



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.

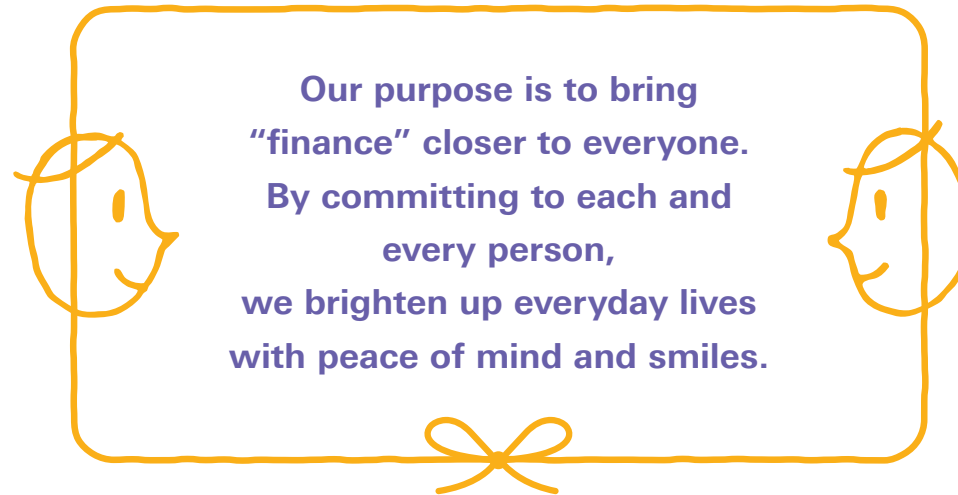
The AEON group wishes to be a group that leads the co-creation of lifestyles,
enriching each individual and society as a whole.

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.
By committing to each and
every person,
we brighten up everyday lives
with peace of mind and smiles.**

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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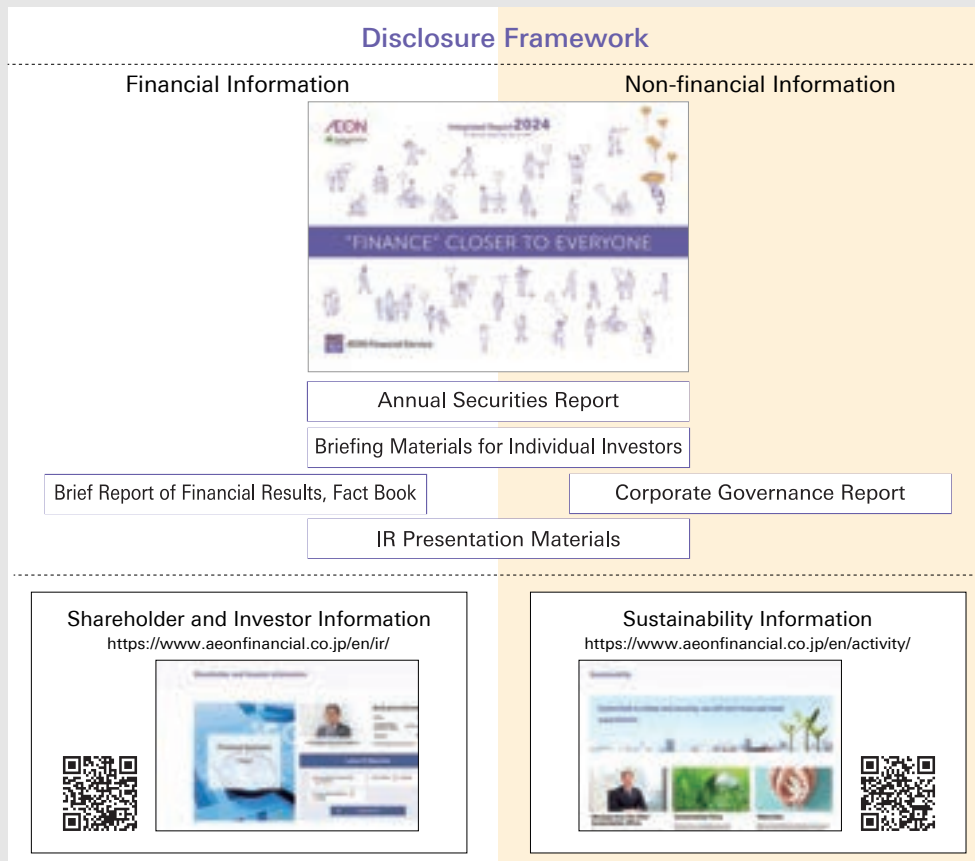


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Editorial Policy



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 		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.

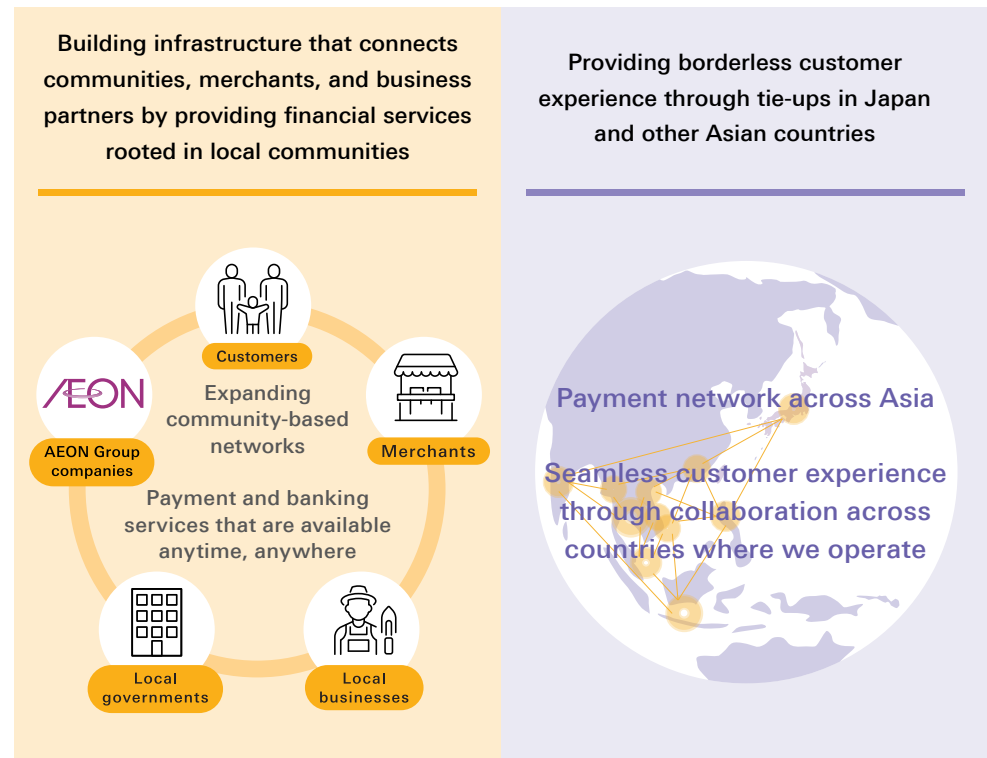
In our future business portfolio, overseas markets will become more critical. Since the environment differs from country to country, we cannot apply the same business mode to every country. Financial inclusion will be our key management theme when addressing their markets. In May 2024, we started our 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 countries. 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.

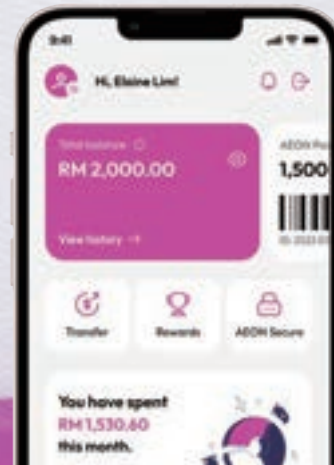
Since the founding of AEON Financial Service in 1981, we have been operating our businesses as a comprehensive financial services provider within the AEON Group, aiming to make customers’ daily shopping more convenient. We serve the same role in our expansion into other Asian nations, which started in 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.

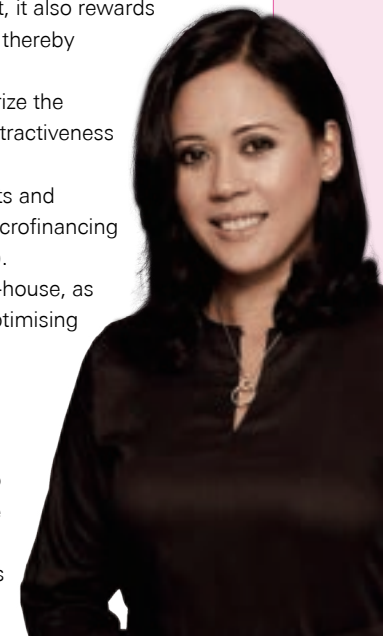
In conjunction with its launch, it has been implementing promotion campaigns to familiarize the public with services offered by AEON Bank with a hope that many people will realize the attractiveness of its services as soon as possible.

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.

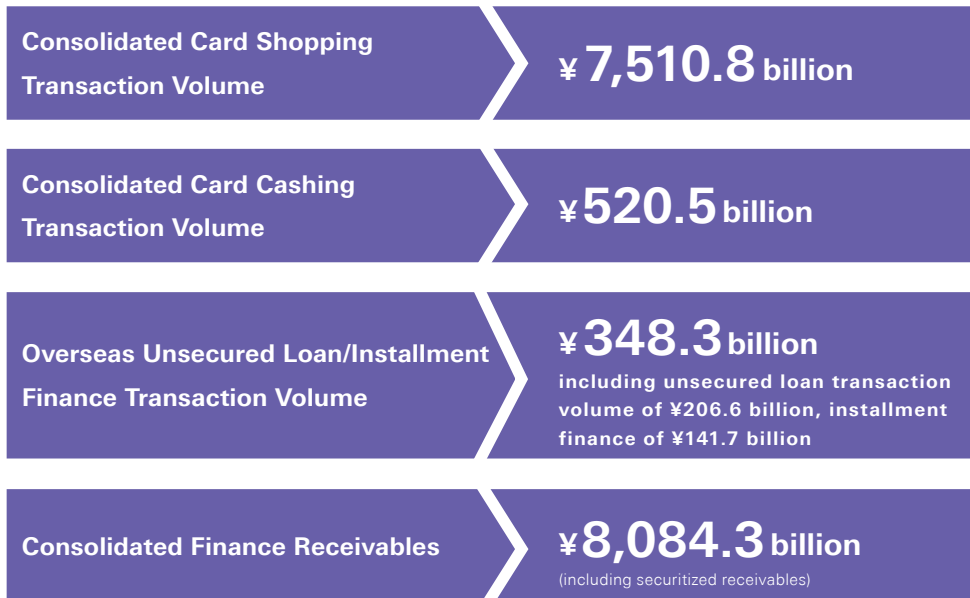
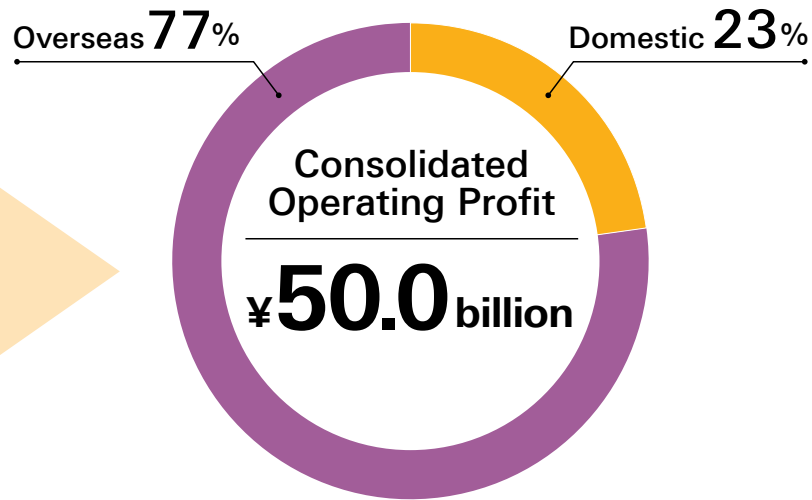
Providing financial services for customers in Asian countries



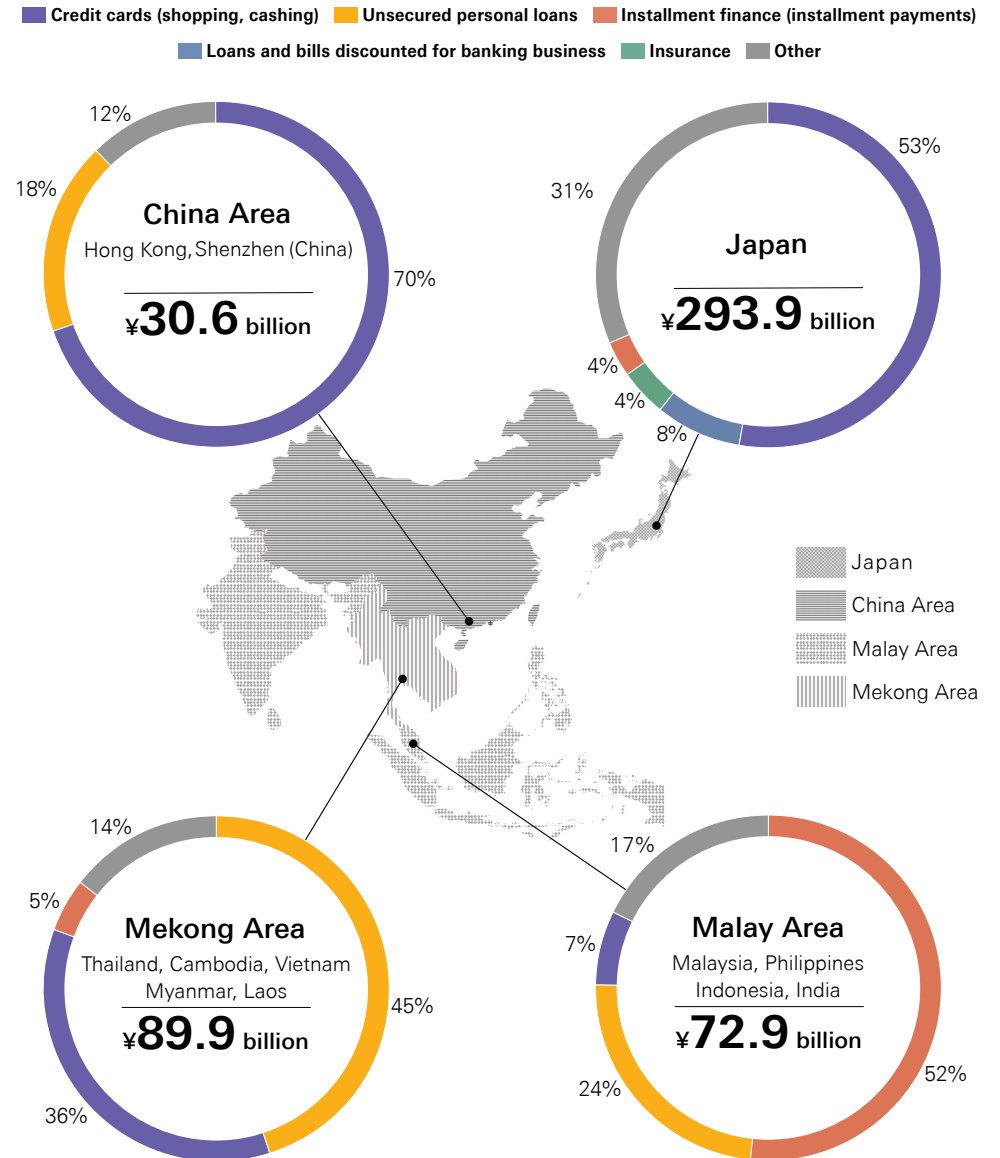
Business areas: **11** countries in Asia including Japan

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