainable growth.
- Upgrading of the operation of the Board of Directors:
To improve medium- and long-term strategic discussions at the Board of Directors meetings, we are closely examining the agenda items of the Board and preparing its annual agenda. We will also improve the function of the Board's secretariat and aim to achieve efficient operation and exercise the oversight function through the preparation of easier-to-understand materials for the Board and appropriate information provision to outside directors.



Materiality (3) Establishing Organizational Resilience



We asked the four outside directors, who have diverse backgrounds and expertise, about growth strategy, strengthening of corporate governance, and the operation of the Board of Directors and various committees.

Management Conscious of Profitability and Growth Potential

Q Tell us about what you focus on upon monitoring the medium-term management plan and discussions on management conscious of capital cost at the Board of Directors meetings.

Nakajima: The current medium-term management plan was being implemented under extremely uncertain circumstances due to the global outbreak of the COVID-19 pandemic. We are reviewing its

implementation by looking back and assessing the changes in the external environment. I feel there is a stronger commitment to logic with respect to achieving target figures in the discussions, and I hope to see the debates on the next medium-term management plan go even deeper. I am also seeing changes in how discussions on capital efficiency and business portfolio transformation have become active. Precisely because we are in an era of drastic changes, I would like to support cases, implementation of which have been decided after the executing team held repeated discussions and clarified the accountability structure, risk taking, and exit criteria among other matters. I have a finance background and have knowledge of Asian

markets, so I intend to actively offer advice and monitor the progress of the plans as I also get opportunities to visit local sites.

Yamazawa: I am also clearly aware of targets of ROE of 10% or higher and PBR of more than 1. One of the issues I felt the AFS Group faces is the fact that it has been prioritizing individual optimum of each business. I believe it is necessary to pursue overall optimization and strengthen competitiveness as a financial platformer, and I hope the AFS Group can present, to the capital market, a management strategy for growth including how it plans to overcome management challenges. The Board's awareness of capital cost has changed significantly in this one year. Regarding new investment proposals also, the Board of Directors has started sharing not only the explanations from the concerned division but also the investment efficiency analyses provided by the finance subcommittee and is now making more objective judgments. On the other hand, the scrap part of scrap and build, that is the decisions to withdraw from unprofitable businesses, sometimes takes time, and I would like to strengthen the supervisory function of the Board of Directors.

Sakuma: While COVID-19 did change the economic environment drastically, I believe that we need to reflect on the fact that we had not been able to fully finalize the growth strategy to the extent of concrete measures for each market. Recently, we have made new moves such as the digital bank in Malaysia and the M&A of a finance company in Vietnam, but it is necessary to flesh out the details more as to what kind of frameworks and initiatives are needed for future growth. Also, the AFS Group has clarified the policy for business portfolio centered on payment services for achieving Our Purpose and Ideal State for 2030. It is, however, necessary to discuss the exit strategy for businesses where it is difficult to expect synergies with payment. We have been a company that took on new challenges, but I feel that has slowed down recently. I believe speedy decisions on taking on challenges are indispensable pieces for future growth.

Nagasaka: The executing team has been studying the medium-term management plan, and we, outside directors, are also taking part in in-depth discussions. Personally, I think we need to carry out



drastic reforms rather than continuing on the existing track. The competitive environment is becoming increasingly severe, so we should clarify the long-term business concept before carrying out the review and discussions on the next medium-term management plan. Amid changes also in the interest rate environment, I think we cannot achieve growth with defensive management. Regarding that, I do not feel there are any discrepancies between our understanding and that of the executing team. In my view, improving labor productivity is also a major challenge in addition to business portfolio reform. While promotion of DX is imperative for improving labor productivity, we also need to work on improving employee engagement. The AFS Group is focusing on this point including changes to personnel evaluation and compensation system, and I intend to closely monitor the progress.

Sustainability Management and Global Governance

Q

What is your assessment regarding the initiatives for establishing sustainability management and global governance, including overseas Group companies, and what advice do you provide?

Nakajima: Even before the word “sustainability” became popular in the world, I feel that the desire to contribute to local communities had taken root among the AEON Group employees. AEON Financial Service also has announced Our Purpose, and it is rolling it out as guidelines toward a common goal. On the



other hand, I feel there are still some issues in integrating the management strategy and sustainability initiatives. Against the backdrop of significant changes in the external environment, there is a need to specifically present what the AFS Group should focus on to improve its sustainability. I would like to promote it with the participation of all employees with a strong commitment from top management. Regarding promotion of DE&I, on which we are emphasizing so as to change the corporate culture, I think it is time to implement PDCA cycle with specific focus on numerical targets.

Yamazawa: We have started a group-wide project for promoting DE&I, and the aim is to improve employee engagement. Such initiatives directly link to corporate value and I am looking forward to its success.

Nagasaka: In sustainability measures, my focus is on strengthening of human capital. It is necessary to firmly build the foundation for the next growth by expanding the human resource pool essential to pursue Our Purpose and by respecting diversity to build a rewarding work environment. The management is also pursuing human capital measures to bridge the gender gap and improve employee engagement, and I would like to provide solid support for those.

Yamazawa: I feel there are a lot of issues associated with global governance. International business accounts for 70% to 80% of operating income, so we can position ourselves as a global corporation, but you cannot say that there is sufficient control over overseas subsidiaries. I would like to see AEON Financial Service hasten the development of a system by strengthening company-wide cross-divisional functions such as internal control system besides bolstering IT governance and centralized management of capital adequacy ratio, allowance for doubtful accounts, and other financial indicators. By establishing such frameworks, we can not only expect optimization at individual companies but also financial successes by raising the efficiency through consolidation of functions that can be shared. We have embarked on reforms such as consolidating the overseas IT development divisions with Overseas Business Division, and I would like to see it driven forward rapidly.



Sakuma: Looking back at the business expansion in Asia so far, we have a history of dispatching Japanese employees with discretionary authority to develop the market. We tried to expand the market by adapting to the local situations. This method proved to be successful and has resulted in our present growth. At the same time, however, we can also point out its harmful effects in that we failed to sufficiently develop a structure for centralized management of overseas subsidiaries, which is essential for a global company. The top management’s awareness as a global company is growing, so I feel we will be able to have more strategic discussions regarding handling of risks and acquisition of growth opportunities if we strengthen the global governance structure.

Nagasaka: The Board of Directors also recognizes the importance of strengthening the global governance structure, and it has been striving to improve the internal control system. Overseas subsidiaries compare unfavorably to the three listed subsidiaries, so we are strengthening collaboration with local audit divisions and accounting auditors through measures such as conducting overseas visiting audits to confirm the development status of internal control. We recognize the importance associated with the personnel we appoint as the top management of overseas subsidiaries in strengthening governance, so the Nomination and Compensation Committee will also actively get involved in the personnel proposals being considered by the executing team.



Materiality (3) Establishing Organizational Resilience

Achievements and Challenges of Committee Activities

Q

What are the functions and roles of the Nomination and Compensation Committee and the Transaction-Judging Committee?

Nakajima: The Nomination and Compensation Committee submitted a report on the development plan of the personnel for the next top management and an appropriate compensation system to the Board of Directors. We face certain restrictions as a listed company having a controlling shareholder, but the committees have been having honest discussions involving all committee members with the aim of realizing sustainable improvement in corporate value. Being a member of the AEON Group gives us access to its extensive management personnel, which is an advantage for acquiring necessary human resources outside the company. For the appointment of future top management, we need to make a rational choice of a leader who can realize the AFS Group's aspirations. CEO is not the only leader. Leaders also include Board members, executive members, and presidents of the subsidiaries. We have in place a platform for selecting and nurturing future management personnel, in which we assign them to important projects. We also attach importance to their evaluation by outside directors.

Yamazawa: We have started discussions for reviewing the current officer compensation from the perspectives of improving corporate value and enhancing our competitiveness. The main evaluation indicator for the performance-linked compensation is the rate of achievement of the ordinary profit target, but some have pointed out that we should consider the consistency with financial targets (ROE and PBR), which we set forth as key indicators, as well as shareholder returns among other factors. We would like to make the compensation system competitive so that we can retain and acquire outstanding management personnel. As for CEO and other key posts, I feel that we need to clarify the requirements and qualities we seek in such human resources and develop a rotation system for the candidates to acquire the skills and experience to meet those requirements.



Nagasaka: In considering our officer compensation, my understanding is that we are called upon to link it to sustainability-related initiatives in addition to capital efficiency and shareholder returns, taking cognizance of the discipline sought by the capital markets. The new management objectives will become clearer as we further discuss the medium-term management plan, so we will deepen our discussions regarding how to retain the linkage between these indicators and incentive compensation.

Nakajima: We need to make our compensation system consistent as an AEON Group company. When we discuss compensation, we must consider consistency with the management objectives set forth in the next medium-term management plan as well as with ordinary profit, which is the main indicator for performance-linked compensation. We hope to gain the support of our stakeholders by reflecting the medium- to long-term perspectives such as initiatives for ensuring future growth in addition to the short-term performance indicators.

Yamazawa: How we grasp the subjects of deliberations at the Transaction-Judging Committee is important. We could limit them to corporate actions between a parent company and a subsidiary, or we could also consider spreading that out to cover the entire management capital including brand and other intellectual properties as well as human resources.

Sakuma: I believe the Transaction-Judging Committee needs to

deliberate not only transactions involving conflicts of interest but also transactions with the possibility of conflict of interest. As to whether there is a conflict of interest in a transaction, we make objective judgments based on the rationality of the concerned transaction and appropriateness of the price. A simple example would be, when the committee deliberates on the brand royalty paid to a parent company, which is the controlling shareholder, I, from the standpoint of a lawyer, judge the rationality of the ground of calculation based on whether that rationality can withstand retrospective verification. The committee is made up of outside directors alone, and we receive opinions from differing perspectives of other members, and the Board of Directors discusses and approves matters based on the reports submitted by the committee. There are cases where we feel the content of a proposal submitted by the executing team lacks rationality, and in such cases, we request them to resubmit the proposal. We always have in mind whether we can clearly explain something when minority shareholders or external stakeholders ask



us to do so, and I believe the committee has been effective.

Nagasaka: I feel that the scope of the matters for deliberation submitted to us is wider than we had initially anticipated, but all members of the Transaction-Judging Committee are fully conscious about the need to be able to firmly explain, especially transactions with a parent company, from the perspective of a minority shareholder. I feel the effectiveness of the committee will be enhanced as, rather than having uniform criteria, we have set the ability to truly explain what the fair price is for each transaction in a rational manner as an important judgment criterion.



Promotion of Compliance

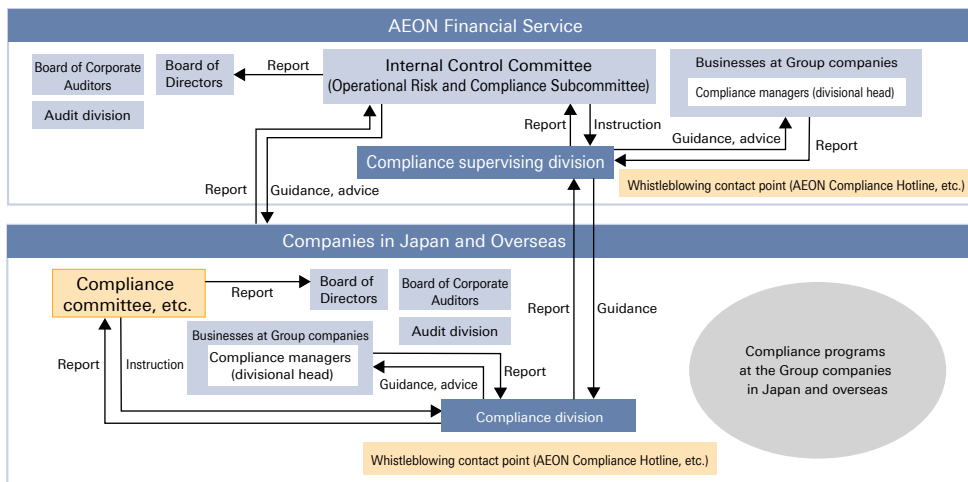
The officers and employees of the Group refer to AEON Foundational Ideals shared by AEON People as the basic approach and judgment criteria for daily conducts upon making appropriate judgment and actions in compliance with social norms and corporate ethics. They comply with the AFS (AEON Financial Service) Group Policies on Compliance, which represent common value standards and clearly define the AFS Group's basic approach to compliance.

▶ Please see the corporate website below for the AFS Group Policies on Compliance.

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

Compliance Promotion System

Group compliance system



1. The Company has established the Legal and Compliance Department as an entity charged with overseeing the compliance of the Group. It monitors compliance respectively of the Company and the Group companies and provides guidance and advice when necessary.
2. The Internal Control Committee discusses and deliberates matters related to compliance of the AFS Group comprehensively and in a specialized manner, gives necessary instructions to involved parties, and makes necessary report and recommendations to the Board of Directors to develop and establish the compliance system. It also receives reports on the status of monitoring progress in compliance programs set out every fiscal year.
3. Board of Directors

The Board of Directors receives reports and opinions relating to compliance in the Group from the Internal Control Committee and makes decisions on important compliance-related matters.

Education and dissemination

AFS's employees undergo training aimed at improving compliance awareness and sharing the AEON Foundational Ideals once a year or more. The Group companies are also ensuring that all employees are aware of the AEON Foundational Ideals and the matters they need to comply with, in addition to offering compliance training for handling revisions to laws and regulations. The Group has also formulated the Compliance Regulations and Compliance Manual to thoroughly inform all officers and employees about the laws and regulations that they must comply with, specific red flags to watch out for, and how to respond should they discover any compliance violations.

Prevention and handling of legal violations

Many of the services offered by the AFS Group companies require permits and licenses based on laws and regulations. We monitor trends in revisions to relevant laws and various regulations in respective countries, evaluate and analyze their impact on business activities and performance, and take necessary measures. We are also strictly managing due dates of various reports and matters to be submitted based on laws and regulations. Further, we also provide monitory guidance and support for each company of the AFS Group through the Group compliance system if they become subject to administrative penalties or guidance from a supervisory agency.

Response to antisocial forces

The Group has formulated its Basic Policy for Handling Antisocial Forces. This policy clearly informs officers and employees that relationships with antisocial forces are strictly forbidden. In addition, the Company and each Group company compile and analyze data about antisocial forces collected from both inside and outside the Group and report the status of management to the Company. The Company also monitors the management status of all Group companies regarding the exclusion of antisocial forces in addition to providing instructions and guidance when necessary.

Prevention of money laundering and bribery

Due to strong domestic and international demand, we have positioned money laundering and terrorist financing as important issues for management, in addition to measures aimed at preventing corruption among foreign public servants. To promote a proactive response in this regard, we are working to develop and operate management systems at each Group company based on our AFS Group Policies on Compliance.

Whistleblowing system

The AFS Group ensures that all employees are aware of the whistleblowing contact points for them to directly provide information. These contact points include the AEON Compliance Hotline established by AFS's parent AEON Co., Ltd., whistleblowing contact points set up by AFS and its subsidiaries, and the external dedicated hotline for reporting misconducts involving executive officers of the companies, and are established with the aim of building a user-friendly reporting system to prevent legal violations and ensure their early detection. The contact points accept reports regarding legal violations, violations of company rules, and problems in daily operations that are hard to solve at individual workplaces; examine the facts and take measures for improvements, finding solutions while ensuring the protection of the whistleblowers. The Group also has been taking measures in Japan to prevent workplace harassment in addition to measures in accordance with the Whistleblower Protection Act. It also cooperates on a global basis to receive reports through the contact points, investigate, respond, and make improvements.

Materiality (3) Establishing Organizational Resilience

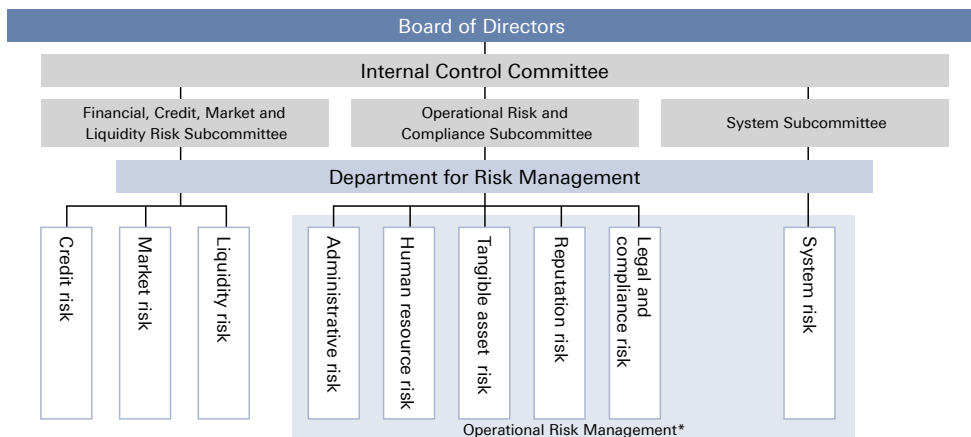
Risk Management

The pace of change in the environment is accelerating, such as the political and economic fluctuations on a global scale and the advancements in digital technology, and uncertainties and complexities are increasing. The Company is striving to maximize the business opportunities while controlling the risks and opportunities brought about by the external environment.

The AFS Group comprehensively assesses the risks facing it and promotes timely and appropriate risk management with the aim of steadily increasing its corporate value under Our Purpose.

Risk management structure

The Company's Board of Directors, as the top decision-making body with respect to risk management, receives reports on the status of risk management on a regular basis and deliberates and decides on fundamental matters. The Internal Control Committee, established under the Board of Directors, engages in comprehensive and specialized discussions and deliberations about matters relating to the development of the internal control system. The committee, based on the risk management-related fundamental matters decided upon by the Board of Directors, monitors the status of risks faced by the AFS Group and discusses and decides how to handle risks that have emerged and other such specific issues. The Company has established three specialized subcommittees under the Internal Control Committee, which carry out more detailed risk assessment. The Company oversees the company-wide risk management by establishing a risk management division independent of revenue-making divisions. The audit division verifies the risk management structure in terms of its effectiveness and appropriateness.



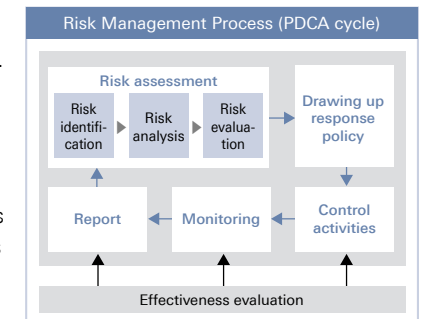
* The Group classifies operational risk management into six categories. Departments manage risks relevant to them, while the Risk Management Department works to understand and manage risks on a comprehensive level.

The Group categorizes risks into credit risk, market risk, liquidity risk, and operational risk. Risks are managed according to their specific characteristics.

Credit risk	Risk of loss from decline or dissipation of value of assets due to deterioration of financial condition of borrowers of loans, etc.
Market risk	Risk of loss from fluctuations in values of assets and liabilities caused by changes in interest rate, foreign exchange, marketable securities, and various other market risk factors.
Liquidity risk	Risk of loss from mismatch between fund management and procurement periods and unexpected outflow of funds (financing risk). Risk of loss from being forced to do transactions at significantly less favorable terms than usual due to market turmoil, etc. (market liquidity risk).
Operational risk	Risk of loss from inappropriate or non-functioning internal processes, people, or system or from external events (administrative risk, human resource risk, tangible asset risk, reputational risk, legal and compliance risk, and system risk).

Risk management process

The AFS Group carries out risk evaluation once a year to grasp its risk status and take appropriate countermeasures. Each Group company will sort out the changes in the external environment surrounding its business and assess the impact of group-wide risks and the possibility of such risks materializing. The Internal Control Committee makes the decision on subsequent actions such as risk responses based on the assessment results. The Group designed this PDCA cycle by referring to ISO31000, the international standard on risk management.



Incident management

In case a risk materializes in the Company or any of the Group companies, we will swiftly respond to customers and other stakeholders while preventing the damage from spreading and limiting its impact. Information on incidents that occurred in Group companies are reported to the Company. Further, we will identify the cause of occurrence of the incident and implement measures to prevent recurrence. The incident, as a risk that materialized, is also reflected in the earlier-mentioned risk evaluation process.

Crisis management (reinforcing resilience)

Damages from natural hazards created by climate change are intensifying. The threats from cyberattacks are also increasing in complexity due to the turbulent situations around the world and advancements in digital technology. We recognize that addressing third-party risk is also an important issue upon providing financial services.

We define any incident that has significant impact on the Group's management as management crisis and have in place a structure that enables quick decision-making and business recovery in the event of an emergency. We are also working on building a business continuity management system



(BCMS), striving to improve resilience. By formulating the business continuity plan (BCP), we aim to sort out the priorities and necessary management resources during contingencies to enable rapid recovery. We also conduct exercises and drills during normal times to prepare for management crises.

Major business and other risks (countermeasures)

There are various risk factors in the AFS Group's business development process, which may have impact on its financial status and business results. The following risks are those identified as of May 27, 2024 (the day of filing of the Annual Securities Report). This, however, is not a comprehensive list of all the risks related to the businesses of the AFS Group.

Classification	Risk overview	Countermeasure
	Risks related to important IT projects	
System risk	The AFS Group is working on securing competitive advantages and differentiating itself from the competition with new products and services through its DX initiatives set forth in the medium-term management plan and upgrading of its core system. Any delays in the release of these important IT projects or insufficient performance of functions or deterioration in quality of the projects may lead to issues, such as investment cost overruns, and impact the Group's business results and financial standing.	The Company drives forward the projects by carrying out multi-layered monitoring of the development plan, development process, and quality and by building a framework for developing together with vendors, through mutual checks and balances, to improve the design quality and comprehensiveness of tests. The progress of the important IT projects is reported every month to the Board of Directors. Further, the Group conducts thorough verification in advance assuming various scenarios before releasing them and will have a structure in place in the event of a failure.
	Interruption or malfunction of system services (IT service quality risk)	
System risk	Stable operation of IT system is important and indispensable for the various services offered by the AFS Group. This is true not only for its own system environment but also that of third parties, which are its business partners. The Group's business results and financial standing could be affected if there is a shutdown, interruption, or malfunctioning of its IT system due to reasons such as system failure, impact of natural or other disasters, or human error.	The Group has been taking physical, technical, and organizational measures to minimize the damage from such mishaps and to ensure early recovery. In particular, it is developing and strengthening a monitoring system for quickly detecting malfunctions, dispersing the systems and data and building redundancy, standardizing business operations and providing periodic training, formulating recovery plan in the event of any incidents, and conducting drills. It investigates the causes of the incidents and formulates measures to prevent recurrence. The Group assesses all companies to which it outsources operations before starting business with them and also maintains close contacts with other third parties in normal times so as to strengthen relationship to enable smooth response when a hazard occurs.
	Risk of external attacks (cyberattacks)	
System risk	The threat of cyberattacks surrounding financial institutions has become serious, as the methods used for such attacks are getting more sophisticated along with the tremendous advancement of digital technology in recent years. The Group's business results and financial standing could be affected if its system comes under such an attack causing shutdown of service, data damage, or information leakage.	The AFS Group is taking technological measures against cyberattacks from outside. On the operation side, it has established Computer Security Incident Response Team (CSIRT) as an organization that responds to cyber incidents at key companies and has been participating in training jointly with the Group companies and industry associations to prepare for various accidents and interruptions. It is also promoting awareness among employees and conducting training on phishing mail, business email compromise (BEC), and cyberattacks.

	Legal violations	
Legal and compliance risk	Many of the services offered by the AFS Group are based on permits and licenses in accordance with laws and regulations. The Group's business results and financial standing could be affected if it fails to respond adequately to changes and new establishment of such laws and regulations or if its business activities are restricted because of it being subject to administrative punishment due to a violation.	The Group companies monitor revision trends of relevant laws and regulations as well as the various restrictions in the countries and regions they operate in. They assess and analyze the impact on their business activities and performances and take actions as necessary. The companies are also strictly managing due dates of various reports and matters to be submitted based on laws and regulations so that there would be no omissions. The Group companies are also offering training to their officers and employees on a regular basis to ensure legal compliance.
	Credit risk	
Credit risk	Credit cards, installment payment, housing loans, etc., which cater to individuals, account for a large portion of the credit operations of the AFS Group, and the associated credit risks are well dispersed. However, the Group's business results and financial standing could be affected if unexpected amounts of credit-related costs are incurred due to changes in the credit situation of customers caused by a significant deterioration in the economic conditions or financial market turmoil.	The AFS Group has been strengthening its credit risk management framework. It has been striving to maintain a balance between outstanding balance and soundness of its portfolio by grasping the external economic environment and credit situation by product and region, reflecting the impact on operating revenue from declines in transaction volume to review criteria in a timely manner. Further, it also practices appropriate credit management by monitoring the repayment status of individual customers once transactions begin and reviewing the credit limit when necessary.
	External fraud (damages from unauthorized access through phishing websites, etc.)	
Administrative risk	Recent years have seen the occurrence of considerable damages from phishing scams, and the increase in these financial crimes has become an urgent issue facing financial institutions. The criminal methods employed, particularly related to online services, have become increasingly sophisticated. The AFS Group's business results and financial standing could be affected if it cannot appropriately respond to such crimes.	The AFS Group has been striving to enhance technological security measures for customer transactions and to strengthen surveillance of phishing websites and unauthorized accesses. It is also raising awareness so that customers would not fall victims to such crimes.
	Information security	
Administrative risk	The AFS Group acquires and manages personal information and confidential information of customers and business partners. The Group's business results and financial standing could be affected if the information is leaked, falsified, damaged, lost, etc. due to a cyberattack or mismanagement of such information by its officers and/or employees or companies to which it outsources operations.	The AFS Group has been taking technological, physical, and organizational security management measures for managing its information assets including personal information. Matters regarding cyberattacks, the threat of which has been growing in recent years, are as described in "Risks of external attacks (cyberattacks)." The officers and employees of the Group are deepening their understanding of the importance of information management and protection of information through regular educational programs and training. If a Group company outsources handling of personal information, etc., it takes management measures such as setting forth outsourcing criteria and carrying out regular monitoring.

▶ Please see below for the list of major risks.

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



Materiality (4) Addressing Climate Change

Response to Climate Change (Initiatives Based on TCFD Recommendations)

From an early stage, the AEON Group has addressed the issue of climate change, which is having a major impact on the global environment and human society. We have adopted the Aeon Decarbonization Vision, by which we aim to have reduced to zero the total amount of CO₂ emitted at our stores by 2040. In November 2021, the Company announced its endorsement of the recommendations put forth by the Task Force on Climate-related Financial Disclosures (TCFD) and clarified its policy for “addressing climate change,” which has been specified as materiality.



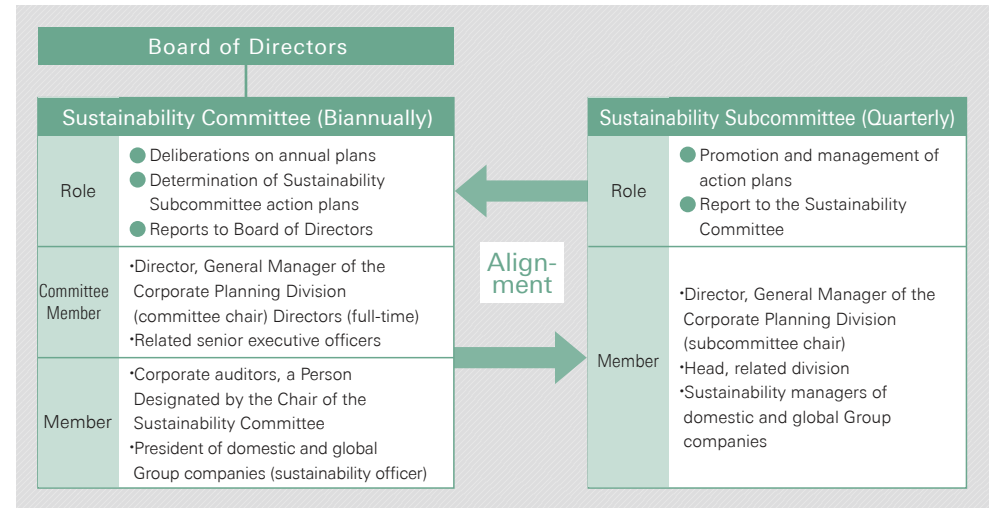
Governance

The Company has established the Sustainability Committee entrusted by the Board of Directors for the purpose of maximizing corporate value through sustainability management. With the aim of increasing the Company’s corporate value, the Board of Directors is committed to prompt and appropriate decision-making with a focus on flexibility. Important matters related to sustainability, such as the formulation and revision of the AFS Sustainability Policy, the formulation of medium- to long-term and annual action plans, and response to climate change are matters to be resolved by the Board of Directors after deliberations by the Sustainability Committee. The Board of Directors provides necessary guidance and advice to relevant parties on important matters related to sustainability.

The Sustainability Committee exerts governance over the key issues (materiality) of the AFS Group from the social perspective and formulates sustainability-related corporate strategy and policy. In addition, the committee discusses and deliberates action plans for specific goals and measures and provides continual monitoring and follow-up (guidance and advice) regarding the AFS Group’s initiatives and its progress based on the action plans. Further, in order to address issues on an enterprise-wide, cross-functional basis, the committee guides the Company’s divisions and the AFS Group companies, oversees and supports their implementation of measures, and engages in comprehensive and specialized discussions and deliberations on sustainability-related matters. Moreover, the Sustainability Committee reports on matters entrusted to it by the Board of Directors to the Board of Directors.

The Company has also established a Sustainability Subcommittee under the Sustainability Committee to pursue action plans for specific targets and measures as a Group. In addition to promoting the effective use of resources in our business activities by transforming business models, we will work toward decarbonization together with our customers and local communities through products and services that the Group provides. Furthermore, we will raise the awareness of environmental conservation among all employees in the Group and encourage them to act on their own initiative.

Sustainability Execution Framework



Strategy

The Group pursues sustainability management with the aim of realizing a sustainable society in which everyone can live a content and happy life and contribute to peace. In November 2021, we identified material issues that affect our business over the medium to long term. By systematically classifying these into four areas: “pursuing happiness through innovative financial services,” “exerting diversity and the potential of our people,” “establishing organizational resilience,” and “addressing climate change,” we set indicators and create a roadmap to specifically take action on them. In particular, recognizing that “addressing climate change” has a significant impact on the lives and health of our customers, local economies, and social development, we will strive to ensure resilience through governance, strategy, and setting targets to build a decarbonized society.

As part of managing climate change-related risks, we conducted scenario analysis of climate change-related risks and opportunities based on two scenarios, the 1.5°C scenario and the 4°C scenario, with the aim of assessing the impact of climate change on the Group’s businesses. Specifically, medium- to long-term risk items stemming from climate change were organized into transition risks, physical risks and opportunities. Then, the impact of each item on the Group was assessed and those identified to have a significant impact were designated as “serious risk/opportunity items.” Each item was then organized in a short-, medium-, and long-term framework according to the time horizon in which it is expected to have an impact.

Significant Climate Change-related Risks/Opportunities and Their Impact Levels for the Group Identified by Scenario

Classification Level 1	Classification Level 2	Classification Level 3	Impact	Time Horizon	1.5°C Scenario	4°C Scenario
Transition Risks	Policy and regulation	Introduction of carbon tax	Tax increases due to carbon tax	Short to long term	Large	Medium
	Market	Rising renewable energy prices	Increased energy costs due to renewable energy procurement	Short to long term	Large	Medium
Physical Risks	Acute	Severe natural disasters such as typhoons and floods	Damage to infrastructure, facilities, and equipment Increased costs, increased debt collection risk in business operation regions, increased insurance premiums, and reduced availability of insurance products resulting from the damage	Medium to long term	Medium	Large
	Chronic	Average temperature rise, sea level rise			Medium	Large
Opportunities	Energy	Introduction of carbon tax	Reduction of impact of carbon tax introduction by GHG emission reduction (e.g., issuing AEON Cards using recycled PVC materials and office relocation to energy-efficient buildings)	Short to long term	Large	Medium
	Products and services	Increased demand for products related to climate change	Increased revenues from new product development and sales (e.g., home loans for net-zero-energy housing (ZEH) and car loans for electric vehicles (EVs))	Medium to long term	Large	Medium

Risk Management

The AFS Group is promoting the increased sophistication of its risk management, with the aim of maintaining the soundness of its management, by assessing a variety of risks, including climate change, by risk category and appropriately controlling these risks while comparing and contrasting them with its management capabilities. Under these circumstances, we have put in place a series of risk management processes, consisting of risk identification and evaluation, control evaluation, and risk assessment. In terms of climate change risk management, we utilize multiple future prediction scenarios, such as the 1.5°C scenario and the 4°C scenario, and conduct analyses of each, thereby identifying and assessing the climate change-related risks and opportunities affecting the Group. To reflect the identified risk and opportunity items in the Group's business plans, we assess the scale and scope of any potential impact on business divisions through discussions in the Sustainability Subcommittee, under the direction and supervision of the Sustainability Committee.

Metrics and Targets

The Group measures and ascertains greenhouse gas (GHG) emissions in order to assess and manage climate change-related risks and opportunities. Going forward, we will set appropriate targets and metrics to reduce the environmental impact associated with our business activities in order to contribute to the reduction of GHG emissions worldwide.

Major Climate-related Metrics in the Group

Metrics	FY2021	FY2022	FY2023	YoY Change	
GHG emissions across the Group (Scope 1, 2)	16,373	14,455	12,059	(2,395)	
Ratio of hybrid vehicles as % of cars owned by the company	43.90%	53.11%	34.04%	(19.06)%	
Web statement to credit card statement ratio	Domestic	83.97%	85.12%	85.92%	0.81%
	Global	—	64.69%	89.29%	24.60%
	Total	83.97%	78.48%	87.03%	8.54%

Greenhouse Gas (GHG) Emissions by the Group

Metrics	FY2021	FY2022	FY2023	YoY Change
Scope 1 (Direct emissions from fuel consumption)	3,332	2,783	2,548	(235)
Scope 2 (Indirect emissions from electricity use)	13,041	11,672	10,389	(1,283)
Scope 1 and Scope 2 Total	16,373	14,455	12,059	(2,395)

Metrics	FY2021	FY2022	FY2023	YoY Change	
Emissions resulting from credit card paper statements	Domestic	12,037	11,421	11,182	(239)
	Global	—	13,043	4,129	(8,914)
	—	12,037	24,464	15,311	(9,153)
Emissions pertaining to printer use (upstream and downstream)	287	370	239	(132)	
Emissions relating to data center operations and maintenance*2	4,794	4,534	4,729	195	

- The Group calculates GHG emissions in accordance with the GHG protocol methodology.
- The data for FY2021 and 2022 have been updated to reflect more detailed survey processes.
- Domestic Group companies and three global listed companies are included in the aggregation.

*1 The 878 tons of offset for AEON Credit Service (M) Berhad has been deducted.

*2 The following Group companies are included in the aggregation.

AEON Financial Service Co., Ltd.; AEON Bank, Ltd.; AEON Credit Service (Asia) Co., Ltd. (included since FY2023)

Materiality (4) Addressing Climate Change

Decarbonization Initiatives

As a member of the AEON Group, we have adopted the AEON Decarbonization Vision and aim to have reduced the total amount of CO₂ and other GHGs emitted from our stores to zero by 2040.

Efforts to Reduce Environmental Impact

Provision of eco-friendly services

- Use of Environmentally Responsible Materials in Credit Cards
AEON Cards are made from PET-G, a chlorine-free material that will not emit chlorine gases (dioxins) when burned. When completely incinerated, the material breaks down into water and carbon dioxide.
- Promotion of Web-Based AEON Card Statements (Environmental Declaration)
Since 2019, AEON Credit Service Co., Ltd. has been making statements available on the web, a basic service that allows users to check their transaction histories on their smartphones using the AEON WALLET app. Thanks to this service, the company has been able to reduce CO₂ emissions by 500 grams* per unsent envelope.

* Calculated based on the Ministry of the Environment's "Example of calculation method of carbon dioxide reduction effect of eco-action point"

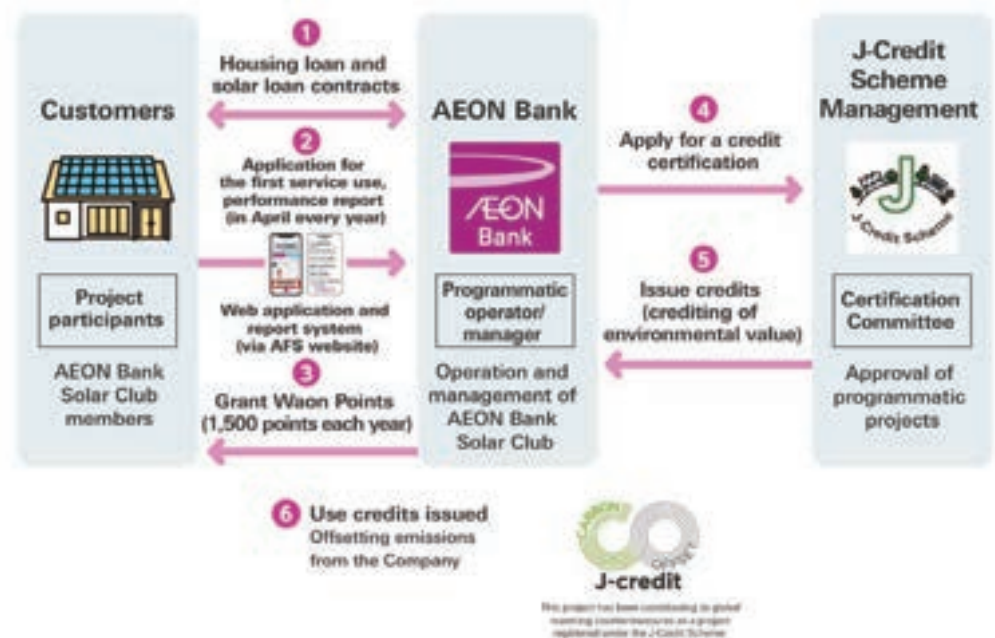
P.60 Web statement to credit card statement ratio



- AEON Bank Passbook App / AEON Card Magnetic Restoration Service
Having not issued paper passbooks since the start of its operations in 2007, AEON Bank, Ltd. now enables its customers to easily and conveniently check their deposit balances and deposit/withdrawal details via the AEON Bank Passbook App.
In addition, we have introduced a service that enables magnetic defects in AEON Cards to be rectified at AEON Bank ATMs. Not only improving convenience, this service is also leading to a reduction in the environmental impact caused by exchanges of the documents involved in the reissuing of cards.
- Promoting Paperless Operations in Thailand
By having promoted digitalization in countries outside of Japan in which we operate, we are advancing app-based cardless and paperless operations. Previously, local subsidiary AEON THANA SINSAP (THAILAND) PCL. issued plastic member cards for installment payment service members. However, the company has transitioned to a completely cardless business by means of an app in May 2022.

- Launch of AEON Bank Solar Club
In April 2024, AEON Bank launched "AEON Bank Solar Club" targeted at customers who have installed solar power generation equipment among those with solar installation loan and other relevant loan contracts. The AEON Bank Solar Club aims to work on initiatives toward a decarbonized society, such as global environment preservation and global warming countermeasures, by compiling the amount of GHG emissions reduced through solar power generation (environmental value) and obtaining a credit certification from the J-Credit Certification Committee. Credits to be issued under this initiative will be used, in principle, for carbon offsetting for the AEON Group including the Company. Discussions are also ongoing with a view to transferring such credits to third parties in the future.
In addition, member customers will be granted 1,500 Waon Points as a benefit each year during their membership period. Through this initiative, we will promote the visualization of environmental value, which is the first step of decarbonization, and provide our customers an opportunity to contribute to creating a carbon-neutral society.

The AFS Group will continue to work toward realizing a sustainable decarbonized society through its business activities together with customers across local communities.





Aeon Heartful Volunteers



As a member of the AEON Group, we are participating in the Aeon Heartful Volunteers program to assist in solving the environmental and social issues that each region is facing. We are promoting ongoing volunteer activities that are deeply rooted in local communities in partnership with our local stakeholders.

Aeon Heartful Volunteers

<p>Basic Concept</p>	<p>The AEON Basic Principles are to pursue peace, respect humanity, and contribute to local communities, always from the customer's point of view. AEON people put these principles into practice by utilizing various resources gained through business activities in voluntary initiatives that contribute to the resolution of local social issues.</p>
<p>Goals</p>	<p>In 2001, AEON designated the 11th day of each month as "AEON Day" and began pursuing clean and green activities that embody the AEON Basic Principles. Our employees are also involved in a wide range of ongoing voluntary activities, including Project AEON Joining Hands, an initiative to support recovery efforts after the Great East Japan Earthquake in 2011.</p>

The knowledge and experience that our employees have gained from these activities and recovery initiatives after the Great East Japan Earthquake are now being applied to the activities of the Aeon Heartful Volunteers. We will continue to pursue initiatives that contribute to the solution of local social issues in our business areas throughout Japan.

Marine Litter Cleanup Volunteers

The Marine Litter Cleanup Volunteer program, under which coasts and rivers are cleaned up, was established to help resolve the global marine pollution problem. The volunteers carry out beach cleaning projects in collaboration with AEON Group companies and local communities throughout Japan.



Cotton Harvesting by Volunteers

AEON Group volunteers have been working with The People, a specified NPO, to cultivate and harvest cotton on farmland around Iwaki City in Fukushima Prefecture. Farmers in the area have found it difficult to produce rice because of the soil damage due to the tsunami and have started to grow cotton, which is more resistant to salt contamination. The aim is to regenerate agriculture in the region and create local employment through the commercialization of cotton under the Fukushima Organic Cotton Project.



Cleaning Cloth Project for Reconstruction

Following the Great East Japan Earthquake in 2011, Save Iwate, a general incorporated association in Morioka City, Iwate Prefecture, started the Cleaning Cloth Project for Reconstruction, a charity project to sew cleaning cloths using thin towels for the effective use of surplus materials. We have continued collecting and donating unused towels and embroidery threads, which are necessary materials to hand-sew cleaning cloths, to this association. In June 2024, our employees visited Morioka and exchanged information on the background of this project and the current state of the disaster-affected areas. We will continue to support this project going forward.



Tree Planting Initiatives

The AFS Group actively participates in tree planting activities in Japan and abroad.

Participation in AEON Forest Creation Activities

Since 2021, AFS has been participating in AEON Forest Creation Activities in cooperation with the AEON Environmental Foundation. Initiatives include tree planting by employees, environmental education, and efforts to raise awareness about forests and satoyama (ecosystems in traditional Japanese villages). In Kimitsu City, Chiba Prefecture and the Watari-cho community in Miyagi Prefecture, employees and their families carry out voluntary forest development activities, including supplementary planting and grass clearing.



In June 2023, we implemented supplementary planting of wild cherry saplings at Kimitsu AEON Forest in commemoration of the rebirth of AEON Financial Service through the management integration with AEON Credit Service .

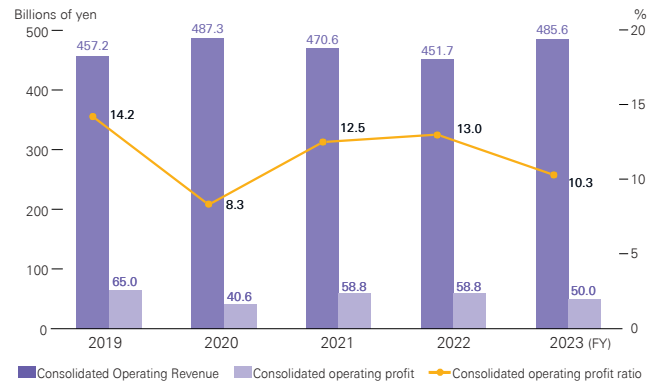
AEON Credit Biodiversity Afforestation Project in Malaysia

In May 2024, AEON Credit Service (M) Berhad, our locally incorporated company, held an afforestation event at Kinta Nature Park in Perak, Malaysia. This event was co-hosted with the Perak State Government , the Ministry of Natural Resources and Environmental Sustainability , and other organizations and participated by more than 700 volunteers, including employees of AEON Group companies in Malaysia and customers in the community, to plant 2,600 saplings in 20 hectares of land. In addition to preserving biodiversity in the community, this project will enable the offsetting of Scope 1 and Scope 2 CO₂ emissions from the company over the coming 20 years after obtaining a certification from the relevant verification body.



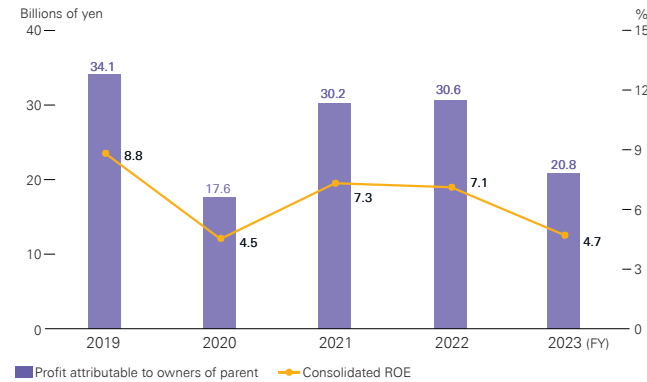
Financial Highlights

Consolidated Operating Revenue, Consolidated Operating Profit and Consolidated Operating Profit Ratio



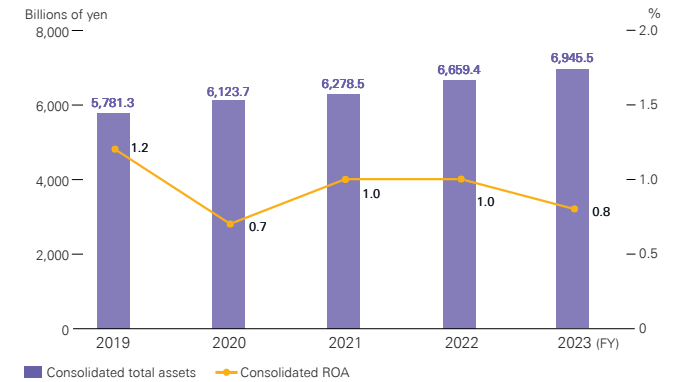
Consolidated Operating Revenue	Fiscal 2023	¥485.6 billion	YoY	+7.5%
Consolidated Operating Profit	Fiscal 2023	50.0 billion	YoY	-14.9%
Consolidated Operating Margin	Fiscal 2023	10.3%	YoY	-2.7pt

Profit Attributable to Owners of Parent and Consolidated ROE



Profit Attributable to Owners of Parent	Fiscal 2023	¥20.8 billion	YoY	-31.9%
Consolidated ROE	Fiscal 2023	4.7%	YoY	-2.4pt

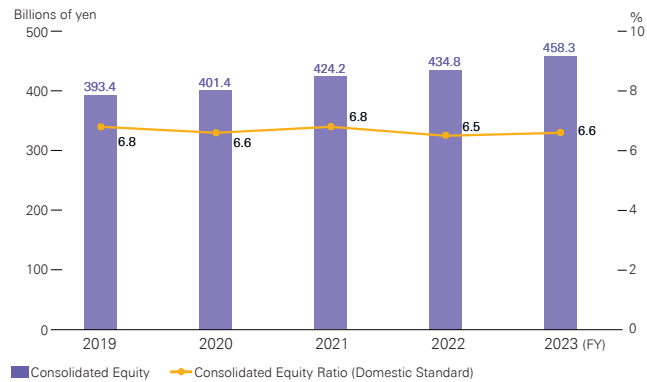
Consolidated Total Assets and Consolidated ROA



Consolidated Total Assets	Fiscal 2023	¥6,945.5 billion	YoY	+286.1 billion
Consolidated ROA	Fiscal 2023	0.8%	YoY	-0.2pt

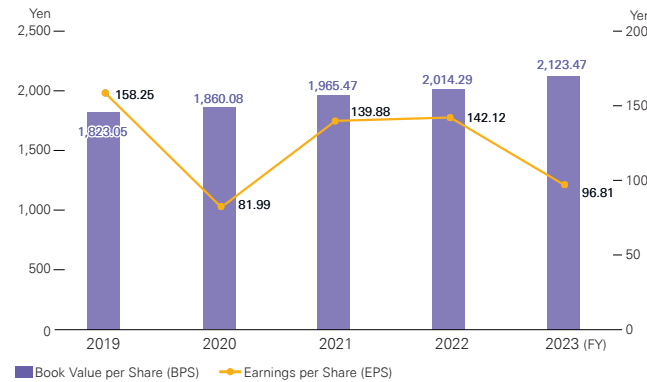
Note: Figures for fiscal 2019 are for the 11-month period from April 1, 2019 to February 29, 2020 due to a change in the accounting period. Note 2: The Accounting Standard for Revenue Recognition has been adopted since FY2022.

Consolidated Equity and Consolidated Equity Ratio (Domestic Standard)



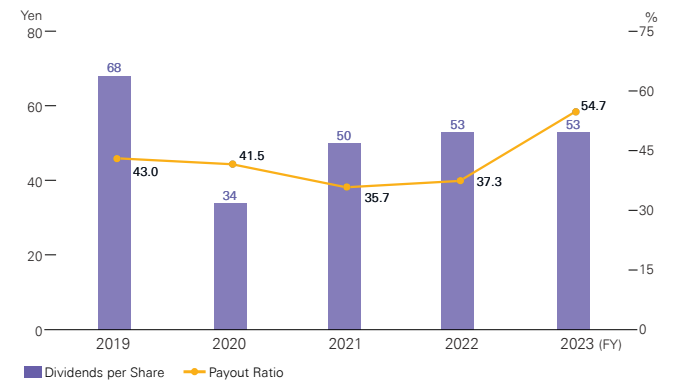
Consolidated Equity	Fiscal 2023	¥458.3 billion	YoY	+23.5 billion
Consolidated Equity Ratio (Domestic Standard)	Fiscal 2023	6.6%	YoY	+0.1pt

Book Value per Share (BPS) and Earnings per Share (EPS)



Book Value per Share (BPS)	Fiscal 2023	¥2,123.47	YoY	+¥109.18
Earnings per Share (EPS)	Fiscal 2023	¥96.81	YoY	-¥45.31

Dividends per Share and Payout Ratio

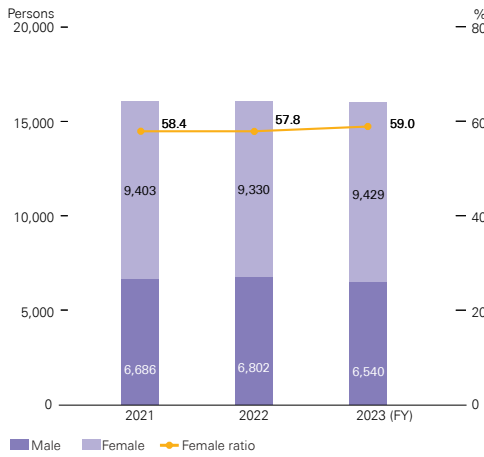


Dividends per Share	Fiscal 2023	¥53
Payout Ratio	Fiscal 2023	54.7%

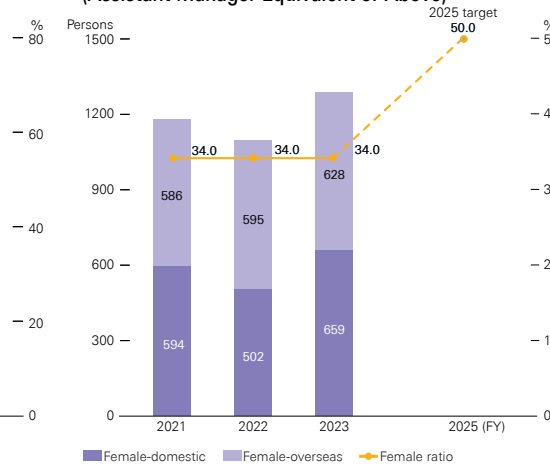
Notes: The fiscal 2021 dividend per share includes 4 yen as a commemorative dividend for the 40th anniversary of the Company's founding.

Non-financial Highlights

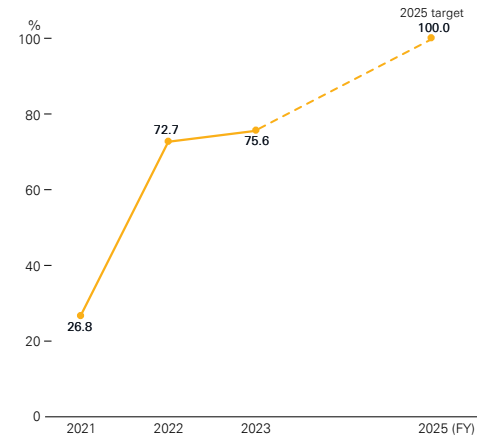
Number of Employees by Gender and Percentage of Female Employees



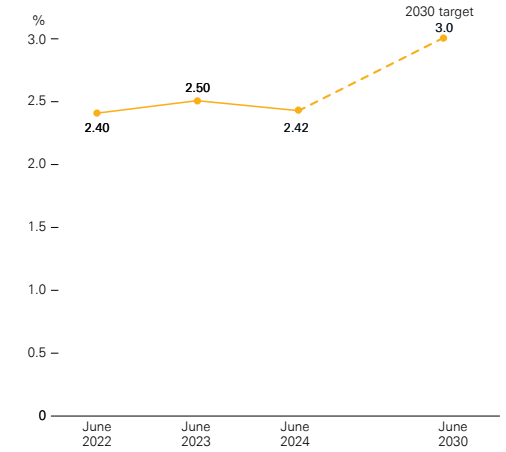
Number of Female Managers and Percentage of Managerial Positions Filled by Women (Assistant Manager Equivalent or Above)



Rate of Male Employees Taking Childcare Leave (Domestic)

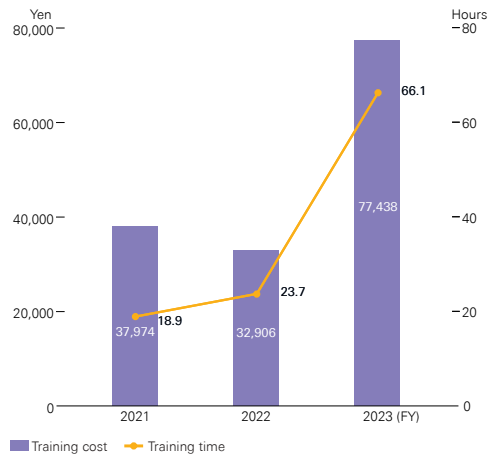


Employment Rate of Persons with Disabilities (Domestic)

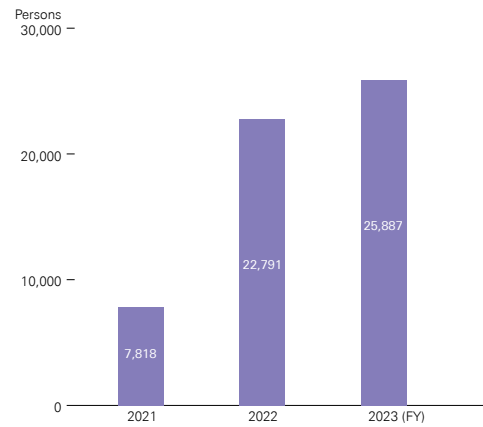


P.41 Human Resource-related Data and Initiatives

Training Cost/Training Time Per Person (Domestic)

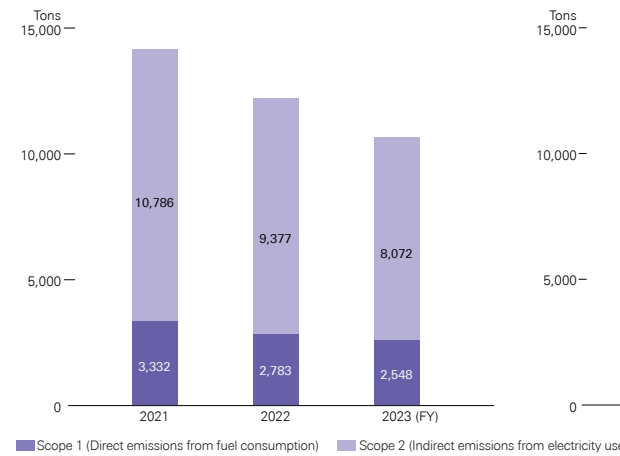


Number of Participants in Financial Education Program (for Students)

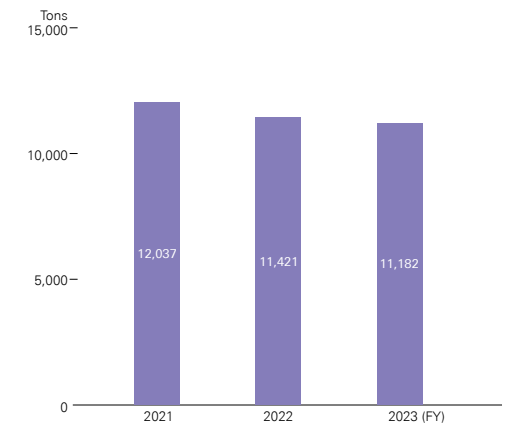


P.36 Financial Education

Greenhouse Gas (GHG) Emissions by the Group (Scope 1, 2)



Greenhouse Gas (GHG) Emissions from Credit Card Paper Statements (Scope 3)



P.59 Addressing Climate Change

P.42 Human Resources Development

11-year Summary

		2013	2014	2015	2016	2017	2018
Consolidated cardholders (Millions)	Total	3,390	3,567	3,722	3,894	4,064	4,269
	Domestic	2,345	2,464	2,588	2,692	2,775	2,840
For the year (Millions of yen)	Operating revenues * Ordinary revenue is used until fiscal 2018	286,070	329,046	359,651	375,166	407,970	439,001
	Operating expenses * Ordinary expenses is used until fiscal 2018	244,978	275,965	300,270	313,559	342,223	368,830
	Operating profit * Ordinary profit is used until fiscal 2018	41,092	53,080	59,380	61,606	65,746	70,171
	Profit attributable to owners of parent	20,743	30,491	35,785	39,454	38,677	39,408
Total assets / Net assets (Millions of yen)	Total assets	3,163,117	3,589,495	3,745,546	4,187,263	4,852,844	5,342,228
	Net assets	307,291	324,948	340,886	401,170	437,782	448,705
Per share information (Yen)	Book value per share	1,316.00	1,377.56	1,465.31	1,604.79	1,714.92	1,764.05
	Earnings per share	104.62	152.55	180.09	189.75	179.29	182.64
Balance at end of period (Millions of yen)	Operating loans	1,276,741	1,474,236	1,673,997	1,864,904	2,271,666	2,429,740
	Operating loans including securitized receivables	1,531,376	1,873,598	2,364,444	2,757,434	3,326,572	3,757,628
	Accounts receivable—installment	957,403	1,038,221	1,022,387	1,182,193	1,294,632	1,453,160
	Accounts receivable—installment including securitized receivables	1,085,969	1,185,191	1,314,385	1,523,981	1,779,143	1,970,668
Key indicators (%)	Operating profit ratio * Ordinary profit ratio is used until fiscal 2018	14.4	16.1	16.5	16.4	16.1	16.0
	Equity ratio (domestic standard)	8.9	8.1	7.4	8.5	8.3	7.3
	Return on assets(ROA)	1.4	1.6	1.6	1.6	1.5	1.4
	Return on equity(ROE)	8.2	11.2	12.7	12.4	10.8	10.5
Dividends	Dividends per share (Yen)	60	60	66	68	68	68
	Payout ratio (%)	57.4	39.3	36.6	35.8	37.9	37.2
Business scope (Billions of yen)	Card shopping transaction volume	3,736.8	4,015.1	4,315.4	4,711.6	5,191.7	5,618.3
	Domestic	3,581.8	3,821.0	4,104.7	4,515.7	4,955.4	5,358.2
	Card cashing transaction volume	435.0	448.3	469.7	475.8	508.3	540.9
AEON Bank business scope	AEON Bank deposit balance (Millions of yen)	17,157	19,632	21,536	25,456	30,538	34,834
	Number of bank accounts (Millions)	3.68	4.32	4.93	5.55	6.05	6.56

Notes:1. The consolidated amounts for the fiscal year ended February 29, 2020 cover a period of 11 months from April 1, 2019. Note 2: The Accounting Standard for Revenue Recognition has been adopted since FY2022.

		2019* ¹	2020	2021	2022	2023
Consolidated cardholders (Millions)	Total	4,527	4,613	4,732	4,824	5,027
	Domestic	2,889	2,945	3,009	3,082	3,149
For the year (Millions of yen)	Operating revenues * Ordinary revenue is used until fiscal 2018	457,280	487,309	470,657	* ² 451,767	485,608
	Operating expenses * Ordinary expenses is used until fiscal 2018	392,209	446,657	411,804	* ² 392,907	435,519
	Operating profit * Ordinary profit is used until fiscal 2018	65,070	40,651	58,852	58,859	50,088
	Profit attributable to owners of parent	34,149	17,693	30,212	30,677	20,896
Total assets / Net assets (Millions of yen)	Total assets	5,781,370	6,123,721	6,278,586	6,659,468	6,945,571
	Net assets	459,075	474,667	509,055	541,133	574,316
Per share information (Yen)	Book value per share	1,823.05	1,860.08	1,965.47	2,014.29	2,123.47
	Earnings per share	158.25	81.99	139.98	142.13	96.81
Balance at end of period (Millions of yen)	Operating loans	2,535,358	2,781,296	2,882,615	3,006,038	3,258,049
	Operating loans including securitized receivables	4,153,294	4,507,680	4,824,899	5,159,479	5,597,231
	Accounts receivable—installment	1,543,135	1,521,149	1,566,284	1,769,588	1,843,488
	Accounts receivable—installment including securitized receivables	2,125,629	2,076,439	2,124,494	2,313,359	2,475,472
Key indicators (%)	Operating profit ratio * Ordinary profit ratio is used until fiscal 2018	14.2	8.3	12.5	13.0	10.3
	Equity ratio (domestic standard)	6.8	6.6	6.8	6.5	6.6
	Return on assets(ROA)	1.2	0.7	1.0	1.0	0.8
	Return on equity(ROE)	8.8	4.5	7.3	7.1	4.7
Dividends	Dividends per share (yen)	68	34	50	53	53
	Payout ratio (%)	43.0	41.5	35.7	37.3	54.7
Business scope (Billions of yen)	Card shopping transaction volume	5,669.6	5,908.3	6,221.1	6,895.5	7,510.8
	Domestic	5,378.3	5,676.8	5,967.4	6,529.2	7,081.4
	Card cashing transaction volume	515.0	378.3	400.5	472.2	520.5
AEON Bank business scope	AEON Bank deposit balance (Millions of yen)	37,918	40,207	41,807	43,997	45,393
	Number of bank accounts (Millions)	7.09	7.50	7.86	8.28	8.58

Notes:1. The consolidated amounts for the fiscal year ended February 29, 2020 cover a period of 11 months from April 1, 2019. Note 2: The Accounting Standard for Revenue Recognition has been adopted since FY2022.

Consolidated Financial Statement

Consolidated Balance Sheet

(Millions of yen)

Items	FY2022 (as of February 28, 2023)	FY2023 (as of February 29, 2024)
Assets		
Current assets		
Cash and cash equivalents	842,615	665,558
Call loans	10,373	1,192
Finance receivables-net of allowance for credit losses	1,769,588	1,843,488
Lease receivables and investment assets	11,951	11,601
Operating loans	845,262	918,824
Loans in banking business-net of allowance for credit losses	2,160,775	2,339,225
Securities in banking business	460,545	572,248
Securities in insurance business	18,134	15,873
Monetary claims bought	22,534	58,546
Money held in trust	123,894	116,695
Other current assets	200,590	194,901
Allowance for doubtful accounts	(127,445)	(120,707)
Total current assets	6,338,823	6,617,447
Non-current assets		
Property and equipment		
Structures	9,555	10,775
Equipment	21,980	21,067
Construction in progress	222	176
Other property and equipment	167	126
Total property and equipment	31,925	32,146
Intangible assets		
Goodwill	13,191	11,684
Software	113,906	125,144
Other assets	3,942	3,550
Total intangible assets	131,040	140,379
Investments and other assets		
Investment securities	17,959	14,649
Deferred tax assets	37,544	35,453
Guarantee money deposits	50,741	50,901
Other assets	50,763	54,041
Total investments and other assets	157,008	155,045
Total non-current assets	319,974	327,570
Deferred assets		
Bond issuance costs	670	553
Total deferred assets	670	553
Total assets	6,659,468	6,945,571

(Millions of yen)

Items	FY2022 (as of February 28, 2023)	FY2023 (as of February 29, 2024)
Liabilities		
Current liabilities		
Accounts payable	255,662	268,536
Deposits in banking business	4,397,953	4,538,363
Short-term borrowings	221,934	249,422
Current portion of long-term borrowings	117,858	165,716
Current portion of bonds	85,237	83,355
Commercial paper	75,000	95,000
Provision for bonuses	4,365	5,006
Allowance for point program	798	689
Other provisions	190	129
Other current liabilities	185,509	187,491
Total current liabilities	5,344,510	5,593,712
Non-current liabilities		
Reserve for insurance policy liabilities	54,338	48,358
Bonds	264,826	240,604
Long-term borrowings	417,238	451,111
Net defined benefit liability	2,151	2,128
Allowance for loss on refund of interest received	4,822	2,518
Other provisions	232	302
Deferred tax liabilities	1,286	1,998
Other liabilities	28,928	30,521
Total non-current liabilities	773,824	777,542
Total liabilities	6,118,335	6,371,254
Net assets		
Shareholders' equity		
Common stock	45,698	45,698
Capital surplus	120,270	119,144
Retained earnings	278,172	286,022
Treasury stock	(390)	(357)
Total shareholders' equity	443,750	450,508
Accumulated other comprehensive income		
Unrealized loss on available-for-sale securities	(27,661)	(21,643)
Deferred gain on derivative under hedge accounting	120	212
Foreign currency translation adjustments	18,738	29,272
Accumulated adjustments for retirement benefits	(147)	44
Total other comprehensive income	(8,950)	7,885
Share acquisition rights	13	6
Non-controlling interests	106,319	115,916
Total net assets	541,133	574,316
Total liabilities and net assets	6,659,468	6,945,571

Consolidated Statement of Income

(Millions of yen)

Items	FY2022 (March 1, 2022 to February 28, 2023)	FY2023 (March 1, 2023 to February 29, 2024)
Operating revenue		
Revenue from credit card business	112,416	125,716
Revenue from installment sales finance business	48,450	52,911
Financing revenue	137,960	151,909
Recoveries of written off receivables	16,116	16,048
Financial revenue		
Interest on loans in banking business	24,371	24,176
Interest and dividends on securities in banking business	3,162	2,626
Interest on call loans	204	340
Interest income	875	1,068
Other financial revenues	5,789	5,302
Total financial revenue	34,403	33,514
Insurance revenues		
Reversal of policy reserve	10,029	6,401
Other insurance revenue	3,175	6,201
Total insurance revenue	13,205	12,602
Fees and commissions	62,178	68,009
Other operating revenues	27,036	24,896
Total operating revenues	451,767	485,608
Operating expenses		
Financial expenses		
Interest expenses	18,953	23,626
Interest on deposits in banking business	2,397	3,095
Other financial expenses	2,210	2,358
Total operating expenses	23,562	29,081
Insurance expenses		
Insurance claims	11,191	11,215
Other insurance expenses	1,737	557
Total insurance expenses	12,928	11,772
Fees and commissions	11,345	10,546
Selling, general and administrative expenses	342,034	381,006
Other expenses	3,035	3,112
Total operating expenses	392,907	435,519
Operating Income	58,859	50,088
Non-operating income		
Dividends income	108	169
Gain on investments in investment partnerships	309	118
Foreign exchange gains	1,245	813
Subsidy income	117	—
Compensation income	734	—
Other income	185	104
Total non-operating income	2,700	1,204
Non-operating expenses		
Shares of losses of entities accounted for using equity method	—	101
Loss on valuation of investment securities	9	—
Miscellaneous losses	3	17
Total non-operating expenses	13	118

(Millions of yen)

Items	FY2022 (March 1, 2022 to February 28, 2023)	FY2023 (March 1, 2023 to February 29, 2024)
Ordinary profit	61,547	51,174
Extraordinary income		
Gain on sale of non-current asset	10	11
Gain on sale of investment securities	—	169
Liquidation gain on investment securities	—	89
Reversal of stock acquisition rights	3	—
Total extraordinary income	14	270
Extraordinary losses		
Loss on disposal of non-current assets	478	678
Impairment losses	777	1,297
Loss on liquidation of subsidiaries	149	18
Management integration expenses	84	475
System migration related expenses	245	90
Infectious disease related to cost	24	—
Other losses	1	—
Total extraordinary losses	1,760	2,562
Profit before income taxes	59,801	48,883
Income tax-current	12,931	13,057
Income tax-deferred	3,246	2,117
Total income taxes	16,177	15,175
Net income	43,623	33,707
Net income attributable to non-controlling interests	12,945	12,810
Net income attributable to owners of the parent	30,677	20,896

Consolidated Statement of Comprehensive Income

(Millions of yen)

Items	FY2022 (March 1, 2022 to February 28, 2023)	FY2023 (March 1, 2023 to February 29, 2024)
Net income	43,623	33,707
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(24,837)	6,061
Deferred (loss) gain on derivatives under hedge accounting	3,108	(2)
Foreign currency translation adjustments	24,041	17,890
Adjustments for comprehensive income	75	192
Total other comprehensive income	2,387	24,142
Comprehensive income	46,011	57,849
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21,277	37,732
Comprehensive income attributable to non-controlling interests	24,734	20,117

Consolidated Financial Statement

Consolidated Statement of Changes in Equity

Year ended February 28, 2023 (March 1, 2022 to February 28, 2023)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total equity	Unrealized loss on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Foreign currency translation adjustment	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income			
Balance at beginning of period	45,698	119,990	258,525	(442)	423,771	(2,549)	(1,628)	4,852	(222)	450	33	84,799	509,055
Changes during period													
Dividends of surplus			(11,007)		(11,007)								(11,007)
Net income attributable to owners of the parent			30,677		30,677								30,677
Purchase of treasury shares				(0)	(0)								(0)
Disposal of treasury shares			(22)	52	29								29
Change in the parent's ownership interest arising from transactions with non-controlling interests		280			280							(280)	—
Net changes in items other than shareholders' equity					—								—
Net changes in items other than shareholders' equity						(25,111)	1,749	13,886	75	(9,400)	(19)	21,799	12,379
Net change in the year	—	280	19,646	52	19,979	(25,111)	1,749	13,886	75	(9,400)	(19)	21,519	32,078
Balance at end of period	45,698	120,270	278,172	(390)	443,750	(27,661)	120	18,738	(147)	(8,950)	13	106,319	541,133

Year ended February 29, 2024 (March 1, 2023 to February 29, 2024)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total equity	Unrealized loss on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Foreign currency translation adjustment	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income			
Balance at beginning of period	45,698	120,270	278,172	(390)	443,750	(27,661)	120	18,738	(147)	(8,950)	13	106,319	541,133
Changes during period													
Dividends of surplus			(12,519)		(12,519)								(12,519)
Net income attributable to owners of the parent			20,896		20,896								20,896
Purchase of treasury shares				(0)	(0)								(0)
Disposal of treasury shares			(17)	33	15								15
Change in the parent's ownership interest arising from transactions with non-controlling interests		(1,125)			(1,125)							1,125	—
Net changes in items other than shareholders' equity			(508)		(508)								(508)
Net changes in items other than shareholders' equity						6,018	91	10,533	192	16,835	(7)	8,471	25,299
Net change in the year	—	(1,125)	7,850	32	6,757	6,018	91	10,533	192	16,835	(7)	9,596	33,183
Balance at end of period	45,698	119,144	286,022	(357)	450,508	(21,643)	212	29,272	44	7,885	6	115,916	574,316

Consolidated Statement of Cash Flows

(Millions of yen)

	FY2022 (March 1, 2022 to February 28, 2023)	FY2023 (March 1, 2023 to February 29, 2024)
Cash flows from operating activities		
Income before income taxes	59,801	48,883
Depreciation and amortization	30,364	31,133
Amortization of goodwill	1,734	1,621
Share of (profit) loss of entities accounted for using equity method	(19)	101
Net Increase (decrease) in allowance for credit losses	(4,029)	(10,943)
Net increase (decrease) in provision for bonuses	91	455
Net increase (decrease) in retirement benefit liability	140	400
Net increase (decrease) in allowance for point program	(6,330)	(108)
Net increase (decrease) in allowance for loss on refund of interest received	(1,653)	(2,304)
Net Increase (decrease) in other provision	(224)	21
Financial revenue	(34,403)	(33,514)
Financial expenses	23,562	29,081
Dividend income	(108)	(169)
Net loss (gain) on disposal of non-current assets	468	667
Net loss (gain) on liquidation of subsidiaries	149	18
Management integration expenses	—	475
Net decrease (increase) in operating loans receivable	(39,503)	(43,803)
Net decrease (increase) in loans in banking business	(50,764)	(178,450)
Net Decrease (increase) in accounts receivable - installment	(167,235)	(51,990)
Net decrease (increase) in lease receivables and investment assets	633	350
Net increase (decrease) in deposit in banking business	219,409	140,409
Net Increase (decrease) in accounts payable	30,020	12,573
Net increase (decrease) in borrowed money	76,207	76,307
Net decrease (increase) in deposit with banks (excluding deposit paid to Bank of Japan)	2,851	(2,492)
Net decrease (increase) in deposit (over 3 months)	1,095	3,257
Net decrease (increase) in call loans and others	2,984	(26,830)
Net increase (decrease) in commercial papers	(10,000)	19,937
Net increase (decrease) in bonds	5,147	(28,401)
Increase (decrease) in straight bonds - issuance and redemption	(10,029)	(5,979)
Proceeds from sales and leasebacks	103	125
Financial revenue received	33,342	32,010
Financial expenses paid	(23,361)	(28,423)
Other, net	(29,576)	(20,775)
Subtotal	110,864	(36,353)
Interest and dividend income received	108	169
Income taxes paid	(10,950)	(16,061)
Income taxes refund	5,116	1,468
Net cash provided by (used in) operating activities	105,138	(50,776)

(Millions of yen)

	FY2022 (March 1, 2022 to February 28, 2023)	FY2023 (March 1, 2023 to February 29, 2024)
Cash flows from investing activities		
Purchases of securities	(617,966)	(545,817)
Proceeds from sales of securities	130,479	201,714
Proceeds from redemption of securities	546,185	269,720
Purchases of money held in trust	(23,628)	(5,451)
Proceed from collection of money held in trust	10,578	13,723
Purchases of property and equipment	(5,122)	(4,626)
Proceeds from sales of property and equipment	12	27
Purchases of intangible assets	(28,749)	(40,436)
Proceeds from sales of intangible assets	6	6
Purchases of shares of subsidiaries resulting in change in scope of consolidation	—	(65)
Proceeds from purchases of shares of subsidiaries resulting in change in scope of consolidation	—	123
Other, net	—	(2,616)
Net cash provided by (used in) investing activities	11,796	(113,697)
Cash flows from financing activities		
Dividend paid to the Company's shareholders	(11,007)	(12,519)
Proceed from stock issuance to non-controlling shareholders	2,040	—
Dividend paid to non-controlling shareholders	(5,174)	(5,671)
Purchases of treasury stock	(0)	(0)
Proceeds from disposal of treasury stock	0	0
Purchases of shares of subsidiaries that do not result in change in scope of consolidation	(416)	—
Net cash used in financial activities	(14,559)	(18,191)
Effect of exchange rate change on cash and cash equivalents	4,688	(554)
Net increase (decrease) in cash and cash equivalents	107,064	(183,220)
Cash and cash equivalents at beginning of year	697,628	804,693
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	4,008
Cash and cash equivalents at end of year	804,693	625,482

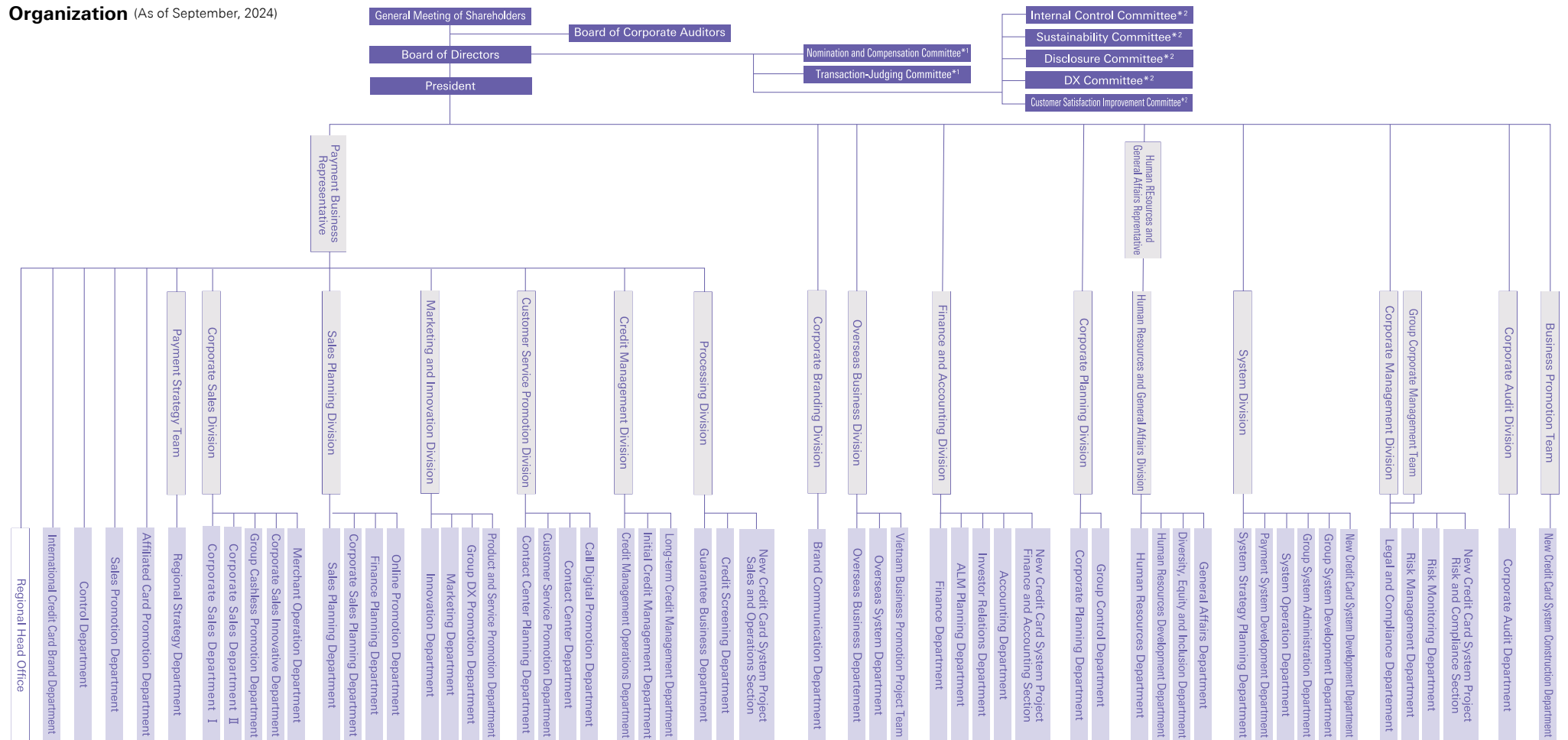
Company Information

Company Information

Company Name	AEON Financial Service Co., Ltd.
Established	June 20, 1981
Representatives	Shunsuke Shirakawa, Chairman Kenji Fujita, President and CEO

Capital Stock	¥45,698 million
Head Office	Terrace Square, 3-22, Kandnishiki-cho, Chiyoda-ku, Tokyo 101-0054, Japan

Organization (As of September, 2024)



*1 An advisory body comprising mainly outside directors. *2 A committee comprising mainly executive officers.

Affiliated Companies (As of February 29, 2024)

Company Name Location	Location	Capital (Millions of yen)	Main Business *1	Voting Rights (%) *2	Relationship to the Company			
					Concurrently Serving Officers	Financial Assistance	Business Transactions	Facility Leasing
(Parent) AEON Co., Ltd.*3	Mihama-ku,Chiba	220,007	Pure Holding Company	Ownership:50.00(1.8)	—	—	Outsourcing fees	Rental of office premises
(Consolidated Subsidiaries)								
ACS Credit Management Co., Ltd.	Mihama-ku,Chiba	600	Solutions	99.5	—	—	Management fees,outsourcing fees	Subletting of office premises
AEON S.S. Insurance Co., Ltd.	Bunkyo-ku,Tokyo	530	Retail	100.0(6.1)	—	—	Management fees,outsourcing fees	Subletting of office premises
AEON Housing Loan Service Co., Ltd.	Chiyoda-ku,Tokyo	3,340	Solutions	100.0(100.0)	—	—	Management fees,outsourcing fees	Subletting of office premises
AEON Bank, Ltd.*4,5	Chiyoda-ku,Tokyo	51,250	Retail	100.0(100.0)	3	—	Management fees,outsourcing fees	Subletting of office premises
AEON Insurance Service Co., Ltd.	Mihama-ku,Chiba	250	Retail	99.0	—	—	Management fees,outsourcing fees	Subletting of office premises
AEON Product Finance Co., Ltd.	Chiyoda-ku,Tokyo	3,910	Solutions	100.0	1	Loans of capital	Management fees,outsourcing fees	Subletting of office premises
ACS Leasing Co., Ltd.	Chiyoda-ku,Tokyo	250	Solutions	100.0	—	Loans of capital	Management fees,outsourcing fees	—
AFS Corporation Co., Ltd.*5	Chiyoda-ku,Tokyo	2,000	Holding Company or Other	100.0	2	Loans of capital	Management fees,outsourcing fees	Subletting of office premises
AEON Allianz Life Insurance Co., Ltd.,*5	Bunkyo-ku,Tokyo	22,599	Retail	74.1	—	—	Management fees,outsourcing fees	Subletting of office premises
FeliCa Pocket Marketing Inc.	Bunkyo-ku,Tokyo	945	Solutions	87.6	—	Loans of capital	Outsourcing fees	Subletting of office premises
Kyoei A&I Co., Ltd.	Tsukuba city, Ibaraki	55	Retail	100.0	—	—	—	—
AEON CREDIT SERVICE(ASIA) CO.,LTD.*5,6	Hong Kong	HKD 269 million	China Area	54.0(54.0)	1	—	Management fees,outsourcing fees	—
AEON THANA SINSAP (THAILAND)PCL. *4,5,7	Thailand	THB 250 million	Mekong Area	54.3(19.2)	1	—	Management fees,outsourcing fees	—
AEON CREDIT SERVICE(M)BERHAD *4,5,8	Malaysia	MYR 584 million	Malay Area	61.5	1	—	Management fees,outsourcing fees	—
AEON INFORMATION SERVICE(SHENZHEN) CO.,LTD.	Shenzhen,China	RMB 2 million	China Area	100.0(100.0)	—	—	—	—
ACS CAPITAL CORPORATION LTD. *5	Thailand	THB 15 million	Holding Company or Other	29.0(71.0)	—	—	—	—
AEON INSURANCE BROKERS (M) SDN.BHD.	Malaysia	MYR 1 million	Malay Area	100.0(100.0)	—	—	Management fees	—
PT.AEON CREDIT SERVICE INDONESIA	Indonesia	IDR 200,400 million	Malay Area	95.5(20.9)	—	—	Management fees,outsourcing fees	—
ACS SERVICING(THAILAND)CO.,LTD.	Thailand	THB 148 million	Mekong Area	100.0(100.0)	—	—	Management fees	—
AEON CREDIT SERVICE SYSTEMS(PHILIPPINES) INC.	Philippines	PHP 65 million	Holding Company or Other	100.0	—	—	—	—
ACS TRADING VIETNAM CO.,LTD.	Vietnam	VND 630,000 million	Mekong Area	100.0(1.6)	1	—	Outsourcing fees	—
AEON INSURANCE BROKERS (HK) LIMITED	Hong Kong	HKD 1 million	China Area	100.0(100.0)	—	—	—	—
AEON CREDIT SERVICE INDIA PRIVATE LIMITED *5	India	INR 4,200 million	Malay Area	100.0(4.3)	—	—	Outsourcing fees	—
AEON SPECIALIZED BANK (CAMBODIA) PUBLIC LIMITED COMPANY	Cambodia	USD 20 million	Mekong Area	100.0(100.0)	—	—	Management fees,outsourcing fees	—
AEON Financial Service (Hong Kong) Co.,Limited.*5	Hong Kong	RMB 740 million	Holding Company or Other	100.0	—	—	Management fees	Subletting of office premises
AEON Leasing Service (Lao) Company Limited	Laos	LAK 28,000 million	Mekong Area	100.0(100.0)	—	—	Management fees,outsourcing fees	—
AEON CREDIT SERVICE (PHILIPPINES) INC.*5	Philippines	PHP 3,500 million	Malay Area	99.1(99.1)	—	—	Outsourcing fees	—
AEON Microfinance (Myanmar) Co.,Ltd.	Myanmar	MMK 17,021 million	Mekong Area	100.0(100.0)	—	—	Outsourcing fees	—
ACSI(Thailand) Co.,Ltd.	Thailand	THB 100 million	Mekong Area	100.0(100.0)	—	—	—	—
AEON MICRO FINANCE (SHENZHEN) CO.,LTD.	Shenzhen,China	RMB 150 million	China Area	100.0(100.0)	—	—	—	—
ATS Rabbit Special Purpose Vehicle Company Limited	Thailand	THB 0 million	Mekong Area	48.7(48.7)	—	—	—	—
AEON BANK(M) BERHAD *5	Malaysia	MYR 350 million	Malay Area	100.0(50.0)	—	—	—	—
AEON ASSET MANAGEMENT (THAILAND) CO., LTD.	Thailand	THB 50 million	Mekong Area	100.0(100.0)	—	—	—	—
(Equity-Method Affiliate) AFS CREDIT SERVICE SYSTEMS (TIANJIN) CO.,LTD.	Tianjin,China	RMB 20 million	Holding Company or Other	100.0	—	—	—	—

1. Segment names are in the Main Business column.

2. Figures in parentheses in the Voting Rights column indicate percentage of directly or indirectly owned voting rights. Figures in parentheses indicate percentage of voting rights held by entities that are close to and agree with the Company as indicated in external documents.

3. AEON Co., Ltd. is a company that submits annual securities reports.

4. AEON Bank, Ltd.; AEON Credit Service Co., Ltd.; AEON Allianz Life Insurance Co., Ltd.; AEON THANA SINSAP (THAILAND) PCL. and AEON CREDIT SERVICE (M) BERHAD each account for more than 10% of consolidated ordinary revenue (excluding intersegment transactions).

5. Specified subsidiary.

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

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

8. Shares of AEON CREDIT SERVICE (M) BERHAD are listed on Bursa Malaysia.

9. AEON Product Finance Co., Ltd. transferred all of its issued shares to Orient Corporation on March 25, 2024.

Dialogue with Stakeholders

Status of Dialogue with Shareholders

The Company engages in responsible dialogue with shareholders and other investors. Opinions received through dialogue are shared with directors and internal relevant parties and utilized to develop management and other strategies to promote sustainable enhancement of corporate value.

Dialogue opportunities	Quarterly results briefings, individual meetings (investor relations/shareholder relations), ESG meetings, conferences, etc.
Main personnel carrying out dialogue	President and CEO, Director in charge of Finance and Accounting, Director in charge of Corporate Planning, General Managers of relevant departments, and Investor Relations Department
Overview of shareholders with whom dialogue was held	Fund managers, analysts, ESG managers, proxy voting managers, etc. in Japan and Overseas
Actual dialogues (FY2023)	Number of participants in results briefings for institutional investors and analysts: 328 in total Number of individual meetings held for institutional investors and analysts: 159
Main topics of dialogue and items of interest to shareholders	<ul style="list-style-type: none"> • Specific action policy to achieve management goals • Measures to recover profitability of domestic business and expand overseas business • Approach to cost control, including appropriate use of sales promotion expenses and future investments • The Company's views on a PBR below 1 and future countermeasures • Approach to shareholder returns • Approach to parent-subsidiary listings and protection of minority shareholders' rights
Status of feedback to management and the Board of Directors	Compile feedback from investors after each quarterly closing and report it to the Board of Directors Besides, provide periodic feedback to top management through internal meetings, etc.

Investor Relations Activities

Investor Relations Activities	Details	Explanation by Management
Preparation and publication of a disclosure policy	We prepare a disclosure policy and publicize basic policies, standards of information disclosure, methods of information disclosure, and IR moratorium periods.	-
Company briefings for individual investors	We hold company briefing sessions for individual investors to showcase the Company and explain its performance (twice in FY2023). We also provide general information, including details of our history and outlines of our business activities, in the pages for individual investors on our website to ensure comprehensible communication.	Yes (Directors)
Periodic briefings for analysts and institutional investors	We hold results briefings each time financial results are announced, and top management provides explanation on the business environment, financial results, earnings forecasts, management strategy progress, etc.	Yes (President, Directors)
Availability of investor relations materials on the corporate website	We publish various materials, including audio versions of results briefings and questions and answers during the briefings. We also publish monthly information. The English version of the IR website contains various financial results materials and the integrated report in English.	-
Establishment of a department (or appointment of personnel) in charge of investor relations	The Investor Relations Department has been established.	-
Others	The President and CEO, Directors, and the Investor Relations Department conduct individual meetings with domestic and overseas investors and securities analysts. Since FY2021, we have also arranged small meetings as opportunities for dialogue between outside directors and institutional investors.	Yes (President, Directors)

Investor Relations Information Disclosure

Materials	Japanese	English
Announcement of results	●	●
Timely disclosure materials	●	●
Shareholder and stock information	●	●
Performance and financial graphs and data	●	●
Information for individual investors	●	-





Credit Rating Information (As of August 31, 2024)

Rating Agency	Long Term	Short Term
Japan Credit Rating Agency, Ltd. (JCR)	A (Stable)	J-1
Rating and Investment Information, Inc. (R&I)	A- (Stable)	a-1

External Recognition of AEON Financial Service (As of August 31, 2024)

Indices	
FTSE Blossom Japan Sector Relative Index	 FTSE Blossom Japan Sector Relative Index
JPX-Nikkei Index 400	 JPX-NIKKEI 400
MSCI Japan Empowering Women Index (WIN)	2024 CONSTITUENT MSCI日本株女性活躍指数 (WIN)
MSCI Japan ESG Select Leaders Index	2024 CONSTITUENT MSCI日本株ESGセレクト・リーダーズ指数

*The inclusion of AEON Financial Service in any MSCI index, and the use of MSCI logos, trademarks, service marks, or index names herein, do not constitute a sponsorship, endorsement, or promotion of AEON Financial Service by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Indices	
S&P/JPX Carbon Efficient Index	
Morningstar Japan ex-REIT Gender Diversity Tilt Index	
IR Websites	Awards and Accreditations
Nikko Investor Relations Co., Ltd.	 2023 All Japanese Listed Companies' Website Ranking Overall Ranking: Best Sites
Gomez Consulting Co., Ltd., a subsidiary of Morningstar Japan K.K.	 Gomez IR Site Ranking 2023 Excellent Company: Bronze Award

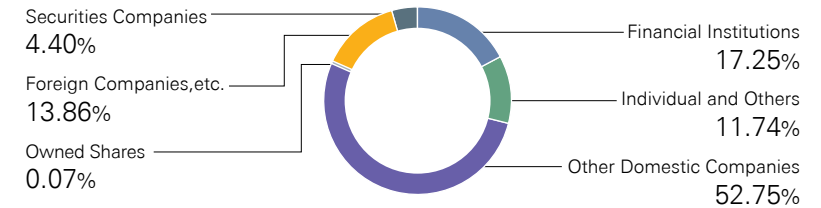
Share Information

Basic Share Information (As of February 29, 2024)

Stock Listing	Tokyo Stock Exchange, Prime Market
Industry Sector	Other Financing Business
Securities Code	8570
Share Unit	100
Fiscal Year	March 1 to February 28 of the following year

Dividend Record Date	End of February (interim dividend: August 31)
Authorized Shares	540,000,000
Issued Shares	216,010,128
Shareholders	58,942

Shareholding Ratio by Type of Shareholder (As of February 29, 2024)

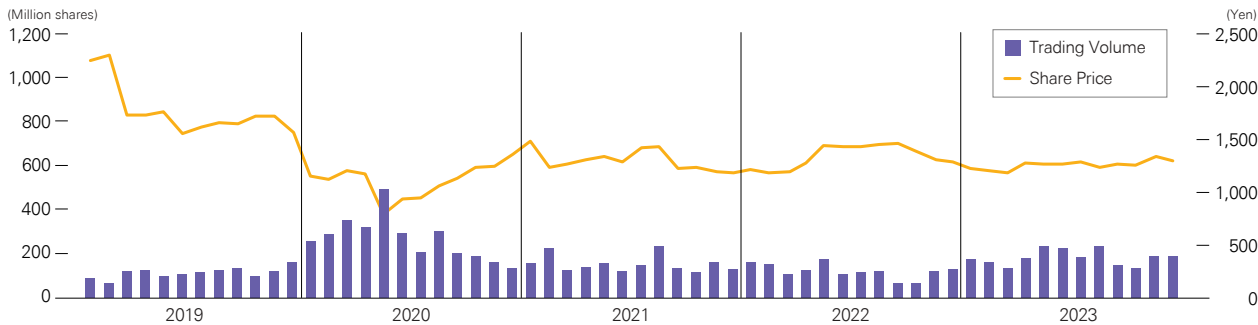


Major Shareholders (As of February 29, 2024)

Shareholder Name	Shares Held (Thousands)	Percentage Stake (%)
AEON Co., Ltd	104,051	48.20
The Master Trust Bank of Japan, Ltd. (Trust Account)	22,084	10.23
Custody Bank of Japan, Ltd. (Trust Account)	5,878	2.72
Maxvalu Nishinohon Co., Ltd.	2,646	1.23
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	2,557	1.18
SMBC Nikko Securities Inc.	2,414	1.12
Japan Securities Finance Co., Ltd.	2,399	1.11
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE : UCITS CLIENTS 15.315 PCT NON TREATY ACCOUT	2,154	1.00
J.P. MORGAN BANK LUXEMBOUG S.A. 381572	2,022	0.94
HSBC BANK PLC A/C TTF AIFMD GENERALOMNIBUS	1,635	0.76

*Ratio of shares held excludes treasury shares (139,000 shares).

Share Price and Trading Volume



	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Market capitalization (Billions of yen)*	3,387	2,946	2,566	2,793	2,822
High (Yen)	2,329	2,601	1,608	1,521	1,360
Low (Yen)	1,493	793	1,135	1,055	1,165

Note: Market capitalization is calculated by multiplying the closing price of the stock price at the end of the fiscal year by the total number of shares issued at the end of the fiscal year.



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

