

FY 2024 IR Presentation Manuscript/Q&A

Date and time : April 10, 2025 (Friday) 17:00-18:00

Presenters : Shunsuke Shirakawa, President and CEO

Tomoyuki Mitsufuji, Director, Managing Executive Officer

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FY2024 IR Presentation Material

April 10, 2025



AEON Financial Service

Stock Listing: Tokyo Stock Exchange, Prime Market

Code No: 8570

Agenda

- 1 Outline of Financial Results for FY2024
- 2 Initiatives to Enhance Corporate Value
- 3 Forecast of Business Performance and Dividends for FY2025
- Appendix

- In today's presentation Director and Managing Executive Officer Mitsufuji will first discuss the highlights of our financial results for the fiscal year of 2024.
- This will be followed by President and CEO Shirakawa's explanation of the second point, initiatives to enhance corporate value, and the third point, forecasts of earnings and dividends for the fiscal year of 2025.

Financial summary

Financial performance remains steady for the full year

Record operating revenues in all three Global Areas

Successful improvement in asset profitability

Performance remained steady

Consolidated operating revenue increased by double digits (YoY 110%), consolidated operating profit expanded to ¥61.4 bn (YoY 123%)

- Domestic: Settlement and banking revenues grew. Continued to improve cost efficiencies.
- Global: Record operating revenues in all 3 areas. Up due to improvement in bad debt-related exp.

Improvement of Asset Profitability

Steady expansion of outstanding balance. Interest rate revisions in accordance with the domestic interest rate environment also contributed.

The Global balances increased to ¥1 tr, while domestic securitization also contributed to the increase in balances and interest rate revisions.

- Domestic: ¥725.2bn (YoY 102%/+¥15.0bn), Global: ¥1,033.3bn (YoY 114%/+¥127.7bn)

Strengthen security, risk management and compliance systems

¥9.9bn in compensation for fraudulent losses was recorded as an extraordinary loss.

Countermeasures to deter additional damages. Prevent recurrence of the administrative action taken against AEON Bank and strengthen Group governance.

※The balance of receivables shown is after the securitization. ※ High-yield operating receivables: Domestic revolving and installment finance, cash advances, unsecured loans, and receivables in the Global Business.

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- First, a summary of the financial results.
- The consolidated financial performance for fiscal 2024 remained steady, and in the international business, operating revenue reached a record high in all three areas. The balance of trade receivables both domestically and overseas expanded smoothly, and we believe that we have achieved a certain degree of success in improving asset profitability.
- While consolidated operating revenue progressed smoothly, we were also able to suppress the increase in operating expenses, which contributed to the expansion of consolidated operating profit, and as a result operating profit grew to 61.4 billion yen, 123% compared to the previous period.
- Domestically both card and bank revenue expanded, and in combination with continued cost control, mainly sales promotion expenses, led to an increase in profits.
- The overseas business achieved a record high in operating revenue. Bad debt-related expenses were suppressed, absorbing the increase in expenses associated with the opening of the digital bank, leading to an increase in profits.
- Regarding asset profitability, we were able to steadily expand the balance of trade receivables with high yields, particularly overseas, where it expanded to over 1 trillion yen. Domestically, we implemented the securitization of revolving receivables, and after the securitization of receivables, the balance of high-yield receivables was 753.2 billion yen which exceeded the previous period.
- During fiscal 2024, we recorded extraordinary losses of 9.9 billion yen in compensation costs to

customers due to an increase in fraudulent use of credit cards using unusual methods. We have taken measures against these methods and are currently preventing the spread of additional damage.

- In response to the administrative sanctions against AEON Bank, we are taking measures to prevent recurrence and are also strengthening group governance.
- While our business performance was favorable in fiscal 2024, we sincerely apologize to our stakeholders for causing concern regarding our risk management and compliance systems.
- We will further strengthen our systems against illegal activities such as cybercrimes, which have become increasingly sophisticated in recent years, and as a financial group with subsidiaries both domestically and overseas, we will once again work to strengthen our group governance system.

The Highlights of the Consolidated Results

- Operating revenue and operating profit increased, driven by recovery in the Domestic Business
- Posted compensation expenses for fraudulent use by a special technique as an extraordinary loss

	Consolidated	YoY	Domestic	YoY	Global	YoY
Operating Revenue	¥533.2 bn	110 %	¥313.1 bn	107 %	222.5 bn	115 %
Operating Profit	¥61.4 bn	123 %	¥22.2 bn	191 %	38.7 bn	101 %
Ordinary Profit	¥62.5 bn	122 %	Dividend per share		Payout ratio	
Profit attributable to owners of parent	¥19.5 bn	93 %	Annual: 53		Interim: 25 Year-end: 28	
					58.6 %	

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※Year-end and annual dividends as well as the dividend payout ratio are plans.

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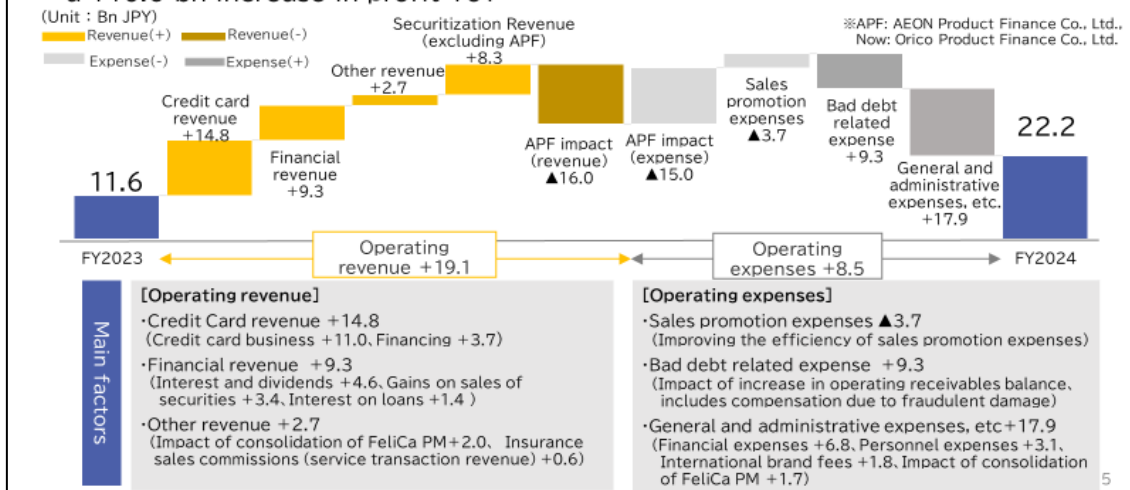
- Consolidated results for the fiscal year:

- Operating revenue: ¥533.2 bn, YoY:110%
- Operating profit: ¥61.4 bn, YoY: 123%
- Ordinary Profit: ¥62.5 bn, YoY: 122%
- Profit attributable to owners of parent: 19.5bn, YoY: 93%

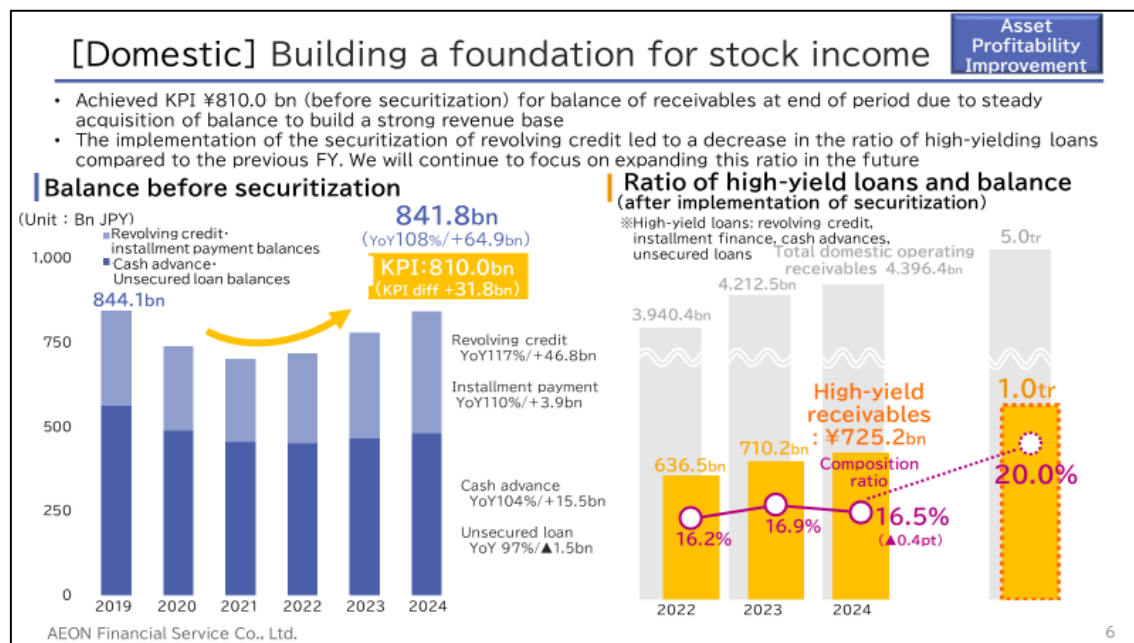
- In summary, both revenue and profit increased. Net profit decreased due to the impact of recording compensation expenses of 9.9 billion yen in extraordinary losses, but domestic business performance is recovering due to revenue expansion and cost control, resulting in increased operating profit and ordinary profit.

[Domestic] Breakdown of Operating Profit

- Increase in credit card revenues, finance revenue, and gains on securitization exceeded increase in expenses such as bad debt-related expenses, resulting in a ¥10.6 bn increase in profit YoY



- This slide shows the breakdown of the difference in operating profit in the domestic business from the previous fiscal year.
- Although operating revenues decreased by 16 billion yen due to the transfer of AEON Product Finance, which operates the installment payment business, revenues increased by 19.1 billion yen compared to the previous fiscal year due to the increase in card revenues from the increase in receivables balances of shopping revolving and cash advances, as well as the increase in financial revenues from the management of securities and the implementation of receivables securitization.
- Regarding operating expenses, in addition to the decrease in expenses from the transferring of businesses by 15 billion yen, promotional expenses also decreased by 3.7 billion yen due to the strengthening of measures to pursue efficiency, mainly in member recruitment.
- Expenses related to bad debts increased by 9.3 billion yen, which is due to the increase in the balance of trade receivables, and includes the compensation expenses for the damage caused by the fraudulent use of credit cards, excluding the compensation amount for fraudulent damage caused by unusual methods which is recorded as an extraordinary loss.
- In terms of general and administrative expenses, financial expenses increased by 6.8 billion yen due to the increase in deposit balances at AEON Bank.
- As a result of the above, operating expenses increased by a total of 8.5 billion yen. However, due to keeping the increase in expenses less than the increase in revenue, domestic operating profit increased by 10.6 billion yen.

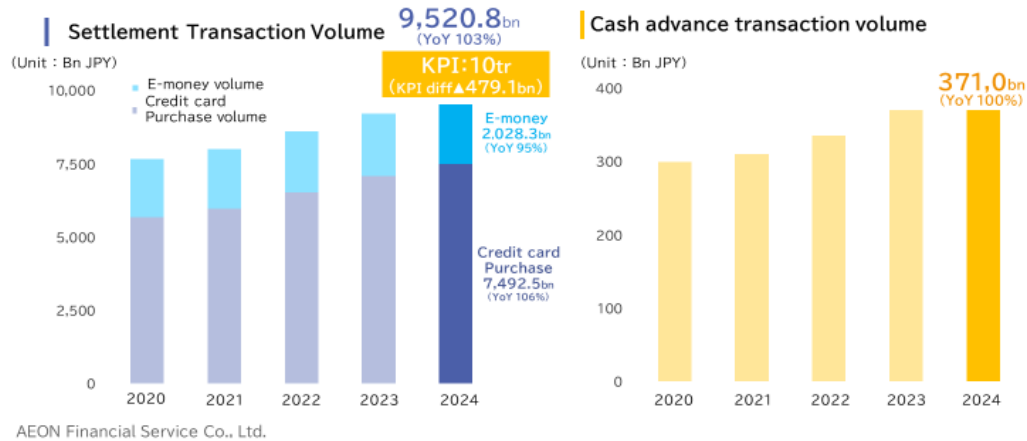


- This slide shows the trend of domestic high-yield receivables, which we have been prioritizing on increasing this fiscal year to improve asset profitability.
- The graph on the left shows the balance before securitization of receivables. We have steadily increased our balance, mainly for revolving credit and cash advance receivables, due to improvements in the UI/UX of our apps and the end-of-term balance of high-yield receivables was 841.8 billion yen which significantly exceeds our KPI of 810 billion yen.
- As a result of partially securitizing revolving credit receivables this fiscal year, the composition ratio of high-yield receivables after securitization of receivables to the total domestic receivable balance was lower than last year, as shown in the graph on the right. However, we believe that we have steadily increased the number of customers who can use revolving credit and have acquired the sales power to increase the balance.
- We will work to build a stronger revenue base by improving this composition ratio in the future.

[Domestic] Credit cards, E-money

Productivity
(Revenue growth)

- The volume of payment transactions was contributed to by the Gold Card Customer Appreciation Day and the promotion of AEON Pay
- The volume of cash advances handled exceeded the previous year's figure despite a decline in the market volume, due to sales activities that make use of AI

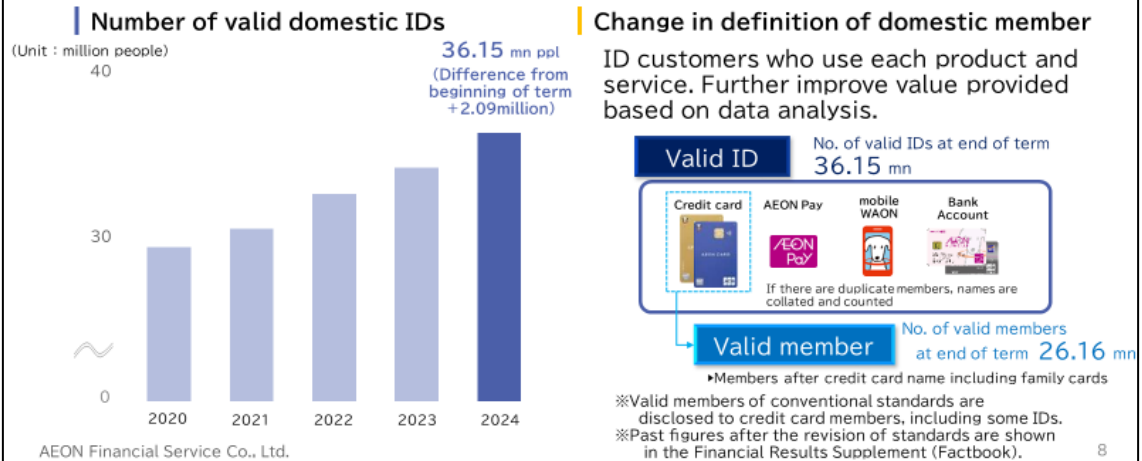


- Now I will explain the transaction volumes for fiscal 2024.
- The graph on the left shows the settlement transaction volume for the latest fiscal year. The combined settlement transaction volume for credit card purchases and WAON E-money was 9,520.8 billion yen, falling short of our KPI of 10 trillion yen.
- While the transaction volume for credit card purchases was boosted by rising prices, the trend of restraining everyday consumption due to an increased tendency to save money continues.
- In this environment, the AEON Group implemented measures such as providing new benefits and promoting the use of AEON Pay code payments, resulting in a shopping transaction volume of 7,492.5 billion yen, or 105.8% compared to the same period last year.
- As for the cash advance transaction volume shown in the graph on the right, the domestic market overall was below the previous year due to increased bonuses resulting from wage increases, but our company's transaction volume was the same as last year at 371 billion yen, thanks to improvements in the convenience of the smartphone app "AEON Wallet" and continued appeal to customers through outbound calls.

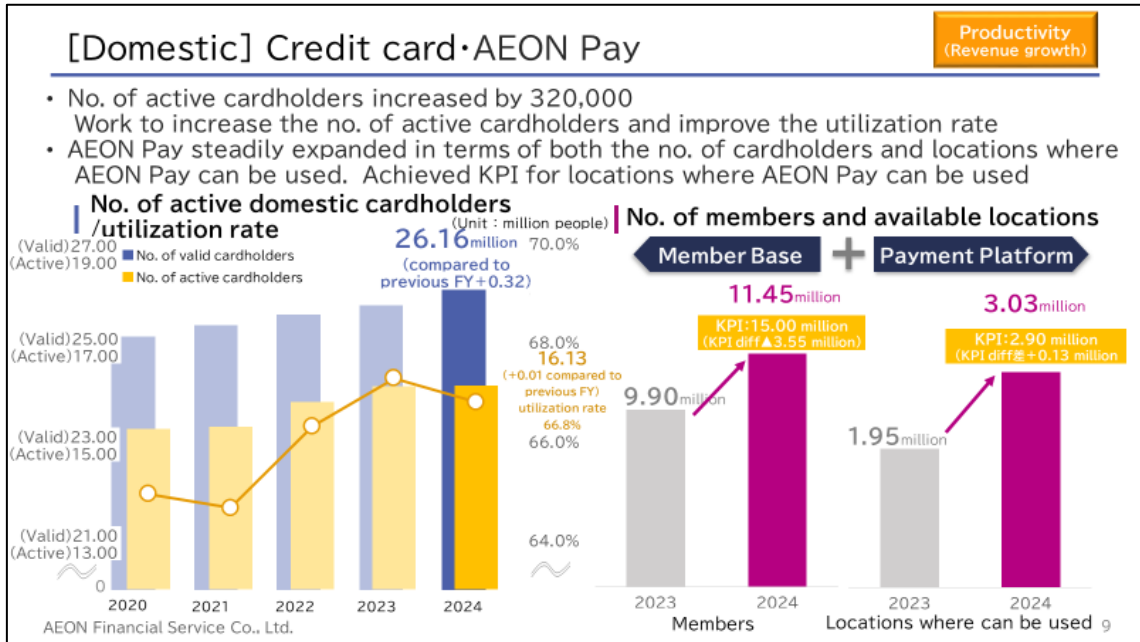
[Domestic] Valid ID Status

Productivity
(Revenue growth)

- Disclosed as “valid IDs” in line with expanding products and services
- Work to expand new membership base through AEON Pay, etc.



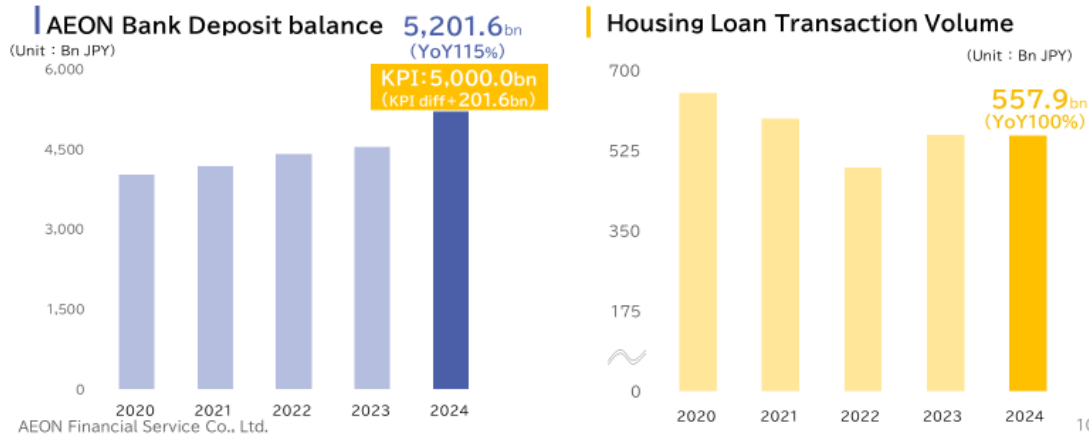
- Now I will explain the status of our domestic members.
- We have recently changed our definition for domestic members, a total number that we have been disclosing. The new definition of a member has been described in the slide above, but our company provides financial services that meet a variety of customer needs, not just credit cards. We have decided to show the number of customers who use the products and services we offer as the "number of valid IDs."
- As the graph on the left shows, the number of valid domestic IDs has increased steadily, increasing by 2.09 million from the end of the previous fiscal year to 36.15 million, due in part to the acquisition of new IDs through the AEON Pay charge function launched during fiscal 2024.



- This slide is about credit cards and the QR code payment "AEON Pay".
- The number of valid card members was 26.16 million, an increase of 320,000 from the end of the previous term. The number of active members increased by 10,000 to 16.13 million, with the utilization rate declining from the previous term.
- The slow growth in the number of active members is an issue, and in fiscal 2025 we will strengthen our efforts to increase the number of active members.
- The number of AEON Pay members was 11.45 million, falling short of our KPI of 15 million, but was also an increase of 1.55 million from the end of the previous term.
- The number of locations where AEON Pay can be used reached 3.03 million, achieving our KPI of 2.9 million and an increase of more than 1 million from the end of the previous fiscal year, showing that the development of our payment infrastructure is expanding steadily.

[Domestic] Banking Business

- Winter time deposit campaign boosted YoY115%, up ¥662.2 bn from the beginning of the FY resulting in a record high
- Appealing AEON's unique merits as a financial institution other than interest rates. Mortgage loan volume was at the same level as the previous FY



- Now I will explain AEON Bank's business operations.
- Amid rising interest rates, AEON Bank's fundraising capabilities through deposits provide a major competitive advantage, so the bank has strengthened deposit acquisition and established a target of 5 trillion yen for fiscal 2024. As a result, deposit balances increased 15% year on year to 5,201.6 billion yen, exceeding our KPI by 200 billion yen.
- Regarding housing loans, interest rates were revised for residential loans in May and October of last year. As financial institutions varied in their response to interest rate increases, the mortgage loan volume was 557.9 billion yen, the same level as the previous year.
- In March 2025, the bank revised deposit and loan interest rates in line with the market environment.

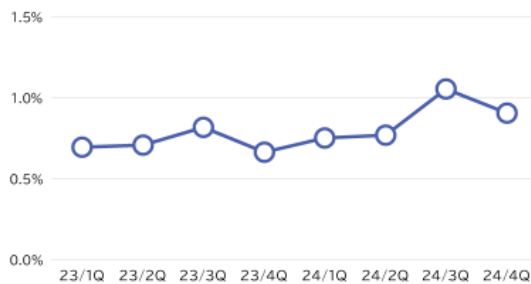
[Domestic] Control of bad debt-related expenses

Productivity
(Cost control)

- Bad debt expense ratio declined to less than 1%
- In addition to strengthening the security system, deepened cooperation with external organizations to share the latest information and implement countermeasures

Quarterly Bad Debt Expense Ratio

※Ratio of bad debt-related expenses to the total balance of revolving, installment, cash advance, and unsecured loans



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Establishment of a safe and secure usage environment



Identity authentication

- e-KYC authentication with My Number card for card enrollment online
- Increasing registered members through SMS authentication for 3D Secure (identity authentication in EC)



Monitoring

- Using a fraudulent use detection system based on various scores (rule and risk-based) including AI
- Monitoring 365 days a year, 24 hours a day



Collaboration with External Organizations

- Information sharing among various industry associations and reflection in security enhancement
- Joined the Japan Cybercrime Center (JC3), as a regular member to take advantage of the latest information

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- Next, I will explain our control of bad debt-related expenses.
- The rate of bad debt-related expenses was kept under 1% in the fourth quarter, and the quality of receivables has remained stable.
- Additionally, to combat the increasing fraudulent use of credit cards in Japan and to create a safe and secure environment for customers, we will strengthen our security system by providing identity authentication services and monitoring with an AI-based fraud detection system.
- We are also working to share information and take measures across companies, as well as cooperating with the police and collaborating with external specialist organizations.

[Global] Performance Highlights by Segment

- Operating revenues were record high in all three areas
Operating profits also increased in the Global Business
- In the accounting period (3 months), the Malay Area turned profitable and all areas increased profit

Full Year (12 months)	Global business		China Area		Mekong Area		Malay Area	
		YoY		YoY		YoY		YoY
Operating revenue	222.5 bn	115 %	35.5 bn	116 %	95.7 bn	107 %	91.1 bn	125 %
Operating profit	38.7 bn	101 %	9.3 bn	106 %	16.0 bn	101 %	13.4 bn	99 %
<Reference> Bad debt-related exp.	69.0 bn	120 %	8.7 bn	128 %	31.6 bn	105 %	28.6 bn	141 %
Q4 accounting period (3 months)	Global business		China Area		Mekong Area		Malay Area	
		YoY		YoY		YoY		YoY
Operating revenue	58.4 bn	116 %	9.5 bn	113 %	24.1 bn	108 %	24.6 bn	128 %
Operating profit	13.3 bn	114 %	2.9 bn	118 %	5.7 bn	101 %	4.6 bn	130 %
<Reference> Bad debt-related exp.	15.5 bn	130 %	2.0 bn	102 %	6.1 bn	109 %	7.3 bn	169 %

Average exchange rate during the period

※Figures in () are the diff from the same period of the previous year

HKD:¥19.57(7.0% weaker yen) THB:¥4.36(6.9% weaker yen) MYR:¥33.74(8.7% weaker yen)

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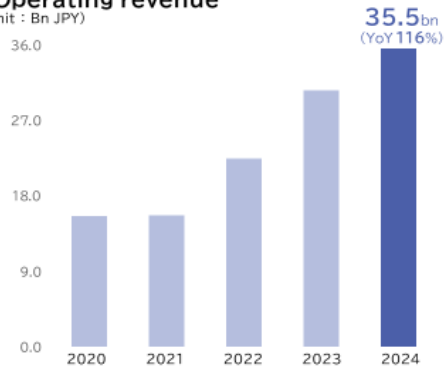
- From here, I will move on to the explanation of our overseas businesses.
- Operating revenue for the year reached an all-time high in all three areas.
- Operating profit decreased in the Malay Area due to increased costs associated with the launch of a digital bank, but increased for the overall overseas business.
- In the three-month Q4 accounting period, the Malay Area turned to an increase in profits, and all areas recorded increased profits compared to the same period of the previous year.

[Global] China Area Performance Highlights

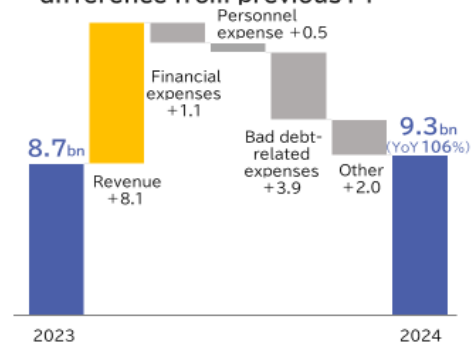
- Earnings increased due to successful responses to changes in the business environment, including the uptake of cross-border consumption demand in the north
- Improved credit screening and credit in process as well as payment status management after the restructuring agreement, which helped curb bad debt-related expenses and boosted revenues

Operating revenue

(Unit : Bn JPY)



Breakdown of operating profit difference from previous FY



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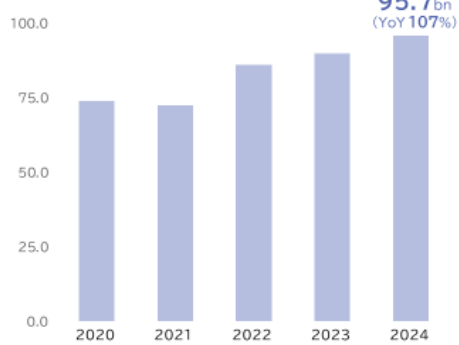
- First, I will explain our performance in the China Area.
- In terms of operating revenue, the transaction volume of credit card purchases increased due to the success of measures in response to changes in the local business environment, such as increased consumption in the north and use of cross-border e-commerce. Due to the expansion of sales, operating revenue reached an all-time high of 35.5 billion yen.
- On the other hand, the number of personal bankruptcies across Hong Kong continues to increase due to the economic downturn and rising prices from the second half of 2023.
- In this environment, due to the introduction of bankruptcy prediction scores and consultation on restructuring agreements regarding payment, the effects of strengthening ongoing credit are gradually appearing, and as a result, we have been able to curb the increase in bad debt reserves leading to an increase in profits since the third quarter.
- We will continue to control bad debt-related expenses and work to expand operating profits.

[Global] Mekong Area Performance Highlights

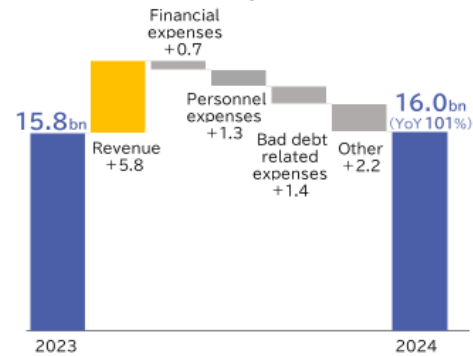
- Although the economic environment requires continued attention, transaction volume increased due to new credit cards and used car loans
- Operating revenue increased despite higher personnel expenses and bad debt-related expenses

Operating revenue

(Unit : Bn JPY)



Breakdown of operating profit difference from previous FY



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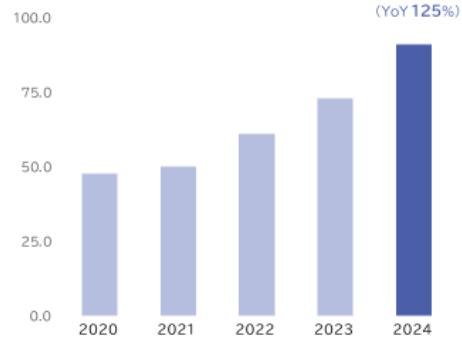
- In the Mekong area, while the prolonged economic downturn has made it harder to build up receivables, an increase in credit card members and the promotion of new used car loans were factors that led to an operating revenue of 95.7 billion yen, up 7% from the previous year.
- However, operating profit was roughly the same as last year at 16 billion yen, due to increased labor costs resulting from wage hikes and increased bad debt-related expenses.
- Although Thailand has implemented measures such as raising the minimum wage and distributing electronic money, a full-scale economic recovery will take time.
- However, efforts are being made to expand receivables again, such as the launch of new products including credit cards and used car loans, and the company is working to get back on a growth track while carefully assessing the balance with the economic environment and credit costs.

[Global] Malay Area Performance Highlights

- In addition to the mainstay installment sales finance, volume and balance of personal loans increased, and revenue grew 125% YoY
- Despite bad debt-related expenses associated with an increase in the balance of receivables and expenses associated with the opening of the Digital Bank, operating revenue was on par with last year

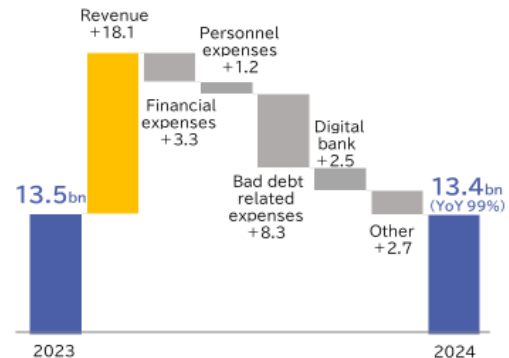
Operating revenue

(Unit : Bn JPY)



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Breakdown of operating profit difference from previous FY

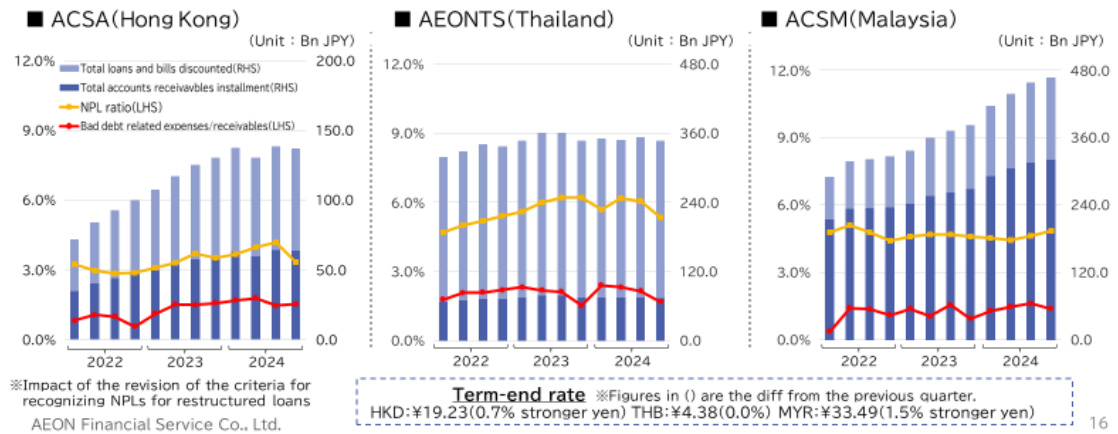


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- Now to explain our performance in the Malay Area.
- In Malaysia, in addition to the mainstay small two-wheeled vehicles, large motorbikes and used cars grew in individual item installment sales. Personal loans and cards also expanded steadily, and operating revenue continued to grow at a high rate, 125% year on year to 91.1 billion yen.
- In terms of operating expenses, bad debt-related expenses increased year on year, but this was due to a large reversal in the previous term due to a review of expected credit loss and the steady accumulation of new trade receivables in the current term, and the quality of receivables did not deteriorate significantly.
- Costs related to the digital bank launched in May increased by 2.5 billion yen from the previous term due to increased promotion efforts, but operating profit for the entire Malay area was 13.4 billion yen, roughly the same as last year.

[Global] Balance of Receivables and NPL of Listed Subsidiaries

ACSA: The no. of bankruptcies in the whole market remains high, but the ratio of bad debt-related expenses is stable
 AEONTS: The NPL ratio decreased due to the sale of delinquent loans, and the ratio of bad debt-related expenses has decreased due to a reversal of provisions due to the floods
 ACSM: The balance of receivable loans is increasing steadily, and the NPL ratio is stable



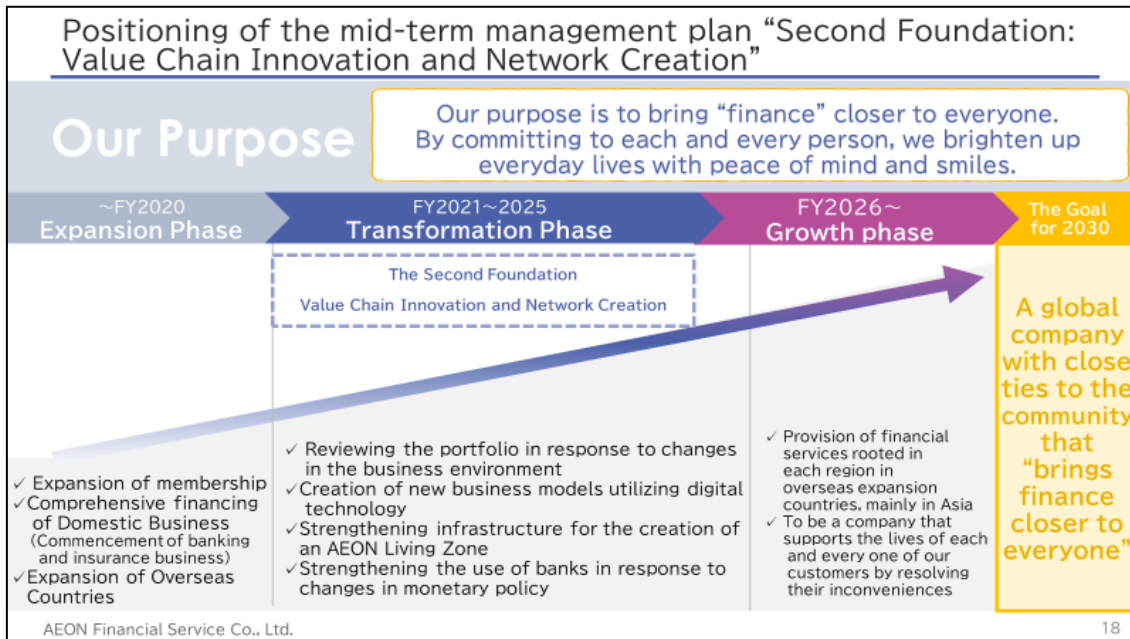
- We will explain the quarterly trends in the receivables balance and non-performing loan ratio of the three listed overseas subsidiaries.
- While the number of personal bankruptcy applications in the Hong Kong market as a whole is increasing, ACS Asia's non-performing loan ratio has improved due to the fact that it has continued to inquire about restructuring agreements in advance based on risk-based scoring. In the fourth quarter, as a result of monitoring after the restructuring agreement, the classification of non-performing loan receivables was reviewed, and the non-performing loan ratio has decreased.
- Credit-related expenses have remained stable, and we will continue to work to expand the receivables balance while balancing it with credit costs.
- Next is the situation with AEON Thana Sinsap, shown in the center.
- The non-performing loan ratio decreased due to the sale of overdue receivables. The bad debt related expenses ratio also decreased due to the return of provisions due to the floods that occurred in August 2024. In Thailand the decrease in the receivables balance is an issue, but we will strive to expand profits by closely monitoring economic trends and determining the balance between the bad debt related expenses ratio and the accumulation of receivables balance.
- ACS Malaysia on the right has been able to appropriately control bad debt related expenses in response to the accelerating increase in its loans receivables balance.

- The non-performing loan ratio is stable but has risen slightly, and the company is strengthening credit management for personal loans, where applications are increasing due to full digitalization.
- In fiscal 2024 bad debt related expenses in the international business exceeded the previous year, but the expense ratio as a percentage of the balance remained stable in each area and is heading toward recovery, led by Malaysia.
- As I have explained so far, our business performance has progressed steadily both domestically and overseas in fiscal 2024, and we have been able to strengthen our foundation for future growth.
- On the other hand, the impact of the recently announced tariffs by the United States is extremely unclear, and we believe that we will need to manage our operations while assessing how this will affect our business performance in the future.
- We will strengthen our efforts company-wide based on the policies that Shirakawa will explain.
- That will be all from me, thank you.

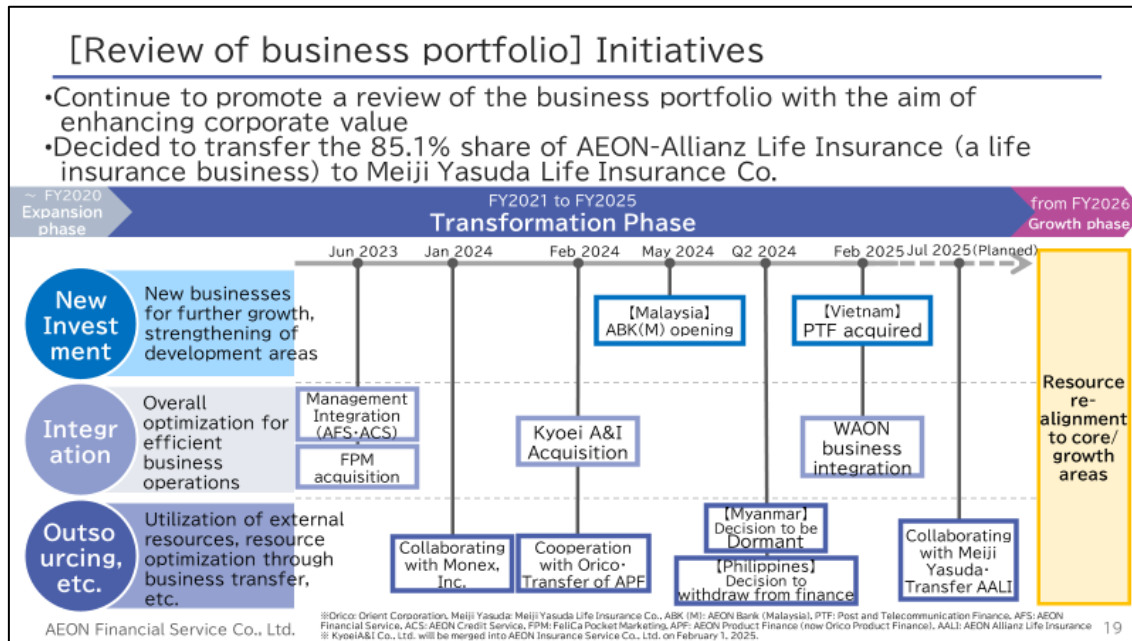


Initiatives to Enhance Corporate Value

- I am Shirakawa, President and CEO.
- I will now explain the direction our company is aiming for and our efforts to increase corporate value.



- The company’s goal for 2030 is to be a global company with close ties to the community that “brings finance closer to everyone.”
- In order to realize this goal, we are in the final year of the current mid-term management plan, which has as its basic policy "The Second Foundation: Value Chain Innovation and Network Creation". In order to ensure corporate growth in the next mid-term management plan, the company is currently in the "transformation phase," in which it is working to fundamentally review its business structure in response to changes in the environment and to create new business models.



- We recognize the need to adapt quickly in a rapidly changing business environment.
- As such, we are reviewing our business portfolio and allocating appropriate resources to our core payment businesses and growth overseas, in order to achieve further corporate growth.
 - New investments: investing in new businesses in high-growth areas, as well as to strengthen expansion.
 - Integration: integrating with the AEON Group to optimize the efficiency of business operations.
 - Outsourcing: strengthening collaboration through outsourcing and transfers, etc.
- As we continue to pursue these goals, we have reviewed our life insurance business strategy, including alliances with other companies in light of the recent changing business environment, and have decided to transfer approximately 85% of AEON Allianz Life Insurance's shares to Meiji Yasuda Life Insurance Co., Ltd.

Partnership with Meiji Yasuda

- Meiji Yasuda signs a comprehensive partnership agreement with AEON to expand value offered to customers
- Utilize the management resources of both parties to mutually send customers and provide new products and services.



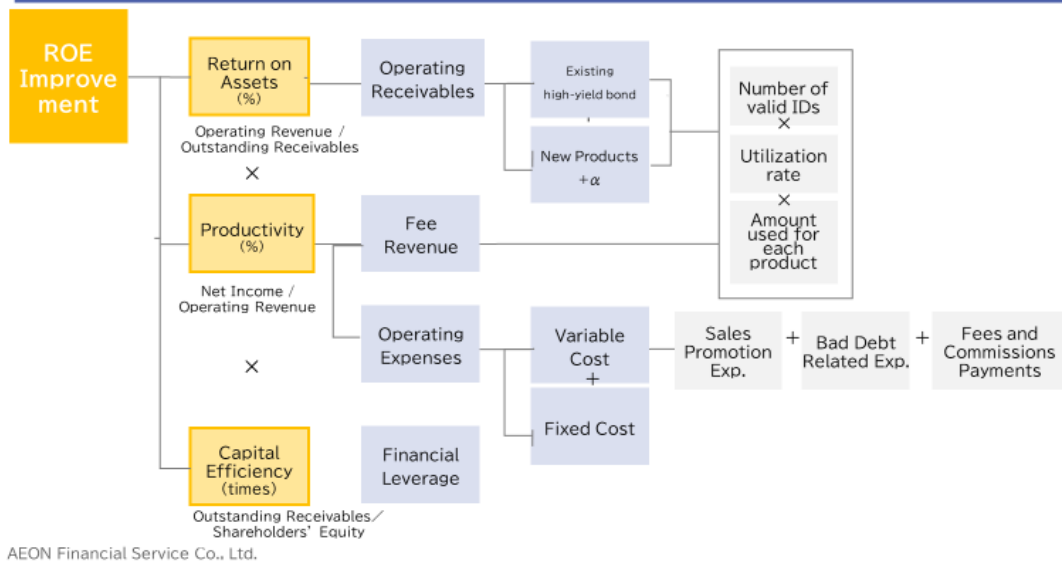
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- With Meiji Yasuda, we have concluded a comprehensive partnership agreement to create new value not only by transferring AEON Allianz Life Insurance shares, but by also utilizing the know-how and management resources of both parties to mutually send customers and provide new products and services, and we will continue to strengthen our collaboration.
- The AEON Group has a network of physical stores spanning the country and a network of approximately 36 million customers.
- Meiji Yasuda has a network of approximately 36,000 sales representatives active throughout Japan.
- Leveraging these strengths, we plan to issue affiliated cards in the card business and have Meiji Yasuda provide information to promote the use of our cards to its insurance policyholders.
- In addition, today we announced the issuance of corporate cards based on a business alliance with Orico, and we will continue to work with external partners to maximize the value we provide to customers.

Approach to ROE Improvement

[Repost]

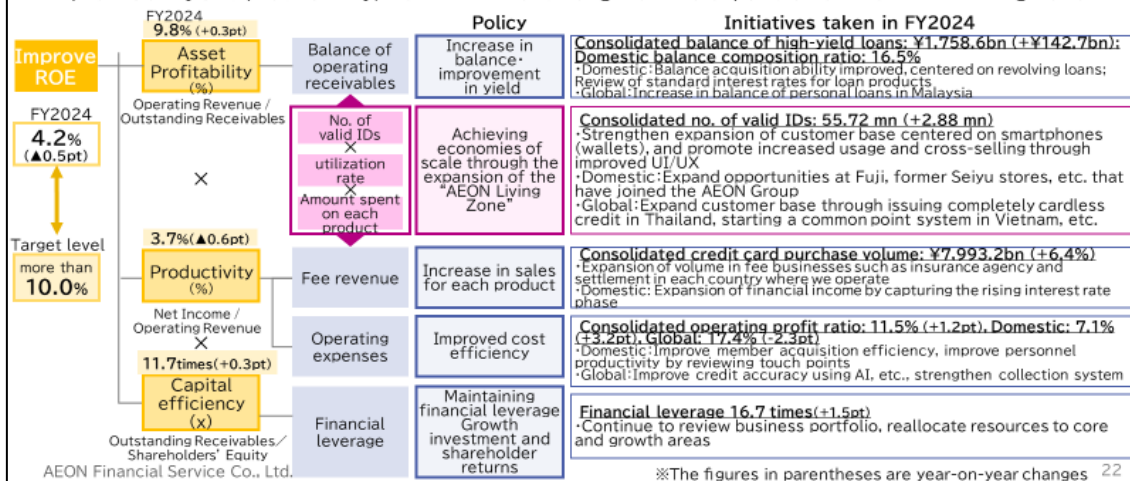


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- This slide is a restatement of our approach to improving ROE.
- In addition to the business structure reform through a review of our business portfolio, we are proceeding with efforts to achieve and maintain our mid-term target of an ROE of 10%.
- While our definitions slightly differ from that of general operating companies, we are implementing each measure while keeping in mind the three indicators of "return on assets," "productivity," and "capital efficiency".

ROE improvement] Progress of initiatives in FY2024

- ROE was 4.2% (YoY -0.5 pt). There is a gap with the target level, and it is urgent to recover to the growth trajectory
- To improve "valid IDs", "usage rates" and "usage amounts", which contribute to improving asset profitability and productivity, we will further strengthen the expansion of the "AEON Living Zone"

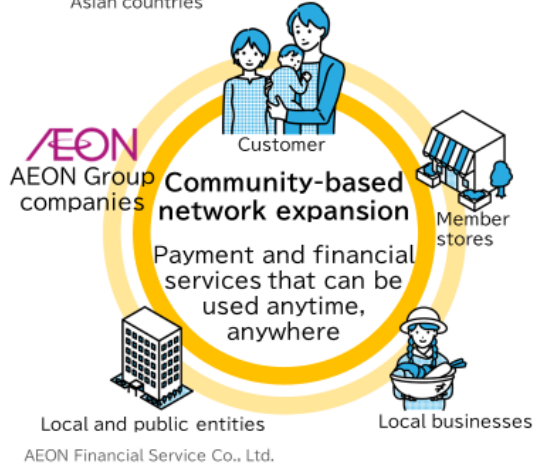


- While we aim to achieve and maintain a 10% ROE level which exceeds our recognized cost of capital, our ROE for fiscal 2024 was 4.2%, lower than the previous year.
- The page shown describes the results for fiscal 2024 for "asset profitability," "productivity," and "capital efficiency," as well as the progress of these efforts.
- In fiscal 2024, we were able to improve asset profitability by expanding the balance of high-yield trade receivables and, in Japan, reviewing the interest rates of variable-rate loans due to changes in the interest rate environment.
- On the other hand, although we have strengthened our efforts to increase fee revenue by expanding the transaction volume of each service and improving cost efficiency, we believe that there are still areas that need improvement regarding productivity.
- In order to accumulate the balance of trade receivables to improve asset profitability and to increase fee revenue to improve productivity, it is important to increase the number of valid IDs for cards, bank accounts, and digital devices, increase their utilization rate, and increase the amount of usage by each customer for each service.
- As such, we are making use of our financial services infrastructure to expand the "AEON Living Area" by making the most of the scale of the AEON Group.

Expansion of AEON Living Zone

[Repost] FY2023 IR Presentation Material

- To be an infrastructure that connects communities, member stores, and business partners by providing financial services that are rooted in the community in each country where we operate
- Build an AEON Living Zone that creates a borderless customer experience through collaboration in Japan and other Asian countries



Payment Network Connecting Asia

Collaborate in each country to create a seamless customer experience across countries



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- This will be a repeat of last year's full-year financial results announcement, but I will explain our fundamental philosophy that will increase our corporate value.
- We operate in Japan and 10 other Asian countries, and by providing financial services that are rooted in the local community in each of the 11 Asian countries, we serve as an infrastructure that connects customers with the community, our affiliated stores, business partners, and the AEON Group.
- We will continue to expand the AEON Living Zone by building an environment where everyone can access convenient and affordable payment as well as other financial services essential to everyday life anytime, anywhere.
- Going forward, building on our existing operations in Asia, we will build a collaborative network of payment services across countries to create a borderless customer experience.
- In this way, we will connect the AEON Living Zone that spreads across countries and expand it into an even larger network.

Building touchpoints starting with a digital wallet (smartphone)

- Starting with the familiar point of contact of the digital wallet (smartphone app), we will expand our customer base and promote cross-selling of various financial services by creating a seamless usage environment



- As customer lifestyles and the competitive environment change, we are working to shift our customer touchpoints from the traditional plastic card model to the most familiar point of contact for customers, the digital wallet via smartphone apps.
- Smartphones are widely used in Asian countries as an infrastructure that goes beyond just a means of communication, and even people who do not have bank accounts can use various financial services through digital wallets via smartphones.
- In this environment, we are also working to expand our customer base in Japan and in other countries where we operate through smartphone apps.
- We will also promote cross-selling by creating a seamless environment where our various financial services such as deposits, individual installment payments, loans, and insurance can be easily used.
- As a financial group of the AEON Group, we have many family customers. We believe that the digital wallet will expand opportunities for use by minors, who have had difficulty using our services in the past, which will lead to an increase in our customer base and usage of the digital wallet in the future.
- We will work to further expand opportunities by shifting touchpoints, while making use of the scale of the AEON Group's physical stores and various services.

[Domestic] Customer experience starting with AEON Pay

- Consolidate the WAON Value Issuer Business※, expand the customer and member store networks, and strengthen regional collaboration
- Work to create new shopping experiences and expand the infrastructure centered on AEON Pay

**A merger of
AEON Pay and WAON**

Code payment contactless payment

Expansion of customer and member base
Creating an environment where both codes & contactless payment can be used

Strengthening ties with the local community
Equipped with a "donation to local area" function
Further strengthening of regional collaboration

New AEON Pay



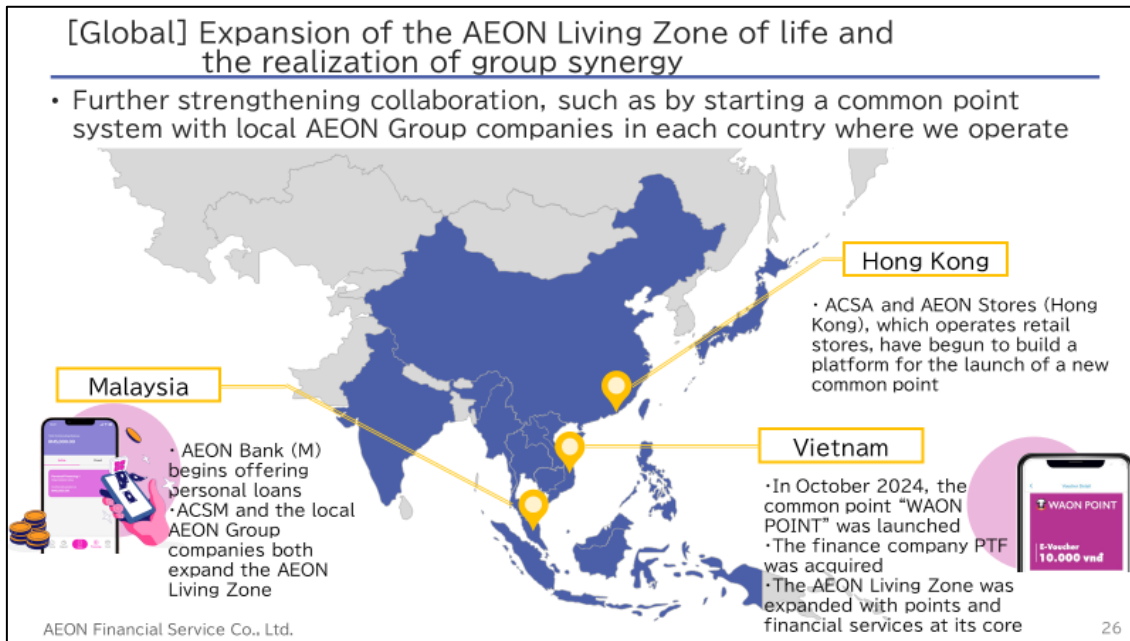
Creating a new purchasing experience

A new customer experience with biometric authentication
Equipped with "Palm Payment"
Allows you to pay without carrying your wallet

Payment network connecting Asia
Linked to the payment systems of various countries
Use your usual payment method when traveling

AEON Financial Service Co., Ltd. ※ WAON Value Issuer: Issuing business for the e-money WAON 25

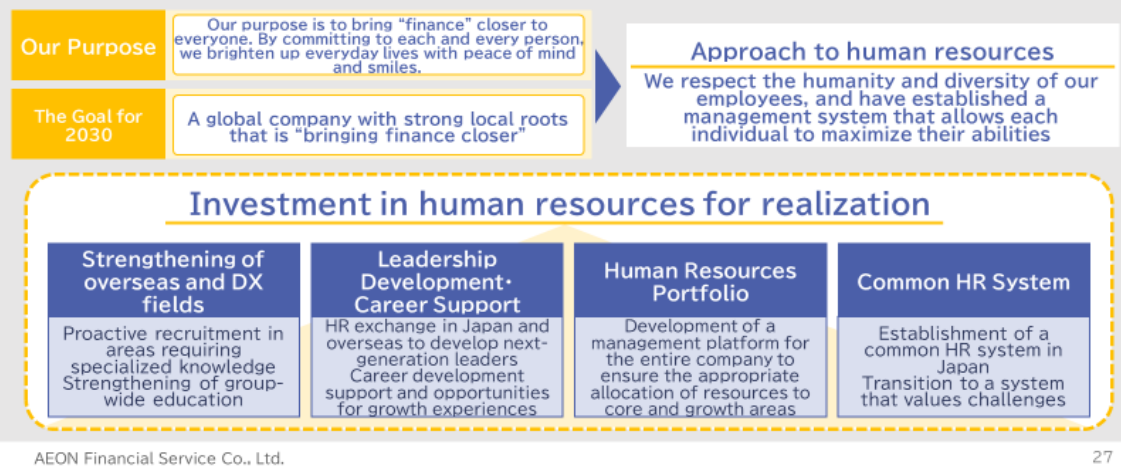
- As a touchpoint based on the digital wallet, we will work to promote the code payment method "AEON Pay" in Japan.
- In February 2025, we acquired the value issuer business of electronic money WAON from AEON Retail. We aim to provide more competitive payment services by consolidating the financial-related businesses that were dispersed throughout the AEON Group.
- This fiscal year, we will develop a function that combines the code payment "AEON Pay" with the IC chip touch payment "WAON" and transfers the charge balance between them. This will create an environment where it can be used at any of the stores affiliated with either of these payment methods.
- We will promote a link between code payment systems popular in Asian countries, as well as a system that allows payments to be made without carrying anything by introducing biometric authentication. This will create a new purchasing experience where overseas customers can still use the payment methods they normally use when they visit Japan.
- By expanding functions and improving convenience, we will establish ourselves as a digital wallet of choice for customers, expand our customer base, and promote usage.



- We are also working to expand the AEON Living Zone in other Asian countries where we operate.
- AEON Bank (Malaysia), a digital bank that opened in Malaysia last year, began offering personal loans in March that can be completed via a smartphone app.
- In Malaysia, the company is also working to further strengthen its collaboration with AEON Bank, AEON Credit Service (Malaysia), and AEON Group retailers.
- In Hong Kong, the company plans to launch a new points program together with retailer AEON Stores Hong Kong.
- In Vietnam, the company launched the AEON Group's shared points system, WAON POINT, last year and completed the acquisition of local finance company PTF in February, 2025. The company will work to build and expand the AEON Living Zone in Vietnam by providing points systems and financial services.

Initiatives related to human resources

- Regarding “human resources”, which are becoming increasingly important in a changing environment, we will accelerate our efforts to develop a foundation that makes the very best use of our people and supports their growth



- The human resources that support these strategies will be important to increasing corporate value in the future.
- Our company has over 20,000 employees combined, including domestically and overseas. We will work to develop a management system that "utilizes people" and "supports people's growth" so that each employee can maximize their capabilities.
- To support our growth, we plan to actively engage in human resource exchanges, both domestically and internationally, to develop specialized global and DX talent, as well as next-generation leaders.



Earnings and Dividend Forecasts

- Lastly, I will explain the forecast for the earnings and dividends for the fiscal year of 2025.

KPI for FY2025

- Aiming to achieve sustainable improvement in ROE through increased asset profitability and productivity resulting from the expansion of the AEON Living Zone

Policy	KPI for domestic	
	Indicator	Target for 2025
"AEON Living Zone" expansion to realize economies of scale	Locations where AEON Pay can be used	+1 million locations
Increase in balance and improvement in yield	Balance of high-yielding loans outstanding	+¥55.0 bn
Increase in transaction volume for each product	In-house settlement volume	¥10.0 tr (+¥0.5 tr) Credit cards: ¥8 tr, e-money: ¥2 tr
	Balance of bank deposit	+¥500.0 bn

AEON Financial Service Co., Ltd.

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- As previously explained, we will work to improve our corporate value and expand our customer base, thereby increasing our transaction volumes and trade receivables.
- Domestically, the goal is to increase the number of locations where AEON Pay can be used by 1 million.
- In addition, our target is to increase our balance of high-yielding loans outstanding by 55 billion yen, and we will once again attempt to reach a 10 trillion yen increase in our in-house payment volume, including credit cards and electronic money.
- As interest rates rise, AEON Bank's fundraising capabilities using deposits will provide a major competitive advantage. We will promote cross-selling with the various financial products and services we offer, and make use of the strengths of accounts that are closely tied to people's lives by linking them to credit cards and AEON Pay, with our goal being to expand our bank deposit balance to 5.7 trillion yen.

FY2025 earnings forecast, dividend forecast

(Unit : JPY)

	Consolidated	YoY	Domestic	YoY	Global	YoY
Operating Revenue	570.0 bn	107 %	330.0 bn	105 %	240.0 bn	108 %
Operating Profit	57.0 bn	93 %	19.0 bn	85 %	39.0 bn	101 %
Ordinary Profit	57.0 bn	91 %	Dividend per share		Payout ratio	
Profit attributable to owners of parent	21.0 bn	108 %	Annual: 53	Interim: 25 Year-end: 28	54.5 %	

- By achieving the above KPIs domestically, we will increase transaction volume by expanding our customer base, and build up high-yield trade receivables balances such as shopping revolving and installment payments, thereby improving profitability.
- Overseas, we will continue to work on strengthening our credit and collection systems in order to control bad debt-related expenses and promote the creation of a foundation for new businesses.

• Consolidated earnings forecasts

- Operating revenue 570.0 billion yen, YoY 107%
- Operating profit 57.0 billion yen, YoY 93%
- Ordinary profit 57.0 billion yen, YoY 91%
- Net profit attributable to owners of parent 21.0 billion yen, YoY 108%

Our goal for this fiscal year is to achieve the above marks.

- Operating profit and ordinary profit are expected to decrease due to measures taken against recording extraordinary losses in fiscal 2024, but we are targeting 21 billion yen for net profit, despite the expectation of recording expenses related to business restructuring.
- Fiscal 2025 is positioned as a year in which we will continue to review our business portfolio for future growth and build new business models, but in line with our policy of stable and sustainable returns to shareholders, we plan to pay an annual dividend of 53 yen per share, the same as in fiscal 2024.

Our Purpose



- We would like to once again apologize for the business improvement order received from the Financial Services Agency for our consolidated subsidiary AEON Bank during the fiscal year of 2024. We are currently working steadily to implement the improvement plan regarding this matter.
- We also apologize for the great uncertainty and concern caused to all concerned parties regarding the occurrence of fraudulent card use under special circumstances. We take this very seriously and are working as a group to strengthen our financial crime countermeasures and risk management system.
- As a financial group, we will continue to make further management efforts to improve our corporate value by promoting the initiatives explained above, with the basic premise of building a system that allows everyone to use our services safely and with peace of mind.
- We will continue to work as a corporate group that can make great contributions to our customers and the community by providing financial services.

We deeply appreciate your continued support. Thank you.

【Q&A】

■JPMorgan Securities Japan/Analyst Sato

- ①I have a question regarding the business forecast for fiscal 2025. Please tell us the assumptions for operating profit, including the breakdown of expenses and the impact of business restructuring both in Japan and overseas. Looking at the balance sheet, goodwill increased by about 30 billion yen at the end of February, which appears to be due to the acquisition of a finance company in Vietnam, so please tell us the impact of this and the company's profit situation before goodwill amortization.

(Director/Managing Executive Officer/General Manager of the Finance and Accounting Division, Tomoyuki Mitsufuji)

In fiscal 2024, we recorded a slightly higher amount of revenue from securitization of receivables in order to compensate customers for fraudulent card use. On the other hand, in fiscal 2024, we implemented a partial margin cut at AEON Bank, although we cannot disclose the actual amount. Revenue from securitization of receivables in fiscal 2025 is forecasted to be lower than the previous fiscal year. In anticipation of an increase in interest rates, we expect an increase in assets with floating interest rates and the balance of trade receivables. Costs related to fraudulent use and prevention, including labor costs, are expected to be in the double-digit billions of yen. As for the consolidated Vietnam PTF Company, the economic environment is more uncertain due to the US tariff policy, and we are unable to make a clear statement, but the company has been making profits recently.

(Executive Officer/General Manager of the Corporate Planning Division, Shinichiro Nishimura)

Regarding the transfer of shares of AEON Allianz Life Insurance, assuming the approval by the Financial Services Agency, the Meiji Yasuda Life Insurance Company is scheduled to be deconsolidated by July of 2025. As a result, only the first three months of the transaction will impact our consolidated financial results for fiscal 2025.

- ②You have shown us your domestic KPI's, but one of the reasons for your low ROE is that you have issues with productivity, and your forecast for fiscal 2025 shows that your operating profit margin will be lower than it was for fiscal 20204. What initiatives are you taking to improve productivity? Are you planning to show us any KPI's?

(Executive Officer/General Manager of the Corporate Planning Division, Shinichiro Nishimura)

In fiscal 2024, we made major changes to the management structure of our subsidiary AEON Bank, with Kisaka, who was the previous general manager of our Corporate Planning Division, taking

over as president. Our company and AEON Bank will have a more integrated operation. Symbolic of this is the change in the way stores located within AEON Group stores are structured and operate. We will also consider what the optimal form of real touchpoints should be for bank branches and credit card counters. In addition, we have established a system for managing sales using common KPIs, and we hope to be able to demonstrate results in the future.

■Mizuho Securities/Analyst Sakamaki

- ①Regarding transaction volume, please tell us the validity of the target for fiscal 2025. It appears that while electronic money will remain roughly flat, the plan is to increase total credit card shopping transaction volume, but I would like to know about the initiatives to increase transaction volume.

(Executive Officer/General Manager of the Corporate Planning Division, Shinichiro Nishimura)

The annual transaction volume of electronic money has remained almost flat at 2 trillion yen in recent years. IC chip electronic money has some inconveniences such as not being able to use online, so a certain number of customers have become repeat customers, and the transaction volume has remained at 2 trillion yen. Going forward, starting with code payment service AEON Pay, we will strengthen our efforts to provide a payment method that will be used on a daily basis. AEON Pay users also use the service for small everyday purchases. When users who have previously used electronic money switch to AEON Pay, they are also able to use it for credit charging, which will contribute to credit card transaction volume. We believe it is important to connect new customers to AEON card users through AEON Pay.

- ②I have a question about AEON Pay. A KPI for the number of members was set last year, but not this year. I understand that the inclusion of AEON Pay in the AEON Group app was delayed in fiscal 2024, but does this mean that AEON Pay will not spread unless the AEON Group is successful in promoting its use? Is it difficult for your company to control it?

(Executive Officer/General Manager of the Corporate Planning Division, Shinichiro Nishimura)

AEON Pay is also installed on the AEON Group's total app "iAEON", and many people use it through this channel. The entire group is working to create an environment where AEON Pay can be connected through apps, including efforts to create an environment where AEON Pay can be easily used from the apps of AEON Group companies such as AEON Mall. At the same time, we will strengthen corporate sales to locations outside the AEON Group where it can be used. We would like to make it usable outside the AEON Group by developing restaurants, home appliances, drug stores, etc. In addition to steadily building up our business, we will also work to

expand our member stores in collaboration with external partners and acquire new customers, although this is not disclosed as a KPI.

■SMBC Nikko Securities/Analyst Hara

- ①Regarding the business forecast for fiscal 2025, the amount of impact the transfer of AEON Allianz Life Insurance shares has not been finalized, but is the impact of the sale not included in the final profit?

(Executive Officer/General Manager of the Corporate Planning Division, Shinichiro Nishimura)
The company has assumed a certain level of loss on the sale of AEON Allianz Life Insurance shares and has factored this into its earnings forecast for fiscal 2025.

- ②I have a question about the banking business. From the perspective of improving consolidated ROE, the banking business is a heavy business. What kind of discussions are being held within management regarding the positioning of AEON Bank?

(Executive Officer/General Manager of the Corporate Planning Division, Shinichiro Nishimura)
We are once again taking a deeper look at the significance of our group having a banking business. As you have pointed out, AEON Bank's business involves a large amount of fixed costs such as branches and ATMs. Our entire group is discussing the operation of branches, ATMs, call centers, etc., and the ideal state of security measures.

■Citigroup Securities/Analyst Niwa

- ①I have a question regarding change in management. What is being entrusted to Mr. Fukayama that led to the change. Including factors such as commitment to ROE and possibility of changes in management policy going forward, what led to these management personnel changes?

(President/CEO, Shunsuke Shirakawa)
Fukayama initially joined AEON Credit Services and has held key positions within the AEON group. He has been assigned to AEON, where he worked at the core of management. In recent years, he has been involved in international business, and achieved great success as president of ACS Asia in Hong Kong. As is evident from this career, he has a wealth of experience both in Japan and overseas. We expect that he can further strengthen our collaboration with AEON and make full use of the AEON Living Area to expand our business.

- ② I would like to know your personal opinion on the status of a parent-child listing with AEON. What kind of discussions are taking place?

(President/CEO, Shunsuke Shirakawa)

There are currently no discussions taking place regarding the status of a parent-child listing.

■ SBI Securities/Analyst Otsuka

- ① I have a question about the number of active members. I understand that this is an urgent issue, but how do you plan to increase the number of active members?

(Executive Officer/General Manager of the Corporate Planning Division, Shinichiro Nishimura) We know that people who use AEON Pay on a daily basis have a higher monthly credit card usage amount than other customer segments. We will appeal to those who have used IC chip WAON or Mobile WAON so far by promoting the greater convenience of AEON Pay. We believe that by appealing to existing customers who have not yet used AEON Pay, welcoming new customers by increasing the number of places where it can be used outside the AEON Group, and conveying to customers that they can use it in a wholistic way, including services such as cash advances by linking it to their AEON card, we will be able to increase the number of active members and the average spending amount.

- ② Does this mean that the number of credit card members is reaching a saturation point?

(Executive Officer/General Manager of the Corporate Planning Division, Shinichiro Nishimura)

We want to promote the idea that cashless experiences are not just about using plastic cards. For people who haven't used AEON cards in a while, we will take measures to encourage people to use AEON cards during this period by showing them the benefits of using them to increase active members.

- ③ Regarding your business forecast for fiscal 2025, your operating profit margin appears to be declining. What is the reason behind this?

(Executive Officer/General Manager of the Corporate Planning Division, Shinichiro Nishimura)

As you have pointed out, there are still issues with profit margins compared to last year. It is difficult to predict how the US tariff issue will affect the economy and interest rates, but in our current plan, we expect profits to continue to improve in Malaysia, and the Thai economy to recover to a certain

extent, which will improve our business. On the other hand, we are aware of the issues with operating profit margins. We would like to achieve the most efficient results possible with the budget we have built up based on our understanding of the environment. While there are areas where we can expect increased profits, the initial investments in the Malaysian digital bank and other upfront investments will have a full effect throughout the year, so the positive and negative effects are offsetting each other in our profit budget and plan, which take these costs into account.

End of document