

# AEON Fantasy Co., Ltd.

## Supplementary Materials for the Financial Results

The Fiscal Year  
Ended February 28, 2018



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# COMPANY OVERVIEW



AEON Fantasy Co., Ltd.

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## Company Overview

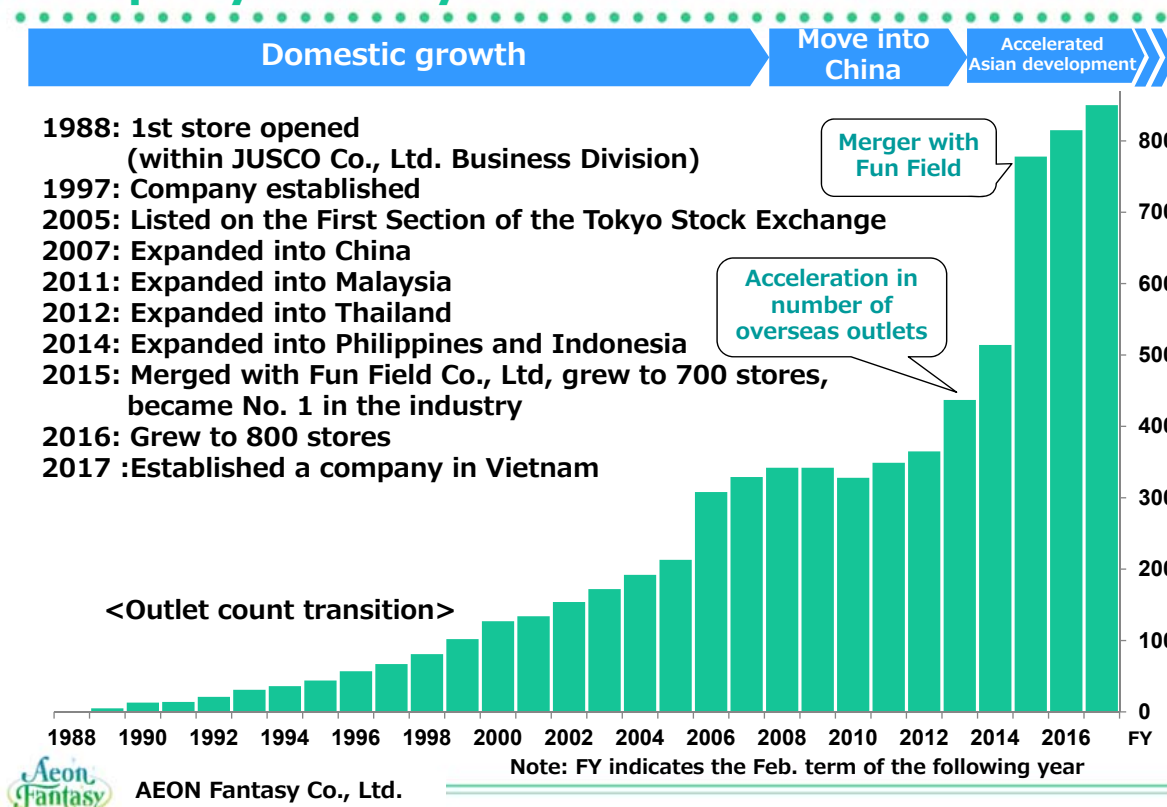
- 1) Company Name: AEON Fantasy Co., Ltd.
- 2) Location: 1-5-1 Nakase, Mihama-ku, Chiba-shi, Chiba
- 3) Established: Feb. 14, 1997
- 4) Capital: 1.747 billion yen
- 5) Shareholders: AEON Co., Ltd. (65.5%), other (34.5%)
- 6) Market: First Section of the Tokyo Stock Exchange
- 7) Business: Operates amusement facilities and indoor playgrounds within shopping centers



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# Company History



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## NUMBER ONE COMPANY IN THE AMUSEMENT FACILITY OPERATIONS INDUSTRY

Position	Company Name	Actual Sales (FY 2016)
1st	<b>AEON Fantasy</b>	<b>65.0 bil. yen</b>
2nd	Company A	47.2 bil. yen
3rd	Company B	40.5 bil. yen
4th	Company C	37.2 bil. yen
5th	Company D	14.1 bil. yen
6th	Company E	13.3 bil. yen

\* Sales for each company indicate amusement facility sales on a consolidated basis including overseas

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# 2017 FISCAL YEAR OVERVIEW OF CONSOLIDATED CLOSING



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## 2017 Fiscal Year Consolidated Results

- Sales reached a record high, marking **the 7th consecutive** terms of growth with a YoY revenue increase of 10.9%
- Operating income (**revenue increase for four consecutive terms**), ordinary profit, and net profit attributable to parent company shareholders **all reached a record high in 11 years**.

(Unit: Million yen)

	2016 Fiscal Year (prev. term)	2017 Fiscal Year (current term)	% change from prev. term
Sales	65,058	<b>72,174</b>	<b>+10.9%</b>
Gross profit	7,977	<b>10,811</b>	<b>+35.5%</b>
Operating profit	3,769	<b>5,970</b>	<b>+58.4%</b>
Ordinary profit	3,498	<b>5,598</b>	<b>+60.0%</b>
Current net profit attributable to parent company shareholders	1,697	<b>2,986</b>	<b>+75.9%</b>
Current net profit per share	¥86.18	<b>¥151.53</b>	<b>¥65.35 increase</b>



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## Segment Information

(Unit: Million yen)

	Domestic	Overseas			Consolidation adjustment	Consolidated Total
		China	ASEAN	Total		
Sales	58,819 (+7.8%)	9,040 (+26.0%)	4,687 (+41.0%)	13,728 (+30.7%)	△373 (-)	72,174 (+10.9%)
Operating profit	5,628 (+1,941)	304 (+105)	42 (+158)	346 (+264)	△4 (△4)	5,970 (+2,201)

For sales, the figure in brackets are the YoY % change  
For operating profit, figures in brackets are the YoY change expressed as an absolute amount

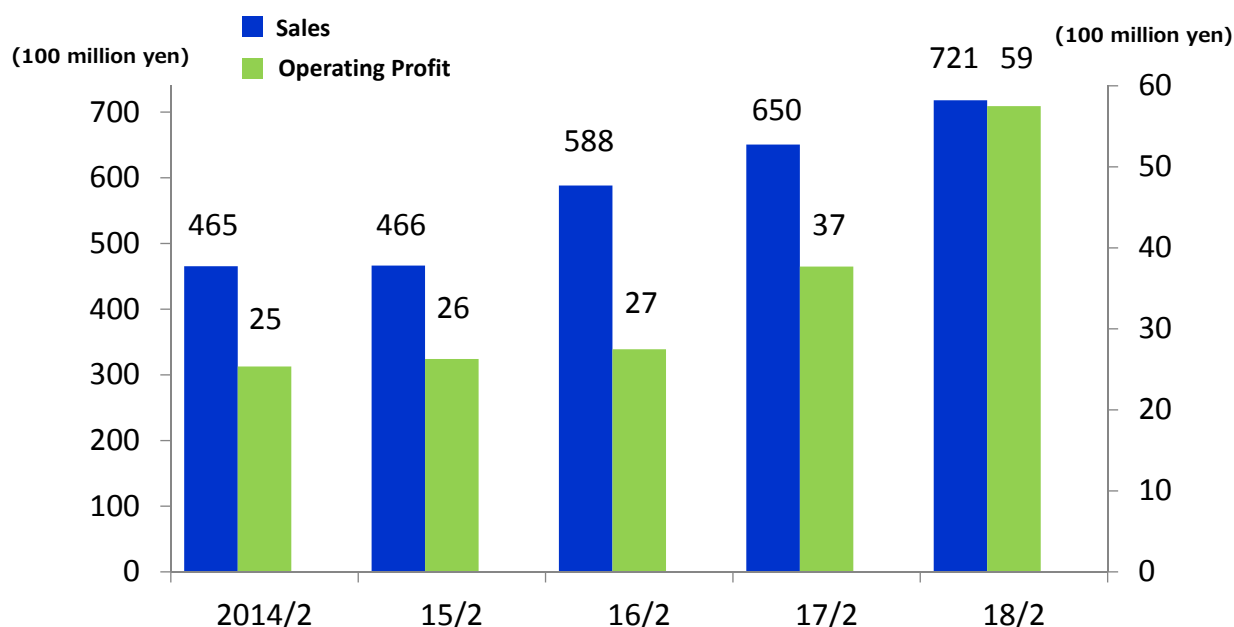


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## Consolidated Business Performance Trends

■ Increase of Sales and Profit were achieved for the Fourth Consecutive Term.

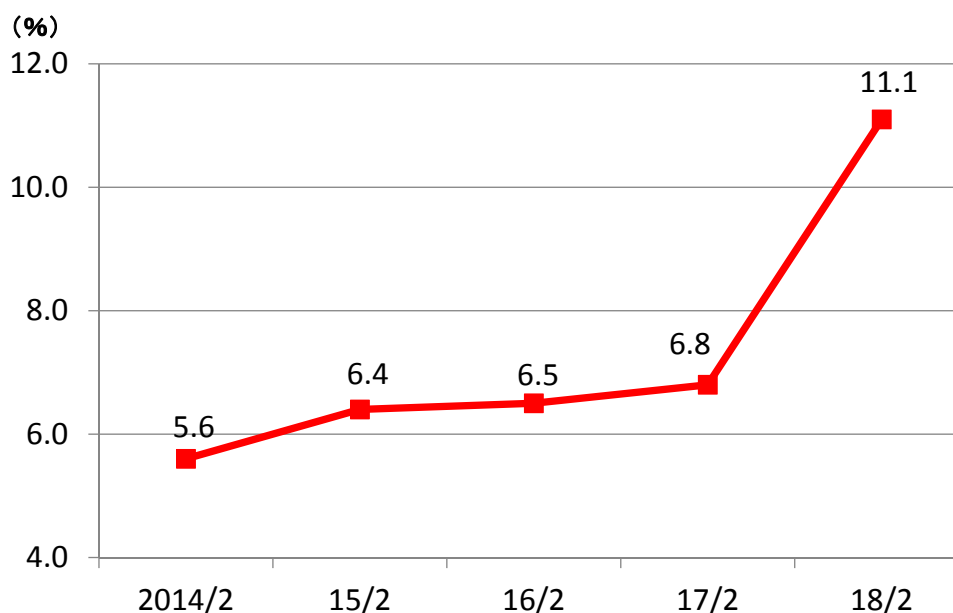


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# Consolidated Business Performance Trends

■ ROE significantly improved from 6.8% in the previous fiscal year to 11.1%



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## Topics

Increased consolidated sales and profit	Sales reached a record high, marking the 7th consecutive terms of growth. Operating income (revenue increase for four consecutive terms), ordinary profit, and net profit attributable to parent company shareholders all reached a record high in 11 years. ROE significantly improved from 6.8% in the previous fiscal year to 11.1%.
Prizes division recorded 20.0% YoY growth for existing outlet sales	Sales increase was contributed by introduction and expansion of our original prizes produced in collaboration with confectionery manufacturers, film projects, and popular YouTubers, as well as by the YouTube effect: the company's related videos on YouTube received more than 90 million views this fiscal year.
New initiatives and development of new categories of business	"Yokubari Pass", allowing for fixed-price unlimited play for a fixed time, has been well received by customers. Members of a new membership program "MollyFriends" have steadily increased. Opened the first shop of "Nikohapi kidz - Let's play with NHK characters", a kids' entertainment facility, and the first shop of a wellness mahjong shop, "Tonikkyoku", respectively.

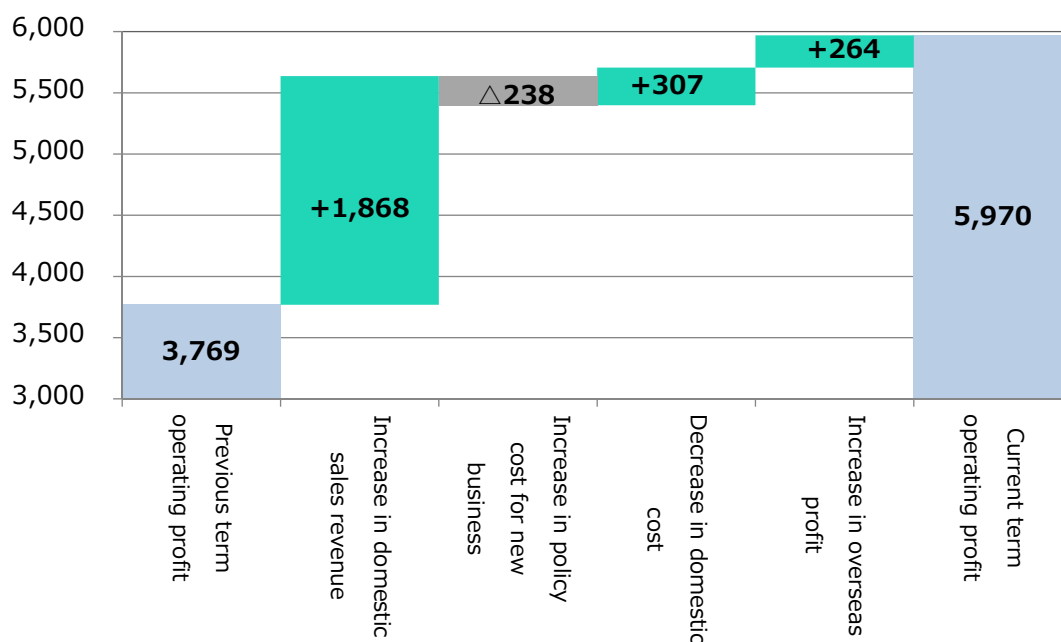


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## Operating Profit: Increase/Decrease Analysis by Factor

(Million yen)



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## Consolidated Balance Sheet (As of February 28, 2018)

(Unit: Million yen)

	Feb. 28, 2017		Feb. 28, 2018		Change from start of period
	Amount	%	Amount	%	
Liquid assets	11,259	26.0%	10,347	22.0%	△912
Fixed assets	32,069	74.0%	36,580	78.0%	+4,511
<b>Total assets</b>	<b>43,328</b>	<b>100.0%</b>	<b>46,928</b>	<b>100.0%</b>	<b>+3,599</b>
Liquid liabilities	11,000	25.4%	11,082	23.6%	+81
Fixed liabilities	6,707	15.5%	7,476	15.9%	+768
<b>Total liabilities</b>	<b>17,708</b>	<b>40.9%</b>	<b>18,559</b>	<b>39.5%</b>	<b>+850</b>
<b>Total net assets</b>	<b>25,619</b>	<b>59.1%</b>	<b>28,369</b>	<b>60.5%</b>	<b>+2,749</b>
<b>Total liabilities and net assets</b>	<b>43,328</b>	<b>100.0%</b>	<b>46,928</b>	<b>100.0%</b>	<b>+3,599</b>



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# Consolidated Cash Flow Statement

(Unit: Million yen)

	2016 Fiscal Year	2017 Fiscal Year	Change from beginning of period
<b>Cash flow from business activity</b>	10,349	<b>10,672</b>	<b>+322</b>
Net profit before tax and other adjustments	3,160	<b>5,080</b>	<b>+1,919</b>
Depreciation costs	6,593	<b>7,206</b>	<b>+612</b>
Income taxes paid	△429	<b>△1,738</b>	<b>△1,309</b>
<b>Cash flow from investment activity</b>	△7,660	<b>△11,416</b>	<b>△3,756</b>
Expenses incurred from acquiring tangible fixed assets	△7,669	<b>△11,279</b>	<b>△3,609</b>
<b>Cash flow from financing activity</b>	112	<b>△506</b>	<b>△618</b>
Net change in short-term borrowings	△1,378	<b>0</b>	<b>+1,378</b>
Net change in long-term borrowings	2,106	<b>176</b>	<b>△1,929</b>
Dividend payments	△590	<b>△630</b>	<b>△40</b>
<b>Change in cash and cash equivalents</b>	2,717	<b>△1,309</b>	<b>△4,027</b>
<b>Cash and cash equivalent balance at term start</b>	3,724	<b>6,442</b>	<b>+2,717</b>
<b>Cash and cash equivalent balance at term end</b>	3,724	<b>5,132</b>	<b>△1,309</b>



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# Number of Outlets (at End of Feb. 2018)

	Mollyfantasy	kidzooona	Other	Total
<b>Japan</b>	<b>413</b>	<b>5</b>	<b>41 (2)</b>	<b>459 (2)</b>
<b>China</b>	<b>145 (4)</b>	<b>46</b>	<b>9</b>	<b>200 (4)</b>
<b>Malaysia</b>	<b>51</b>	<b>26</b>	<b>8</b>	<b>85</b>
<b>Thailand</b>	<b>21</b>	<b>17</b>	<b>1</b>	<b>39</b>
<b>Philippines</b>	<b>0</b>	<b>39</b>	<b>0</b>	<b>39</b>
<b>Indonesia</b>	<b>1</b>	<b>13</b>	<b>1</b>	<b>15</b>
<b>Vietnam *</b>	<b>4</b>	<b>4</b>	<b>1</b>	<b>9</b>
<b>Cambodia</b>	<b>1 (1)</b>	<b>1 (1)</b>	<b>0</b>	<b>2 (2)</b>
<b>Overseas total</b>	<b>223 (5)</b>	<b>146 (1)</b>	<b>20</b>	<b>389 (6)</b>
<b>Total</b>	<b>636 (5)</b>	<b>151 (1)</b>	<b>61 (2)</b>	<b>848 (8)</b>

※ For Vietnam, we have acquired 9 franchise stores from Aeon Vietnam, and shifted them to our direct management.  
 Note : Numbers in brackets are included in the total, and are the number of franchise stores, etc. (including business collaboration contracts, business consignment contracts, and licensing contracts).



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# 2017 FISCAL YEAR OVERVIEW OF FOCUS EFFORTS

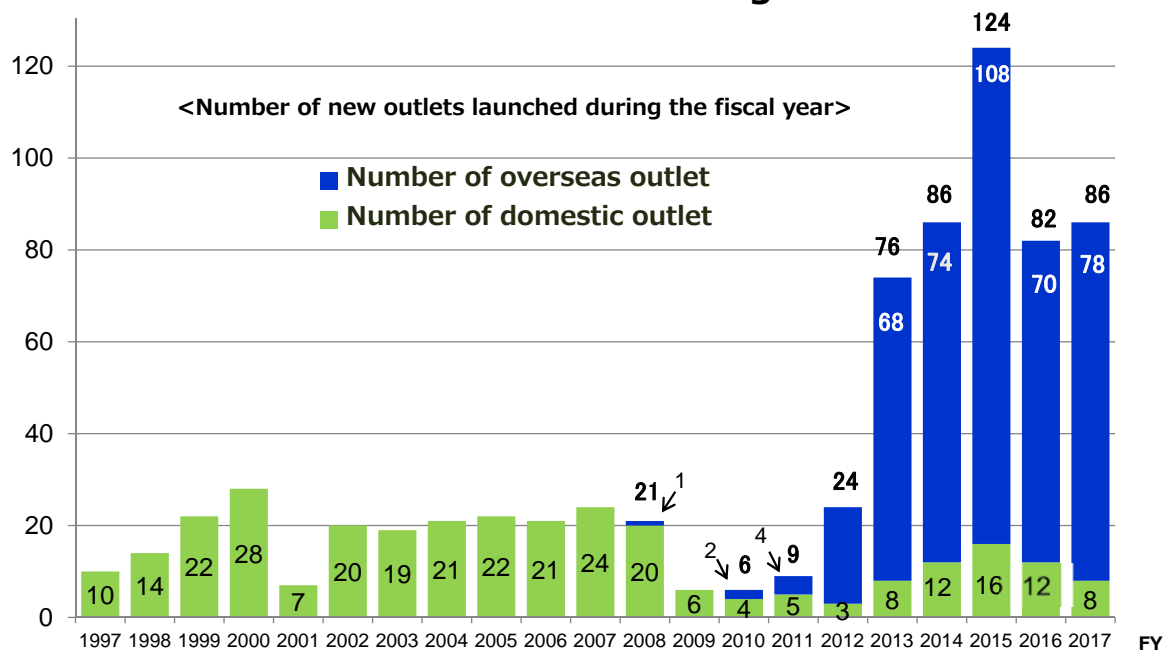


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## New Outlets

■ 86 new outlets were launched during FY2017



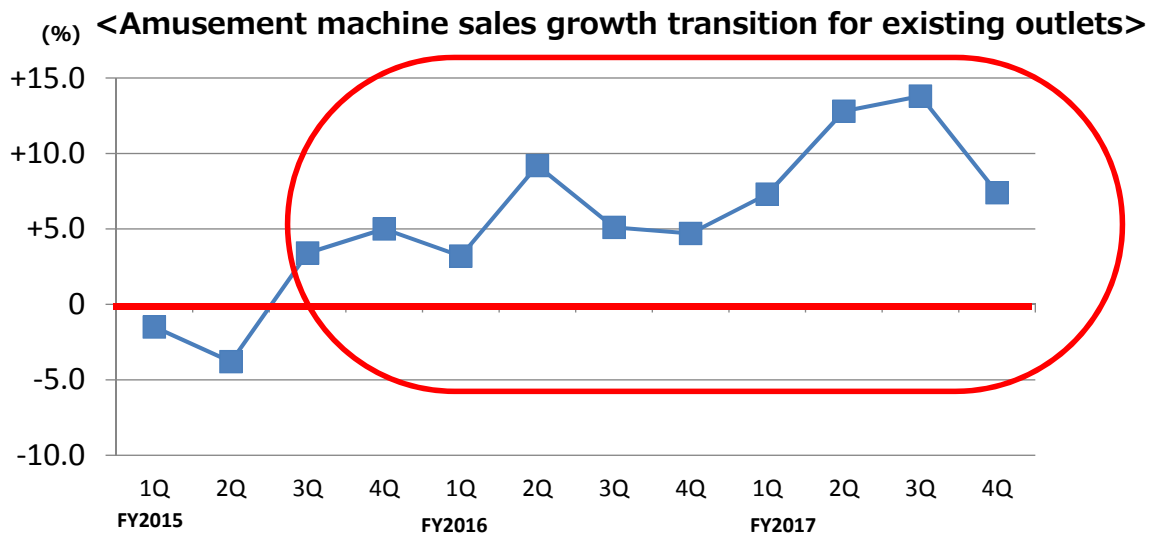
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## Domestic Sales Growth for Amusement machines

■ Sales growth for amusement machines at existing outlets remained strong, showing positive growth for 30 consecutive months since September 2015.

■ Existing outlets growth rate for the current term was +10.3%.



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## Strengthen Development of Our Original Prizes

■ Strengthen development of our original prizes by collaboration with other companies.

“Soft-serve ice cream, Squeeze”  
in collaboration with MINISTOP



“HiGH & LOW goods”  
by tie-up with a movie



“Puddle Bondor”  
in collaboration with a popular  
YouTuber

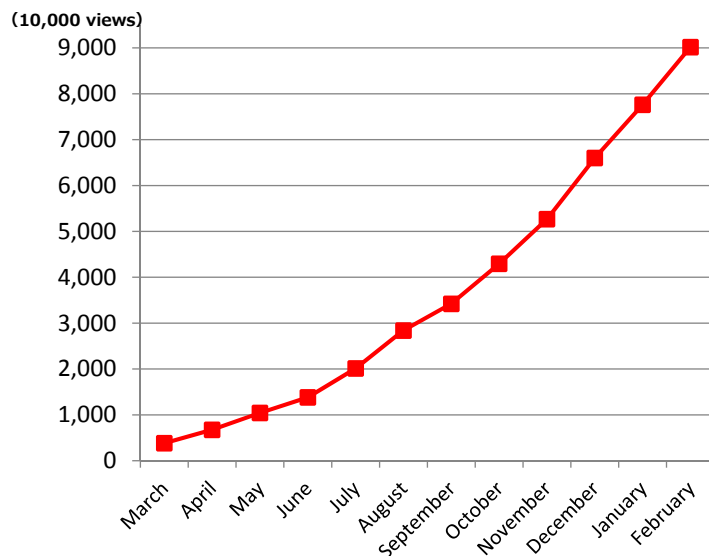


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## Video Promotion Utilizing YouTube

- Molly Fantasy videos, some of which introduce our original prizes, received more than 90 million views this fiscal year (as of February 2018)



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## "Yokubari Pass" Suggests a New Way of Playing

- The pass offers unlimited play options, either 30 minutes for 500 yen, or 60 minutes for 1,000 yen, proposing a new way of playing. The existing pricing model was 100 yen per play. 99 outlets have introduced the system.
- 97.1% of customers are satisfied, commenting "I found this good value, good to be able to play with all the family members". (From questionnaires to customers.)

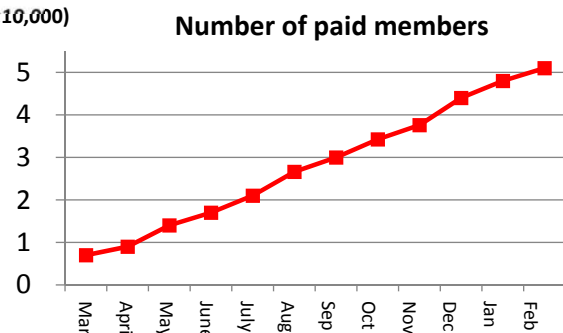
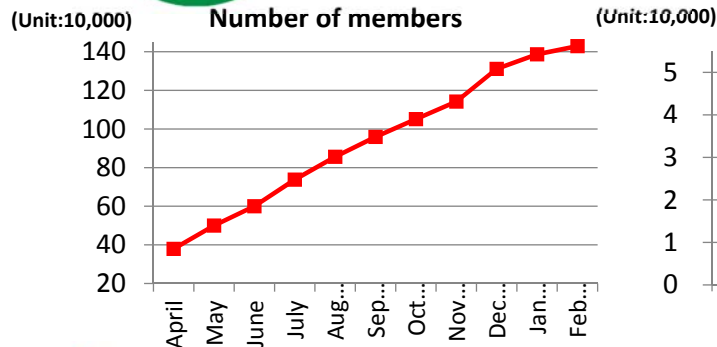


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## Increasing Members for a New Members Program, "MollyFriends"

- We integrated three existing membership programs and improved convenience and service.
- The number of members for the new members program, "MollyFriends" exceeded 1.4 million. (As of the end of February)



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## Revitalized 42 outlets

- Implemented large-scale revitalization of 38 outlets by renewing interior decoration and product selection for "Molly Fantasy".
- 4 outlets have changed its business category from "Molly Fantasy" to "PALO" based on the traffic of customer segments.



Post-revitalization comparison with pre-revitalized outlets in the previous year

Before Revitalization **101.8%**



After Revitalization **115.0%**

**+13.2 point improvement**



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## New Business Category “Nikohapikidz - Let's Play with NHK Characters”

- Newly developed “Kids Edutainment Facility”, kid's entertainment facility that integrates learning and play, based on a popular TV show for children on NHK Educational TV.
- Opened the first facility in Tobu Department Store, Ikebukuro Main Store on July 13, 2017.



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## New Business Category -a Wellness Mahjong Shop, “Tonikkyoku”

- Opened a facility where customers can enjoy mahjong in a wellness environment with a motto “no drinking, no smoking, no gambling”
- Formed a business tie up with “Japan Professional Mahjong League” with the aim of promoting wellness mahjong

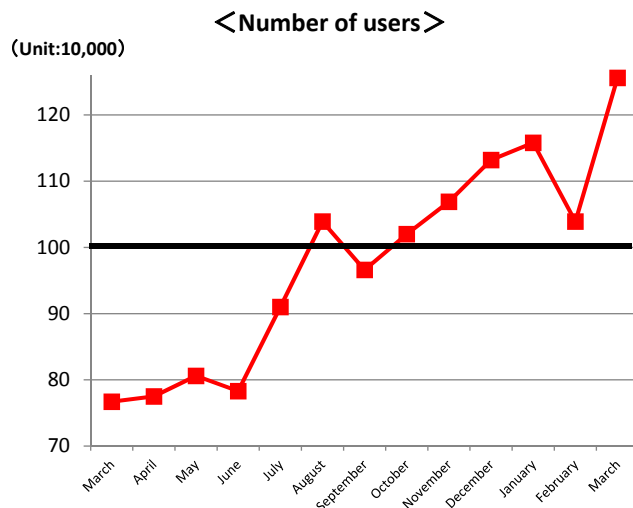


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## Utilization of WAON POINT

- Provide WAON POINT service by granting visit points by dedicated terminals placed at all stores. The number of users for this service have exceeded 1 million per month.



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## Development of Our Original Game Machines

- Achieved significant cost reduction compared with the similar existing products.

“Ulala's Doki Doki Attack”

Machine unit price 58% off



“PATA PATA BALL”

Machine unit price 28% off



“Dragon Catcher M”



We were the first to produce this in Malaysia where amusement machine manufacturers had not existed.

Machine unit price 21% off



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## Differentiation from Other Companies by Expanding Our Original Game Machines

■ Differentiated ourselves from our competitors by developing and introducing original game machines that cannot be imitated by other companies against the backdrop of the number of our outlets.

### <Original playground equipment sales distribution ratio>

	FY 2016 RESULTS	FY 2017 RESULTS
<b>Domestic</b>	<b>25%</b>	<b>32.9%</b>
<b>overseas</b>	<b>33%</b>	<b>39.7%</b>
<b>Total</b>	<b>27%</b>	<b>34.2%</b>



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## Overseas Business Performance

- Existing store growth rate is strong in China and operating profit is up 53.3% from the previous term.
  - Malaysia maintains a strong performance among ASEAN countries and the existing store growth rate recovers steadily in Thailand.
- Philippines and Indonesia steadily increased profits, and achieved a positive operating profit in total for the ASEAN business.

### <Performance by country>

(Unit: Million yen, %)

	China		Malaysia		Thailand		Philippines		Indonesia	
	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017
Growth rate at existing outlets	+0.3	+7.4	+7.4	+9.8	△5.0	+16.2	△10.0	+5.1	—	+1.1
Total sales	7,175	9,040	1,728	2,246	668	762	685	1,079	242	503
Store profit	877	1,293	340	505	△143	△125	95	162	69	157
SGA	678	989	177	248	96	102	93	140	68	107
Operating profit	198	304	162	256	△240	△227	2	22	1	49

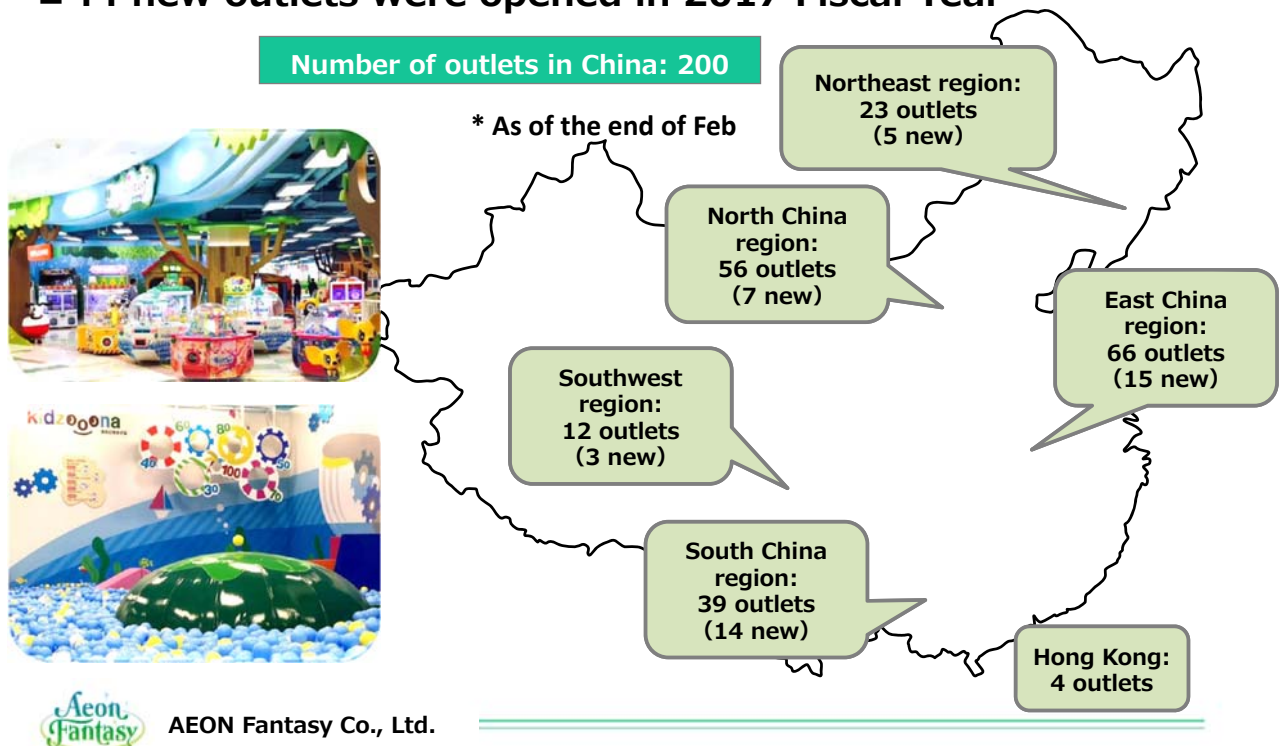


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## Expansion of New Outlet Openings in China

■ 44 new outlets were opened in 2017 Fiscal Year



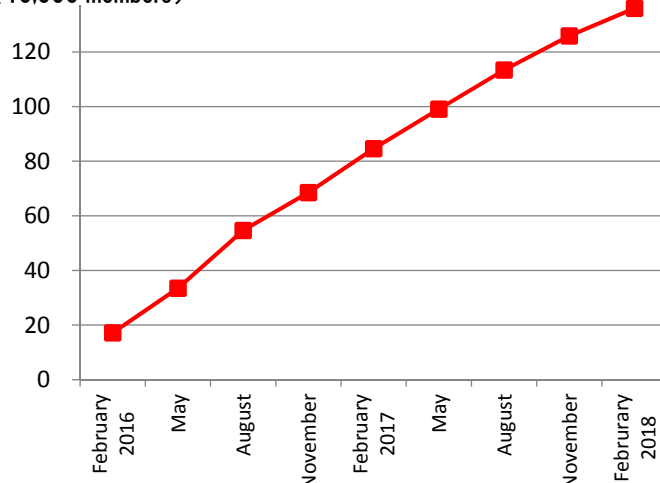
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## Steadily Increasing Members' Only App Users in China

■ The number of members using the members' only app system has steadily grown to over 1.36 million at the end of February

<Cumulative Number of Downloads>

(10,000 members)



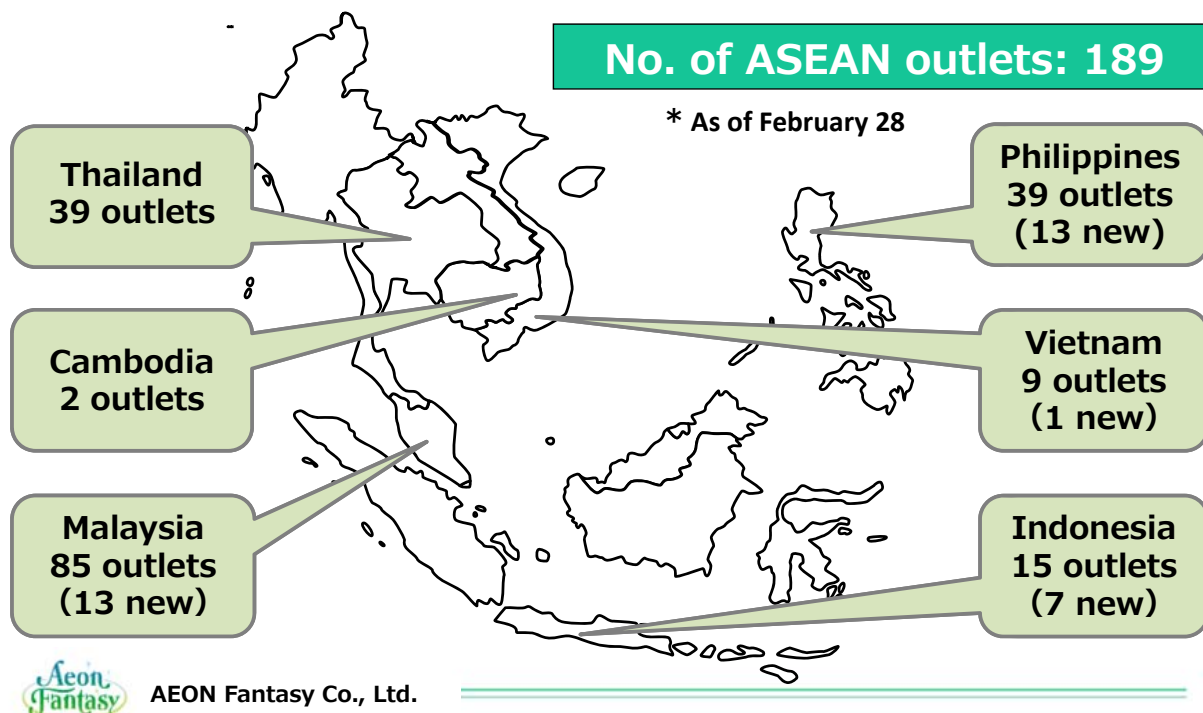
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## Expansion of Business in ASEAN

■ 34 new outlets were opened during the Fiscal Year 2017

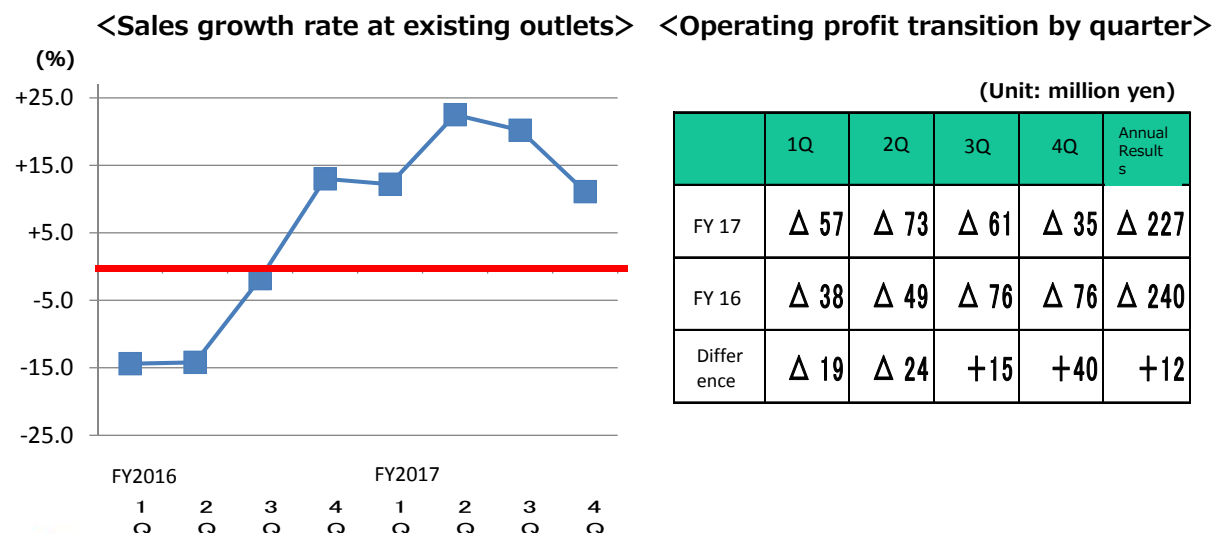


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## Improvements to Existing Outlets in Thailand

■ Sales improved steadily due to reorganizing play equipment and revitalizing outlets. Existing outlets recorded positive sales growth for 17 consecutive months from October, 2016.

■ Operating loss from the previous year narrowed from Q3.



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## Expansion of new outlet openings of “FANPEKKA”

- The first outlet of “FANPEKKA” was opened in Indonesia.
- During FY 2017, a total of 6 new outlets, 5 in China, one in Indonesia, were opened.



China	9 outlets
Malaysia	1 outlet
Thailand	1 outlet
Indonesia	1 outlet
Total	12 outlets



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## Shifted 9 franchise outlets in Vietnam to direct management

- Acquired 9 franchise stores in Vietnam, and shifted them to our direct management



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# 2018 FISCAL YEAR CONSOLIDATED RESULTS FORECAST



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## Consolidated Results Forecast for FY 2018

(Unit: Million yen, %)

	FY 2017 results	FY 2018 forecast	YoY (%)
Sales	72,174	<b>77,700</b>	<b>+7.7%</b>
Operating profit	5,970	<b>6,600</b>	<b>+10.5%</b>
Ordinary profit	5,598	<b>6,000</b>	<b>+7.2%</b>
Net profit attributable to parent company shareholders	2,986	<b>3,300</b>	<b>+10.5%</b>
Current net profit per share	¥151.53	<b>¥167.45</b>	<b>¥15.92 increase</b>
Dividend per share	¥41	<b>¥50</b>	<b>+¥ 9</b>



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## Consolidated Results Forecast Assumptions by Segment

(Unit: Million yen)

	Domestic	Overseas			Consolidated adjustment	Consolidated Total
		China	ASEAN	Total		
<b>Sales</b>	<b>60,600</b> (+3.0%)	<b>11,400</b> (+26.1%)	<b>6,200</b> (+32.3%)	<b>17,600</b> (+28.2%)	<b>△500</b> (—)	<b>77,700</b> (+7.7%)
<b>Operating Profit</b>	<b>5,900</b> (+271)	<b>500</b> (+195)	<b>200</b> (+157)	<b>700</b> (+353)	<b>0</b> (+4)	<b>6,600</b> (+629)

Assumptions ■ Number of new outlets launched per year: Domestic: 10, Overseas: 100  
 ■ Existing outlet sales: Domestic: 103%, Overseas: 105%

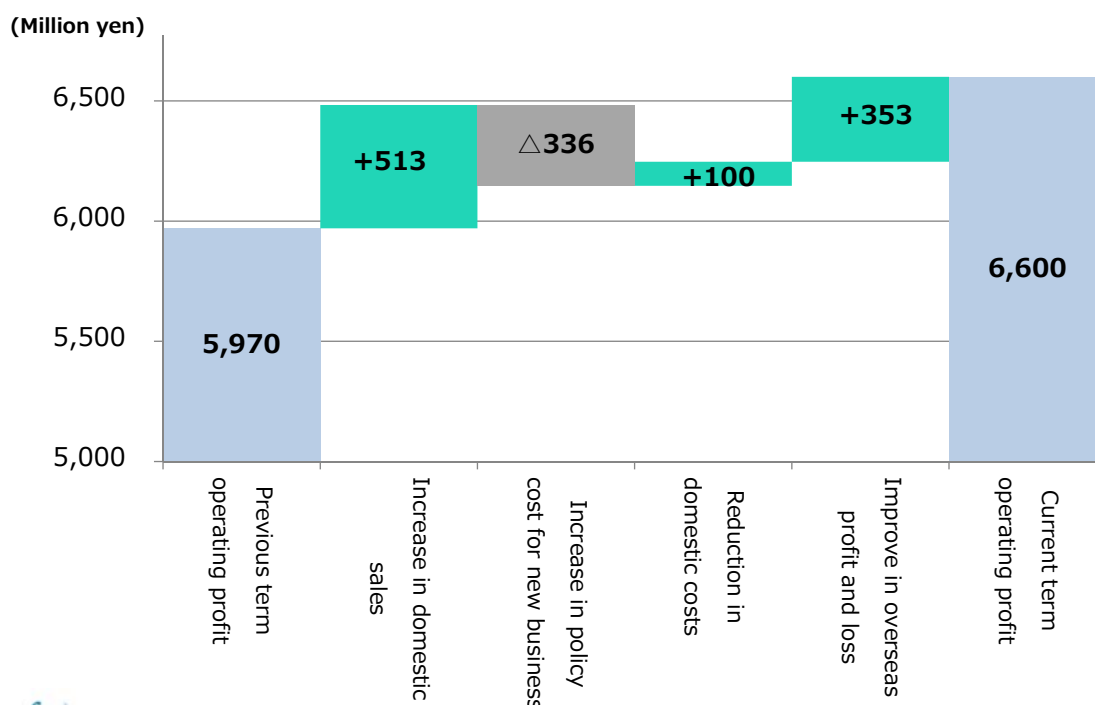
For total sales, the figure in brackets is the YoY % change  
 For operating profit, the figure in brackets is the YoY change expressed as an absolute amount



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## Factors Affecting Operating Profit



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**THIS EARNINGS FORECAST WAS CREATED BASED  
ON INFORMATION THAT COULD BE OBTAINED AS  
OF THE DATE THIS MATERIAL WAS PUBLISHED.  
ACTUAL RESULTS MAY VARY FROM THE FORECAST  
BASED ON A VARIETY OF FACTORS.**



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Reference

# NON-CONSOLIDATED MATERIAL



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## 2017 Fiscal Year Results (Non-consolidated)

(Unit: Million yen)

	2017 Feb. term (prev. term)	2018 Feb. term (current term)	% change from prev. term
Sales	54,575	<b>58,819</b>	<b>+7.8%</b>
Gross profit	6,753	<b>8,951</b>	<b>+32.5%</b>
SGA expenses	3,066	<b>3,323</b>	<b>+8.4%</b>
Operating profit	3,686	<b>5,628</b>	<b>+52.7%</b>
Non-operating profit and loss	△64	<b>△128</b>	—
Ordinarily profit	3,622	<b>5,500</b>	<b>+51.8%</b>
Pretax current net profit	2,533	<b>5,118</b>	<b>+102.0%</b>
Current net profit	1,116	<b>3,224</b>	<b>+188.9%</b>



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## Accounting Sales Details (Non-consolidated)

(Unit: Million yen)

		2017 Fiscal Year		Vs. prev. term	Vs. existing
		Results	Composition ratio		
Amusement machines		48,485	82.4%	109.8%	110.3%
Products (product sales)		9,498	16.2%	95.6%	96.7%
Consignment		147	0.3%	100.4%	—
Play facility- related total		58,130	98.8%	107.2%	107.8%
Other		688	1.2%	194.1%	—
Total sales		58,819	100.0%	107.8%	107.8%

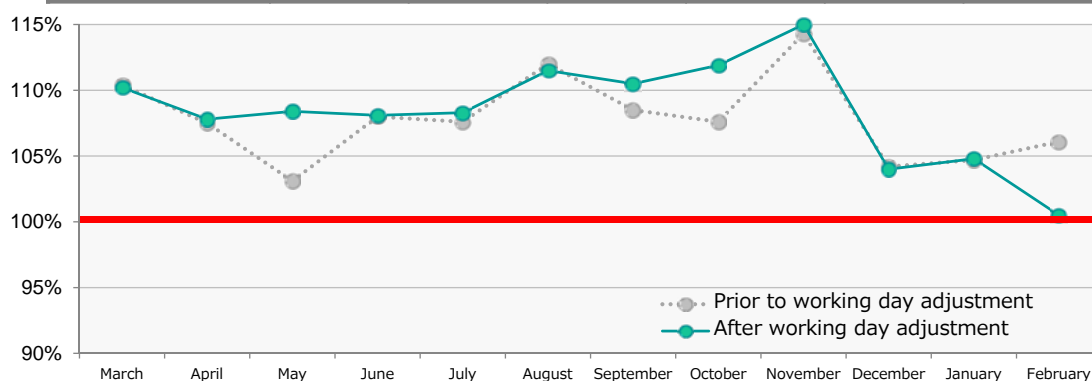


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## Monthly Transition of Existing Outlet Sales YoY (Non-consolidated)

Reference

FY2017 1Q - 2Q	March	April	May	June	July	August
Prior to working day adjustment	110.4%	107.5%	103.1%	108.0%	107.6%	112.0%
After working day adjustment	110.2%	107.8%	108.4%	108.1%	108.3%	111.5%
FY2017 2Q - 3Q	September	October	November	December	January	February
Prior to working day adjustment	108.5%	107.6%	114.3%	104.2%	104.7%	106.1%
After working day adjustment	110.5%	111.9%	115.0%	104.0%	104.8%	100.5%



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## Sales Trends by Division (Non-consolidated)

Reference

(Unit: %)

	FY2017 1Q		2Q		3Q		4Q	
	Sales Composition Ratio	Vs. existing	Sales Composition Ratio	Vs. existing	Sales Composition Ratio	Vs. existing	Sales Composition Ratio	Vs. existing
Timed play equipment	4.2	95.1	4.4	98.8	4.3	101.2	4.2	101.0
Physical sensation	8.3	95.2	7.4	93.6	7.2	92.6	6.8	90.4
Cards	15.4	102.8	13.5	93.1	15.6	94.5	14.6	93.0
Medals	24.9	106.9	25.8	107.5	24.2	109.9	23.6	98.7
Prizes	42.3	113.2	45.2	124.7	45.2	124.9	47.4	118.0
Stickers	3.4	86.7	2.5	81.7	2.2	79.5	2.2	83.7
Capsule toys	1.2	120.8	0.9	108.4	0.9	106.6	0.9	92.3
Play facility-related Total Sales	100.0	106.7	100.0	109.6	100.0	110.1	100.0	104.8



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## Profit Transition by Quarter (Non-consolidated)

Reference

(Unit: Million yen, %)

	FY2017 1Q	Change (%)	2Q	Change (%)	3Q	Change (%)	4Q	Change (%)
Sales	13,759	+6.8	15,949	+9.0	13,886	+10.6	15,224	+5.0
Sales cost	12,136	+4.4	13,393	+6.0	11,906	+4.4	12,431	+2.2
Gross profit	1,622	+28.5	2,555	+27.5	1,979	+72.0	2,793	+19.6
SGA expenses	856	+12.1	853	+15.5	811	+11.9	801	Δ4.3
Operating profit	766	+53.6	1,702	+34.6	1,167	+174.6	1,991	+32.9
Non-operating profit/loss	Δ23	—	Δ118	—	7	—	6	—
Ordinary profit	742	+53.8	1,584	+24.9	1,174	+171.5	1,998	+38.9
Extraordinary profit/loss	Δ392	Δ14.5	221	—	Δ490	—	279	—
Pretax profit	350	—	1,805	+43.5	684	+83.2	2,278	+159.4
Corporate tax, etc.	280	+25.5	544	+18.9	402	+101.6	666	+24.3
Current net profit	70	—	1,260	+57.6	282	+62.1	1,611	+371.8



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## Balance Sheet (non-consolidated)

Reference

(Unit: Million yen)

	2016 Fiscal Year		2017 Fiscal Year		Change from beginning of period
	Amount	Composition ratio	Amount	Composition ratio	
Liquid assets	7,885	23.9%	6,910	19.2%	Δ974
Fixed assets	25,126	76.1%	29,115	80.8%	+3,988
Total assets	33,011	100.0%	36,025	100.0%	+3,014
Liquid liabilities	6,835	20.7%	7,202	20.0%	+366
Fixed liabilities	399	1.2%	426	1.2%	+27
Total liabilities	7,234	21.9%	7,629	21.2%	+394
Total net assets	25,776	78.1%	28,396	78.8%	+2,619
Total liabilities and net assets	33,011	100.0%	36,025	100.0%	+3,014



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