

# Medium-Term Management Plan (Fiscal Years 2026–2030)



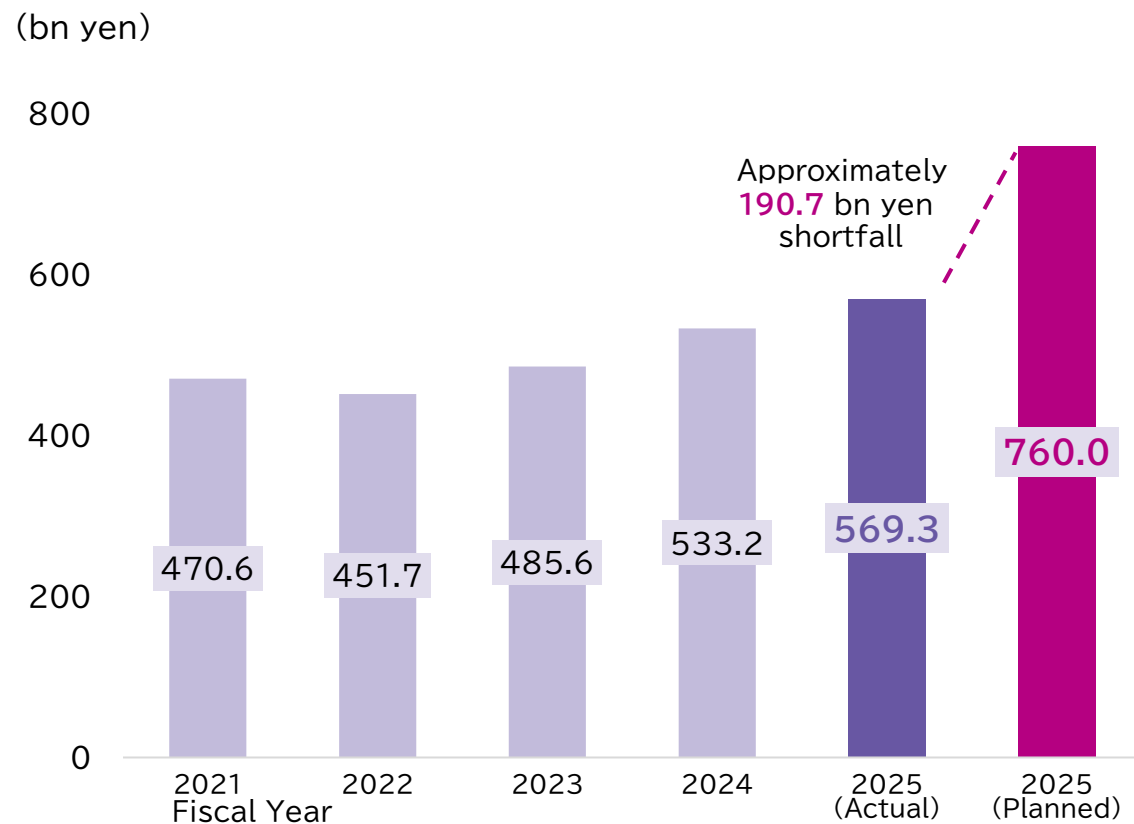
**AEON Financial Service**

# Review of the Previous Medium-Term Management Plan (Fiscal Years 2021–2025)

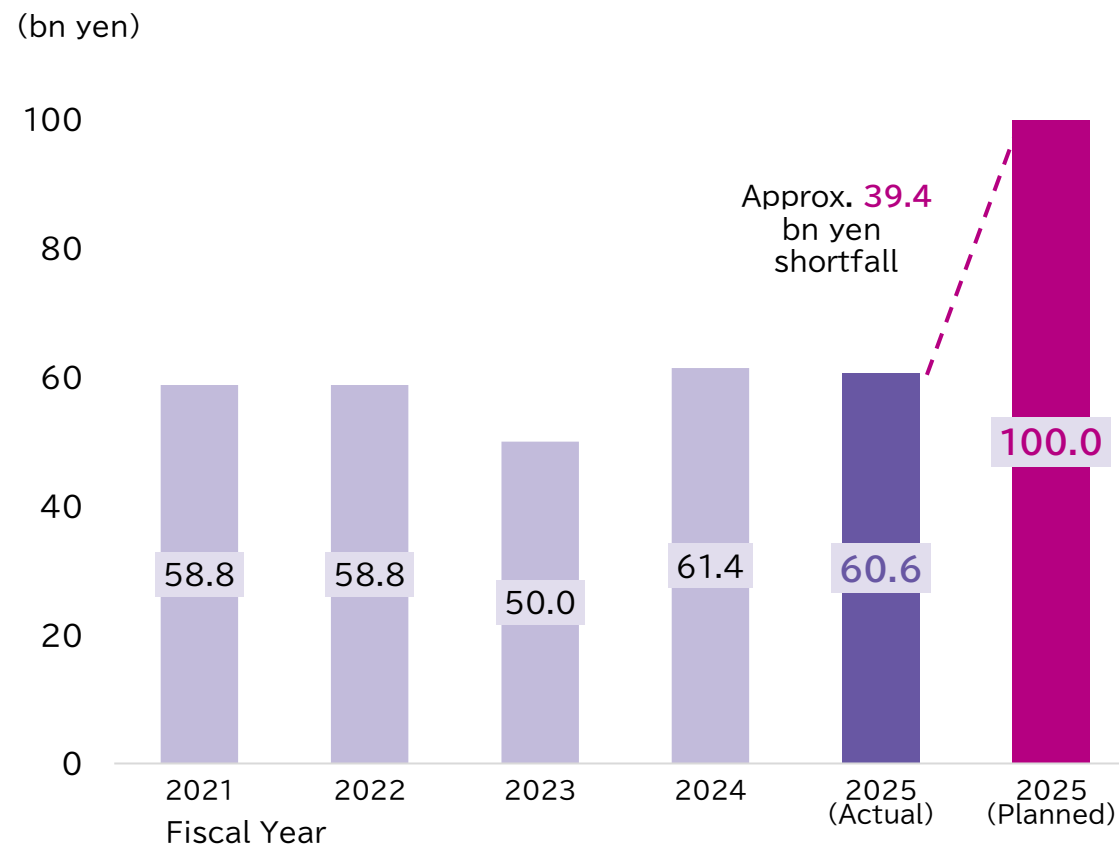
# Performance of Key Financial Indicators | Operating Revenue and Operating Profit

- Operating revenue : 569.3 bn yen, Operating profit : 60.6 bn yen, both falling significantly short of targets

## Operating Revenue<sup>※</sup>



## Operating Profit



\* Effective from FY2022, the "Accounting Standard for Revenue Recognition" has been adopted.

ROE: 4.5%

# Status of Key Performance Indicators | Reasons for Missing Targets

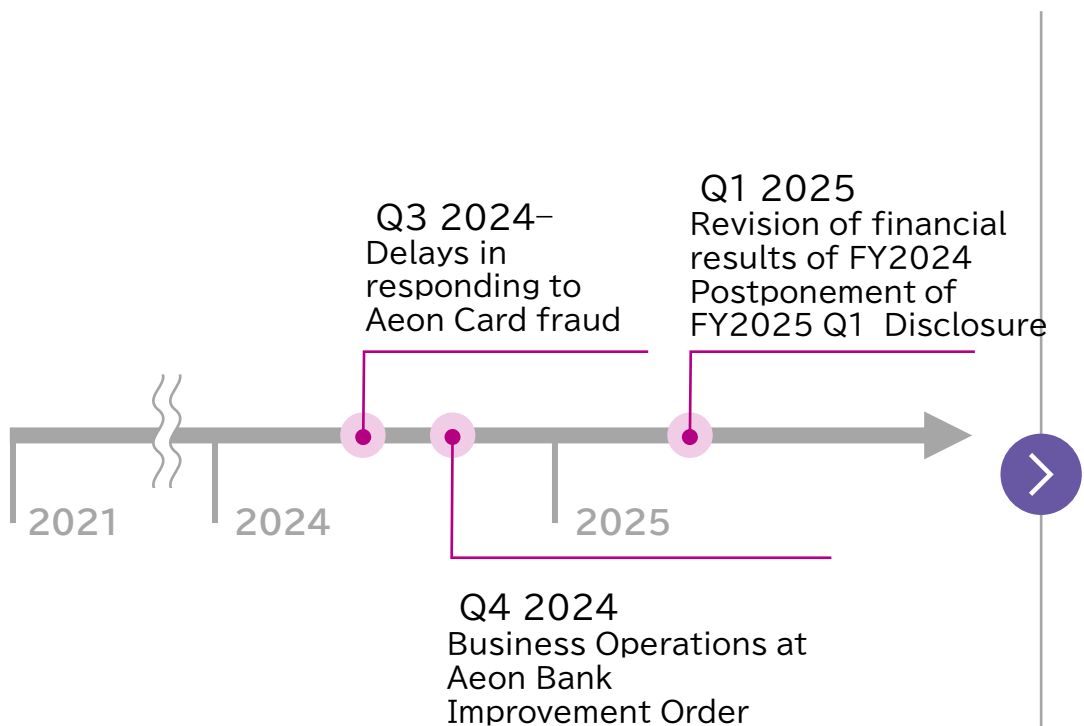
- In addition to “insufficient response to customer needs“ and “entrenched high-cost structure” in Japan, the ”limitations of the conventional growth model” overseas compounded these issues, resulting in falling short of planned targets.

Reasons for shortfall	Key Performance Indicators	Detailed Factors
Domestic	<p><b>Insufficient response to customer needs</b></p> <p>Domestic Active IDs: 39.25 million (▲21% of targets)</p> <p>Outstanding high-yield debt: 788.1 bn yen (+10% of FY20) *After securitization</p>	<ul style="list-style-type: none"> <li>- <b>Delayed in developing payment services and benefits tailored to customer needs</b> <ul style="list-style-type: none"> <li>• Due to the suspension of product development coinciding with the overhaul of the credit system infrastructure, delays in providing services and benefits tailored to customer needs</li> </ul> </li> <li>- <b>Insufficient cross-selling of loan products to meet funding needs</b> <ul style="list-style-type: none"> <li>• Insufficient UI/UX improvements for cross-selling to the customer base acquired through payment services</li> <li>• Existing loan products are unable to capture demand for customers’ immediate funding needs</li> </ul> </li> </ul>
	<p><b>Entrenched high-cost structure</b></p> <p>Personnel expenses: 56.0 bn yen (+8% from FY20) Management fees: 102.8 bn yen (+35% from FY20)</p>	<ul style="list-style-type: none"> <li>- <b>Continued reliance on labor-intensive operations</b> <ul style="list-style-type: none"> <li>• Continued reliance on labor-intensive operations has kept the labor cost ratio high</li> </ul> </li> <li>- <b>Fixed operational costs due to delays in revising or discontinuing services·benefits</b> <ul style="list-style-type: none"> <li>• Infrastructure costs required for services and benefits, such as systems, remain high and fixed</li> </ul> </li> </ul>
Overseas	<p><b>Limitations of the conventional growth model</b></p> <p>Operating revenue: 240.4 bn yen (+8% of FY20) Unlisted overseas subsidiaries Operating profit: ▲8.4 bn yen</p>	<ul style="list-style-type: none"> <li>- <b>Delayed in changing business model</b> <ul style="list-style-type: none"> <li>• While competitors have been making large-scale digital investments, continued conventional business model</li> </ul> </li> </ul>

# Governance | Recognition of Issues Following the Occurrence of Major Incidents

- Recognized deficiencies in risk management and governance systems across the entire group

Major incidents that occurred during the previous medium-term management plan period



Recognition of challenges for the new Medium-term management plan

## 1. Weaknesses in risk assessment capabilities and proactive response capabilities

- Issues with organizational functions, including insufficient quality and quantity of second-line functions and a lack of ownership among first-line departments within the three lines of defense
- Risk management across the Group is fragmented, and its effectiveness is an issue

## 2. Inadequate management framework for subsidiaries

- Business strategy and risk management are not aligned, resulting in an incomplete three-line defense
- Risk management is not optimized for each subsidiary

## 3. Insufficient ongoing response to increasingly sophisticated threat

- Continuous and prompt assessment and implementation of countermeasures are insufficient to increasingly sophisticated threat, eg, cyber attack, fraudulent utilization, money laundering etc

# Challenges to Address in Implementing Medium-Term Management Plan

- In preparation for the new Medium-term management plan, identified the following as key management challenges: responding to customer needs in line with market changes, fundamentally reviewing the domestic cost structure, and prioritizing "safety and security"

## Environmental Awareness

## Challenges

Internal Environment

- ✓ **Achievements**
  - Major Organizational and Business Transformation
    - Review of "Diversified Portfolio and Unprofitable Businesses"
    - New Business Ventures and Market Entry Overseas
  - Launch of AEON Pay and Development of Supporting Infrastructure
- ⓘ **Challenges**
  - Inadequate response to customer needs
  - Slowing growth of overseas operations
  - Insufficient improvement of high-cost corporate structure (domestic)
  - Inadequate capacity to address major risks



External Environment Forecast

- Changes in payment structures
  - Development and deployment of next-generation payment systems
- Further Advancements in AI Technology
  - Expansion of AI-driven operational efficiency
  - Increasing sophistication of cyberattacks
- From Zero Interest Rates to a "World with Interest Rates" in Japan

Responding to Customer Needs against Market Change

- Delivering new value that meets customer needs
- Real-time response to evolving payment structures and opportunities in "Finance x AI"
- Evolving business models for overseas operations

"Fundamental" Review of Domestic Cost Structure

- Reviewing cost structures for products, services, transactions, and operations
- Improving operational efficiency through the utilization of AI

Prioritizing "Safety and Security"

- Group-wide strengthening integrated risk management and governance responding to major incidents
- Advancement of measures in relation to business related risk

# Medium-Term Management Plan (Fiscal Years 2026-2030)

# Basic Policies of the Medium-Term Management Plan (FY2026–FY2030)

## Our Vision for 2030

A Community-based global company that brings  
“Finance Closer to Everyone”



## Demonstrating Profitability

Maximize the strength as AEON's financial entity

### Key Strategy①

Expansion of Customer  
base centered on AEON Pay

### Key Strategy②

Strengthening Lending  
Services by utilizing Data

### Key Strategy ③

Establishment of the “Retail  
x Finance x Digital” Business  
Model in Key Asian Countries



## Transition to High-Efficiency Management

Building a foundation that enables growth investments

### Key Strategy④

Domestic Cost  
Structure Reform



## Safety and Security First

Preventing recurrence and incidents proactively

### Key Strategy⑤

Realization of Robust  
Corporate Governance

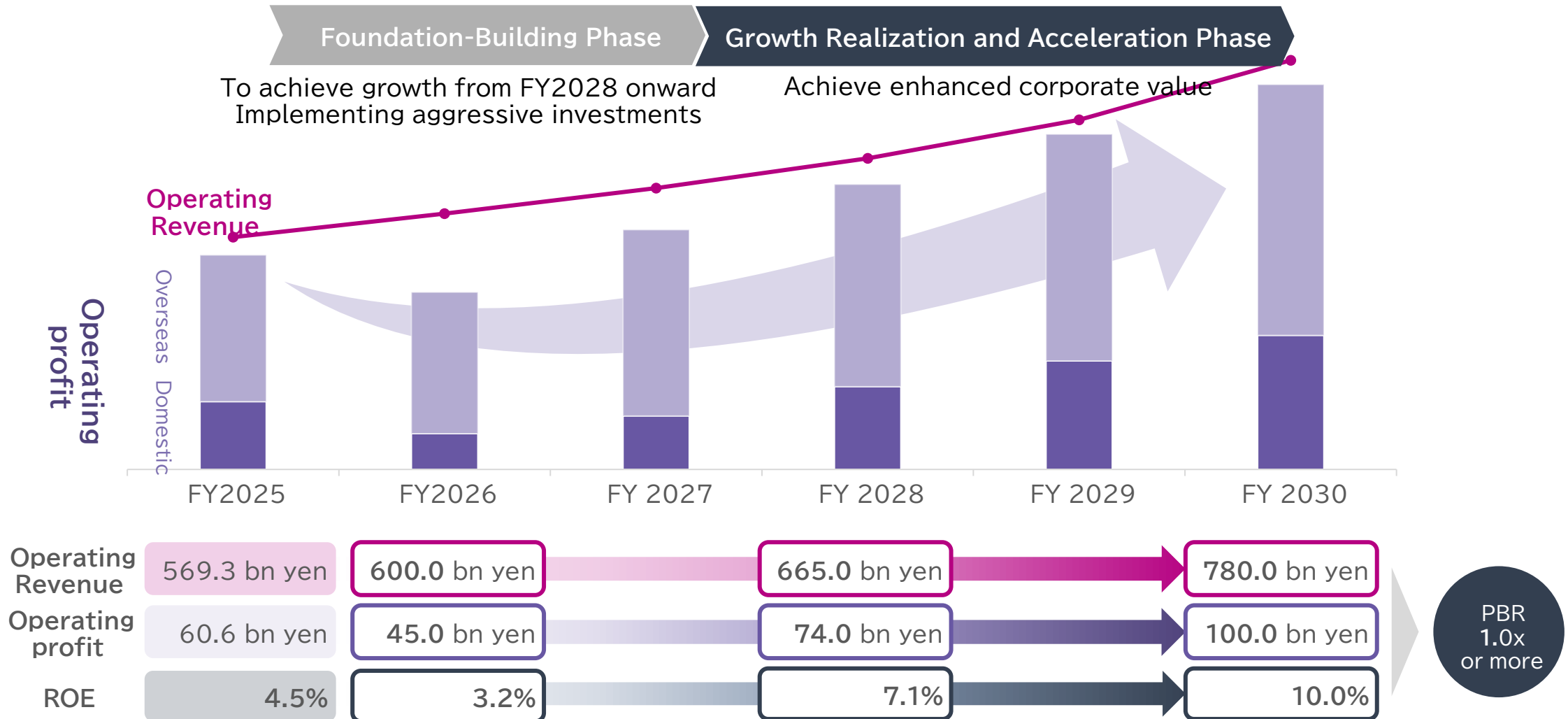
# Targets | Operating Revenue, Operating Profit, ROE

Demonstrating Profitability

Transition to High-efficiency Management

No. 1 in Safety and Security

- While revenue growth with profit decline in FY 2026 because of the renovation of credit card system, aiming at record high profit in FY 2028, and Operating Profit of 100 bn in FY 2030



# Approach to Enhancing Corporate Value

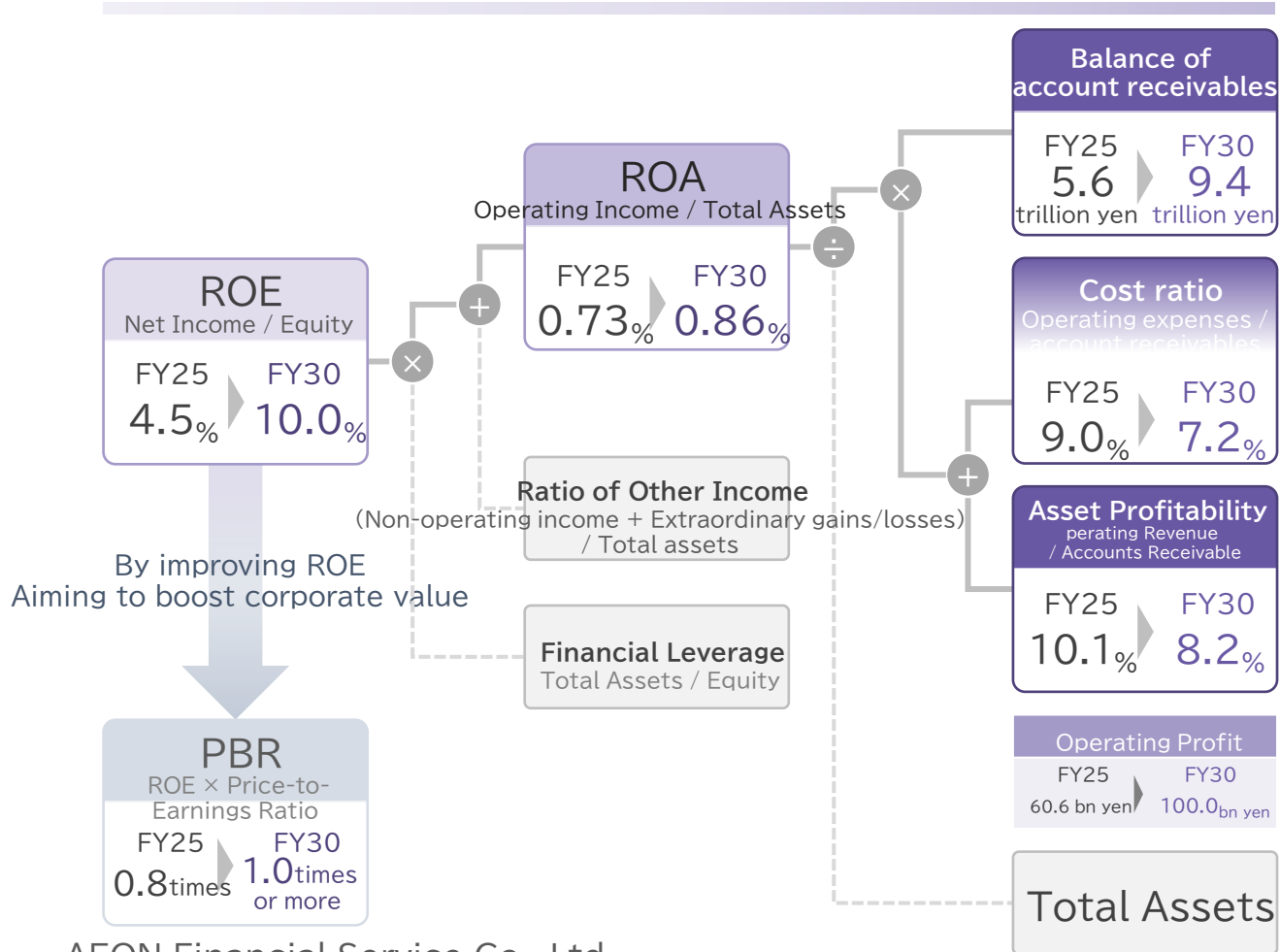
Demonstrating Profitability

Transition to High-efficiency Management

No. 1 in Safety and Security

- Diversify the portfolio through new products such as digital lending, alongside the expansion of account receivables
- Aiming for a 10.0% ROE while improving efficiency

## KGI Tree



## KPI

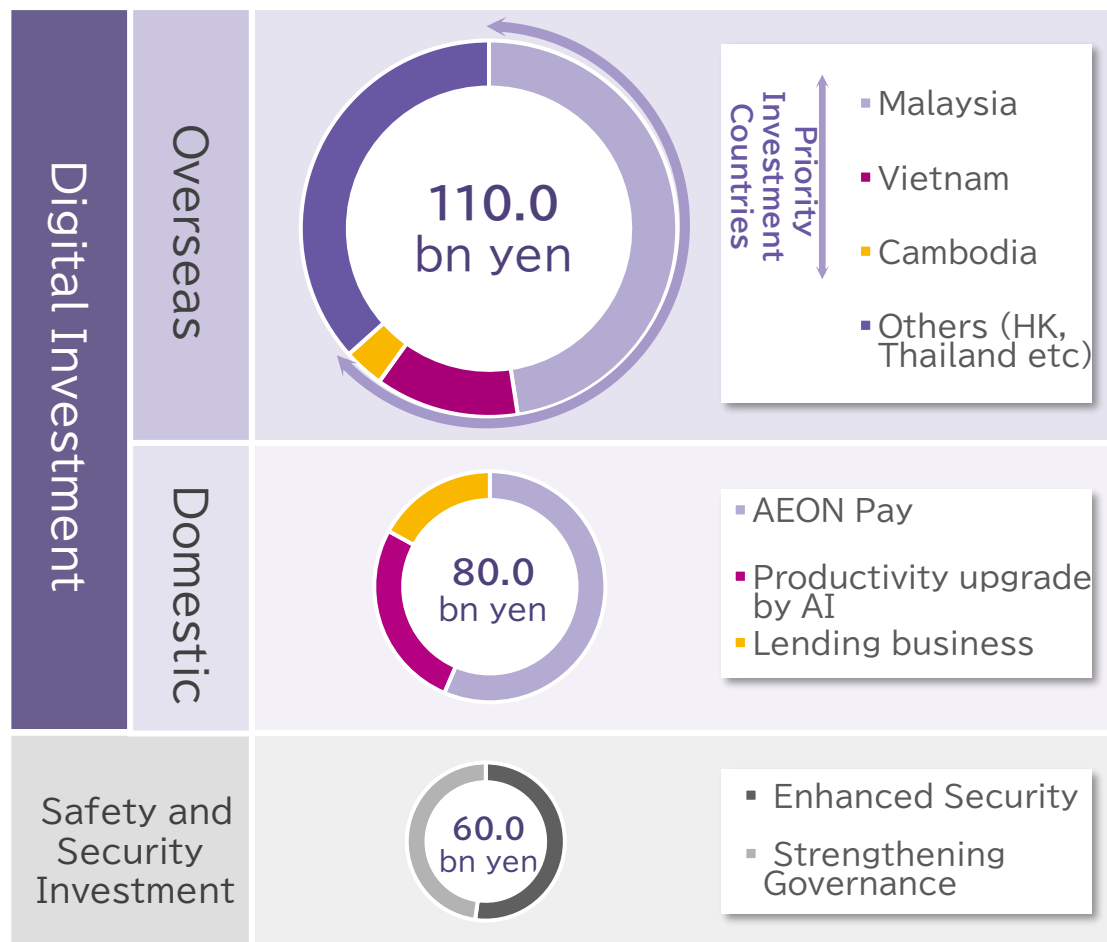
FY30 Target  
(Difference from FY25)



# Five-Year Investment Plan

- Through digital investments of 250.0 bn yen, advancing business model in Japan and in overseas as well as demonstrating competitive advantage

## Investment Amount (5-Year Total)



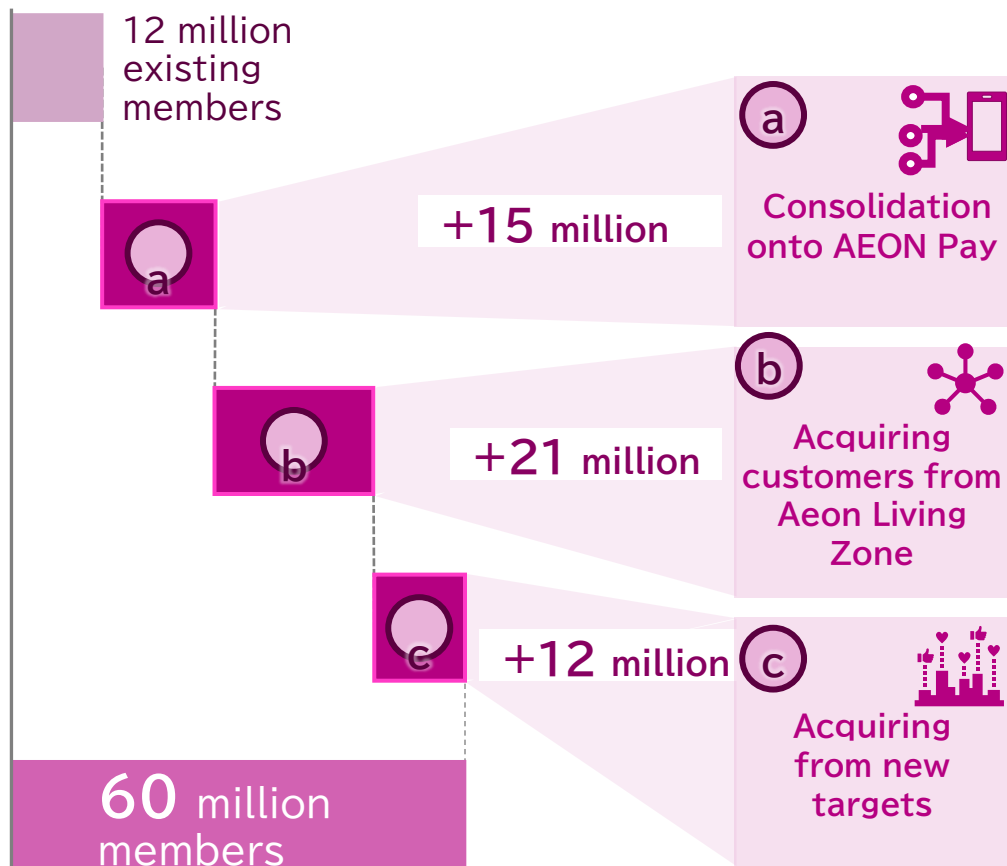
## Investment Policy and Objectives

- ✓ By establishing the foundation for retail x finance business model in each country, aiming to grow new revenue generating pillars next to three listed subsidiaries
  - ✓ Designate **Malaysia, Vietnam** and **Cambodia** as **priority investment countries** and execute aggressive investments
- 
- ✓ Aiming for profit growth by focusing investments on **AEON Pay**, which will serve as a new domestic revenue base, and AI that enhances productivity
  - ✓ Realizing migration of the financial infrastructure to the cloud to **accelerate product development**, and enable more **high-capacity data storage and utilization** securely
- 
- ✓ To strengthen the foundation for safeguarding our customers' safety and peace of mind, making investments

# Expansion of Customer Base centered on AEON Pay

- Actively promoting the migration of users from existing users of AEON Card and WAON, striving to acquire new customers from group and partner companies and from younger generations, and achieving 60 million members by 2030

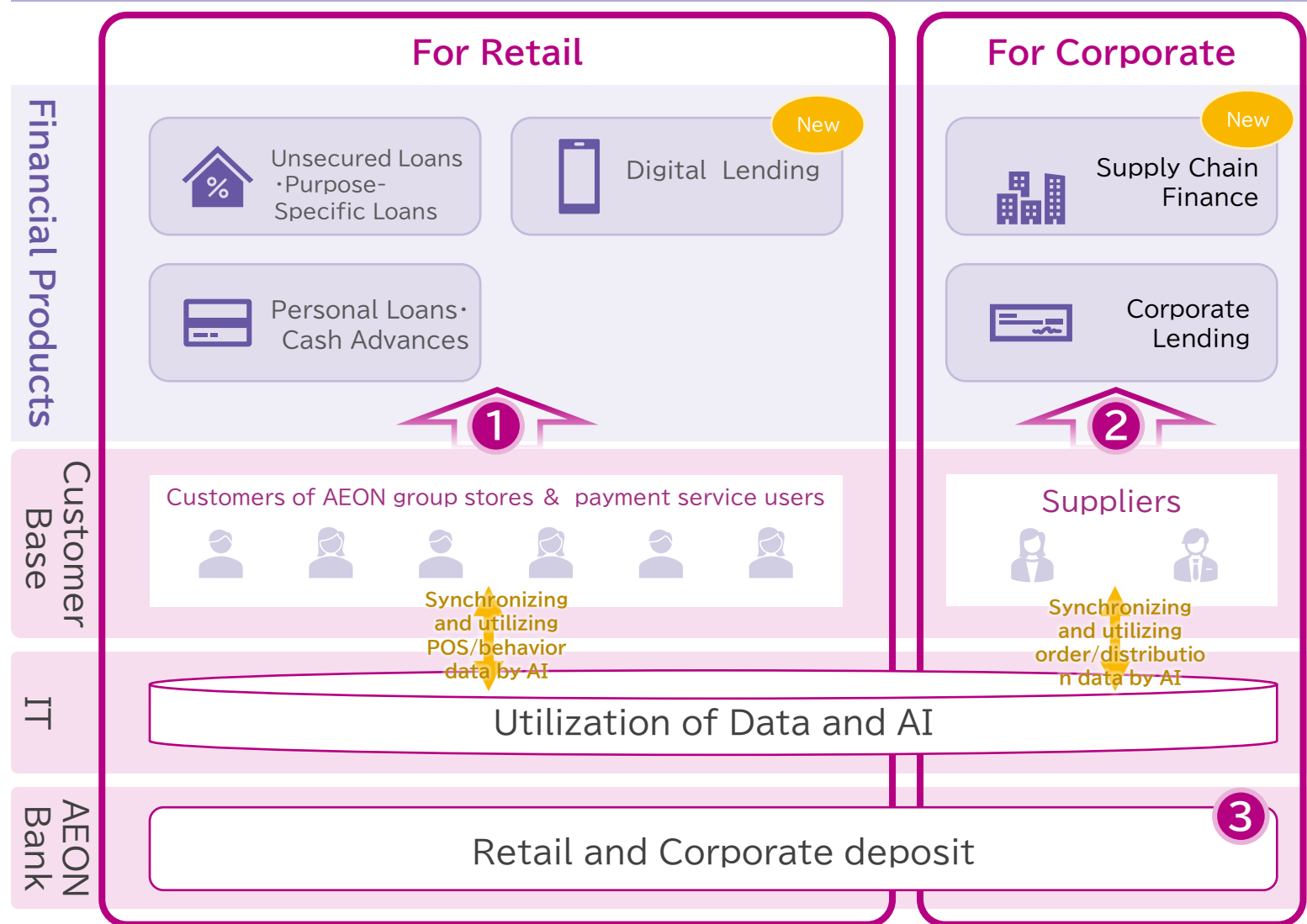
## Membership Growth Plan



## How to Approach to acquire members

Target	Initiatives
<ul style="list-style-type: none"> <li>Customers who already use AEON Card, WAON, or an AEON Bank account</li> </ul>	<ul style="list-style-type: none"> <li>» <b>Consolidating</b> existing, scattered services <b>into a single app</b> to <b>enhance convenience</b></li> <li>» Expand <b>benefits</b> to encourage the shift to AEON Pay</li> </ul>
<ul style="list-style-type: none"> <li>Customers using other payment services at Group companies, partners, and affiliated stores</li> </ul>	<ul style="list-style-type: none"> <li>» Offering AEON Pay function through app of group and partner companies</li> <li>» Appealing <b>“AEON Pay offers the best value”</b> through <b>rewards such as points</b>, prompting utilization of app by customers</li> </ul>
<ul style="list-style-type: none"> <li>Family members of AEON Pay users</li> <li>People in the Tokyo metropolitan area, university students, and those with limited contact with the AEON Group</li> </ul>	<ul style="list-style-type: none"> <li>» By leveraging features such as parent-child money transfers and allowance management, <b>reaching out to customers’ families</b></li> <li>» Collaborate <b>with local governments and universities, primarily in the Tokyo metropolitan area</b>, to raise awareness among new demographics and appeal our service’s convenience</li> </ul>

## Domestic Business Model



## Roadmap of Strengthening Lending business

- 1 Expansion of Retail Lending**

  - ✓ By leveraging **POS/behavioral analytics data and AI** to enhance credit assessment and providing lending service tailored to specific needs, enabling **cross-selling across financial products** to boost revenue
  - ✓ On top of the expansion of existing services, launching **new products and services (digital lending)** to strengthen **profitability of lending business**
- 2 Expansion of Corporate Lending**

  - ✓ On top of our existing corporate lending services, expanding our **supply chain finance (SCF) offerings** for AEON's business partners and key regional suppliers by utilizing transaction and distribution data
  - ✓ Using SCF as a gateway **to expand corporate accounts and balances of lending**
- 3 Creating an economic cycle through efficient fundraising and lending**

  - ✓ Consolidating payment and banking touchpoints
  - ✓ **Establishing a presence as a lifestyle account** linked to payments by providing added value such as household financial counseling

# Evolution of "Retail × Finance × Digital" Model in Key Asian Countries

Demonstrating Profitability

Transition to High-efficiency Management

No. 1 in Safety and Security

- Investing strategically into Vietnam, Malaysia and Cambodia -economies experiencing significant growth and considered to have great potential within our group- to realize "Retail x Finance x Digital" business model through region-specific growth strategies

## Growth Potential

## Growth Strategy



- Nominal GDP growth per capita (\*): +6.7%
- Consumer finance market will be expanded approx. 30 trillion yen equivalent by 2030

- Evolution of credit business through app
- Expansion of economic zone in line with the growth of AEON stores  
→see next page for details



- Nominal GDP growth per capita(\*): +4.7%
- Largest no. of overseas stores of AEON(256 stores)
- Active ID members: 6.3 million

- Evolution of a business model integrating **payments, banking, and retail, centered on the AEON Wallet app**
  - Integrating financial services centered on the digital bank, analyzing customer usage trends, and proposing personalized personal loans
  - Leveraging retail data to develop loans for SMEs
- As a new success story for the "Retail x Finance" business model, **standardizing the model and rolling it out across other countries**



- Nominal GDP growth per capita(\*): +5.6%
- Active credit card members: 60,000 (top level among peers)

- Expanding the payment customer base** in both the metropolitan area and regional areas
  - Expand credit card membership in the metropolitan area centered on AEON Malls
  - Rolling out BNPL services in regional areas
- Expanding financial services** in collaboration with AEON
  - Expanding lending services for individuals and corporations by leveraging the Group's network

# Expansion in Vietnam

Aeon store expands **more than three times** in 2030 nation-wide

FY2026 (Current)

FY2027

FY2030

## Building a Credit Business Foundation

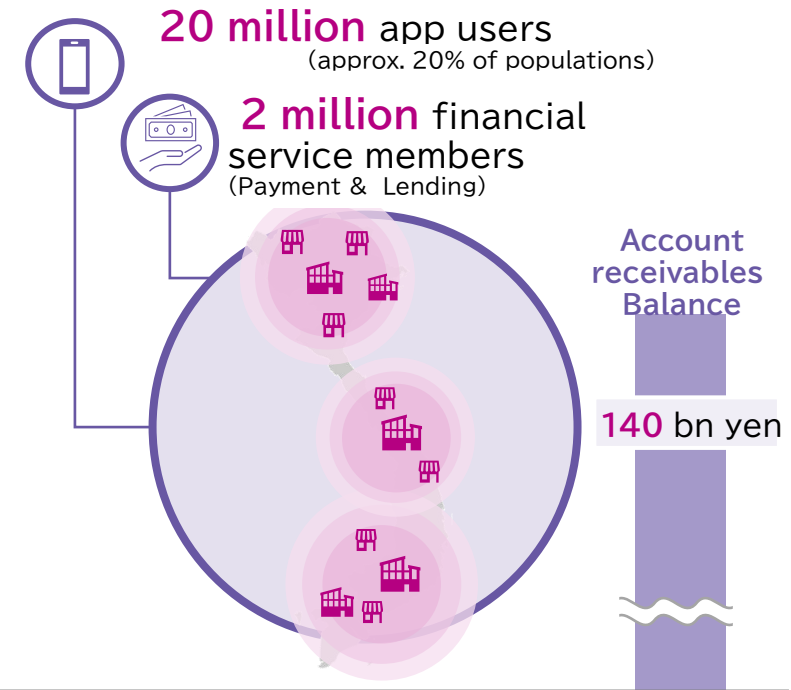
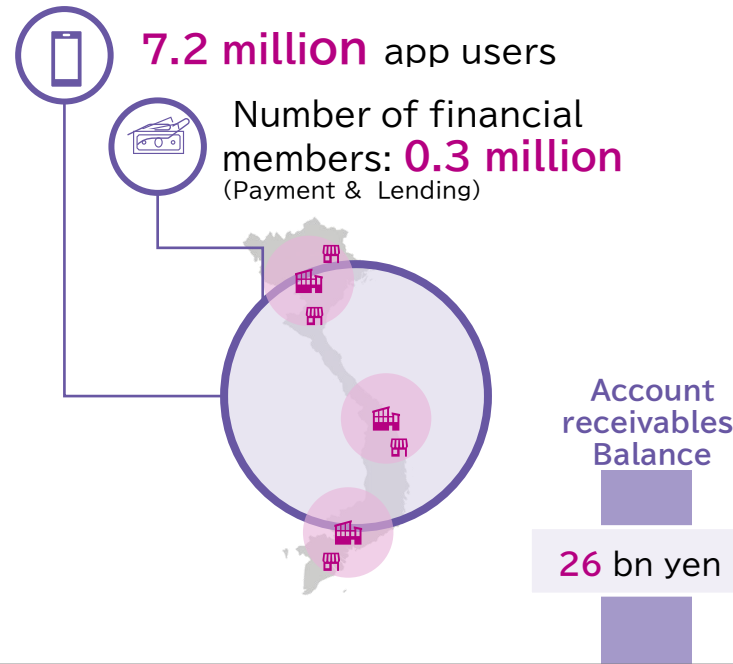
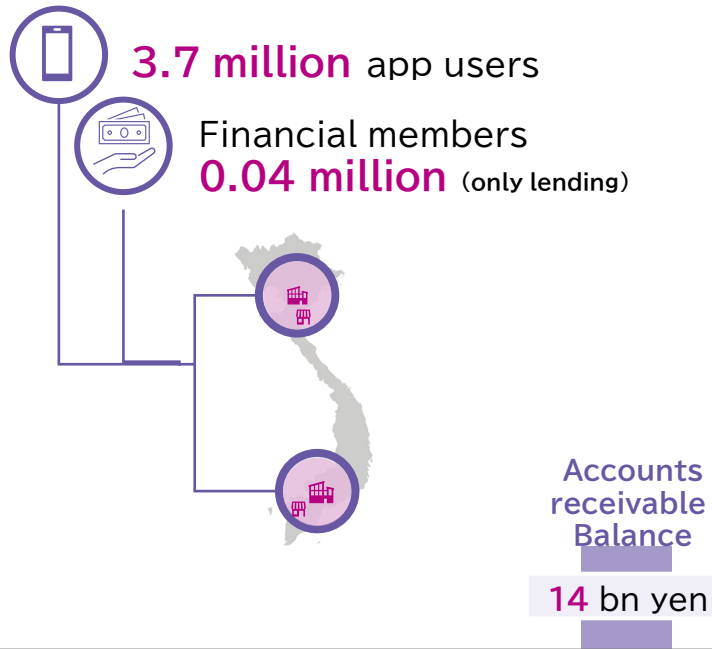
- Establish the foundation for the credit business (IT system etc)

## Expansion of the credit business

- Expand credit functions via the app to realize seamless financial services starting from retail

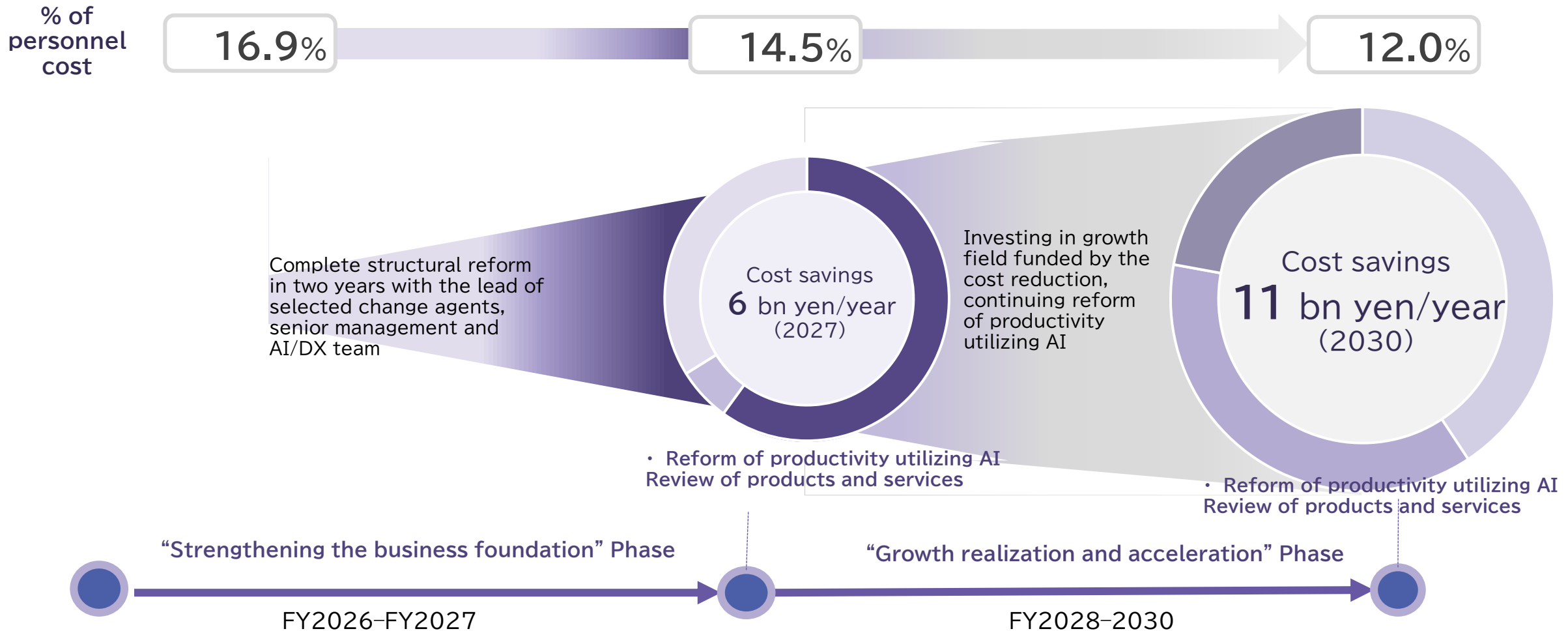
## Enhancing our presence in Vietnam by maximizing Aeon Group Synergies

- Expanding our economic sphere by capitalizing on AEON's store expansion
- Pursue further growth by developing new customers through alliances



# Domestic Cost Structure Reform

- By the end of FY 2027, fundamentally reform our cost structure to build a lean and agile organization, while aiming to expand operating profit through growth investments funded by cost savings



- Restructuring resilient management foundation promptly, and strive to evaluate and improve it thereafter



- With the goal of "empowering every employee," we will enhance engagement through systems designed to improve the quality of human capital and achieve numerical targets

## Upgrading quality of human capital



### Accuracy of internal job postings

- Boosting motivation through self-directed career development
- Aiming to identify and develop talent for transformation



### Global Rotation

- Establishing mechanisms to facilitate mobility of international talent
- Promoting active participation of talent across national borders

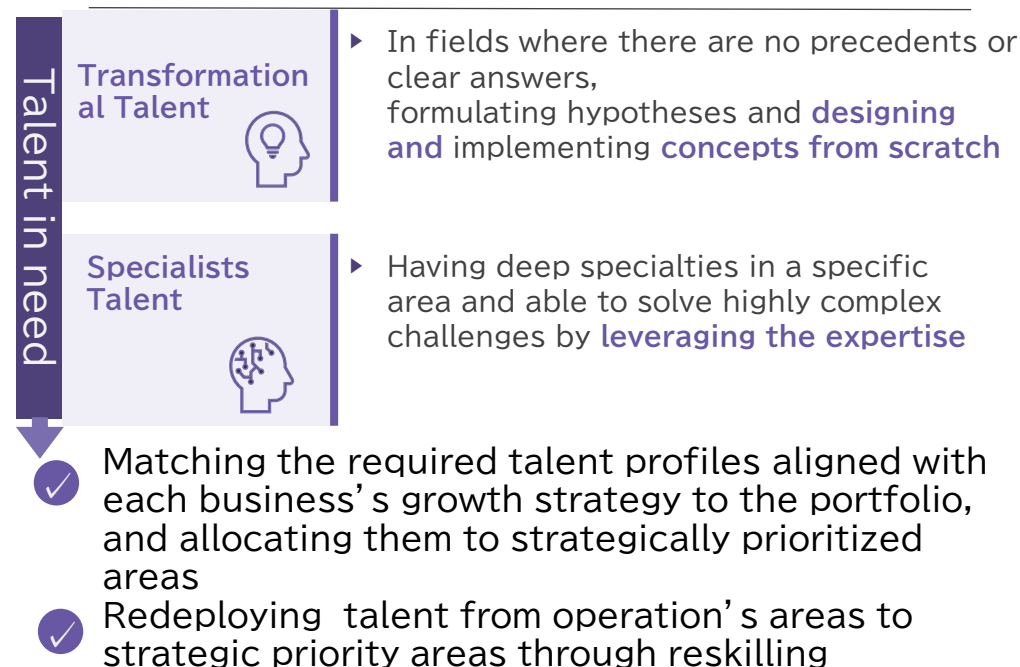


### Expand benefits to attract diverse talent

- Establishing a competitive compensation system in the labor market
- Recruiting talent capable of adapting to changes in the business environment

Realization of demonstrating the required ability in the right place

## Optimal placement of talent



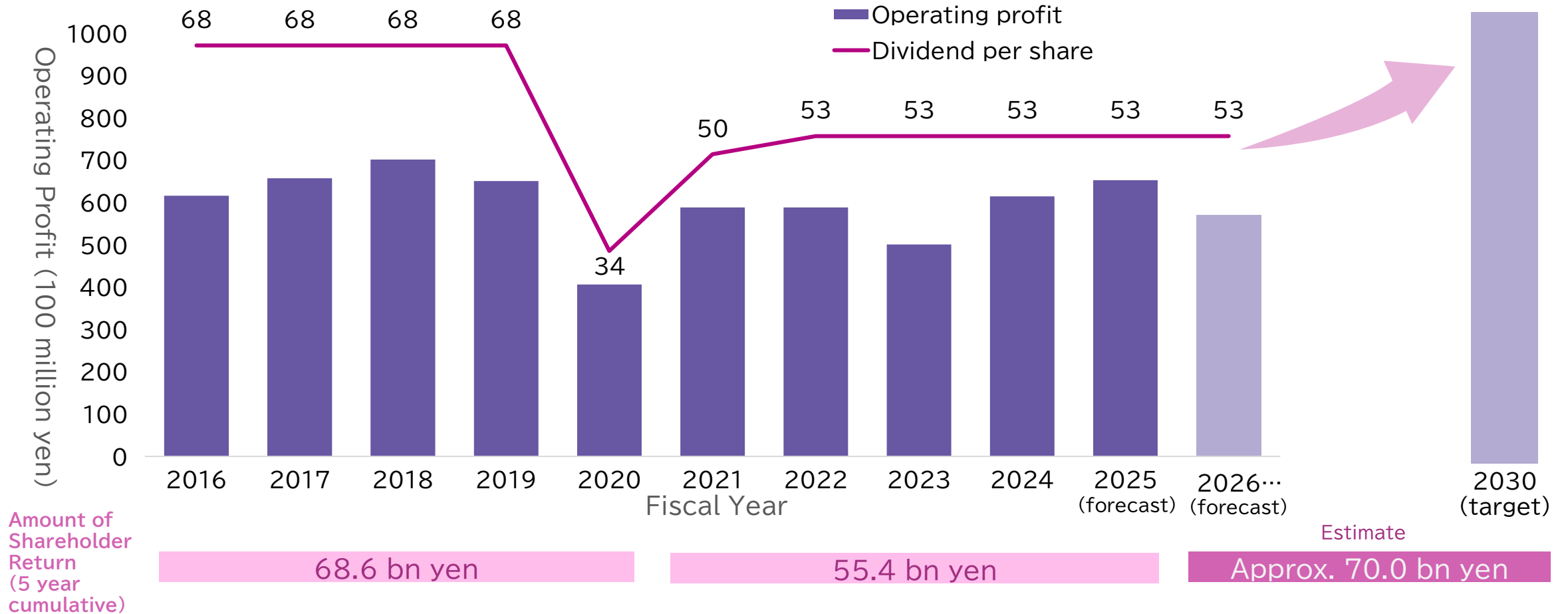
Realization of environment where everyone can thrive, achieving the goal of Medium-term Management Plan

- Establish targets to be achieved by 2030 for four key materiality, and strive to address them to realize sustainable growth.

Materiality		Key Indicators (2030)	
Human Rights	Pursuit of happiness through innovative financial services	<ul style="list-style-type: none"> <li>✓ Digital provision of all financial products and services, and continuous updates to security measures to ensure customers can use them with peace of mind</li> <li>✓ Providing cross-border (borderless)</li> <li>✓ Developing and securing talent to drive digital transformation</li> <li>✓ Promoting financial inclusion initiatives</li> </ul>	<ul style="list-style-type: none"> <li>✓ Collaboration with local regions and communities</li> <li>✓ Disaster response support through financial services</li> <li>✓ Total number of financial education participants: 500,000 (Japan: 350,000, Overseas: 150,000)</li> <li>✓ Review of Sustainable Investment and Financing Policy</li> <li>✓ Implementation of Sustainable Finance</li> </ul>
	Diversity and realization of potentials	<ul style="list-style-type: none"> <li>✓ Percentage of Women in Management: 30% at Executive Officer level and above, 30% in Department Head positions</li> <li>✓ Employment rate of people with disabilities: 3% (Japan)</li> <li>✓ PRIDE Index certification (Japan)</li> </ul>	<ul style="list-style-type: none"> <li>✓ 100% Men's paternity leave uptake rate (Japan)</li> <li>✓ Enhanced Employee Training</li> <li>✓ Improving employee engagement</li> </ul>
Establishment of resilient business foundation		<ul style="list-style-type: none"> <li>✓ Compliance with Laws and Regulations</li> <li>✓ Number of business interruptions due to incidents</li> <li>✓ Consideration of incorporating sustainability metrics into executive offices' compensation</li> <li>✓ Improvement in external ESG ratings</li> </ul>	<ul style="list-style-type: none"> <li>✓ In the event of a business crisis caused by a disaster or other emergency, minimizing damage, maintaining business operations, and ensuring rapid recovery through prompt and appropriate responses (BCP)</li> <li>✓ Fostering a culture of governance</li> </ul>
Addressing climate change and environmental issues		<ul style="list-style-type: none"> <li>✓ Environmental Conservation Promotion of Sustainability Initiatives</li> <li>✓ Reducing greenhouse gas emissions through energy conservation</li> </ul>	<ul style="list-style-type: none"> <li>✓ Providing environmentally friendly products and services</li> </ul>

# Shareholder Return Policy

- Aim to maintain a dividend payout ratio of 30–40% and balance investments for sustainable growth with shareholder returns
- Anticipate cumulative shareholder returns of approximately 70 bn yen over the five-year period from 2026 to 2030



\* Please note that the return policy and dividend amounts are subject to change in the future depending on future business performance, financial conditions, investment plans, and changes in economic conditions.

# FY 2026 Earnings Forecast

	<b>FY2025 Results</b>	<b>FY2026 Forecast</b>				<b>2030 Target</b>
	<b>Consolidated</b>	<b>Consolidated</b>	<b>YoY</b>	<b>Domestic</b>	<b>Overseas</b>	<b>Consolidated</b>
Operating Revenue	569.3	600.0	+30.7	355.0	245.0	780.0
Operating income	60.6	45.0	▲15.6	5.0	40.0	100.0
Operating Profit Margin	10.7%	7.5%	▲2.7 <sub>pt</sub>	1.4%	16.3%	12.8%
Ordinary income	60.6	45.0	▲15.6	—	—	100.0
Net income	21.0	15.0	▲6.0	—	—	58.0
Dividend per share (Annual, yen)	53	53	±0	—	—	—
ROE	4.5%	3.2%	▲1.3 <sub>pt</sub>	—	—	10.0%

Unit: bn yen  
unless stated

## List of KPIs Managed Under the Medium-Term Management Plan

KPI for		Unit	2025	2026	2027	2028	2029	2030
Domestic	Number of Active AEON Pay ID	(10,000 persons)	1,208	3,000	4,000	4,700	5,500	6,000
	Outstanding Balance of Current Deposit	(trillion yen)	3.2	3.4	3.7	4.1	4.7	5.6
	Transaction volume of cashless transactions	(trillion yen)	9.8	11.0	12.0	14.0	16.0	19.0
	Outstanding Account Receivables for individual customers (High-yield)(*1)	(bn yen)	883.8	950.0	1,020.0	1,110.0	1,190.0	1,260.0
	Outstanding Account Receivables for corporate customers	(bn yen)	3,378	370.0	400.0	430.0	480.0	530.0
	Personnel cost against operating revenue	(%)	16.9	15.5	14.5	14.0	13.0	12.0
Overseas	Outstanding trade receivables (*2)	(bn yen)	1,157.7	1,290.0	1,400.0	1,550.0	1,630.0	1,750.0
	Outstanding trade receivables (*3)		41.1	59.0	76.0	100.0	150.0	200.0

\*1 Before securitization \*2 Total of three overseas listed subsidiaries and AEON Bank (Malaysia) \*3 Total of subsidiaries in Vietnam and Cambodia

Statements contained in this report with respect to the Company's management strategies, business policies and results forecasts are forward-looking statements about the future performance of the Company, which are based on the assumptions and beliefs in light of the information currently available. These forward-looking statements involve various uncertain factors including known and unknown risks such as economic trends, industry competition, market demand, exchange rates, tax and other systems that may cause the Company's actual results, performance or achievements to differ materially from the expectations expressed herein.



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