

Inspiring Enthusiasm



AEON Fantasy Co., LTD.

Integrated Report 2024



Inspiring Enthusiasm



 Planting Seeds of Growth
We are AEON

Purpose

Inspiring enthusiasm in every child so that there is a smile on every face

What does it mean to take our children seriously?

It means recognizing that they are tomorrow's adults and that whatever impact we have on them today will determine the shape of our future.

Companies like to talk about efficiency and optimization. But it takes so much more to bring a smile to a child's face. That's why we at AEON Fantasy have made it our mission to do more than anyone to deliver joy to children.

We want our passion to inspire enthusiasm in our children so that there is a smile on every face around the world.

This is, and will continue to be, our purpose at AEON Fantasy.

Vision

Become a family-support company that continues to develop children's emotions, mind, and body through the creation of enjoyment

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Editorial Policy

At AEON Fantasy, based on the Purpose we formulated in FY2022, our aim is to inspire enthusiasm in every child and bring smiles to their faces by providing a variety of play experiences through our businesses.

In the Integrated Report 2024, in addition to explaining where we are today in terms of value creation, we report on our newly formulated Vision and medium-term management plan, which will guide us toward further growth, and our ESG activities.

The Integrated Report will function as a tool for communication with shareholders, investors, and other stakeholders, and we will strive to enhance disclosure and improve corporate value.

Period covered

FY2023 (March 1, 2023, to February 29, 2024)
Some reported information includes that on activities before or after this period.

Scope covered

AEON Fantasy Co., LTD. and its Group companies

Guidelines referenced

- IFRS Foundation: International Integrated Reporting Framework
- Ministry of Economy, Trade and Industry: Guidance for Collaborative Value Creation



Chapter 1

AEON Fantasy Today

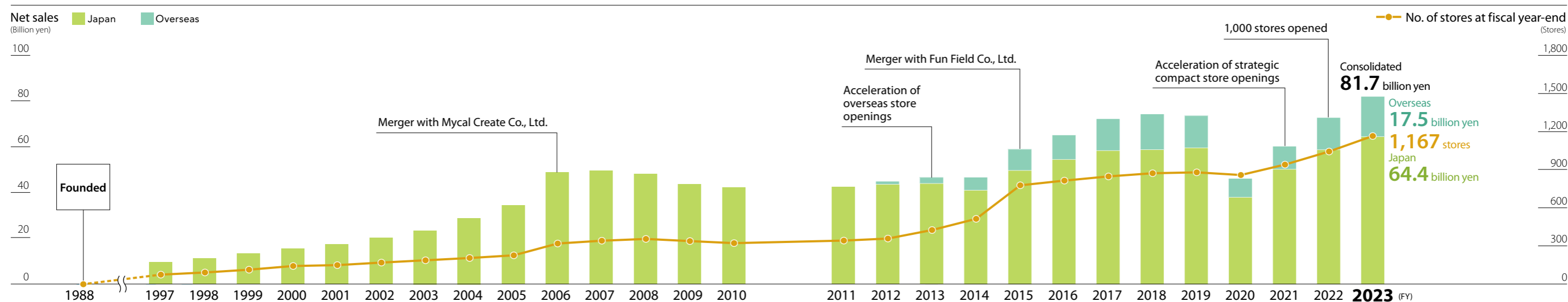
A company that brings smiles to children's faces.

AEON Fantasy was founded with the desire to create places where families can play in peace. Our Purpose and the foundation of our business is to continue bringing smiles to children's faces. We believe that the various businesses and services we offer around the world can inspire children's enthusiasm and create a world full of smiles —We will continue to pursue new value based on this approach.

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Value Creation History

Since its founding in 1988, AEON Fantasy has focused on children and their families and developed various businesses in countries across the world. One thing that remains unchanged since then is our emphasis on children's smiles. Moving forward, we will continue to support children's growth through play and provide new value.



Founding period

Creation of New Value Through Indoor Amusement Parks

In 1988, we opened an amusement facility for families based on the "cheerful and safe indoor amusement park" concept. Transforming the conventional image of amusement facilities as recreational facilities for young people, we provided a new concept based on fun and interaction for families. In 2001, we opened our first Mollyfantasy store, which is today one of our mainstay businesses, and in 2005 we opened our 200th store in Japan.




Merry-go-round at the first store Mollyfantasy store in 2007

Growth period

Two Mergers and Expansion Overseas. Becoming an Amusement Industry Leader

In 2006 and 2015, we conducted two mergers to expand the scale of our business. In terms of both sales and number of stores, we took the top spot in the Japanese amusement industry. Moreover, kickstarted by our expansion into China in 2007, we proceeded with the opening of new stores overseas, mainly in our playground business, entering six new countries in 10 years. Our facilities are highly regarded in ASEAN countries in particular, where there is high demand for safe and hygienic indoor play areas.




First store in China FANPEKKA

Period of change

Providing New Value Centered on Children's Growth

Creating Spaces for Learning Through Play

We develop original equipment and machines not only in the playground business, which fosters children's creativity and social skills, but also in the amusement business. Through these developments, we have expanded our businesses with a focus on the edutainment concept of "learning while playing." Moreover, we also entered the hot-bath business and the outdoor recreation business, diversifying our businesses with play and family interaction at their core.




First kidzooona store Capsule YOKOCHO, capsule toy specialty store

Creating New Value Through the Promotion of Children's Growth

Although the entire industry was hit significantly by the pandemic, our prize and capsule toy businesses in Japan remained strong. Sales have also grown in ASEAN countries post-pandemic, clearly indicating that demand for play opportunities remains robust. We are reaffirming the value of "play" for children and families, elevating it as our purpose, aiming to deliver new value centered on the "growth of emotions, mind, and body."




CHIKYUU NO NIWA Overseas playground

Company history						
1988	1998	2005	2011	2014	2017	
<ul style="list-style-type: none"> JUSCO Co., Ltd. Established Amusement Business Section within the Shopping Center Division Opening of first store, Fantasy Park Odote 	<ul style="list-style-type: none"> Established corporate motto and philosophy 	<ul style="list-style-type: none"> Listed on the First Section of the Tokyo Stock Exchange 	<ul style="list-style-type: none"> Established AEON Fantasy Malaysia 	<ul style="list-style-type: none"> Established AEON Fantasy Indonesia and AEON Fantasy Philippines 	<ul style="list-style-type: none"> Established AEON Fantasy Vietnam 	
1997	2002	2006	2012	2015	2022	
<ul style="list-style-type: none"> Established AEON Fantasy Co., LTD. 	<ul style="list-style-type: none"> Listed on JASDAQ 	<ul style="list-style-type: none"> Merged with Mycal Create Co. Ltd. 	<ul style="list-style-type: none"> Established AEON Fantasy Thailand 	<ul style="list-style-type: none"> Merged with Fun Field Co., Ltd. 	<ul style="list-style-type: none"> Established our Purpose Selected for the TSE Prime Market Reached 1,000 stores worldwide 	
	2003	2007				
	<ul style="list-style-type: none"> Listed on the Second Section of the Tokyo Stock Exchange 	<ul style="list-style-type: none"> Established AEON Fantasy Beijing (now AEON Fantasy China) 				

Business Development

AEON Fantasy operates a variety of facilities and services throughout Japan and Asia, with a focus on amusement facilities and playgrounds. By optimizing these businesses in line with the region, commercial facility, or target they are developed for, we are contributing to the creation of smiles among as many children as possible.

Net sales for the fiscal year to Feb. 2024

81,758 million yen

Operating profit for the fiscal year to Feb. 2024

3,585 million yen

Number of stores

1,167 stores in 9 countries

Number of employees

7,641

Business Models

Playgrounds

Spaces That Inspire Free Play and Interaction

We operate indoor playground facilities equipped with large playground equipment that children can enjoy to the fullest, as well as educational toys to develop their creativity. We support children's growth by enabling them to interact with their families, friends, and store staff. We are also developing large stores with specific themes, such as cultural and social issues.



Large-scale business model, CHIKYUU NO NIWA

Amusement

Spaces That Inspire Enthusiasm and Make People Smile

We operate amusement facilities featuring the latest game machines and popular products. In addition to providing a variety of intuitive activities for everyone to enjoy, we are developing specialty store models that meet specific needs and original content that contributes to children's growth.



Standard business category, Mollyfantasy

Business Model	Number of stores
Indoor park playground	193 stores
Childcare support through play Stores where mothers and children can spend time separately	56 locations + 1 stores
Large themed stores to enhance brand value	11 stores
Large SDG-themed stores to develop environmental awareness through play	2 stores

Business Model	Number of stores
Amusement for families	592 stores
Amusement for all ages	46 stores
Compact stores	271 stores

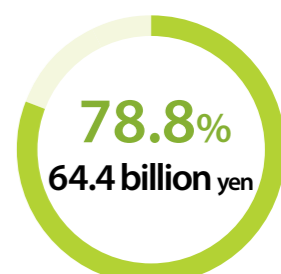
*Figures as of the end of FY2023

Domestic businesses

Predominantly targeting families, we operate stores mainly in shopping centers nationwide. In recent years, we have accelerated our opening of strategic compact stores, which continue to perform well, and we have started to expand into new areas, such as the downtown areas near train stations. We are developing new businesses based on the themes such as children's growth and the SDGs, and we have embarked on the development of businesses targeting a new demographic, Generation Z.



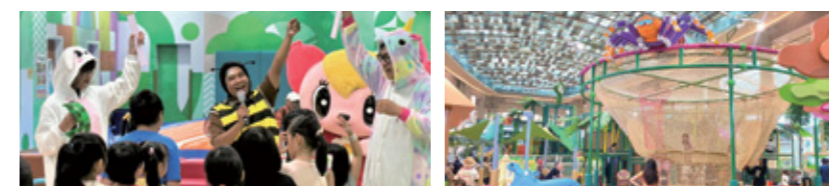
Net sales ratio by segment



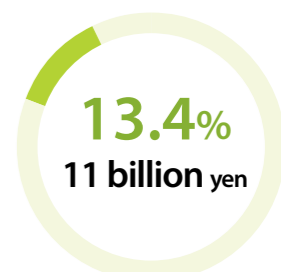
Number of stores
703 stores

Overseas Business ASEAN

We are expanding into regional cities as well as major urban areas, in line with the economic growth of each country. We are developing a variety of businesses, with the premise of opening multiple stores in a single commercial facility. Furthermore, in addition to working with the AEON Group, we are partnering with local influential developers to expand our store openings. Our Japanese safety standards and level of customer service, which our competitors cannot imitate, are highly regarded.



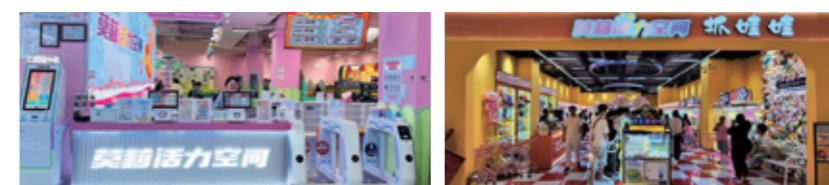
Net sales ratio by segment



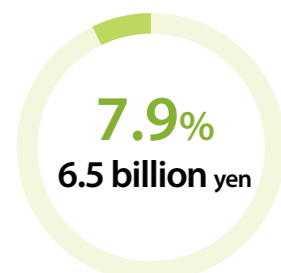
Number of stores
277 stores

Overseas Business China

In response to changing market needs, we are shifting from an amusement to a playground-centered structure that allows us to leverage our strengths. We are also promoting efficient management by aggressively expanding small businesses with high ROI that can be flexibly accommodated in unused space in commercial facilities.



Net sales ratio by segment



Number of stores
187 stores

Core Competences

We will promote the development of market-competitive businesses and services by leveraging our four “unique strengths” in management, centered on the AEON Living Area.

Strong corporate base —AEON Living Area

The AEON Group is creating living areas rooted in the lives of people not only in Japan but also overseas. The AEON Group’s formidable scale has a strong influence not only in economic aspects such as operating revenue, number of stores, and number of store visitors, but also through invisible assets such as ties with local communities, corporate alliances, and product development capabilities.

AEON Group consolidated operating revenue:
9,553.5 billion yen

Number of stores:
17,887 stores in 14 countries

Total number of shoppers (2022):
Approx. 4 billion

Number of members:
Approx. 50.27 million



Connect directly with families Number of real-world touch points

Children’s play knows no borders. The games we offer are widely accepted both in Japan and overseas, and have a distinctive presence as entertainment that can be enjoyed worldwide. This direct connection with our customers helps us come up with new play ideas and generate stable business growth.

Number of stores:
1,167 stores in 9 countries

Annual number of visitors (including overseas):
200 million

Number of digital members in Japan:
Approx. 870,000

Store recognition:
73%



Specialists who can make people smile

Our personnel, who make children smile, are another strength that no other company can match. In addition to hiring qualified staff such as nursery school teachers, we have enhanced the quality of our staff by establishing several in-house certifications to support play. Our maintenance staff, who are qualified electricians, are contracted to perform inspections and maintenance not only in-house but also outside the company to ensure the safety of playgrounds.

Number of qualified nursery school teachers and kindergarten teachers:
668

Number of qualified electricians:
75

Number of entertainment leaders:
311

Number of CS instructors:
1,286



Development capabilities for play creating and offering a unique sense of fun

Over the years, we have studied children’s preferences and emotional responses to color, movement, characters, and communication, and other elements, accumulating know-how about what makes them happy. This is why we are able to develop and provide unique businesses and original amusement machines, playground equipment, and events that are widely supported.

Number of businesses developed:
23

Ratio of original amusement machines (Japan):
43.9%

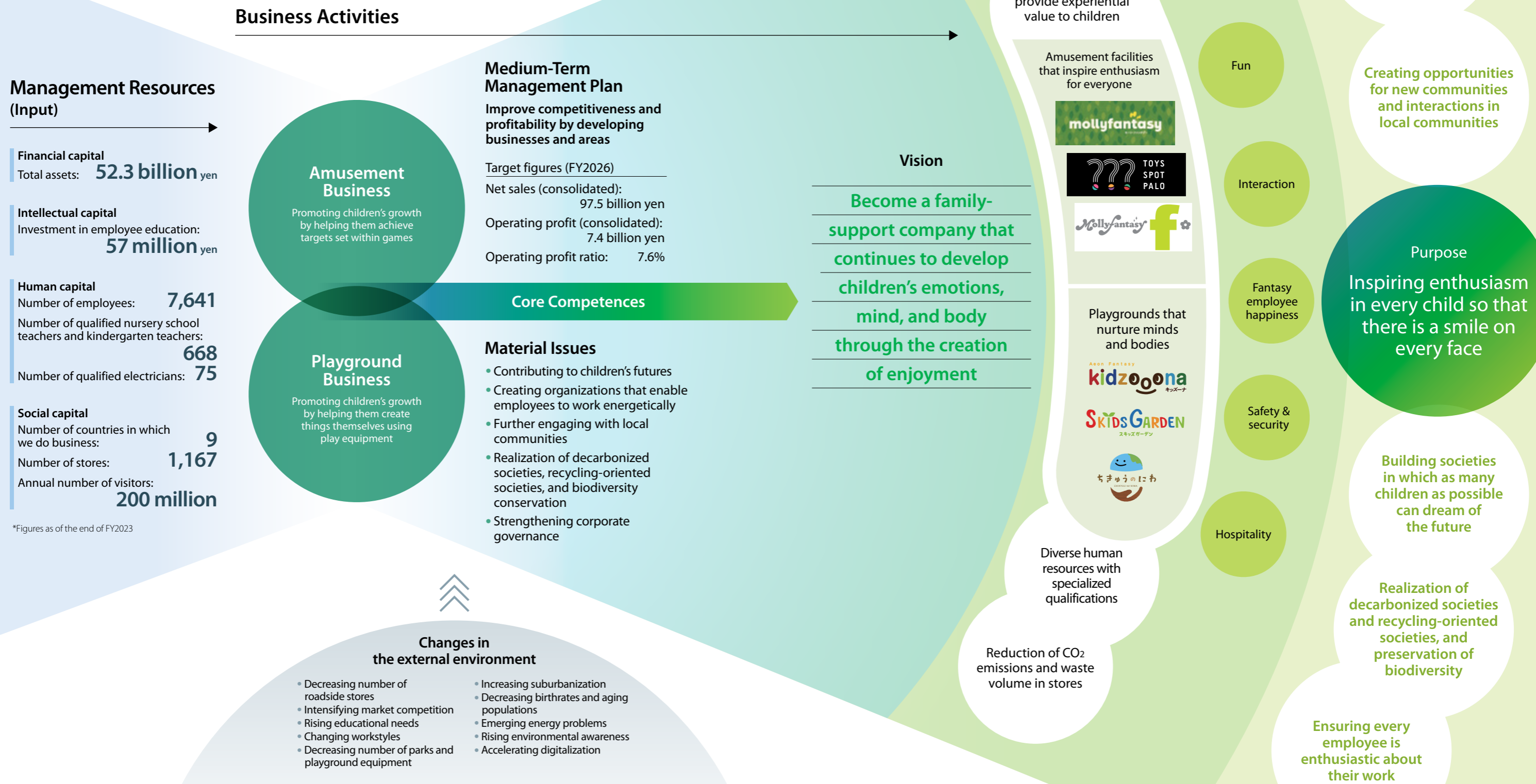
Ratio of original playground equipment:
Approx. 70%

Ratio of original locally procured playground equipment in overseas:
Approx. 90%



Value Creation Model

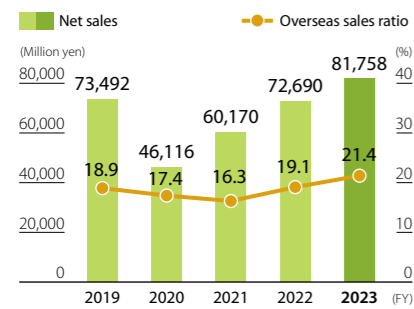
AEON Fantasy contributes to children's smiles through our two mainstay businesses by leveraging our four core competencies. Aiming for further growth, we are focusing on the creation of play experiences, while also tackling our material issues, to provide society with diverse value and create a world with a smile on every face.



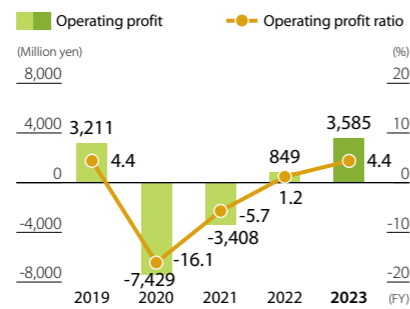
*Figures as of the end of FY2023

Performance Highlights

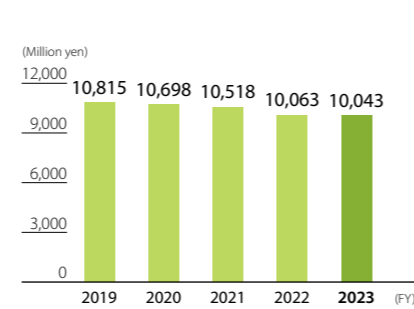
Net Sales and Overseas Sales Ratio



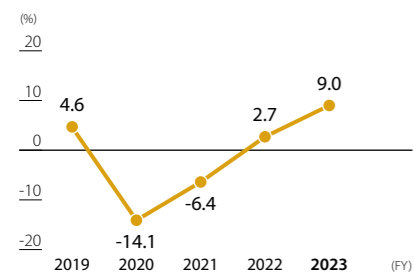
Operating Profit and Operating Profit Ratio



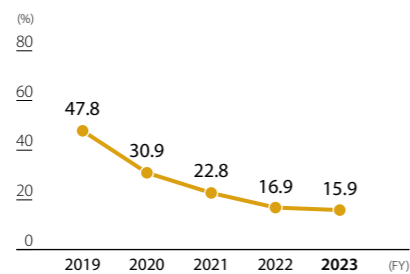
Depreciation and Amortization Cost



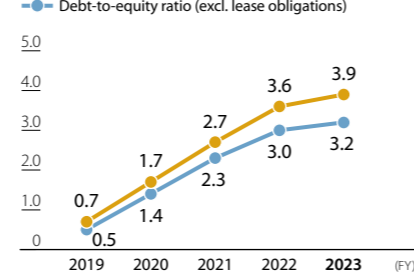
Return on Assets (ROA)



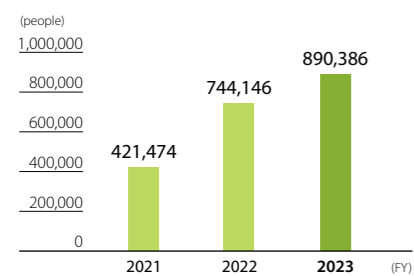
Shareholders' Equity Ratio



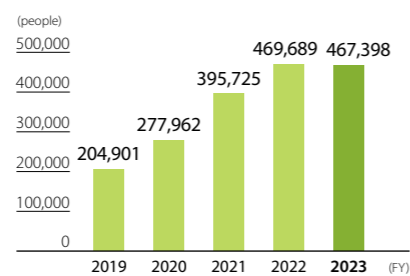
Debt-to-Equity Ratio



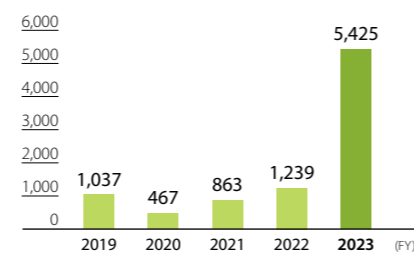
Total Number of Mollyfantasy DX Members*



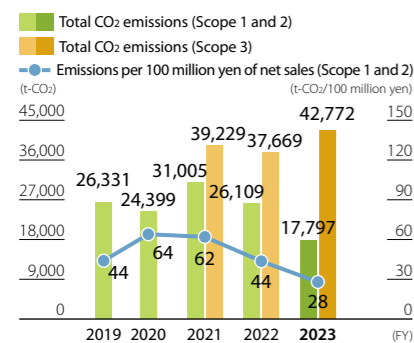
Number of X (formerly Twitter) Followers



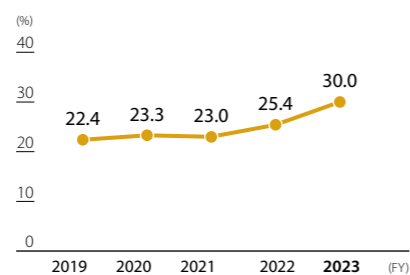
Number of Visits and Parties for Children from Social Welfare Facilities (Japan and Overseas)



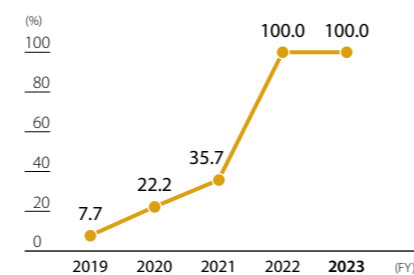
CO₂ Emissions



Percentage of Section Managers and Above Who Are Female in Japan



Percentage of Eligible Males Who Take Childcare Leave



* Analog stamp card membership was discontinued in 2021 and replaced by a digital membership system (Mollyfantasy DX). In March 2024, we switched from Mollyfantasy DX to an AEON Fantasy Official LINE Account and Tottotto app.

Chapter 2 AEON Fantasy in the Future

Looking beyond smiles to future society.

What does it mean to take our children seriously?
It means recognizing that they are tomorrow's adults and that whatever impact we have on them today will determine the shape of our future.
To fulfil the desire within our Purpose, we believe it is essential to contribute to the healthy growth of children's emotions, mind, and body.
Based on our new Vision, we will create new value that only we can provide and aim to further improve our corporate value.

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Creating a world of joy for all generations inspired by children's smiles



Future Direction

AEON Fantasy has been developing its corporate philosophy framework, and in 2024 we established a vision that sets out the direction we will take to achieve our Purpose. At the same time, we redefined the value of the services we provide to children and their families. Going forward, we will promote new businesses based on this vision and the value we provide.



Message from the President



Tokuya Fujiwara

AEON Fantasy Co., LTD.
President and
Representative Director

We are aiming for the next stage of growth based on a new vision.

Review of FY2023 Performance and Medium-Term Management Plan (FY2021-FY2023) Performance reaches pre-pandemic levels, driven by success in Japan and ASEAN countries

In the final year of the FY2021-FY2023 Medium-Term Management Plan ("previous medium-term plan"), we failed to achieve our net sales and operating profit targets. However, the results in ASEAN countries exceeded the plan, and our operations in Japan also progressed almost as planned. As a result, net sales in Japan surpassed pre-pandemic FY2019 levels, reaching record highs, while in our ASEAN business we achieved record net sales and operating profits for the second consecutive fiscal year.

In Japan, performance recovered steadily following the reclassification of COVID-19 as a class 5 infectious disease in May 2023. In particular, our ongoing strategy of expanding the number of compact prize and capsule toy specialty stores, which supported our performance during the pandemic, has been exceptionally successful. When factoring in demand from overseas visitors, we believe there is still room for growth in this area. We launched our first compact specialty store in FY2019. The aggressive expansion of these stores was driven by demand from customers during the pandemic, which started in FY2021, for games that children can complete in a short space of time. However, now that the pandemic is over, customers

are once again looking for activities that take time to complete. How we respond to this need is both a major challenge and opportunity for the future. We therefore intend to focus not only on amusement facilities but also on timed playgrounds.

Unlike crane games that are over in a few seconds, playgrounds are designed to meet the need for longer playtimes, ranging from 30 minutes to an hour, or even half a day or all day, and they require appropriate expertise. Playgrounds, our core business in ASEAN countries, achieved highs in both sales and operating profit in FY2023. In the ASEAN playground industry, we have developed approximately 70% of the installed playground equipment in-house and we have differentiated ourselves by having our staff actively engage and play with children. This has helped us to achieve the largest market share in the playground industry in the Philippines. In Japan too, we have maintained strong sales by launching four large-scale playgrounds under the CHIKYUU NO NIWA brand, a new value-added business focused on earth and environmental themes.

During the previous medium-term plan period, we took on the challenge of developing multiple businesses. Through repeated trial and error, we came to realize that our customers' needs are diversifying, and this provided us with an opportunity to reflect on AEON Fantasy's strengths and the value we offer. In this sense, these past three years, which include the pandemic, have been highly meaningful.

Sales by Segment

Performance	(Unit: billion yen)				
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Japan	59.8	38.2	50.4	58.8	64.4
China	7.6	6.8	7.7	4.8	6.5
ASEAN	6.2	1.1	2.1	9.0	11.0
Overseas total	13.8	8.0	9.8	13.8	17.5
Consolidated total	73.4	46.1	60.1	72.6	81.7

Operating Profit by Segment

Performance	(Unit: billion yen)				
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Japan	4.4	(6.0)	(1.6)	2.4	4.5
China	(1.1)	0	(1.2)	(2.7)	(2.3)
ASEAN	0	(1.3)	(0.5)	1.2	1.3
Overseas total	(1.2)	(1.3)	(1.8)	(1.5)	(0.9)
Consolidated total	3.2	(7.4)	(3.4)	0.8	3.5

Message from the President

Formulating a new vision and refining our philosophy framework

Evolving services at facilities and among staff by updating our value proposition

In 2024 we formulated a new “vision” in order to make steady progress toward the realization of our Purpose, based on the issues that came to light during the previous medium-term plan. This gave us an opportunity to reorganize and complete our philosophy framework, including our Purpose, Sustainability Guidelines and Code of Conduct, which we formulated in FY2022.

When formulating this vision, we went through multiple steps, engaging in dialogue with employees at each step along the way. After careful consideration of what it takes for there to be a smile on every child’s face—our Purpose—and, by extension, their families’ faces, we articulated and defined our Purpose as supporting the “growth of emotions, mind, and body.” To achieve this Purpose, we realized that we need to evolve by incorporating features that encourage children to experience and learn into our playground equipment, amusement machines, and staff services, as well as to ensure that our employees enjoy engaging with children.

In particular, unlike amusement activities, which encourage children to think and achieve goals

independently, play at playgrounds is significantly enhanced through interaction with others, amplifying both their experience and learning. It is therefore crucial for employees interacting with children to actively enjoy playing with them. We have updated the value we provide from “places where playgrounds and amusement machines are installed for children to play” to “places that orchestrate experiences” and from “employees who install and manage playground equipment” to “employees who support children’s experiences and have fun together”. In order for there to be “a smile on every face around the world,” as expressed in our Purpose, the new vision includes more specific words such as “promote the growth of children’s emotions, mind, and body” to guide employees in their work. We hope that rearranging and clarifying our vision will lead to more proactive action by our employees in the future.

At the same time as formulating a new vision, we also identified four core competencies as one of the pillars of our management policy (see p. 9). Nearly all successful businesses to date have leveraged several of these four elements. We held discussions involving not only the management team but also employees and outside directors to identify our unique strengths—qualities that competitors cannot imitate—and to determine what we need to do to achieve our Purpose in the future. These discussions ultimately led to the consolidation of our strengths into four key categories.

With respect to having a “strong corporate base known as the AEON Living Area,” we will continue to increase the proportion of new store openings outside the AEON Group and share of net sales, while creating the kind of synergies that only the AEON Group can achieve. With respect to being “specialists who can make people smile,” we already employ a large number of professionals who enjoy working with children, including qualified nursery school teachers and kindergarten teachers. We also have in-house certified personnel with high levels of service expertise and we have developed our own training program. All of our maintenance staff, who ensure the safety of our facilities, are certified electricians. Having professional talent throughout the company is our key strength. By fully leveraging these core competencies, we will sharpen the focus of our future growth strategy, enhancing its clarity and precision.

the needs of customers and commercial facilities in the nine countries in which we operate.

Leveraging our strength in developing diverse business formats, we will aggressively expand into untapped areas in each country.

Segment and country strategies: addressing material issues

In Japan, we plan to update our standard businesses and continue to expand large businesses and strategic compact stores. Our large-scale business, CHIKYUU NO NIWA, is a popular facility where children and their parents can have fun learning about the earth. We anticipate an increase in days on which children are unable to play outdoors due to extreme weather caused by global warming, leading to a growth in the demand for indoors activities.

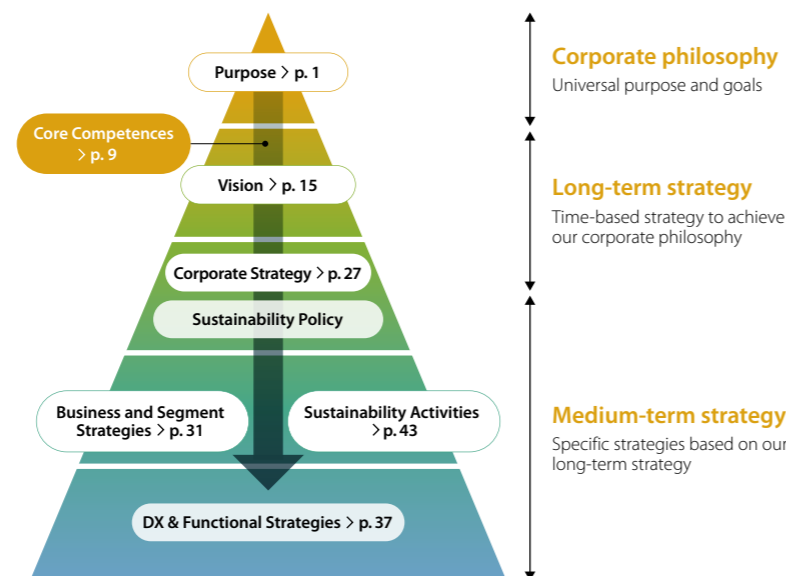
Additionally, we will develop businesses that appeal to Generation Z, a demographic we have not yet targeted. We aim to enhance the lifetime value* of our facilities by engaging customers of all ages, from their birth until they reach adulthood.

* The value that a single customer brings to a company throughout his or her lifetime

For our ASEAN business, we will develop strategies tailored to the unique environment in each country, taking

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Inspiring enthusiasm in every child so that there is a smile on every face

Vision
Become a family-support company that continues to develop children’s emotions, mind, and body through the creation of enjoyment



Core competences

Strong corporate base —AEON Living Area	Connect directly with families Number of real-world touch points	Specialists who can make people smile	Development capabilities for play creating and offering a unique sense of fun
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Strategies in the New Medium-Term Management Plan (FY2024-FY2026)

Implement strategies based on both business development and area development, and address material issues by segment and country

After formulating this vision and refining our philosophy framework, in April we announced a new Medium-Term Management Plan (“new medium-term plan”) which covers the three-year period starting in FY2024. Under this plan, we will tackle material issues specific to each segment and country while pursuing business and area development as part of our company-wide strategy.

Business development and area development

Previously, AEON Fantasy operated two core businesses: Mollyfantasy, an amusement facility and kidzooona, a playground facility. One of our major realizations during the pandemic was that, amidst a dramatically changing environment, these two businesses alone cannot adequately meet the needs of customers and commercial facilities.

Up until now, we had been content with opening one Mollyfantasy amusement facility and one kidzooona playground facility per commercial facility. However, looking around, we saw that several of our competitors had been opening multiple stores in the same commercial facility. We realized that by taking the same approach, we could meet all the diverse amusement and playground needs within a single commercial facility. Our goal is to realize our Purpose of “inspiring enthusiasm in every child so that there is a smile on every face.” We revisited our approach to achieving our Purpose, and concluded that the best path forward is to develop businesses tailored to



Message from the President

into account population and GDP growth rates, as well as their specific characteristics and situations. In particular, in Indonesia and Vietnam, where both population and GDP growth rates are exceptionally high, we aim to achieve significant growth by rapidly opening new stores during the new medium-term plan. In the Philippines and Malaysia, where population growth is high but GDP growth is moderate, we will prioritize expanding our market share by opening new stores, while actively updating existing stores to ensure profitability. Our strategy involves channeling investment into countries such as Indonesia, Vietnam, and Thailand.

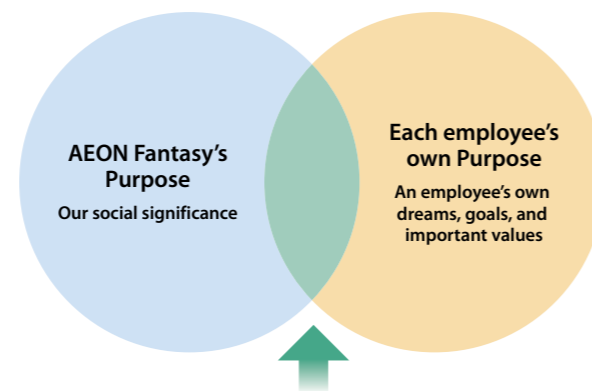
In China, where competition is fierce among amusement facility operators, we will scale back our amusement business, which we are struggling to differentiate from our competitors, and focus on expanding our playground business. The expertise we have in training facility staff and fostering a culture of “having fun at work” is not something that can be bought, and represents a significant competitive advantage for us. In China, we will differentiate ourselves from our competitors by strengthening our core competencies, “specialists who can make people smile” and “creating a unique sense of fun and development capabilities for the play we offer”.



Human capital, DX, and sustainability strategies to support our strategies

There is no doubt that human capital is our most important asset and strength. My top priority is to “become a leading company that thrives on human capital.”

I believe that it is important to achieve both the Company’s Purpose and each employee’s personal Purpose. The greater the overlap between the two, the greater the employee’s sense of fulfillment. I want our employees to be part of a team that shares their values and for them to achieve their own dreams and goals while contributing to AEON Fantasy—and at times leveraging our resources. It is our responsibility as managers to create an environment in which the company invests in providing educational opportunities, employees invest in themselves to achieve their dreams, and both work together to achieve their respective Purposes. To this end, we are currently reviewing operations in each department and working to make them more transparent. In administrative departments especially, it can be hard to see how day-to-day work contributes to “bringing smiles to children’s faces.” I hope to boost employee confidence and engagement by quantifying work and making contributions more visible.



The greater the overlap, the greater the Company’s value and the employee’s sense of fulfillment

It is also important to proceed with digital transformation (DX). In April 2024, we replaced our previous analog membership system with a digital membership system. With the introduction of digital membership, we are now in a position to offer tailored, one-to-one promotions to each customer. In the future, we will be able to leverage our strength of having the world’s largest number of real-world touchpoints to, for example, swiftly offer comprehensive promotions to digital members that connect our various businesses. We will give top priority to providing services that integrate the real and digital world. Digital membership now stands at approximately 870,000,

surpassing the 600,000 analog members in just six months. In the future, we anticipate that our membership system will be able to connect with the AEON Group’s membership system, creating significant synergy.

With regard to sustainability, we believe that addressing environmental issues and strengthening governance should be standard practice. A company that reliably fulfills these prescribed actions can then focus on unique social activities as parts of its free action. We will first ensure that the prescribed actions are fully implemented and then contribute to society through initiatives that only AEON Fantasy can achieve.

Dissemination to employees

I am currently meeting face-to-face with employees in seven countries, both in Japan and overseas, to share our new vision and new medium-term plan and directly



Dissemination seminars held overseas

communicate the concepts behind them. In all countries, the response exceeded expectations and I realized that employees have a strong desire to hear directly from the president and to understand the direction the company is heading. During discussions after the initial briefings, employees told me about their goals and dreams, including their desires to offer certain services, open specific types of businesses in their areas and restart certain ventures. By outlining the path to achieving our Purpose through the development of our vision, I believe employees will gain a clear understanding of their roles. I plan to continue creating regular opportunities for dialogue and information sharing with employees.

Message to shareholders and investors

A company that provides various play spaces to children and their families

We are a company that pursues not only short-term profits, but also children’s smiles, with the goal of continuing this pursuit forever. My vision is for us to continue existing and contributing to the world when our children grow up and become grandparents. To become such a company, we must prioritize rolling out the new medium-term plan.

We aim to deepen two-way communication with shareholders and investors by increasing opportunities for information dissemination and direct dialogue, focusing on our business activities and social contribution initiatives.

During the pandemic, it was the prize and capsule toy businesses that supported us, providing product value, in other words the intrinsic value of items such as prizes and goods. In contrast, the playground (timed facilities) and medal businesses offer ‘time value,’ focusing on how time is spent. These businesses provide a combination of content designed to meet the needs of children and their families. In the future, we aim to create facilities that meet the needs of this vast customer base by implementing a variety of measures. I hope that all of our stakeholders will look forward to the future developments at AEON Fantasy.

I ask for your continued understanding and support as we aim to make progress going forward.

Discussion Between Key Playground Developers

Creating a world of joy for all generations inspired by children's smiles

Kazuma Ohkura

Executive Officer
Grand Design Headquarters Manager

Kazuma Ohkura participated as an external advisor to the Outdoor Activities Project, which was launched to develop a new business in 2020. He then joined the company to help develop our CHIKYUU NO NIWA business. Since joining AEON Fantasy, in addition to overseeing playgrounds, he is responsible for the creative department, and has worked on projects such as Mieux Forest.

Daisuke Ayusawa

Grand Design Headquarters
GMS Large-scale Zone Project Manager,
Business Development Group

In March 2021 Daisuke Ayusawa was transferred from manager of LINKS UMEDA store to join the GMS Multi-functional Project team at our head office. He led the development of multi-functional businesses offering childcare support, participating in negotiations with AEON Retail, and successfully opening the first store in AEON Mall Kashiwa.



A major theme of the new medium-term management plan announced in 2024 is the development of new businesses that meet the needs of customers. This concept is exemplified in the large playground, CHIKYUU NO NIWA, which opened its first store in 2023 at Tokyo Solamachi, a commercial facility adjacent to Tokyo Sky Tree, and the Family Floor at AEON Mall Kashiwa. We brought together two employees involved in the development of new businesses that will lead the next generation of AEON Fantasy to discuss their thoughts on the new businesses and our future.

Discovering the wonders of the Earth, while having fun playing

Ayusawa: CHIKYUU NO NIWA has been hugely successful. **Ohkura:** There are currently four stores, three large stores in Tokyo Solamachi, Okinawa Rycom, and Hiroshima Fuchu, and a smaller CHIKYUU NO NIWA Pop in Hamamatsu. In terms of net sales, Tokyo Solamachi leads the way but Okinawa and Hiroshima have also far exceeded their targets. This success has greatly exceeded our expectations, and has given us a great sense of achievement.

To understand what aspects customers like, we conducted a user survey and discovered that many users praised the concept and found the design to be stylish and cute. We paid close attention to details like the color scheme of the walls and playground equipment, so it turned out exactly as we envisioned. As for external recognition, CHIKYUU NO NIWA was selected to receive the Kids Design Award by the Kids Design Association, a non-profit organization that honors outstanding designs that foster creativity in children and open doors to the future. Receiving that award made me very happy because we had put so much thought into creating a facility that customers would want to visit.

Ayusawa: Actually, I visited Tokyo Solamachi's CHIKYUU NO NIWA during the summer vacation with children from the after-school club we run at AEON Mall Kashiwa. The children rushed inside excitedly the moment we arrived. It felt like they had been instantly captivated by the same sense of freedom they experience when visiting a park.

Ohkura: We designed the entrance to maximize visibility, and created a layout that encourages visitors to run excitedly through the Chikyu-kun gate (Chikyu-kun is an original CHIKYUU NO NIWA character). I am glad to hear the design is working as intended!

CHIKYUU NO NIWA began with the idea of creating a playground centered on the concept of fostering children's growth and their future. Looking at the play areas from above, you can see that they are designed to represent various aspects of the Earth, such as volcanoes, icebergs, forests, and the Arctic. So we have packed the space with fun activities that promote growth through interaction with nature. For example, the volcano is designed to erupt when balls from the ball pool accumulate in its crater, and there is an educational board nearby to clearly explain the principles behind eruptions. This was created to encourage children and their parents to communicate while learning about the wonders of the Earth and the importance of nature.

Ayusawa: It felt more like a theme park than a playground. **Ohkura:** That is exactly what we are aiming for. The success of this concept has resulted in numerous requests from developers to open new stores. We are currently planning to optimize CHIKYUU NO NIWA's facilities and playground equipment to ensure new stores maintain an even higher standard of quality.

Ayusawa: It sounds like you are ready to take on new challenges in the future.

Ohkura: I would very much like to collaborate with schools.

At CHIKYUU NO NIWA, we regularly hold sustainability workshops, so I am wondering whether this initiative could be integrated into school classes.

Linking the smiles of every generation, preparing for new value creation

Ohkura: I understand that the first multi-functional business that supports childcare, which you're in charge of, also started at AEON Mall Kashiwa.

Ayusawa: Multi-functional businesses that support childcare aim to create new value by integrating functions needed by families raising children around play areas provided by AEON Fantasy, such as amusement facilities and playgrounds. Based on AEON Fantasy's Purpose of "Inspiring enthusiasm in every child so that there is a smile on every face," the concept is to create a "chain of smiles," across the entire floor. As children smile more, their parents smile too, which sparks even more smiles from the children.

The Kashiwa multi-functional floor currently includes an after-school club for children, a children's clinic, and a space for parents to relax. The after-school club was established because there are many dual-income families living in the surrounding area, and the children's clinic was opened due to the lack of medical facilities in the area. We set up a rest area to give parents a chance to reset their minds from the day's events and greet their children with a smile.

Ohkura: Kashiwa's multi-functional floor is supposed to be



Discussion Between Key Playground Developers



a prototype, right?

Ayusawa: Initially, we planned to renovate the entire AEON kids section. However, as we proceeded with the project, we worked with the developer, sharing issues and exploring possibilities. We arrived at the current format following extensive discussions. However, we do not yet consider this to be a final version. We would like to incorporate feedback from customers into the concept

and apply it to new stores in the future.

Being located in a shopping center allows parents to, for example, pick up their children and complete their grocery or daily necessities shopping at the same AEON store. This enables families to meet all their daily needs in one place, thereby enhancing their quality of life. That is the kind of place we are aiming to create.

Ohkura: When imagining the ideal multi-functional floor, are there any new businesses you are focusing on?

Ayusawa: Yes. We are looking at businesses such as children's hair salons or cafes specializing in food education. I believe children will be happy and smile when their families compliment them after they get their hair cut. And seeing their children smile, will make their families smile too. This will undoubtedly lead to a "chain of smiles". Our current goal is to create a floor with multiple businesses that foster a chain of smiles between children and their parents.

Ohkura: Looking ahead, we want to cater to Generation Z. AEON Fantasy's existing businesses primarily target children up to the age of 12. Targeting Generation Z will be a crucial theme to increase lifetime value.

Ayusawa: So catering to Generation Z is the theme you're working on?

Ohkura: We are in the process of developing a large-scale amusement facility with a food and beverage area called Feedy Diner&Arcade, as a new business designed specifically for Generation Z. (Opened at the end of November 2024.) The first Feedy Diner&Arcade will be opened in AEON Mall Ibaraki, and we are considering various strategies for the future. I find it rewarding to take on the challenge of creating new value for Generation Z by reassessing and applying our accumulated knowledge and expertise from a fresh perspective.

Ayusawa: So, in a way, you're creating new possibilities by putting AEON Fantasy's Purpose, Vision, and FANTASY WAY into practice from a new perspective. Hearing your plans really excites me for the future.

Ohkura: I am impressed that even when faced with huge obstacles, you approach them with a big smile on your face and a positive attitude. I hope that all Fantasy people will follow your example and approach new challenges with a smile.

3

Chapter Medium-term Management Plan

Evolving into a business that supports children's growth.

Amid drastic transformations in our social environment, including decreasing birthrates and aging populations, changing workstyles, and growing environmental awareness, the needs of customers and commercial facilities are changing every day.

At AEON Fantasy, centered on our contribution to the growth of children who will support the future of our society, we will flexibly respond to these changes and evolve into a business that can ensure sustainable growth well into the future.

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Medium-Term Management Plan

Building a business foundation adaptable to environmental changes

In the rapidly changing environment surrounding AEON Fantasy, we recognize that the “diversification of problems faced by children and their families” and the “economic growth of ASEAN countries” are issues we need to address urgently.

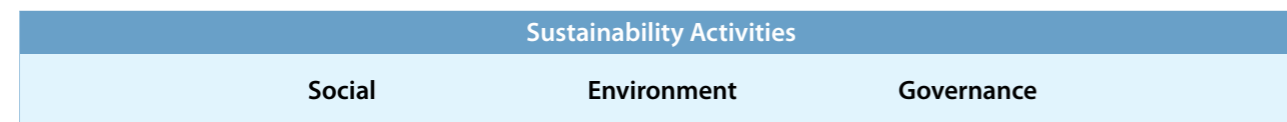
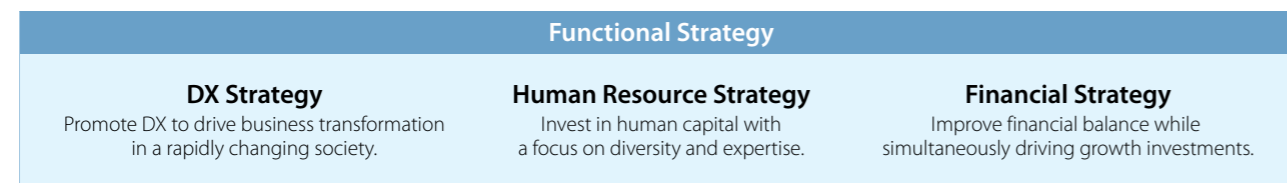
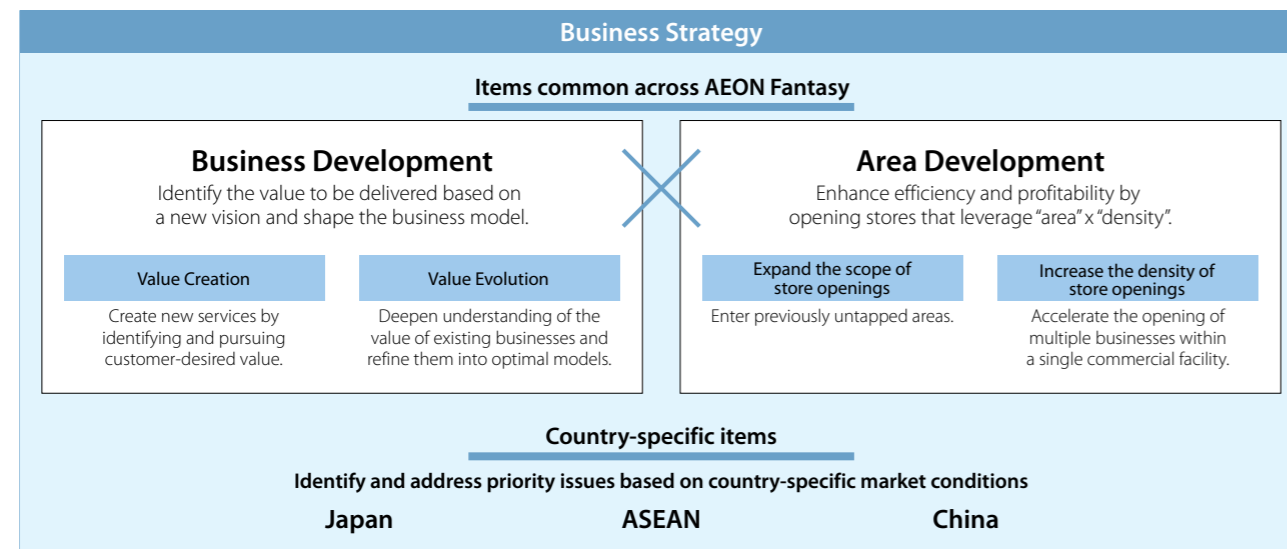
Our newly formulated medium-term management plan sets “reforming ourselves to align with market changes” and

“promoting a growth strategy that leverages our strengths” as our core strategies aimed at building a business foundation that can flexibly adapt to environmental changes. At the same time, we will promote Purpose-driven management, aiming to balance economic and social value.

Company-wide strategies

We aim to maximize both economic and social value by advancing business strategies and sustainability activities in tandem. We will promote company-wide structural

reforms in our functional strategies, focusing on the management infrastructure that supports these activities, such as DX, talent, and finances.



*We place a strong emphasis on “social” activities.

Target Values	(Unit: billion yen)				
	FY2022 (actual)	FY2023 (actual)	FY2024 (target)	FY2025 (target)	FY2026 (target)
Net sales	72.6	81.7	86.7	91.0	97.5
Operating profit	0.8	3.5	5.7	6.6	7.4

Business Strategy

Our business strategy clarifies the position and role each country is aiming for, improves performance through the appropriate allocation of management resources, and addresses specific challenges based on the environment of each country.

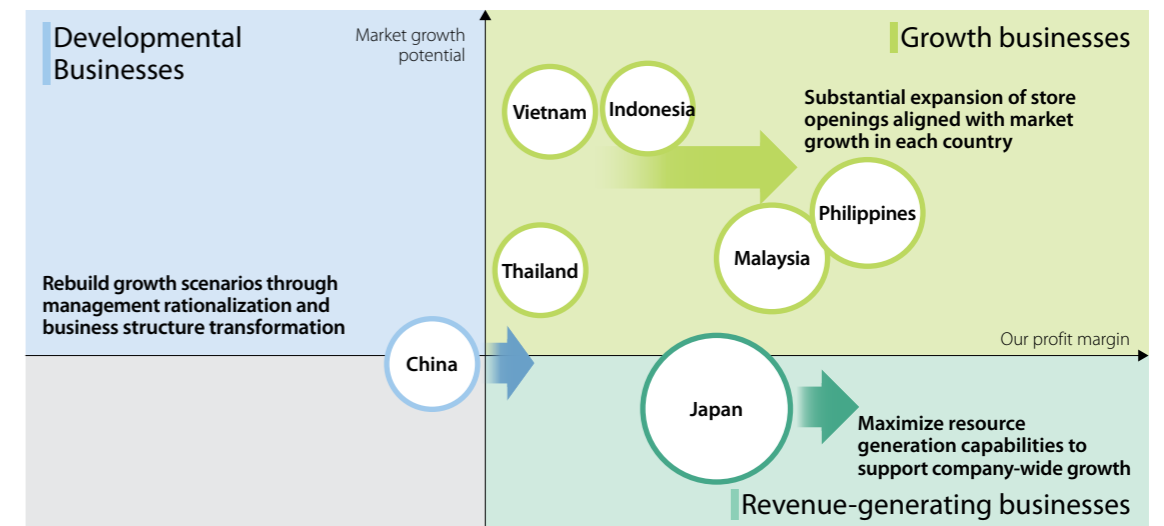
For items common across the company, we will

promote two initiatives: “business development,” which involves translating the value required by each segment into business formats, and “area development,” which focuses on expanding businesses in the right locations. By targeting new areas and audiences, we will expand our market share in each segment.

Strategic Policy by Segment

	Japan	ASEAN	China
Items common across AEON Fantasy			
Business Development	Value Creation and Evolution <ul style="list-style-type: none"> Incorporate SDGs and other social issues gaining increasing attention Ease the anxiety and burden faced by families raising children Capture the empathy of Generation Z 	Business Development by Market Area <ul style="list-style-type: none"> Develop businesses tailored to market characteristics Develop new businesses to meet the needs of developers Evolve existing businesses based on new value propositions 	Transform into competitive businesses <ul style="list-style-type: none"> Shift from amusement to playground business to meet customer needs Develop business related to the growing demand for health and exercise
Area Development	Expand into untapped areas <ul style="list-style-type: none"> Open stores in untapped areas within commercial facilities Open stores in areas that attract customers outside of commercial facilities 	Expand into regional cities and smaller commercial areas <ul style="list-style-type: none"> Expand into regional urban areas beyond the Tokyo metropolitan area Open multiple businesses in large commercial facilities 	Selective focus on store opening areas <ul style="list-style-type: none"> Open highly efficient businesses focusing on small stores Store openings in carefully selected areas
Country-specific items			
Addressing priority issues	Generate growth resources for the entire company <ul style="list-style-type: none"> Enhance profitability of existing stores, develop new business formats, expand customer touchpoints, and improve productivity through DX reforms 	Becoming the second growth driver <ul style="list-style-type: none"> Promote rapid expansion to become the next growth driver after Japan 	Structural reforms for a V-shaped recovery <ul style="list-style-type: none"> Streamline management structure (liquidating unprofitable stores, reducing SG&A expenses at the head office) and develop services that will drive future growth

Strategic Positioning by Country



Message from the Officer in Charge of Business

Domestic Business

Leveraging the momentum gained during the pandemic to plant new seeds in the world of play.

Yoshihiro Tamura

Director and Executive Officer for Domestic Business



The business environment surrounding our domestic operations has changed dramatically following the pandemic. As customers' lifestyles and play needs diversify, we believe it will be extremely difficult to predict future growth in our domestic business if we continue with our current strategies. It is time to seriously reconsider what kind of play and services will be in demand in the future, and how we can best provide new value to our customers.

One of the key strategies in our new medium-term management plan is the development of businesses and areas. In terms of business development, first of all, CHIKYUU NO NIWA, the large-scale playground business we launched last fiscal year, has been highly praised by both customers and developers. We believe that this is due to the increasing demand for indoor play activities, driven by Japan's weather conditions, such as the relentless heat during the summer, and the fact that it incorporates elements that allow children to learn about the Earth and the environment while playing, in response to growing interest from society at large in sustainability. Previously, our playgrounds were more of a



Business model focusing on social and environmental issues of growing concern, CHIKYUU NO NIWA

place to play casually while shopping. CHIKYUU NO NIWA, however, attracts customers who come specifically to visit the store itself, which has also contributed to the overall foot traffic of the entire commercial facility. In addition, we are exploring the possibility of reimporting playground equipment developed overseas and proven playground formats, areas where we have significant expertise. This will help us enhance our content and develop new models, driving the further evolution of our business. Another area of focus is our specialty stores for capsule toys and prizes. Recognizing the potential demand for capsule toys, we began opening stores in 2018. In response to the increased need for activities that can be completed in a short space of time during the pandemic, we have been actively opening new stores in shopping centers since 2020. Furthermore, we are planning to expand into downtown commercial districts where we have not previously operated. We have already opened PRIZE SPOT PALO Shibuya A2 Building Store in Tokyo and Crane YOKOCHO Dotonbori Store in Osaka, both of which are performing extremely well. By FY2030, we plan to raise the net sales composition ratio of our large-scale businesses from the current 1% to 13%, and of our compact stores from the current 9% to 21%.

At the same time, we will focus on developing new businesses and refining existing ones by fully leveraging the AEON Group's economies of scale and assets. We aim to create a virtuous cycle in which customers are more satisfied than ever before, shopping centers become more attractive and draw in more customers by increasing store visit frequency, and as a result, store openings accelerate even more.

This fiscal year marks the first year of our new medium-term management plan, and we see it as a year to plant the seeds for future. And now, those seeds are just beginning to sprout. Moving forward, we will carefully refine each of our initiatives and nurture them to become the cornerstone of our next phase of growth.

Overseas Business (ASEAN and China)

Bringing more smiles to children around the world through the unique charm of our playgrounds.

Wataru Koiwa

Director and Executive Officer for Overseas Business, Playground Development Headquarters Manager



The ASEAN business set record highs in both net sales and operating profit for two consecutive years, FY2022 and FY2023. ASEAN is positioned as a key growth driver for AEON Fantasy moving forward. The strong performance is likely due to the scarcity of safe play environments for children compared to Japan, coupled with trust in Japanese standards of service, hygiene, and quality, aspects that we prioritize. Furthermore, our playgrounds go beyond simply providing a "space" with equipment. Through staff-led play activities and events that engage parents, we deliver a unique "experience" that sets us apart and strengthens our competitive edge. Improvements to these services are tied to better staff treatment, creating a virtuous cycle in which more children become fans and want to come back, and staff engagement grows as a result. Our staff share a strong sense of responsibility for creating children's "smiles," a sentiment found in staff in all countries.

As it becomes harder to rely solely on product sales, developers are increasingly focusing on entertainment facilities. Since our initial expansion, they have come to



ASEAN kidzooona

understand our value, leading to more opportunities for us to open new stores.

Building on these strengths and opportunities, we plan to continue developing diverse businesses and actively expand into new areas. In terms of business development, we are working on creating businesses tailored to various trade areas, facilities, and site sizes. We are currently accumulating know-how as we open new stores, and we are seeing promising results. We are constantly upgrading our facilities, including existing businesses, by regularly reviewing their design and playground equipment.

In terms of area development, we are opening multiple stores within a single shopping mall and accelerating the store openings in regional cities and other areas lacking playgrounds. In terms of service, we will continue to improve customer satisfaction by actively sharing best practices from other countries with local staff and refining our services.

As for country-specific policies, we will expand store openings in Indonesia and Vietnam—countries whose economy and population are expected to grow more in the future—as we aim to be the industry leader. In the Philippines and Malaysia, we intend to further expand our operations while maintaining our top market share. In Thailand, we will further enhance profitability by steadily implementing successful sales measures and boosting productivity by reviewing expenses. In China, the influx of new entrants has made it increasingly difficult to differentiate ourselves in the amusement sector. In response, we have shifted our focus to enhancing our playground business, leveraging our unique strengths to stand out, and we are starting to see positive results.

In this way, we will meet the needs of families worldwide by tailoring our initiatives to the business environment of each country and fully utilizing the intangible strengths we have developed over the years.

Business Strategy

Domestic businesses

Aiming to maximize resource generation, which is the key to company-wide growth, we will promote business and area development rooted in the AEON Living Area.



Market Environment Awareness and Challenges

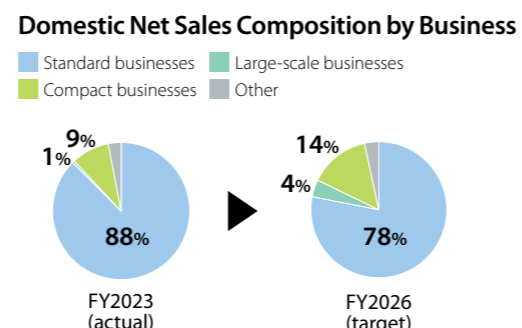
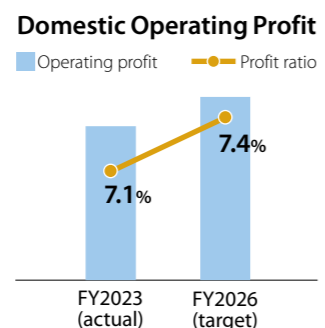
Market Environment	Challenges
<ul style="list-style-type: none"> Price hikes due to yen depreciation Population decline and concentration in Tokyo metropolitan area Increased popularity of cashless payments Evolution of online services 	<ul style="list-style-type: none"> Evolution of business in response to changing customer needs Profit structure reforms to absorb cost increases

Key Strategy

Key Strategy	Key Measures	Core Competences
Business Development	<ul style="list-style-type: none"> Value Creation and Evolution Development of businesses based on social and environmental themes that are attracting increasing interest (large-scale) Development of businesses focused on the value of empathy, by creating immersive worldviews and utilizing social media (large-scale) Provision of childcare support functions necessary for families raising children in each region (standard) Development of specialist and specialty play areas (compact) 	<ul style="list-style-type: none"> AEON Living Area Development capabilities for play
Area Development	<ul style="list-style-type: none"> Expansion into untapped areas Expansion into untapped areas within AEON's commercial facilities Expansion into downtown area in front of train stations 	<ul style="list-style-type: none"> AEON Living Area Development capabilities for play
Individual Strategies	<ul style="list-style-type: none"> Improvement of profitability of existing stores Expansion of sales by entering new markets targeting demographics with the value of empathy Improvements in productivity through DX Strengthening CRM by overhauling the membership system, integrating with group IDs, implementing omni-channels Introduction and enhancement of timed services in existing businesses 	<ul style="list-style-type: none"> Development capabilities for play Touch points

Target Values

	FY2023 (actual)	FY2026 (target)
Net sales	64.4 billion yen	73.0 billion yen
Operating profit	4.5 billion yen	5.4 billion yen
Number of stores	703 stores	936 stores



Key Measures

1 Value creation in new businesses and value evolution in existing businesses

We will develop new businesses that incorporate the expected value of customers and developers, in addition to the traditional value of playing. In the playground business, we will provide businesses that respond to the interests and issues affecting today's parents and children, such as the environment-themed CHIKYUU NO NIWA and the single-store SKIDS GARDEN that helps parents create time for themselves. In the amusement business, we will

enhance the depth of play involving capsule toys and prizes and develop specialty stores that meet the needs of core fans.

With respect to our existing businesses, we will focus on developing value-added content for our current core business, Mollyfantasy, such as the introduction of a subscription-based service, Yokubari-Pass, and original machines.



CHIKYUU NO NIWA



Capsule YOKOCHO (strategic compact stores)



Multifunctional childcare support businesses

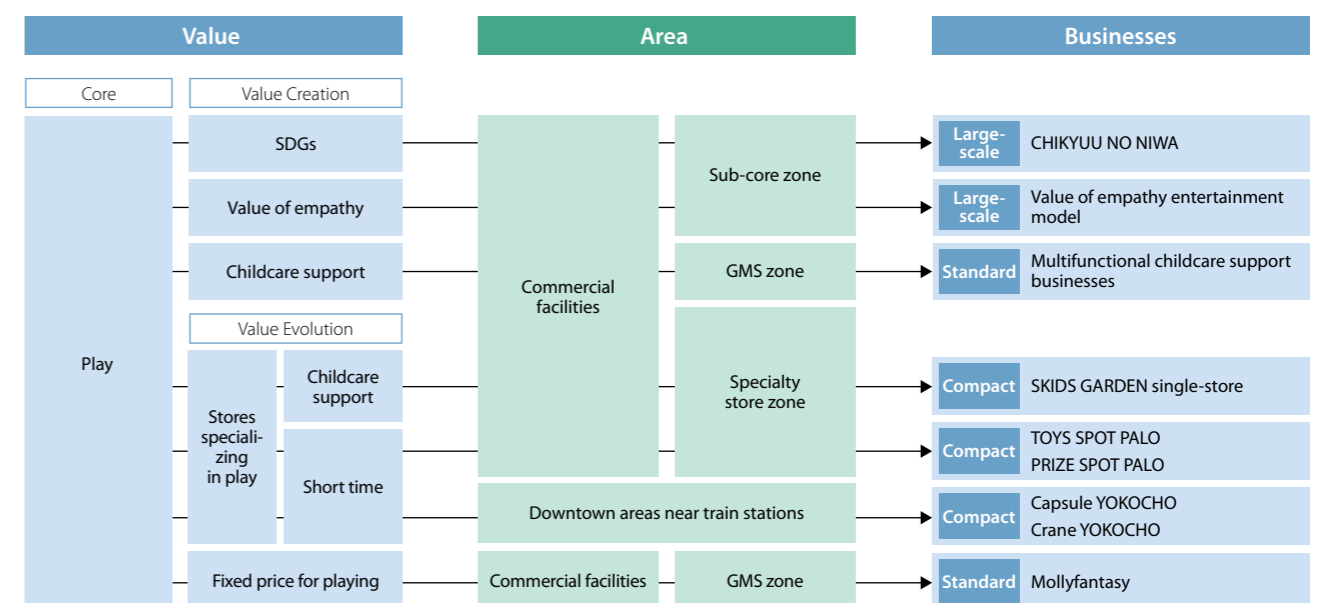


SKIDS GARDEN (single store opening)

2 Create value centered on play and promote development in optimal areas

In Japan, we are aiming to expand our market share while also entering regions where we have not yet established stores, with the goal of acquiring more customers. In commercial facilities, we will roll out the evolved Mollyfantasy in the GMS zone, our primary focus for store openings, and introduce new business formats

incorporating fresh values in specialty and other key zones, aiming to attract the family segment across the entire facility. We will also take on the challenge of opening stores outside shopping centers, including downtown areas near train stations, leveraging our family amusement expertise in compact businesses for urban areas.



Business Strategy

Overseas Business ASEAN

As the “second growth driver” after Japan, we will promote speedy business and area development in line with market expansion.



Market Environment Awareness and Challenges

Market Environment	Challenges
<ul style="list-style-type: none"> • Overall GDP growth • Population growth • Acceleration of tropical climate, increase in extreme weather • Stimulation of consumption after the pandemic • Regulations for amusement facilities 	<ul style="list-style-type: none"> • Flexible store opening strategy that responds to the environment • Optimization of roles of each business and distribution of resources

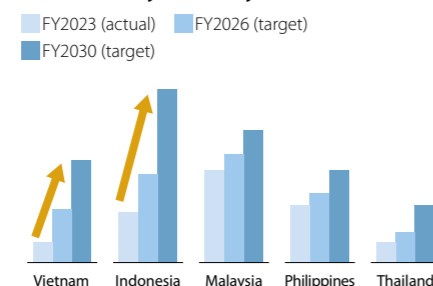
Key Strategy

Key Strategy	Key Measures	Core Competences
Business Development	<ul style="list-style-type: none"> • Development of large-scale businesses suitable for large commercial areas, leading commercial facilities, and favorable locations • Development of compact businesses for small commercial areas and small commercial facilities 	<ul style="list-style-type: none"> • Development capabilities for play
Area Development	<ul style="list-style-type: none"> • Expanding store openings not only in major cities but also in regional cities and untapped areas • Store openings by facility size, assuming multiple store openings in a single commercial facility • Vietnam and Indonesia ⇒ Emphasis on growth rate • Malaysia and the Philippines ⇒ Emphasis on increasing market share • Thailand ⇒ Improving productivity 	<ul style="list-style-type: none"> • Development capabilities for play • AEON Living Area
Individual Strategies	<ul style="list-style-type: none"> • Reorganization to support rapid expansion • Strengthening ties with leading developers • Maintaining and evolving service quality at a competitive Japanese level 	<ul style="list-style-type: none"> • Smiling human capital

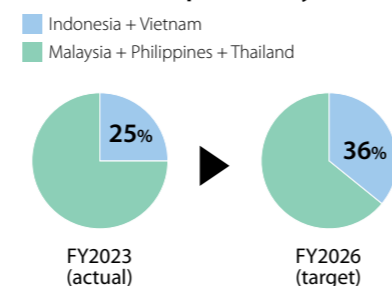
Target Values

	FY2023 (actual)	FY2026 (target)
Net sales	11.0 billion yen	16.1 billion yen
Operating profit	1.3 billion yen	1.8 billion yen
Number of stores	277 stores	691 stores

ASEAN: Net Sales by Country



ASEAN: Net Sales Composition by Country



Key Measures

1 Promote the development of businesses tailored to the scale of business areas and commercial facilities

In our ASEAN business, we have expanded our network of stores, focusing on kidzooona in the playground business and Mollyfantasy in the amusement business. Moving forward, we will focus on developing large-scale and compact businesses tailored to the size of trade areas and commercial facilities to enable greater flexibility in store openings. We will develop large-scale business facilities that prioritize immersive experiences by incorporating various cultural themes. In terms of compact businesses,

we will offer the same high-quality customer service as our large-scale and standard formats, utilizing carefully selected playground equipment. These facilities will maximize enjoyment even in limited spaces while minimizing capital investment in interiors and other equipment. Our existing businesses are positioned as “standard businesses,” and we will regularly update their design while consistently offering the latest services aligned with market needs.



Standard business: kidzooona



Compact business: Tiny Mollyfantasy

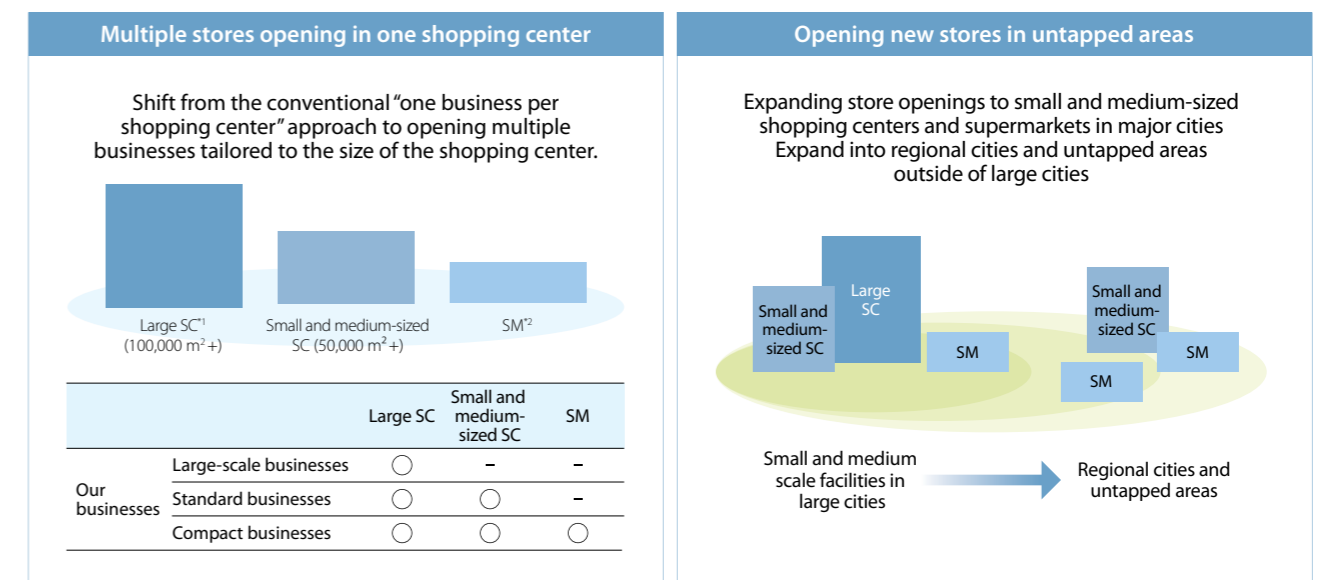


Large-scale business: kidzooona Safari

2 Store opening strategies tailored to the characteristics and conditions of each country and trade area

We will focus on opening multiple businesses within the same commercial facility, developing large, standard, and compact businesses across different zones. We will also expand store openings in medium-sized commercial facilities and small facilities such as supermarkets, focusing on compact businesses in locations where we previously did not have a presence. Additionally, we will

promote store openings in regional cities and untapped areas, considering each country's economic growth and population expansion. Through these measures, we aim to achieve nationwide expansion in breadth and increased density on a city-by-city basis, enabling rapid store openings, capturing additional market share, and fostering relationships with developers.



*1 Shopping centers *2 Supermarkets

Business Strategy

Overseas Business China

We will accelerate the transition to playground businesses, focusing on leveraging our unique strengths to drive growth.



Market Environment Awareness and Challenges

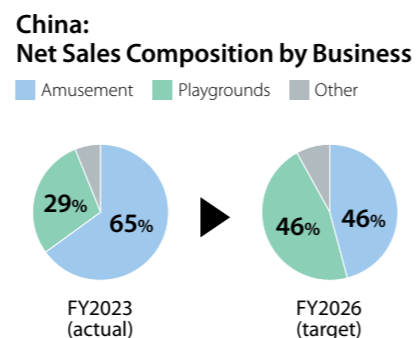
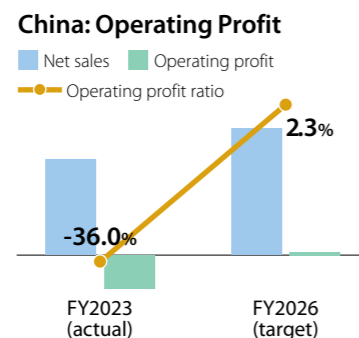
Market Environment	Challenges
<ul style="list-style-type: none"> Economic instability due to changes in government policy Declining birthrate Advancing environmental pollution Rising health-consciousness Increasing technological competition with the U.S. and Europe 	<ul style="list-style-type: none"> Streamlining management structures to achieve V-shaped recovery Development of services that drive the next stage of growth

Key Strategy

Key Strategy	Key Measures	Core Competences
Business Development	Transition of core businesses in response to customer support and market needs <ul style="list-style-type: none"> Transition from existing amusement businesses to playground businesses with strong competitive advantages Enhancing playground businesses that are highly regarded for their Japanese quality Development of business focused on health and exercise, areas of growing societal interest Expansion of compact, highly efficient stores 	<ul style="list-style-type: none"> Development capabilities for play Smiling human capital
Area Development	Selective concentration on efficiency <ul style="list-style-type: none"> Concentration of store openings in commercial areas with growth potential, taking demographic trends into account Highly efficient store openings, especially compact stores 	<ul style="list-style-type: none"> Development capabilities for play
Individual Strategies	Structural reforms for renewed growth <ul style="list-style-type: none"> Streamlining of unprofitable stores and reduction of SG&A expenses at head office Enhancing freshness through the modification and removal of amusement machines 	<ul style="list-style-type: none"> Development capabilities for play

Target Values

	FY2023 (actual)	FY2026 (target)
Net sales	6.5 billion yen	8.6 billion yen
Operating profit	-2.3 billion yen	0.2 billion yen
Number of stores	187 stores	196 stores



Key Measures

Shift from Amusement to Playground Facilities

Taking the market environment in China into account, we will shift our business development focus from amusement to playground facilities, driving the recovery and renewed growth of our operations in China.

In addition to opening new stores, we will update existing playground facilities by replacing playground equipment. For stores that also house amusement

facilities, we will promote size expansions through re-zoning. Rather than fully exiting the amusement business, we will evaluate each store individually, adopting a strategy of selective focus. We will streamline and improve store operations, including the use of machine rentals.

Customer Support	Market Trends and Business Characteristics
<p>Strong operations and staff quality function as unique strengths in our playground facilities.</p> <p>User survey</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Why choose our facilities?</p> <ul style="list-style-type: none"> Clean environment Interesting educational toys Lots of events Other </div> <div style="text-align: center;"> <p>Reasons for choosing another company's facilities</p> <ul style="list-style-type: none"> Equipment is new Lower prices Wide variety of prizes Other </div> </div> <p>Positive aspects</p> <ul style="list-style-type: none"> Smiling employees Clean environment Lots of events <p>Negative aspects</p> <ul style="list-style-type: none"> Slow or infrequent updates to playground equipment High admission fees Limited options for children 6 and older 	<p>High competitive advantage in overseas markets</p> <p>No other company can match the Japanese level of customer service</p> <p>High compatibility with children's growth</p> <p>Many factors contribute to our vision, "develop children's emotions, mind, and body"</p> <p>Demand is expected to increase due to environmental changes</p> <p>The importance of indoor facilities is expected to increase in the future due to climate change</p>

Environmental factors

Capitalizing on Our Strengths in the Chinese Playground Market

In China, the amusement market is characterized by intense competition in hardware, such as amusement machines and playground equipment, making it difficult to maintain a long-term advantage solely by introducing the latest models or adding more units.

In contrast, our playground facilities overseas uphold the same rigorous safety and hygiene standards as in Japan. Additionally, we have developed a unique customer service training program, which all employees complete to maintain a consistently high level of service. This has earned our facilities high acclaim overseas, including in China, and functions as a distinct competitive advantage that other companies cannot replicate.

For this reason, we believe that utilizing our strengths in the soft aspects of playground operations will be crucial to the future success of our business in China.



Functional Strategy

Human Resource Strategy

We recognize that human capital is the driving force behind sustainable growth and that advancing human capital management in alignment with business strategies is essential to achieving the goals of our medium-term management plan. We aim to build an organization that accelerates business evolution and productivity improvements and to promote initiatives to enhance “expertise” and “diversity.”

Key Strategy

Item	Key Measures
Recruitment	<ul style="list-style-type: none"> Strengthen mid-career hiring to secure professional talent Bolster part-time hiring to improve the fill rate and labor-hour efficiency
Organization	<ul style="list-style-type: none"> Improve productivity at the departmental level Increase the percentage of women in executive and management positions Increase the percentage of professional talent
Training	<ul style="list-style-type: none"> Enhance human capital with a focus on diversity and expertise Transition from uniform position-based training to personalized, optimized training
Systems	<ul style="list-style-type: none"> Foster career development for professional talent Promote diversity Expand employee benefits Strive to be a leading company in human capital development

TOPIC Initiatives to secure talent for building a highly specialized and productive organization

1. Wage increases
We implemented wage increases above market levels to enhance employee motivation and strengthen our hiring competitiveness. We will continue to improve productivity through measures such as reforming the sales organization structure, improving work efficiency, and promoting digital transformation (DX).

2. Diversification of talent and recruitment methods
To secure diverse talent to support our diversifying business operations, we began strengthening mid-career hiring in FY2023. Previously, our talent pool was formed solely by hiring new university graduates and promoting from within. However, we have since added a mid-career hiring page to our website and we are actively recruiting experienced talent through media aligned with our ideal talent profiles, such as navigation sites, scouting services, and recruitment agencies.

Additionally, in response to diversifying work styles, we are actively utilizing media that supports “gap-time jobs” and are promoting recruitment efficiency through measures such as using chatbots to reduce the time needed to schedule interviews.

Breakdown of hires 2022

Hires in 2022
Total: 66

- Internal promotions: 21% (14)
- New graduate hires (university): 15% (10)
- Mid-career hires: 64% (42)

Breakdown of hires 2023

Hires in 2023
Total: 142

- Internal promotions: 14% (19)
- New graduate hires (university): 23% (33)
- Mid-career hires: 56% (80)
- New graduate hires (high school): 7% (10)

DX Strategy

We will promote digital transformation (DX) to drive business transformation in response to rapidly changing societies. By leveraging IT to fundamentally reassess our operations, we will develop services that align with customer needs, enhance productivity, and enable the swift decision-making required to achieve these.

Key Strategy

Key Strategy	Key Measures
Offensive	Customers Expand customer engagement and enhance satisfaction <ul style="list-style-type: none"> Provide services tailored to customer needs based on analysis Enhance service levels by strengthening omnichannel strategies Launch a new membership program and enhance CRM
	Create new value-added experiences <ul style="list-style-type: none"> Offer services integrating physical and digital experiences Provide digital play equipment and educational content Offer interactive content such as videos and webinars
	Build an ecosystem platform <ul style="list-style-type: none"> Aggregate internal data for each business and design a circulation structure Leverage the resulting value for new business opportunities Boost productivity by simplifying and enhancing internal systems
Defensive	Company ESG management <ul style="list-style-type: none"> Cloud-based management of environmental data, including decarbonization and waste reduction Enhance the transparency and disclosure of financial information Increase transparency and multifaceted use of personnel information
	Enhance security <ul style="list-style-type: none"> Implement predictive defense systems to address evolving threats Strengthen security and governance at overseas subsidiaries Improve employees' security literacy
	Work styles Improve productivity <ul style="list-style-type: none"> Reduce routine tasks by introducing systems and devices Improve IT and security literacy with a focus on AI

TOPIC Creating value through a new membership system

In 2024, we completely revamped our membership system. We have made the system easier and more convenient for customers to use, while also lowering the barriers to membership, enabling us to reach a wider audience. Building on this foundation, we aim to roll out a variety of specialized services related to play and childcare support, promoting a smooth transition to attract loyal customers.

Message from the Officer in Charge of Financial Affairs

Yoshinori Iseki

Director and Managing Executive Officer for Administration, Risk Management Supervisor



Aiming for the Sustainable Corporate Value Growth by Expanding Cash Flow, Accelerating Growth Investments and Prioritizing Financial Balance

Steadily increased sales and improved profits in FY2023

In FY2023, consolidated net sales reached a record high of 81.7 billion yen, an increase of 12.5% year-on-year. Operating profit reached 3.5 billion yen, exceeding the FY2019 pre-pandemic level. The domestic business segment, known for its high profitability, and the ASEAN business segment, with its strong sales growth, both contributed to improved performance through profit increases. Net income attributable to owners of the parent was 1.3 billion yen, exceeding the plan and marking a return to profitability.

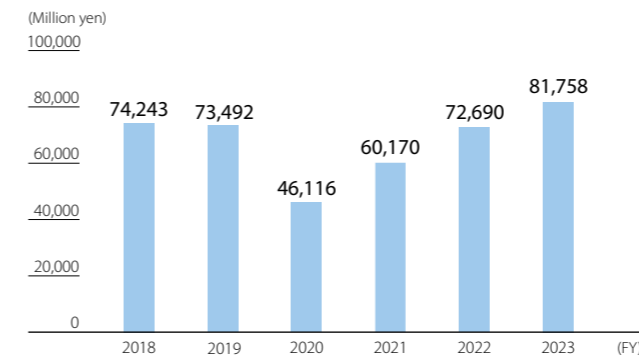
The domestic business improved significantly, with sales up 9.6% year-on-year, and operating profit reaching 4.5 billion yen, an increase of 2.1 billion yen compared to the previous year. By department, significant recoveries were seen in the medal department, which resumed investment in amusement machines, and the timed amusement equipment department. Additionally, strategic compact stores, which we aggressively opened during the pandemic, grew to account for approximately 8% of domestic sales. As a result, the domestic business segment achieved its highest-ever annual net sales, with both net sales and operating profit reaching record highs in the fourth quarter of the fiscal year. In ASEAN,

both Malaysia and the Philippines, which have the largest market share in the industry, drove performance, with both sales and operating profit reaching record highs for the second consecutive fiscal year. In this area, our high service standards continued to earn customer support, and some subsidiaries have reached a level at which they can secure funding from local financial institutions. Additionally, our financials, which were impacted during the pandemic, have recovered of their accord, and the operating profit ratio remains strong at 12.3%.

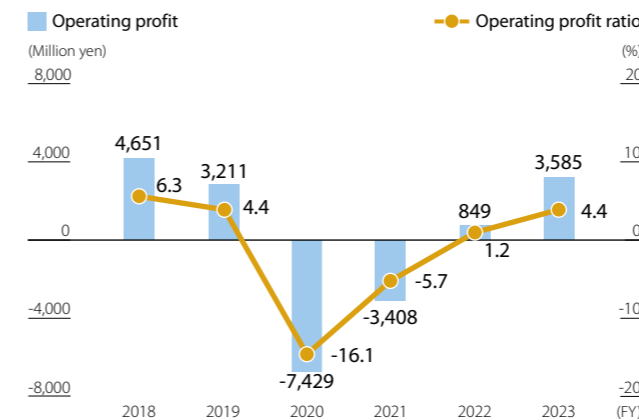
In China, sales recovery was delayed due to uncertainty in the domestic economy and a decline in child visitors caused by outbreaks of infectious diseases. Despite net sales growing 34.4% year-on-year due to recovery from the pandemic, we posted an operating loss of 2.3 billion yen. While we have been closing unprofitable stores, streamlining staff and downsizing head office operations, we recognize that addressing these issues remains a challenge. The closure of unprofitable stores in FY2024 is progressing ahead of our initial plan, and we aim to further lower the break-even sales point.

We plan to increase the proportion of playgrounds in our store mix in China, as we see potential for differentiation in this market. Additionally, we will leverage successful examples of store revitalization in ASEAN countries to quickly establish a winning strategy in China and boost sales.

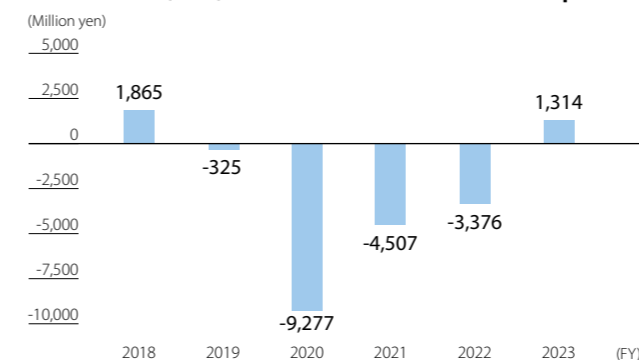
Net Sales



Operating Profit



Net income (loss) attributable to owners of the parent



Accelerating growth investments while prioritizing financial balance

We recognize that the decline in earnings during the pandemic has resulted in the consolidated equity ratio dropping below 20% and an increase in interest-bearing debt compared to pre-pandemic levels, and that these are issues that need to be addressed. In FY2023, we resumed investment in the renovation and replacement of amusement

machines and actively invested in Japan and ASEAN countries, resulting in a total investment of 11.1 billion yen (excluding right-of-use assets). Our investment levels exceeded 10 billion yen for the first time since FY2019. Additionally, operating profit and other profits at various stages improved significantly compared to the previous year. Consolidated EBITDA surpassed 13 billion yen, creating expanded opportunities for growth. To secure outstanding talent, the driving force for growth, we raised wages for the second consecutive year. The increase in expenses will be offset by improvements in sales at existing store and in the gross profit margin.

In FY2024, the first year of our new medium-term management plan, we will secure cash flow from the domestic amusement market, a key profit driver for company-wide growth, while opening more playgrounds in ASEAN countries, where greater opportunities exist, and accelerating the opening of CHIKYUU NO NIWA stores, a new business, at which sales growth is exceeding expectations. We will also open strategic compact stores, which have been contributing to profits, in new downtown markets to further increase their impact. Furthermore, in ASEAN countries, we will define country-specific strategic positions and execute effective investments accordingly. Over the three years of the new medium-term management plan, we plan to invest more than 40 billion yen, including in IT-related investments. Meanwhile, we aim to improve EBITDA further, targeting a cumulative total of over 50 billion yen over three years, while also working to reduce interest-bearing debt.

Diversifying and optimizing financing to spread risk

Although the pandemic significantly impacted our profits, we were fortunate to have sufficient net assets and the substantial improvement in net sales and operating profits in FY2023 helped financial institutions better understand our financial position, enabling us to secure stable financing. Our external credit rating remains "A-".

In March 2024, we converted 10 billion yen in domestic short-term funds, originally procured as a pandemic measure, into long-term borrowings to improve our current ratio and establish a more stable financial structure. In FY2024, we will enhance our financial security by establishing a new domestic overdraft facility, ensuring that we do not miss growth opportunities. Additionally, overseas subsidiaries with improved performance and financial conditions will secure funding from local financial institutions. Combined with

Message from the Officer in Charge of Financial Affairs

funds from the parent company, this will help accelerate their growth. In August 2024, we executed our first financing through a Positive Impact Financing agreement. Our sustainability efforts have also been positively received. Going forward, we will continue to seek optimal financing tailored to our financial challenges while diversify our funding sources to mitigate risk.

Establishing financial foundations for sustainable growth

We will continue to monitor ROE, the shareholders' equity ratio, and the DE ratio (excluding lease obligations) as our key financial indicators, striving to establish financial foundations for more sustainable growth.

ROE in FY2023 was 14.5%. The weighted average cost of capital (WACC) is currently estimated at 8% to 9%, based on calculations with CAPM method. Our ROE target for the fiscal year ending February 2025 is 15.4%. We also aim to consistently achieve an ROE of at least 14% and to exceed our cost of capital. To drive future improvements, we plan to expand playground store openings in the high-margin ASEAN region. Additionally, strategic compact stores with a high ROI are expected to contribute to improved profitability and total asset turnover by scaling up operations. Furthermore, there is growing anticipation that our new domestic playground business will also contribute to improving ROE. Through these efforts, including developing diverse business models and expanding into new areas, we aim to accelerate corporate growth.

In FY2025, we expect to achieve record-high consolidated operating profit. We are planning net income attributable to owners of the parent of 8.2 billion yen over the next three years. In addition, we will strive to raise the shareholders' equity ratio to above 30% as quickly as possible through effective investment execution. In addition, we will promote growth investments while managing them carefully to reduce borrowings. This will allow us to execute investments within operating cash flow and uphold financial discipline to reduce borrowings compared to the end of the previous fiscal year.

We plan to lower the DE ratio (excluding lease obligations) from 3.2 at the end of February 2024 to 1.6 at the end of February 2027. (Since the banks will be closed on February 28, 2027, end-of-month sales proceeds will be recorded in March, effectively resulting in a DE ratio of 1.5 or less.)

	End of FY2023	End of FY2026	Long-term target
Shareholders' equity ratio	15.9%	26.8%	More than 40.0%
Debt-to-equity ratio	3.2	1.6	Within 1.0
ROE	14.5%	23.5%	More than 10.0%

*Debt-to-equity ratio excludes lease obligations

Shareholder Returns

At AEON Fantasy, our dividend policy emphasizes stable profit returns to shareholders, with a fundamental focus on long-term stability. Therefore, we continued to pay dividends even when our business was significantly impacted by the pandemic.

For the fiscal year ending February 2025, even as we continue to prioritize financial soundness, we anticipate maintaining the annual dividend at 10 yen per share. We will consider increasing dividends in the future once the effects of the pressing structural reforms in China become evident, profits improve, and profits are expected to exceed our consolidated performance forecasts. We will work to achieve this as soon as possible.

Looking ahead, to further enhance our corporate value, we believe it is important to engage in dialogue with investors to help them understand the progress of our growth strategy and our efforts to improve our financial position. Together with management and the IR team, I will proactively implement clear and effective IR activities and continue to fulfill my responsibilities as the officer in charge of financial affairs.

4 Chapter Sustainability

Carrying forward a sustainable society to the next generation.

Addressing social and environmental issues and ensuring both high economic value and social value is an important corporate responsibility. We will further strengthen our sustainability efforts to ensure the society in which we live is in an even better shape for the future.

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Sustainability Management

Sustainability Promotion System

At AEON Fantasy, we formulated the Sustainability Policy in 2022 and are promoting sustainability management as the core of our corporate activities.

We have also set up the Sustainability Committee as an advisory body to the Board of Directors to manage numerical targets and the progress of our sustainability initiatives. The Committee is chaired by the President and Representative Director and one third or more of its members are external experts. It discusses and reports on matters specified by the Board of Directors.

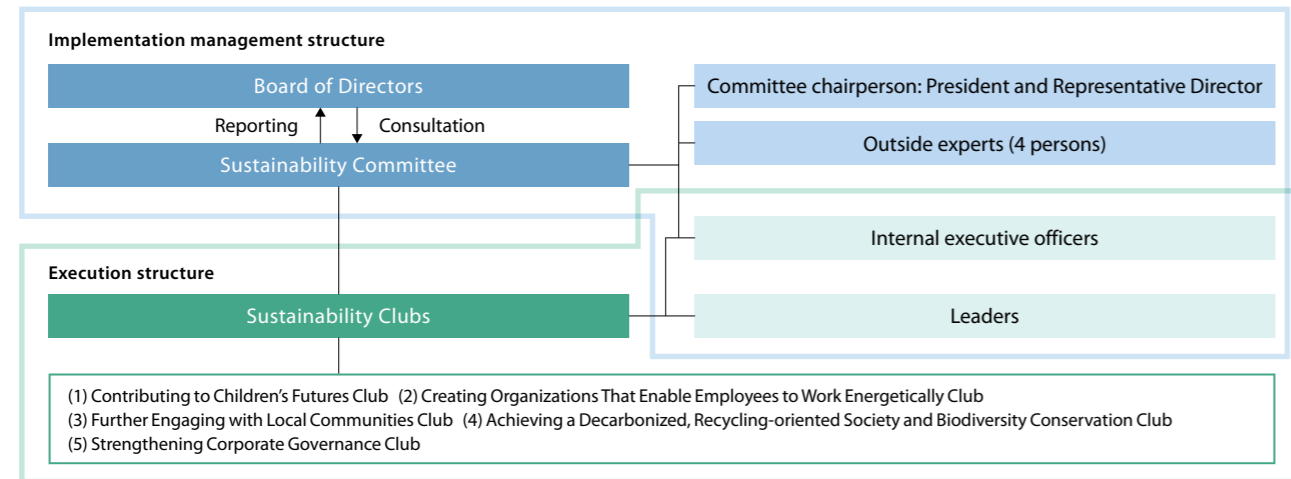
We have set up Sustainability Clubs as subordinate organizations of the Sustainability Committee. They are

cross-departmental teams to handle each material issue, and have begun examining and implementing specific initiatives. Each club's activities are led by human resources who will lead the next generation of company management, and initiatives are underway to achieve specific indicators and targets.

Going forward, we will enhance the effectiveness of our sustainability management as we aim to become a company that contributes to a sustainable society while raising its corporate value.

▼ Sustainability Policy (Japanese only)
<https://www.fantasy.co.jp/company/sustainability/sustainabilitypolicy/>

Sustainability Promotion System



Main Topics of Discussion for the Sustainability Committee (FY2023)

Date	Main topics of discussion
May 26, 2023	Recommendations for biodiversity initiatives
August 30, 2023	Progress on publicized targets and initiatives
November 27, 2023	Overseas rollout of sustainability management

Material Issue Identification Process

1 Selection of issues	Before identifying material issues, we first selected social issues with reference to the SDGs and the Global Risks Report, while also taking into account future megatrends. We then narrowed down the issues in terms of risks and opportunities in our business activities, and selected important social issues for the Company.
2 Importance for stakeholders	With respect to importance for stakeholders, we defined reference indicators based on the Ten Principles of the UN Global Compact, the Task Force on Climate-related Financial Disclosure (TCFD), and ESG indices such as the DJSI and the FTSE Index Series. We also referred to information from business partners and competitors that we considered relevant to our own business activities.
3 Importance for the Company	For each social issue, each member of our management team assessed its importance for the Company in terms of both opportunities and risks. With the results of these assessments as a base, the management team held discussions and classified the issues into six main themes.
4 Determination of material issues	Following their approval by the Board of Directors, we determined the social issues that the Company should place priority on addressing as material issues. Once they had been determined, we put in place a structure for tackling and monitoring the material issues, set targets (KPIs) for each of them, and considered what action to take.

Material Issues

Material issues	Vision (2050)	Medium-term targets (2030)	Action
S	Contributing to children's futures	Creation of a society that protects the rights of children who will build the society of the future, and that allows people to dream of the future with smiles on their faces	Expansion of amusement machines and equipment suitable for children with disabilities
			Promotion of projects in which children with disabilities can participate
			Support for activities that protect children's rights alongside customers
S	Creating organizations that enable employees to work energetically	A company that ensures that all Fantasy employees feel enthused about both work and play	Promotion of diversity (Education on how to make the most of diverse values and creation of opportunities for getting to know one another)
			Workstyle reform
S	Further engaging with local communities	Creation of communities full of smiles by providing opportunities for fun and connection	Implementation of Employee surveys and action for improvement
			Visits to social welfare facilities
E	Achieving a decarbonized, recycling-oriented society and biodiversity conservation	Creation of a society in which the rich global environment is nurtured with children through the creation of businesses and opportunities for children to value the global environment through play Quantitative target Aim to achieve net zero total CO ₂ emissions from our stores by 2040	Parties at stores for children from social welfare facilities
			Initiatives to make local residents smile in collaboration with local governments, organizations, and businesses
			Reduction of Scope 1 and 2 emissions (1) Implementation of energy-saving measures (2) Introduction of renewable energy
			Reduction of Scope 3 emissions (1) Reduction of plastic usage (2) Reduction of disposal of amusement machines and prizes
G	Strengthening corporate governance	A company that builds trust with stakeholders, protects Fantasy employees, and grows sustainably	Provision of opportunities to learn about the importance of the environment and biodiversity
			Promotion of initiatives to revive places no longer used for human activity
G	Strengthening corporate governance	A company that builds trust with stakeholders, protects Fantasy employees, and grows sustainably	Strengthening of the structure for implementing the Corporate Governance Code
			Provision of compliance training (Japan and overseas)
			Strengthening of governance at overseas subsidiaries
G	Strengthening corporate governance	A company that builds trust with stakeholders, protects Fantasy employees, and grows sustainably	Implementation of human rights due diligence

*Unless otherwise stated, targets and action are for domestic business operations only
 *Some of the information disclosed has been revised

Society

Contributing to Children's Futures

Medium-term Targets (2030)	Action	FY2023 Targets	FY2023 Assessment/Achievements
Creation of new opportunities to spread children's smiles Level of satisfaction with inclusive playgrounds: 75% Social impact of play opportunities for everyone*: 75% *Ratio of understanding of the importance of achieving an inclusive society	Expansion of amusement machines and equipment suitable for children with disabilities	<ul style="list-style-type: none"> Introduction of inclusive playground equipment at the kidzooona Omiya store and Suzuka store Completion of guidelines 	<ul style="list-style-type: none"> Completion of introduction of inclusive playground equipment (swing with harness) Completion of promotion of awareness among employees of children's incidents/accidents in stores
	Promotion of projects in which children with disabilities can participate	<ul style="list-style-type: none"> Creation and communication of guidelines for children Hosting of SDGs events 	<ul style="list-style-type: none"> Creation and distribution of event preparation procedures Introduction of discounts for children with disabilities Hosting of SDGs events at CHIKYUU NO NIWA and SKIDS GARDEN
	Support for activities that protect children's rights alongside customers	<ul style="list-style-type: none"> Decision on fundraising recipients and conducting of fundraising activities 	<ul style="list-style-type: none"> Decision to conduct fundraising activities to protect children's rights in April 2024

Expansion of Amusement Machines and Equipment Suitable for Children with Disabilities

Inclusive Playground Equipment

In line with the renewal of the Omiya store and Suzuka store of our large kidzooona playgrounds, we introduced inclusive playground equipment to enable everyone to play together. The inclusive swings we newly installed enable children who cannot maintain their posture to play with peace of mind thanks to harnesses that fully support their bodies. Since its installation, the equipment has been well received by both children with physical disabilities and by smaller children between the ages of one and two who cannot yet use swings by themselves. Moving forward, we will continue to introduce inclusive playground equipment when renewing our existing stores or when opening new stores, and strive to design playgrounds that can be enjoyed by all children, regardless of ability or disability.



Inclusive swings



Sit-down sandboxes



Discounts are available to various eligible individuals



Double the playtime at the same price

Promotion of Projects in Which Children with Disabilities Can Participate

Introducing Discounts for Children with Disabilities

We have introduced discounts for children with disabilities at all the playgrounds we manage and in our Yokubari-Pass service for our timed playgrounds. In putting together the discounts, based on advice from Sustainability Committee experts, we decided to enable double the playtime at the same price in consideration of the extra time children with disabilities spend at our facilities. The discounts are available to children with physical disability certificates and other booklets or documents showing their eligibility to ensure they can be used by a wide range of individuals.

Support for Activities That Protect Children's Rights Alongside Customers

Free Invitations

With a desire to promote children's healthy growth through play opportunities, on May 5 (Children's Day in Japan) and November 20 (World Children's Day), we opened up approximately 200 of our playground facilities in Japan free of charge (in FY2023 we did so on May 5 (public holiday) and November 19 (Sun)). Each store welcomed large numbers of customers from the morning, with around 100,000 children and their families enjoying the opportunity to play. Moreover, we offered children free admission to each of our OYUGIWA hot-bath facilities. In the future, we will continue with activities to bring smiles to the faces of as many children as possible.



Free admission for children at OYUGIWA



Playgrounds opened free of charge

Play & Donate Fundraising

As part of our Play & Donate fundraising activities, every year we donate approximately 1% of sales from all our stores both in Japan and overseas on the Sunday nearest to World Children's Day (November 20), and approximately 1% of annual sales from all our Sukuttecho prize game machines, to a charity of our choice. In FY2023, we raised a total of 10 million yen (4 million yen in Japan and 1 million yen from each country overseas) from 1,136 stores across Japan, China, and five ASEAN nations. The funds raised were donated to CliniClowns Japan and other NPOs and foundations that support children's activities in the seven countries we conduct business.



Donated to organizations in each country we conduct business

Feature

LalaYume Activities to Make Children's Dreams Come True

LalaYume activities began in 2003 to teach children the importance of having a dream and the joy of making this dream come true. The aim is to create a society in which as many children as possible maintain their dreams for the future. FY2023 marked the 20th anniversary of our LalaYume activities, and with support from AEON Group companies, we helped the dreams of 20 children come true.

(1) I want to host a solo exhibition (Hokkaido/6 years old)
Shodai, a flourishing artist who had won awards in various contests, had a wish to host his own solo exhibition. Shodai applied to the LalaYume program and we helped him host a solo exhibition in the event space of his local AEON Mall. Numerous media outlets attended the opening day and the exhibition was even featured on a nationwide TV broadcast. Many visitors came from outside the city, and the exhibition was so successful that it was promptly extended by a month.



(2) I want to make the cake from mum and dad's wedding ceremony (Tokyo/8 years old)
Yuki, the eldest daughter of seven siblings, would often watch a DVD of her parents' wedding ceremony with her family. She applied to the LalaYume program with a desire to make the beautiful wedding cake from their ceremony. Yuki was able to make the same wedding cake alongside her sister and a chef at the venue where her parents got married, and the whole family enjoyed the first bite together. After we made Yuki's wish come true, her



mother said the following: "When we talk about dreams, we often think about future occupations. Your sincere approach to fulfilling my daughter's wish is something I will never forget."

Society

Creating Organizations That Enable Employees to Work Energetically

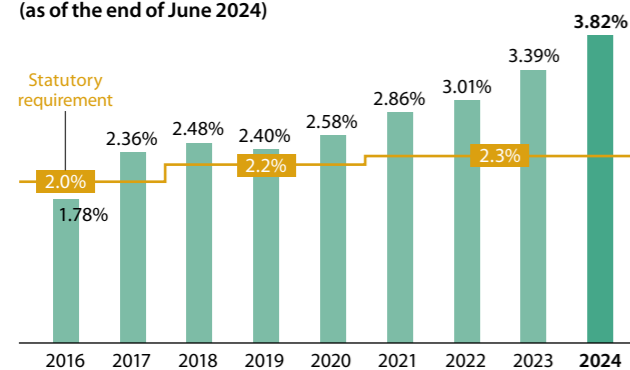
Medium-term Targets (2030)	Action	FY2023 Targets	FY2023 Assessment/Achievements
Percentage of section managers and above who are female in Japan and overseas: 50% Percentage of employees who have disabilities: 5% Percentage of eligible males who take childcare leave: 100%	Promotion of diversity (Education on how to make the most of diverse values and creation of opportunities for getting to know one another)	<ul style="list-style-type: none"> Percentage of section managers and above who are female in Japan and overseas: 46% Percentage of eligible males who take childcare leave: 100% 	<ul style="list-style-type: none"> Percentage of section managers and above who are female in Japan and overseas: 48.3% Percentage of eligible males who take childcare leave: 100%
Percentage of eligible males who take childcare leave: 100%	Workstyle reform	<ul style="list-style-type: none"> Percentage of employees who have disabilities: 3.43% 	<ul style="list-style-type: none"> Percentage of employees who have disabilities: 3.36% (98.0% compared to target)
iki-iki level of Fantasy employees: 75% *iki-iki level = Average percentage of positive responses to survey items related to job satisfaction, ease of working, and growth	Implementation of surveys and action for improvement	<ul style="list-style-type: none"> Decisions on specific action and completion of survey feedback 	<ul style="list-style-type: none"> Completion of distribution of survey feedback Initiatives to address issues are ongoing Completion of in-house promotion through company newsletter (first time)

Promotion of Diversity

Promoting Employment of People with Disabilities

At AEON Fantasy, we began employing people with disabilities in FY2008. In March 2017, we established a dedicated department, Job Support, to recruit people with disabilities, help the departments to which they are assigned to understand disabilities, and provide them with support to help them settle in and start contributing after they have been assigned. We conduct interviews with employees one, three, and six months after they join the Company, implementing initiatives to improve retention rates. As a result, as of the end of June 2024, the percentage of people with disabilities in our workforce surpassed statutory requirements at 3.82%. To achieve our goal of a 5% employment rate of people with disabilities in 2030, and to promote the recruitment and

Percentage of employees who have disabilities (as of the end of June 2024)



success of people with disabilities at our stores, we plan to create the Guide to the Success of People with Disabilities, containing an overview of the recruitment process, and initiatives to promote understanding of disabilities and improve retention rates. We also plan to host in-house seminars to promote understanding of disabilities.

Expansion of Employee Benefit Programs

At AEON Fantasy, to date we have continued to set up various new employee benefit programs and expand our offerings. However, in a survey conducted by the Creating Organizations That Enable Employees to Work Energetically Club in FY2022, responses showed that employees had concerns related to their income and role and that it was difficult for them to proactively make use of the programs on offer. For example, employees expressed concerns about their income when taking childcare leave, their inability to leave their workplace due to their role as supervisors, and their worries about not having a position to return to when coming back from leave. As such, in June 2023 we revised our employee benefit programs to help employees strike a balance between home and work.

- (1) Newly established the Hagukumi Support Fund (support fund for when taking childcare leave)
- (2) Expanded eligibility for childbirth bonus
- (3) Expanded scope of application for reduced working hour programs
- (4) Expanded scope of application for unpaid Life Support Leave

Moving forward, whether it be for childcare, infertility treatment, outpatient visits/treatment, nursing care, or nursing of partners, we will promote the creation of workplaces in which employees can flexibly choose their own workstyles depending on the circumstances of their lifestyles or life stages, and continue working energetically in their own way while balancing home and work life.

Workstyle Reform

Receipt of the Future Generation Support Company Award

At AEON Fantasy, in June 2023 we received the Future Generation Support Company Award. Hosted by the Alliance of Governors Supporting Future Generations for the Revitalization of Japan, which comprises 22 prefectural governors as members, the Future Generation Support Company Award is given to companies or offices that are proactively implementing unique and pioneering initiatives to support childcare, women, and junior employees. We received the award in recognition of the 100% acquisition rate of childcare leave (including leave for the purpose of childcare) among eligible men and women in FY2022, our offering of various childcare support systems, and our human resource development initiatives.



A photo from the award ceremony

Certified Health & Productivity Management Outstanding Organization and Platinum Kurumin Certification

In 2023, for the second consecutive year we were designated as a Certified Health & Productivity Management Outstanding Organization (large enterprise category) under the Certified Health & Productivity Management Outstanding Organizations Recognition Program designed by the Ministry of Economy, Trade and Industry and administered by the NIPPON KENKO KAIGI. In FY2023, in addition to announcing our health declaration—We will promote the health and joy of our employees and their families—we set specific targets to address our health-related challenges. By promoting health and wellness, we proceeded to raise awareness among employees of the importance of managing their own health.

Moreover, we also received the Platinum Kurumin Certification from the Minister of Health, Labour and Welfare in recognition of our support for childcare. We are the 12th company in Chiba Prefecture to be recognized with the Platinum Kurumin Certification and the 4th company in the AEON Group. Aiming to achieve our medium-term targets for 2030 (Percentage of section managers and above who are female in Japan and overseas: More than 50%; Percentage of eligible males who take childcare leave: 100%), in FY2022 we introduced the Hagukumi Leave system, a special paid leave system that allows employees to take five consecutive days of paid leave within one year of their spouse giving birth.

In the future, we will continue working to improve our personnel systems and employee benefit programs to create an organization where the human resources who support the company's growth can continue to work over the long term.



Implementation of Employee Surveys and Action for Improvement

FY2023 Survey Results

To create environments in which Fantasy People (company employees) can live and work happily and energetically, at AEON Fantasy we regularly conduct employee surveys with all employees, including part-timers. By gauging any employee issues or discontent, the aim is to clarify what areas must be addressed and to find solutions to organizational challenges. In FY2023, the survey response rate was 61.7% and the *iki-iki* level among employees was 61.6%.

While there were many positive responses in areas related to comfortable working environments and job satisfaction, with employees commenting on ease of communication with managers, a culture of mutual support, low levels of harassment, and work satisfaction (sense of fulfillment and achievement), there were some issues related to growth. Therefore, for the first time we created a feedback report and made it available to all employees to enhance their awareness of the survey. Moreover, we hosted workshops for positions in which there were a comparatively low number of positive responses to identify specific issues.

In an era that values diversity, the importance of work fulfillment is increasing. Aiming for an *iki-iki* level of 75% (our medium-term target for FY2030), we will analyze the issues discovered through this survey and use our findings for future improvement initiatives.

Society

Further Engaging with Local Communities

Medium-term Targets (2030)	Action	FY2023 Targets	FY2023 Assessment/Achievements	
Number of people we have made smile through local and social contribution activities: 5 million *Total number of people in Japan and abroad from FY2022 to FY2030	Visits to social welfare facilities	Number of social contribution activities in Japan and overseas: 1,020	○	Number of social contribution activities in Japan and overseas: 5,425
	Parties at stores for children from social welfare facilities			
	Initiatives to make local residents smile in collaboration with local governments, organizations, and businesses	—	—	—

Visits to Social Welfare Facilities Activities in Japan

Lala-chan's Heartfelt Tour sees Lala-chan, the popular mascot of our Mollyfantasy amusement facilities, visit nationwide orphanages and children's hospitals to support children's healthy growth. Although activities were temporarily suspended due to the COVID-19 pandemic, they resumed in 2022 with thorough infection control measures in place. In FY2023, we visited a total of 27 orphanages and other facilities across Japan, gifting presents to 633 children, hosting fun events through dance and games, and bringing smiles to the faces of all who were involved. FY2023 marked the 8th year of Lala-chan activities, and brought the total number of facilities we have visited to 73. Demand from facilities is rising each year, and so we will continue to conduct these visits in the future.



Heartfelt Tour (visits to children's home)



Parties at Stores for Children from Social Welfare Facilities

Invitational Events in ASEAN and China

Through our overseas business companies, who operate numerous playground facilities across the region, we regularly plan and implement initiatives that involve visiting children from local communities or local welfare facilities, or inviting them to come and play at our playgrounds. Although due to the pandemic we significantly reduced the number of parties held at our stores, in FY2022 we gradually resumed activities, hosting a total of 1,207 parties in China (856) and ASEAN countries (351) and welcoming approximately 150,000 children to our stores to play. In FY2023, our growing store networks in each country saw the scope of our activities expand, and we were able to invite children from schools and social welfare facilities in new regions. Moving forward, we will aim to create communities overseas that are full of smiling people and provide opportunities to play for local children.



Store invitational events hosted overseas



Environment

Achieving a Decarbonized, Recycling-oriented Society and Biodiversity Conservation

Medium-term Targets (2030)	Action	FY2023 Targets	FY2023 Assessment/Achievements	
Energy-derived CO₂ emissions from business operations: 64% reduction (compared to 2018) *Unit per sales Energy-saving ratio: 10% Renewable energy ratio: 60%	Reduction of Scope 1 and 2 emissions (1) Implementation of energy-saving measures (2) Introduction of renewable energy	Compared to 2018: 40% reduction	○	Energy-derived CO ₂ emissions Compared to 2018: 56.2%
Total plastic used in stores: 30% reduction *Six main types of plastic (including capsules) compared to FY2019	Reduction of Scope 3 emissions (1) Reduction of plastic usage (2) Reduction of disposal of amusement machines and prizes	Total amount of plastic waste from stores: 4.28% reduction (equivalent to 2.87 t)	△	Reuse rate of capsule toy capsules: 7.2% Reduction in prize fixtures compared to last year: -1.7 t Completion of clear case reuse at all stores (compared to last year: -0.7 t)
Disposal of amusement machines and prizes from stores: Less than 10%		Disposal rate: 23% or less	○	Disposal rate of amusement machines: 11.4% Disposal rate of prizes: 0.02%
Number of children learning about environmental protection and biodiversity conservation: 5 million *Total number of people in Japan and abroad from FY2024 to FY2030	Provision of opportunities to learn about the importance of the environment and biodiversity	—	—	—
Creation of places and opportunities for humans and nature to coexist and for biodiversity conservation	Promotion of initiatives to revive places no longer used for human activity	Opened CHIKYUU NO NIWA Opened Mieux Forest	○	Opened CHIKYUU NO NIWA Opened Mieux Forest

Reduction of Scope 1 and 2 Emissions

Reduction of Power Consumption by Switching to LEDs and Turning Off Lights

We are aiming for environmentally friendly store operations with low CO₂ emissions through the reduction and saving of energy used in store operations. As one measure, we shifted to LED lighting in all amusement machines installed at our domestic amusement facilities. As a result, we were able to reduce our annual electricity usage by approximately 3.5 million kWh. This ensured that we almost achieved our target of a 30% reduction in energy-derived CO₂ emissions from our business operations by 2030 (compared to FY2018) eight years ahead of schedule. Using the expertise and



Installation of LED lighting



All work is carried out by our maintenance staff

experience that our electrical engineers gained in work-at-height training through these activities, we have begun a new initiative to share our learnings with other companies. In FY2023, we conducted work to shift to LED lighting at all Group companies.

Introduction of a System for the Visualization and Management of CO₂ Emissions

At AEON Fantasy, we are aiming to reduce CO₂ and other emissions from our stores to zero by 2040. In FY2023, to visualize our CO₂ emissions and promote a reform in awareness among our employees, we introduced a CO₂ calculation system and disclosed our calculation results for the first time. In addition to accurate calculations of Scope 1 to 3 emissions, the system also streamlines every process from calculation to visualization. We announced our support for the TCFD Recommendations in 2022, and moving forward we will use this system to further enhance our information disclosure.

Environment

Reduction of Scope 3 Emissions

Reduction of Plastic Usage

(1) Reuse and recycling of used capsules

In line with the growing popularity of capsule toys throughout the industry, the amount of used capsules is rising each year. At AEON Fantasy, to reduce plastic usage at our stores, we are working on the reuse and recycling of capsules.

Usually, capsule toys are delivered from the manufacturer with the toys already in the capsules. In 2023, we began a reuse initiative which sees only the toys delivered to our stores, before store staff refill the toys into capsules they have collected in advance. We have implemented this initiative with our original Cap Evo machine.

Moreover, for the first time we also created environmentally friendly plastic folders using recycled materials from used capsules. To give children an opportunity to learn about the environment, we distributed these plastic folders to visitors to our CHIKYUU NO NIWA facilities.



Used capsules



A plastic folder made by recycling used capsules

(2) Charging a fee for prize bags

At AEON Fantasy, we began charging customers a fee for plastic shopping bags on July 1, 2020. Following on from this initiative, by January 2021 we completed the transition to environmentally friendly prize bags made of more than 25% bioplastic at all our stores. As these prize bags made of more than 25% bioplastic contributed to the mitigation of global warming, we did not charge customers a fee for their use. However, after conducting a survey on plastic usage as part of our efforts to achieve a recycling-oriented society, we discovered that we use approximately 68 t* of plastic each year, and that around 75% of this was used for the prize bags used by customers for the prizes they win. In response, we decided to stop giving out prize bags free of charge, instead charging 10 yen (incl. tax) per prize bag to try and reduce use. At the same time, we will work to reduce use of individual vinyl packaging by replacing the individually wrapped wet towels we distribute to customers with refillable wet wipes.

* Total from five main items:

(1) Fixtures; (2) Prize bags; (3) Wet towels; (4) Balls of material; (5) Medal cups



Poster showing fee required for prize bags

Reduction of Disposal of Amusement Machines and Prizes

To reduce the disposal rate of amusement machines no longer required in-store, we are working to reuse them within the Company in Japan and overseas, reuse them by selling them onto other companies, and reuse them as resources. By increasing the number of clients who are willing to recycle our amusement machines, we have significantly reduced disposal rates. In the future, we will continue promoting initiatives alongside our clients.

Provision of Opportunities to Learn About the Environment

The Guruguru Recycle-n and Eco Run Ecology Bus amusement machines that are used in our stores have been exhibited at environmental education events at the request of local governments and other organizations nationwide. As one of our efforts to carry on the importance of protecting the environment to future generations, in November 2023, we exhibited both amusement machines at events in Toyonaka City in Osaka and Namie Town in Fukushima, where more than 500 children and their families had the opportunity try them out.



Exhibited at an event in Toyonaka City in Osaka

Focus: Initiatives Based on TCFD Recommendations

Disclosure Based on TCFD Recommendations

An increase in natural disasters and extreme weather events due to climate change may cause physical damage to our stores, and this may affect our business operations.

In September 2022, we expressed our support for the recommendations of the TCFD, with the aim of achieving both a sustainable society and corporate growth.

In the future, we will move forward with analyses of the relevant risks and opportunities, such as the impact climate change issues could have on our business activities, and while reflecting our findings into our management strategies and initiatives, we will aim for further enhancement of our information disclosure.



Governance

At AEON Fantasy, we have set up the Sustainability Committee (chaired by the president and representative director) as an advisory body to the Board of Directors to ensure continuous and specialized discussions relating to sustainability management. We have also established a club whose main priority is to address climate change as one of the subordinate organizations of the Sustainability Committee. The club is responsible for implementing and managing the progress of climate change initiatives and numerical targets and reporting to the Committee and Board of Directors.

Main Risks and Opportunities

Risks

- Cost increases due to rising procurement costs, materials prices, etc., as a result of carbon taxes and other greenhouse gas (GHG) emission control policies
- Revenue decreases due to restrictions on store operations (e.g., hours of operation) as a result of restrictions on energy use etc.
- Cost increases for stores, employees, etc., for repairs due to increased frequency and magnitude of extreme weather events
- Revenue decreases due to store closures and shorter hours as result of increased frequency and magnitude of extreme weather events

Opportunities

- Expansion of profit-earning opportunities through the development and expansion of our lineup of environmentally-conscious amusement machines and equipment
- Increased earnings by strengthening operational competitiveness, including customer service, in the Playground Business

Response

- (1) Promotion of energy-saving measures
- (2) Expansion of renewable energy procurement
- (3) Promotion of the 3Rs
- (4) Development of new business models

Risk Management

Following discussions and examinations by the Addressing Climate Change Club on the risks and opportunities identified in FY2022, the Sustainability Committee and Risk Management Subcommittee are managing progress. In terms of our medium-term target to reduce energy-derived CO₂ emissions from our business operations by 64% compared to 2018 (per 100 million yen of net sales), we have formulated and are moving forward with our countermeasure implementation plan and reduction plan, reporting progress to the Sustainability Committee and the Board of Directors.

Indicators and Targets

We have set GHG emissions in Scope 1 and 2 (Japan) as a medium-term metric for managing climate-related risks and opportunities. Using FY2018 as the base year, we manage GHG emissions per 100 million yen in net sales. Our GHG emissions (Scope 1, 2, and 3) in FY2023 are shown in the table below. We will continue with the relevant initiatives as we aim to achieve our medium-term targets for 2030.

CO₂ emissions in FY2023:
56.2% reduction over FY2018
 (Medium-term target: Reduce volume per 100 million yen in net sales by 64% compared to FY2018)

Trends in CO₂ emissions

		(Unit: t-CO ₂)		
		FY2021	FY2022	FY2023
Total volume	Classification			
	Scope 1	194	532	771
	Scope 2	30,811	25,577	17,026
	Scope 1 and 2 subtotal	31,005	26,109	17,797
Reduction rate compared to 2018		15.7%	29.8%	52.3%
Per 100 million yen of sales	Domestic sales (100 million yen)	504	588	644
	Emissions per 100 million yen	62	44	28
	Reduction rate compared to 2018	1.0%	29.3%	56.2%
Scope 3		39,229	37,669	42,772
Scope 1, 2, and 3 total		70,235	63,777	60,569

* FY2018 emissions have been partially amended due to changes in calculation methods

Governance

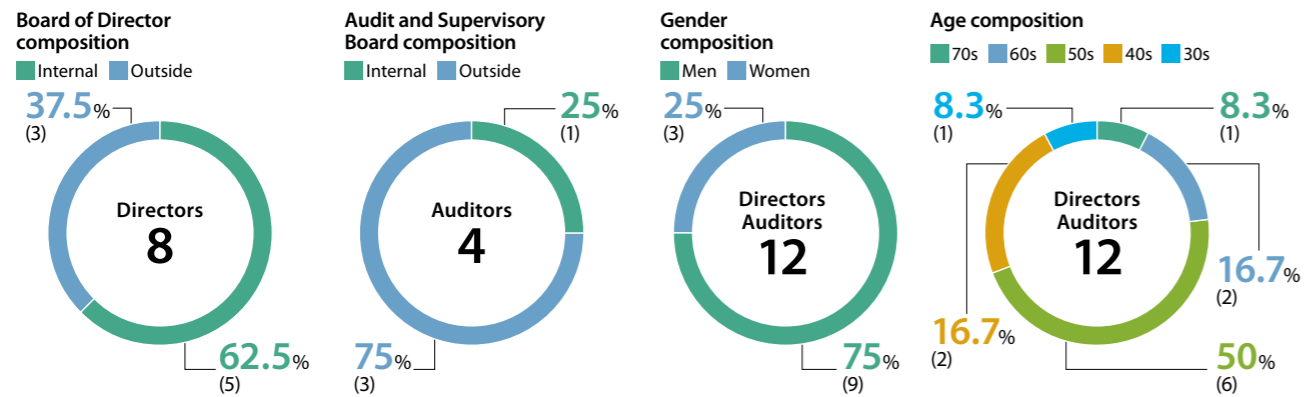
Strengthening Corporate Governance

Basic Approach to Corporate Governance

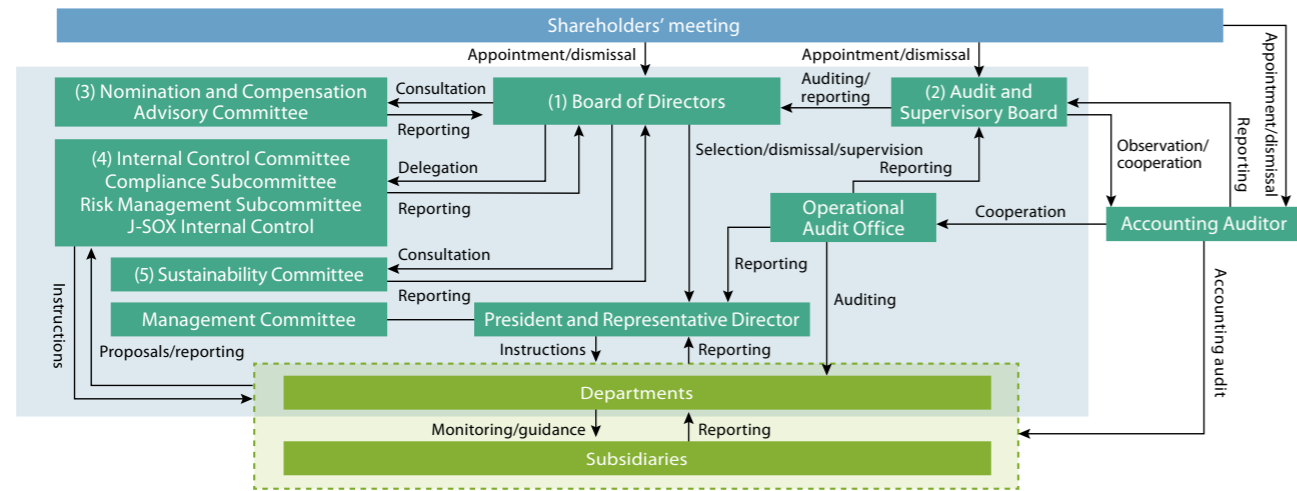
AEON's basic principles are "pursuing peace, respecting humans, and contributing to local communities, always with customers as our starting point." These principles, along with our own Purpose, shall inform all our corporate activities. We will strive to actively engage in dialogue with customers and other stakeholders, and proactively disseminate information to ensure appropriate collaboration. Furthermore, we will disclose information that is appropriate and easy to understand, and ensure transparency and fairness in decision-making. And to ensure the Company's sustainable growth and enhance its enterprise value, the Board of Directors will present growth strategies and management

plans based on our corporate philosophy, support prompt and bold decision-making, and provide effective supervision. Moreover, we have declared that we will pursue sustainability management as the core of our corporate activities. We will enhance the effectiveness of our sustainability management, as we aim to become a company that contributes to a sustainable society while raising its value as an enterprise. To that end, we have formulated a Sustainability Policy, defined specific initiatives, and set numerical targets.

At the same time, we will reflect the opinions and assessments obtained through constructive dialogue with shareholders in the management of the Company, utilizing them to deliver sustainable growth and enhance enterprise value.



Governance Structure (as of July 8, 2024)



(1) Board of Directors

The Board of Directors comprises eight directors, of which three are outside directors. The Board meets once a month to make decisions on management policies, matters stipulated by law, and important management-related matters, as well as to observe the execution of duties by directors. In addition to these regular monthly meetings, the Board of Directors also meets at other times as necessary.

(2) Audit and Supervisory Board

The Audit and Supervisory Board comprises four Auditors, of which three are outside Auditors. Auditors attend meetings of the Board of Directors to fully observe the Board of Directors and directors' decision-making. The Audit and Supervisory Board also meets regularly to discuss the status of business execution by the Board of Directors and each director. Furthermore, it receives reports from all the directors on the operations they are in charge of, and states its opinions.

(3) Nomination and Compensation Advisory Committee

The Nomination and Compensation Advisory Committee comprises three independent outside directors and the President and Representative Director, and we established it with the aim of enhancing our corporate governance structure by ensuring the objectivity of assessments and decisions related to the nomination and compensation of directors and by clarifying the decision-making process. It deliberates on decisions concerning the nomination and compensation of directors at the request of the Board of Directors, to which it reports.

(4) Internal Control Committee

In accordance with our Basic Policy on the Establishment of Internal Control Systems, we have set up the Internal Control Committee as an organ to assist the Board of Directors for the

purpose of establishing a structure for strengthening corporate governance. The Committee comprises internal directors, full-time auditors, and the head of the Operational Audit Office.

(5) Sustainability Committee

The Sustainability Committee comprises outside experts on material issues for the Company, who have been approved by the Board of Directors, as well as internal directors and other members appointed by the Committee chairperson. We established it with the aim of both addressing environmental and social issues through our business wherever possible and growing our business, so as to achieve our Purpose of "Inspiring enthusiasm in every child so that there is a smile on every face." It deliberates on matters concerning the Company's sustainability management at the request of the Board of Directors, to which it reports.

Directors and Auditors Skill Matrix

	Name	Experience/knowledge									
		Outside	Independent	Corporate management	Legal affairs/risk management	Human resources/labor affairs	Finance	IT/digital	Sales/marketing	Global experience	New businesses
Director	Nobuyuki Fujiwara			●					●	●	●
	Tokuya Fujiwara			●					●	●	●
	Yoshinori Iseki				●	●	●	●			
	Yoshihiro Tamura								●		●
	Wataru Koiwa			●					●	●	●
	Mami Yamashita	●	●	●	●				●		●
	Chisaki Kusajima	●	●	●				●			●
Auditor	Masahiko Saito	●	●	●	●				●	●	●
	Masanori Kawaguchi	●		●			●	●			●
	Shigeji Sugimoto	●	●		●		●				
	Shion Okamoto	●	●		●		●			●	
	Katsuyoshi Noguchi						●				

*The table above does not show all of the experience and knowledge possessed by the officers, but the main ones are marked.

Assumed skills and requirements

Skills	Requirements
Corporate management	Experience in corporate management (as president); Executive officer or above at a different listed company; President at a non-listed company
Legal affairs/risk management	Individuals with experience as officer in charge, headquarters manager, or manager of legal/compliance related departments. Individuals with practical experience in legal affairs
Human resources/labor affairs	Individuals with experience as officer in charge, headquarters manager, or manager of personnel related departments. Members of nomination and compensation committees at other companies
Finance	Individuals with experience as CFO, or officer in charge, headquarters manager, or manager of finance/accounting. Individuals with practical experience in financial institutions
IT/digital	Individuals with experience as headquarters manager or manager of CIO/system related departments
Sales/marketing	Experience and expertise in sales and marketing
Global experience	Individuals with experience in overseas business
New businesses	Individuals with experience in setting up new businesses. Individuals with practical experience at organizations dedicated to new businesses corporate management

*In principle, duration of experience should be more than one year *In principle, global experience should be individuals with experience working overseas. When basing experience on overseas business trips, the cumulative total duration of the overseas business trips should be more than half of one year *Our experience and expertise related to ESG and sustainability matters is low and judged to be premature

Governance

Criteria for Determining Independence of Outside Officers

We have specified independence criteria for independent outside directors (including candidates for director), and their appointment is conditional on these criteria being met. Note

that independent outside directors continue to meet the independence criteria after assuming office, and if appointed to a key position, their independence is verified by the Board of Directors based on the independence criteria.

Reasons for Appointment of Independent Officers and Their Attendance at Meetings

Independent Officers	Reasons for Appointment	Attendance (FY2023)
Mami Yamashita	She was appointed as an outside director because we believe that her experience studying abroad and working at a U.S. investment bank gives her a high level of competence in terms of understanding of international business and analyzing domestic and international information, and that she can provide high-level guidance and advice on overseas expansion and new businesses, which will be essential for the future growth of the Company.	Board of Directors: 17/18 meetings
Chisaki Kusajima	She was appointed as an outside director due to her extensive experience in corporate IT-related operations, and later her establishment of an independent IT consulting firm. We believe she can provide high-level guidance and advice on DX promotion and the expansion of our online businesses, which will be essential for the future growth of the Company.	Board of Directors: 14/14 meetings *Assumed role of director in May 2023
Masahiko Saito	He was appointed as an outside director due to his rich experience in marketing and overseas businesses, and his experience in improving corporate management and governance at domestic and overseas subsidiaries. We believe he can provide high-level guidance and advice on our overseas expansion and corporate governance.	*Assumed role of director in May 2024
Shigeji Sugimoto	He was appointed as an outside auditor because he has been involved in accounting audit operations for many years as a certified public accountant at an audit firm, and we believe that he can supervise overall management and provide effective advice based on his extensive experience and wide-ranging insight in accounting auditing.	Board of Directors: 18/18 meetings Audit and Supervisory Board: 14/15 meetings
Shion Okamoto	She was appointed as an outside auditor because she is a licensed attorney in Japan and the U.S. and performs domestic and international legal work focusing on M&A, corporate reorganization, and corporate law, and we believe that she can supervise overall management and provide effective advice based on her extensive experience and wide-ranging insight.	Board of Directors: 18/18 meetings Audit and Supervisory Board: 15/15 meetings

Assessing the Effectiveness of the Board of Directors

At AEON Fantasy, every year we analyze and assess the effectiveness of the Board of Directors.

Overview of the Assessment Process

- The Board of Directors first identified assessment categories required for assessing its effectiveness, before conducting a survey with directors and auditors. (Survey assessment categories)
 - Composition of the Board of Directors
 - Operation of the Board of Directors
 - Provision of information to independent outside officers
 - Overall assessment of effectiveness
- The Board of Directors Secretariat then summarized the results of the survey based on the assessment of each director and auditor.
- Based on this summary, the Board of Directors held discussions on each issue.

Assessment Results

- Summary of scoring
(Average score in each assessment category) *Scores are on a five-point scale
 - Composition of the Board of Directors (Score average: 3.9; Last year: 3.6)
 - Operation of the Board of Directors (Score average: 3.7; Last year: 3.3)
 - Provision of information to independent outside officers (Score average: 3.7; Last year: 3.1)
 - Overall assessment of effectiveness (Score average: 4.0; Last year: 3.6)
- Overview of assessment results
In each category, results were above the mid-level. Improvements over last year were seen in each category, with the greatest improvement seen in "Provision of information to independent outside officers." In terms of future issues, we recognize the need to enhance agenda

items related to strategic matters, to enhance diversity, and to optimize the number of agenda items.

Future Initiatives for the Board of Directors

To further enhance its effectiveness based on the issues uncovered in the effectiveness assessment, the Board of Directors will engage in the following initiatives moving forward:

- Examinations on the enhancement of Board of Director diversity
- Improvement of strategic agenda items aimed at growth
- Examinations on risks at overseas subsidiaries
- Enhancement of information provision to outside directors and auditors
- Improvement of efficiency of Board of Director operation

Officers' Compensation

The compensation of the Company's directors is discussed by the Nomination and Compensation Advisory Committee, which is chaired by an outside director and of which the majority of members are outside directors, and the results of these discussions are reported to the Board of Directors. The process is therefore highly objective and transparent.

The Board of Directors decides on the Company's policy regarding the determination of the amount of compensation for directors and the method of calculation thereof. The Nomination and Compensation Advisory Committee discusses policies for evaluating the performance of directors as well as the appropriateness of performance evaluations and levels of base and performance-linked compensation, and then reports its conclusions to the Board of Directors. Based on these conclusions, the Board of Directors discusses the payment of base and performance-linked compensation, and then delegates the final decision on the amount of compensation for each director to the President and Representative Director. The authority delegated covers the amounts of each director's base compensation and performance-linked compensation, the latter of which is based on the performance of the operations for which they are responsible.

Director Training

The Company continuously provides opportunities for the necessary training and learning relating to compliance and governance, for example, to ensure that directors and auditors can fulfil their roles and responsibilities effectively. In FY2023, directors and auditors underwent officer compliance training. Moreover, for outside directors and outside auditors, we provide opportunities for them to inspect our stores upon their appointment to ensure a thorough understanding of our businesses. After their appointment, we continue to provide them with the necessary expertise and information related to our businesses.

Succession Planning

The Board of Directors deliberates on and determines succession plans for directors, including the President and Representative Director, and auditors following deliberations by the Nomination and Compensation Advisory Committee. Potential successors are then enrolled in the AEON Group's executive development program, and also recommended for AEON Fantasy Top Seminar, our own executive development program that was launched in 2020, to accelerate the speed with which candidates can be turned into capable successors.

IR meetings in FY2023: 181 (166 in the previous year)

Basic Policy for Constructive Shareholder Dialogue

- We will proactively engage in constructive dialogue through our IR activities to build good relationships with our shareholders and investors.
- The department in charge of investor relations will take the lead in shareholder dialogue activities, aiming for organic collaboration with the Finance and Accounting Department and the General Affairs Department to ensure constructive dialogue.
- When a shareholder requests an individual meeting, we will agree to the meeting if it is deemed that doing so will contribute to the sustainable growth of the Company and the medium- to long-term enhancement of our corporate value.
- In addition to hosting twice yearly regular financial results briefings for our shareholders and investors, we will also provide opportunities for briefings through small meetings as necessary.
- Presentation materials from our financial results briefings will be available on our website.
- The opinions we obtain through dialogue with our shareholders and investors will be reported to and discussed by the Board of Directors and Management Committee, and the results of these discussions will be reflected back into future dialogue with shareholders and investors.
- When engaging in dialogue with our shareholders, to ensure equality between shareholders when handling undisclosed material information, in compliance with the Financial Instruments and Exchange Act and any related acts, and to ensure the control of insider information, we will manage the undisclosed information based on the Regulations on Internal Information Management and Insider Trading.

Governance

Compliance and Risk Management

Compliance

The Compliance Subcommittee, chaired by the director and managing executive officer for administration and risk management, met six times during FY2023 to review the details and results of measures and activities for compliance with the Labor Standards Act, laws and regulations related to fair trading, and the Act on Control and Improvement of Amusement Business, and to consider activities for future improvement. In addition, we conduct annual seminars which emphasize compliance management, i.e., compliance in all business operations, and provide ongoing education on various laws and regulations to make sure that all employees are fully aware of our compliance-related activities.

Risk Management

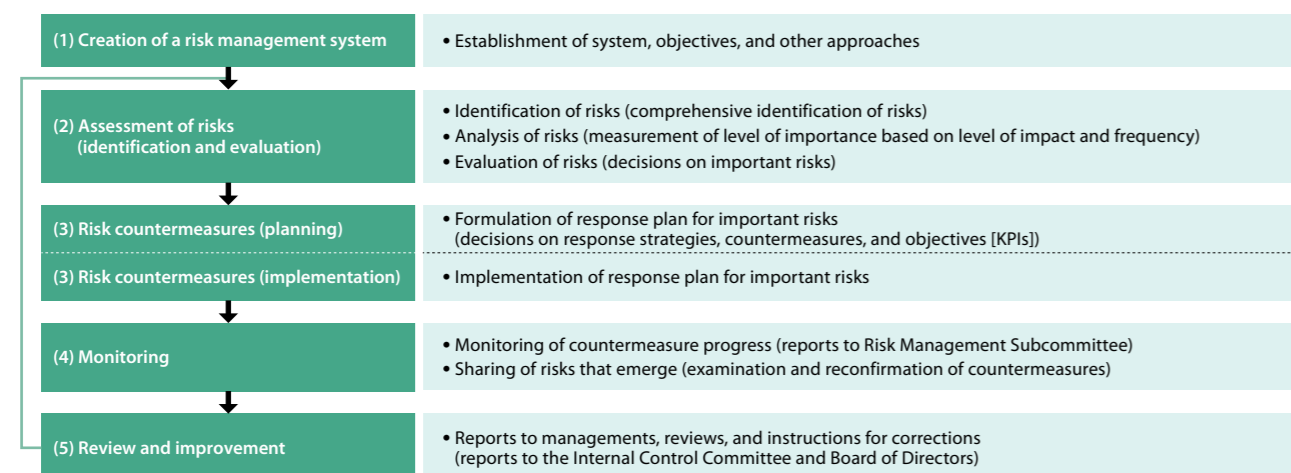
Risk Management

At AEON Fantasy, we prioritize the prevention of risks that are likely to emerge. By predicting and analyzing the potential impact that these risks could have on the company as a whole, we implement measures to tackle particularly important risks as a priority. We have also created a risk management process, and based on the results of the regular monitoring of our risk countermeasures by the Risk Management Subcommittee, we issue reports to management and conduct reviews as necessary.

Risk Management Process

In terms of risk management, we use a PDCA cycle to gain a comprehensive understanding of companywide risks and identify important risks. In addition to allocating management resources to important risk countermeasures as a matter of priority, the Risk Management Subcommittee regularly monitors the progress of the countermeasures. When risks emerge, information on the risks are shared before implementing and reconfirming countermeasures.

Risk Management Process



Activities of the Risk Management Subcommittee

The Risk Management Subcommittee, chaired by the director and managing executive officer for administration and risk management, met six times during FY2023. After evaluating risks in Japan, China, and ASEAN countries, the Subcommittee established a total of 46 priority items to be addressed, including 32 in Japan, 2 in China, and 12 in ASEAN countries. The progress of these measures was monitored by the Risk Management Subcommittee, and new measures were considered as necessary to mitigate risk. The Subcommittee establishes KPIs for priority risks, and evaluates and awards each risk an evaluation score. The reduction of risk is confirmed by comparing the scores at the beginning and end of the year.

Strengthening Information Security

We regard ensuring information security as one of the most important management issues. We adhere to the information security standards of the AEON Group as our basic principle, and we continuously work on enhancing and improving our security levels by providing information security education and training to all employees, strengthening the security of endpoints and systems, conducting vulnerability assessments, and performing security risk assessments. Additionally, through the Information Security Committee and the Compliance Subcommittee, we have established a framework that allows management to continuously monitor information security initiatives and risks, ensuring timely and appropriate responses as management issues.

Human Rights

Human Rights Initiatives

Our Purpose is “Inspiring enthusiasm in every child so that there is a smile on every face,” and we conduct our business activities to fulfil this Purpose. In July 2023, we formulated the AEON Fantasy Basic Policy on Human Rights and identified risks related to human rights in Japan. In FY2024,

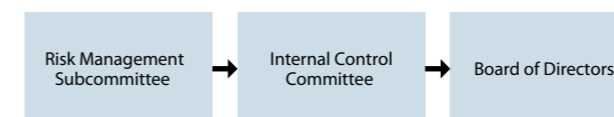
we will plan and implement initiatives to reduce the risks we have identified in our domestic businesses. Moreover, for our overseas businesses, we will conduct an assessment of human rights risks in FY2024, and we plan to implement initiatives to reduce the important human rights risks we have identified in FY2025.

Domestic Human Rights Risks and Main Initiatives to Reduce Human Rights Risks

Risks	Scope	Main initiatives
Consumer safety	<ol style="list-style-type: none"> Injuries, accidents, or damage to health caused by playground equipment, products, or services Occurrence or neglect of circumstances that could cause accidents or incidents Leakage of customers' personal information 	<ul style="list-style-type: none"> We are implementing initiatives to reduce accident rates at our playground facilities. We monitor the number of circumstances identified each year in our electrical equipment and timed playground equipment, and are implementing initiatives to reduce this number. We are conducting education and training for employees on the protection of personal information.
Human rights issues in supply chains	<ol style="list-style-type: none"> Response to human rights issues in our supply chains (harassment and unreasonable demands, etc.) 	<ul style="list-style-type: none"> We conduct human rights surveys with our clients, and are building a system that allows us to implement initiatives for human rights across our supply chains.
Children's rights (excluding child labor)	<ol style="list-style-type: none"> Lack of equal provision of play opportunities for children in minorities or with disabilities Discrimination or inappropriate expressions against children in marketing activities Implementation of support activities for children 	<ul style="list-style-type: none"> We will examine the creation of inclusive sales floors where anyone can play. We will examine the creation of in-house guidelines for initiatives to prevent advertising or marketing activities that could have a negative impact on children. Through visits to children's welfare facilities, we will aim to have 500,000 children in Japan and overseas participate in our children's support activities every year.
Child labor	<ol style="list-style-type: none"> Occurrence of labor circumstances in house that could be in violation of the Labor Standards Act Handling of products in which children were involved in the production process 	<ul style="list-style-type: none"> We will reinforce our monitoring to ensure minors working at the Company are not subject to labor that is in violation of the law. We will build a system that ensures the prevention of child labor across our supply chains.
Harassment	<ol style="list-style-type: none"> Cases of harassment between employees Cases of harassment between customers and employees/the Company Cases of harassment between customers in environments provided by the Company 	<ul style="list-style-type: none"> In the event that a disciplinary case related to harassment takes place, we will share the case with managers to prevent any future recurrence.
Excessive and unreasonable working hours	<ol style="list-style-type: none"> Unpaid wages Long working hours and excessive labor 	<ul style="list-style-type: none"> By sharing cases of unpaid overtime due to violations of attendance rules with managers and monitoring employees' overtime hours, we will strengthen our management systems.

Organizational Structure for Human Rights Due Diligence

We have set up the Risk Management Subcommittee as part of the Internal Control Committee, which was established to assist the Board of Directors. The Subcommittee is responsible for reporting on the progress of our response to human rights risks and for discussing any issues. The matters reported and discussed at the Subcommittee are reported to the Board of Directors via the Internal Control Committee.



Grievance Mechanism (Complaints Handling Mechanism)

At AEON Fantasy, we have set up and operate a reporting desk. Moreover, we have formulated a set of in-house operational rules to ensure the protection of users' privacy and to ensure that they are not treated unfairly. When a report is received, we carefully examine the details and implement the necessary response against violations in accordance with in-house rules.

Education and Training

At AEON Fantasy, every year we host human rights training programs based on different themes. In 2023, we conducted a training program on harassment for management personnel. In 2024, we conducted a training program to promote understanding of reasonable accommodation for management personnel, where participants learned about reasonable accommodation for people with disabilities who visit our stores.

List of Officers (as of May 21, 2024)

Director



Nobuyuki Fujiwara
Chairman of the Board of Directors

May 2004 Joined AEON Fantasy
Jan. 2012 Managing Director, AEON Fantasy (Beijing) Co., Ltd. (now AEON Fantasy [China] Co., Ltd.)
Jan. 2013 Chairman and Managing Director, AEON Fantasy (China) Co., Ltd.
Jan. 2014 Chairman, AEON Fantasy (China) Co., Ltd.
Sep. 2015 Head of China Business, AEON Fantasy
May 2017 Director, AEON Fantasy
May 2018 President and Representative Director, AEON Fantasy
Mar. 2021 Head of Services and Specialty Stores, AEON CO., LTD.
May 2021 Chairman and Representative Director, AEON Fantasy
May 2021 Director, Mega sports Co., LTD.
May 2021 Director, G-Foot Co., Ltd.
May 2021 Director, Cox CO., LTD.
May 2022 Director, AEON Fantasy
May 2022 Chairman and Director, AEON ENTERTAINMENT CO., LTD.
Mar. 2023 Head of Services, AEON CO., LTD. (to present)
Mar. 2023 President and Representative Director, AEON ENTERTAINMENT CO., LTD. (to present)
May 2023 Chairman and Director, AEON Fantasy (to present)
May 2023 Director, AEON Eheart Co., LTD. (to present)

Significant concurrent positions
Head of Services, AEON CO., LTD.
President and Representative Director, AEON ENTERTAINMENT CO., LTD.
Director, AEON Eheart Co., Ltd.
Number of company shares held: 4,900



Yoshinori Iseki
Director and Managing Executive Officer
Officer for Administration, Risk Management Supervisor

Apr. 1990 Joined The Daiiei, Inc.
Apr. 1995 Joined Daiiei Leisure Land, Inc. (now AEON Fantasy)
Sep. 2006 Corporate Administration Department Manager, Fun Field Co., Ltd. (now AEON Fantasy)
Sep. 2014 Corporate Planning Department Manager, Fun Field
Jun. 2015 President's Office Deputy Manager, AEON Fantasy
Mar. 2016 PR/IR Office Manager, AEON Fantasy
Mar. 2017 Finance, Accounting and Administration Headquarters Deputy Manager, AEON Fantasy
Sep. 2017 Finance, Accounting and Administration Headquarters Manager, AEON Fantasy
Mar. 2018 Finance and Accounting Headquarters Manager, AEON Fantasy
May 2019 Director, AEON Fantasy
May 2021 Managing Director and Officer for Administration, Finance and Accounting Headquarters Manager, Risk Management Supervisor, AEON Fantasy
Mar. 2022 Managing Director and Officer for Administration, Risk Management Supervisor, AEON Fantasy
May 2022 Director and Managing Executive Officer for Administration, Risk Management Supervisor, AEON Fantasy (to present)

Significant concurrent positions: None
Number of company shares held: 400



Wataru Koiwa
Director and Executive Officer
Officer for Overseas Business, Playground Development Headquarters Manager

Mar. 2003 Joined AEON Fantasy
Feb. 2012 General Manager, Business Model Development Group, AEON Fantasy
May 2013 Global Business Promotion Headquarters Deputy Manager, AEON Fantasy
Aug. 2014 New Business Development Headquarters Deputy Manager, AEON Fantasy
Mar. 2016 Head of ASEAN Business, Indoor Playground Division Manager, AEON Fantasy
Apr. 2016 Director, AEON Fantasy (Thailand) Co., Ltd. (to present)
Apr. 2016 Director, PT. AEON FANTASY INDONESIA (to present)
Apr. 2016 Director, AEON FANTASY GROUP PHILIPPINES, INC. (to present)
Jun. 2016 Director and Chairman, AEON FANTASY (MALAYSIA) SDN. BHD. (to present)
May 2017 Director, AEON Fantasy (to present)
Mar. 2019 Overseas Business Headquarters Manager, Indoor Playground Division Manager, AEON Fantasy
Mar. 2020 Head of ASEAN Business, AEON Fantasy
Mar. 2022 Head of ASEAN Business, Edutainment Business Development Headquarters Manager, AEON Fantasy
May 2022 Director and Executive Officer, Officer for Overseas Business, Edutainment Business Development Headquarters Manager, AEON Fantasy
Mar. 2024 Director and Executive Officer, Officer for Overseas Business, Playground Development Headquarters Manager, AEON Fantasy (to present)

Significant concurrent positions
Director and Chairman, AEON FANTASY (MALAYSIA) SDN. BHD.
Director, AEON Fantasy (Thailand) Co., Ltd.
Director, PT. AEON FANTASY INDONESIA
Director, AEON FANTASY GROUP PHILIPPINES, INC.
Number of company shares held: 1,300



Tokuya Fujiwara
President and Representative Director

Mar. 2000 Joined AEON Fantasy
Mar. 2008 Chief Manager, Machine Group, Product Headquarters, AEON Fantasy
Mar. 2009 Chief Manager, Medal Group, Product Headquarters, AEON Fantasy
Dec. 2010 Product Headquarters Deputy Manager, AEON Fantasy
Sep. 2011 Product Headquarters Manager, AEON Fantasy
Mar. 2013 Product Development Headquarters Manager, AEON Fantasy
May 2013 Director, AEON Fantasy
Mar. 2017 Officer for Global Products and New Businesses, AEON Fantasy
May 2017 Managing director, AEON Fantasy
Mar. 2020 Head of Domestic Business, Amusement Business Headquarters Manager, AEON Fantasy
Mar. 2021 Head of Domestic Business, AEON Fantasy
May 2021: President and Representative Director, AEON Fantasy (to present)
May 2023 Director, AEON ENTERTAINMENT CO., LTD. (to present)

Significant concurrent positions
Director, AEON ENTERTAINMENT CO., LTD.
Number of company shares held: 6,800



Yoshihiro Tamura
Director and Executive Officer
Head of Domestic Business

Dec. 1993 Joined JUSCO Co., Ltd. (now AEON CO., LTD.)
Mar. 2008 Chief Manager, Gift Group, Product Headquarters, AEON Fantasy
Mar. 2009 Chief Manager, Prize Group, Product Headquarters, AEON Fantasy
Feb. 2011 West Japan Business Headquarters Manager, AEON Fantasy
Apr. 2012 West Japan Sales Headquarters Manager, AEON Fantasy
May 2012 Director, AEON Fantasy (to present)
Dec. 2013 West Japan Sales Headquarters Manager, New Business Development Headquarters Manager, AEON Fantasy
May 2014 Officer for Sales, New Business Development Headquarters Manager, AEON Fantasy
Sep. 2014 Officer for Sales, AEON Fantasy
May 2015 West Japan Sales Headquarters Manager, AEON Fantasy
Sep. 2015 Sales Planning Headquarters Manager, AEON Fantasy
May 2016 Officer for Sales, AEON Fantasy
May 2017 Development Headquarters Manager, AEON Fantasy
Mar. 2020 Global Development Headquarters Manager, AEON Fantasy
Mar. 2021 Development Headquarters Manager, AEON Fantasy
Mar. 2022 Officer for Products and Development, Development Headquarters Manager, AEON Fantasy
May 2022 Director and Executive Officer, Officer for Products and Development, Development Headquarters Manager, AEON Fantasy
Mar. 2024 Directors and Executive Officer, Head of Domestic Business, AEON Fantasy (to present)

Significant concurrent positions: None
Number of company shares held: 6,700



Mami Yamashita
Director (Outside)
(Independent Officer)

Apr. 2001 Joined NEC Corporation
Aug. 2006 Credit Sales Supervisor, Credit Sales Department, JP Morgan Securities Japan Co., Ltd.
Nov. 2007 Group manager, Business Promotion Department, The Risk Data Bank of Japan, Limited.
Dec. 2013 President and Representative Director, Kokoruku Inc. (to present)
Feb. 2017 Director, General Incorporated Associations Learning Journey
Jun. 2018 Outside Director, HONDA TSUSHIN KOGYO CO., LTD.
May 2022 Outside Director, AEON Fantasy (to present)

Significant concurrent positions
President and Representative Director, Kokoruku Inc.
Number of company shares held: 0



Chisaki Kusajima
Director (Outside)
(Independent Officer)

Apr. 1988 Joined SEGA Enterprises Ltd. (now SEGA Corporation)
Jan. 2011 Information Systems Department Manager, Corporate Headquarters, SEGA Corporation
Sep. 2018 Representative Director, With Sophia Co., Ltd. (to present)
Jun. 2019 Outside Director, Syuppin Co., Ltd. (to present)
May 2023 Outside Director, AEON Fantasy (to present)

Significant concurrent positions
Representative Director, With Sophia Co., Ltd.
Outside Director, Syuppin Co., Ltd.
Number of company shares held: 0



Masahiko Saito
Director (Outside)
(Independent Officer)

Apr. 1984 Joined Fuji Xerox Co., Ltd. (now FUJIFILM Business Innovation Corp.)
Apr. 2004 General Manager, Marketing Department, Overseas Sales Division, Fuji Xerox Co., Ltd.
Apr. 2008 President, Fuji Xerox Asia Pacific Pte. Ltd. (Malaysia Operations)
Apr. 2008 President, Fuji Xerox Malaysia Sdn. Bhd.
Oct. 2012 General Manager, Sales Promotion Department, Global Service Business Division, Fuji Xerox Co., Ltd.
Apr. 2017 General Manager, Group Company Management Promotion Department, Fuji Xerox Co., Ltd.
July 2019 General Manager, New Growth Business Development Department, Fuji Xerox Co., Ltd.
May 2022 Senior Advisor, Office of the Audit and Supervisory Board, FUJIFILM Holdings Corporation (to present)
May 2024 Outside Director, AEON Fantasy (to present)

Significant concurrent positions
Senior Advisor, Office of the Audit and Supervisory Board, FUJIFILM Holdings Corporation
Number of company shares held: 0

Auditor



Masanori Kawaguchi
Full-time Auditor
(Outside)

Sep. 2002 Joined AEON Forest Co., Ltd.
Sep. 2002 General Planning Office Manager, AEON Forest Co., Ltd.
Dec. 2007 President and Representative Director, AEONBODY Co., Ltd.
Mar. 2009 General Planning Office and CRM Manager, AEON Forest Co., Ltd.
Apr. 2009 Management Headquarters Deputy Manager, AEON Forest Co., Ltd.
Apr. 2011 Director, Management Headquarters Manager, AEON Forest Co., Ltd.
May 2013 Director, Management Headquarters Manager, Overseas Business Supervisor, Laura Ashley Japan Co., Ltd.
Sep. 2018 Strategy Department, AEON CO., LTD.
May 2021 Director, Management Supervisor, Reform Studio Co., Ltd.
May 2023 Full-time Outside Auditor, AEON Fantasy (to present)
May 2023 Outside Auditor, AEON ENTERTAINMENT CO., LTD. (to present)
May 2023 Auditor, AEON Fantasy (China) Co., Ltd.

Significant concurrent positions
Outside Auditor, AEON ENTERTAINMENT CO., LTD.
Auditor, AEON Fantasy (China) Co., Ltd.
Number of company shares held: 0



Shigeji Sugimoto
Auditor (Outside)
(Independent Officer)

Apr. 1974 Joined Tohmatsu, Awoki & Co. (now Deloitte Touche Tohmatsu LLC)
Apr. 1978 Registered as a Certified Public Accountant
Jul. 1989 Partner, Tohmatsu, Awoki & Co.
Dec. 2015 Left Deloitte Touche Tohmatsu LLC
Jan. 2016 Established Sugimoto Shigeji Certified Public Accountant Office
May 2016 Outside Auditor, AEON Fantasy (to present)
Jun. 2016 Outside Auditor, AEON Bank Co., Ltd. (to present)
Jun. 2016 Outside Auditor, Nippon Steel & Sumitomo Metal Corporation (now NIPPON STEEL TRADING CORPORATION) (to present)
Jun. 2020 Outside Auditor, Osaka Steel Co., Ltd. (to present)

Significant concurrent positions
Outside Auditor, NIPPON STEEL TRADING CORPORATION
Outside Auditor, AEON Bank Co., Ltd.
Outside Auditor, Osaka Steel Co., Ltd.
Number of company shares held: 0



Shion Okamoto
Auditor (Outside)
(Independent Officer)

Sep. 2008 Joined Mori Hamada & Matsumoto (law firm)
Sep. 2013 Worked at both London and Tokyo offices of Herbert Smith Freehills
Apr. 2015 Seconded to Legal Affairs Department, Mitsubishi Corporation
Aug. 2016 Joined Yahoo Japan Corporation (now LY Corporation)
Aug. 2016 Seconded to Z Capital Inc. (now Z Venture Capital Corporation)
Aug. 2021 CFO and General Counsel, YJ Capital Inc.
Apr. 2022 Seconded to Z Holdings Co., Ltd. (now LY Corporation)
May 2022 Outside Auditor, AEON Fantasy (to present)
Sep. 2022 Outside Auditor, WAKUWAKU Inc.
Jan. 2023 Outside Director, Otsumo Co., Ltd. (now HUMAN MADE Inc.) (to present)
Jan. 2024 Representative Director, neo Shukatsu Co., Ltd. (to present)

Significant concurrent positions
Outside Director, Otsumo Co., Ltd. (now HUMAN MADE Inc.)
Representative Director, neo Shukatsu Co., Ltd.
Number of company shares held: 0



Katsuyoshi Noguchi
Auditor

Apr. 1991 Joined JUSCO Co., Ltd. (now AEON CO., LTD.)
May 2010 Account Group Manager, Accounting Department, AEON CO., LTD.
Aug. 2013 Consolidated Accounting Department Manager, AEON CO., LTD.
Apr. 2018 Accounting Department Manager, AEON CO., LTD.
Mar. 2022 Accounting Department General Manager, AEON CO., LTD. (to present)
May 2023 Auditor, AEON Fantasy (to present)

Significant concurrent positions
Accounting Department General Manager, AEON CO., LTD.
Number of company shares held: 0

Executive Officer

Kojiro Ikeda
Head of China Business, Chairman and Managing Director, AEON Fantasy China

Tatsuya Kato
Finance and Accounting Headquarters Manager

Yuya Shiozawa
Business Innovation Headquarters Manager

Kazuma Ohkura
Grand Design Headquarters Manager

Sou Li
Personnel and General Affairs Headquarters Manager

Messages from Outside Directors



An Important Year to Look Ahead to Future Growth. Engaging in Thorough Discussions on the Type of Value We Can Provide.

Mami Yamashita, Director (Outside) (Independent Officer)

I have now been observing AEON Fantasy as an outside director for around two years, and the speed of the Board of Directors response to issues discussed at board meetings has steadily improved. An organization is sustained by the power of its people, and we can see from examples at other companies that no matter how much we enhance our supervisory functions, there are limits to what this alone can achieve. As an outside director, I am constantly looking at how the company can improve on any issues. A culture that honestly accepts what

areas need improvement and that sincerely works on the required response and improvement is essential for governance to function properly. In addition to further developing this culture moving forward, I hope to help elevate the culture to one that is unique to AEON Fantasy. If we can succeed in doing so, I have no doubt that we can create a strong organization that balanced growth and governance.

In FY2023, the company faced several important challenges. FY2024 is the first year of the new medium-term management plan, and so it will be an important year for us to look ahead to future growth. With changes in our external environment, including an increasing number of dangerously hot summer days, the role of our domestic Playground Business continues to undergo change. Against this backdrop, I have high expectations for the current medium-term management plan and its focus on linking the playground

market with other markets including sports, extracurricular activities, and nurseries. I believe this could be our foothold into new domains.

Elsewhere, it is important to recognize society's changing expectations of corporate enterprises. For a company like us whose customers are small children and their families, in addition to taking on board the requests and opinions of parents and children, we must also value the messages communicated through children's facial and physical expressions and link them to specific action. In today's era, it is only natural for companies to utilize their strengths to return value to society. As a company that provides platforms for direct interaction with parents and children both in Japan and overseas, it is essential that we engage in thorough discussions on the type of value we can provide going forward.



Monitoring Our Response to External Environmental Changes and Whether Our Response Is in Line with Our Strengths and Philosophy.

Chisaki Kusajima, Director (Outside) (Independent Officer)

It has now been a year since I assumed the role of outside director, and during my time it has been great to see management and employees' consideration for our customers and other stakeholders, and to see them thinking about what they can do and how they can act together. On the other hand, I do have concerns about how the company's positive atmosphere is hindering any real clashes of opinion. To ensure that employees can continue to take on new challenges with strong but calm ambition, I will actively offer

my external viewpoints as an outside director and encourage deeper discussions.

AEON Fantasy is currently working to create and provide new spaces and value, such as through its CHIKYUU NO NIWA facilities. Improving our in-house management, IT operations, and other elements of our corporate infrastructure will be key to supporting these businesses. Moreover, with decreasing populations and economic development, further activities on a global scale will be important for management. To further reinforce its management in the future, the company will need to promote DX from both a domestic and global perspective, and build and improve its corporate infrastructure while also considering information security risks. In the formulation of the new medium-term management plan, I stressed the importance of taking a more proactive and clear approach to IT and DX initiatives.

In addition to the amusement and playground domains, the Company must also pick up on changes in IT and other corporate infrastructure domains. Taking specific action in these areas will help the company become stronger.

As we move forward with the new medium-term management plan, I will continue to monitor our response to external environmental changes and whether our response is in line with our strengths and philosophy. In the IT domain in particular, due the speed of progress with AI and other technologies, there will be times in both the planning and execution stage when technologies are no longer optimal. I believe that appropriate response to external changes and aggressive action will enhance the significance of AEON Fantasy's Purpose.



Focusing on the Promotion of Our Purpose and Values from an External Standpoint and Contributing to Sound Business Growth.

Masahiko Saito, Director (Outside) (Independent Officer)

I assumed the role of outside director in May 2024. Since joining the Company, I've visited CHIKYUU NO NIWA and other stores and seen children playing enthusiastically with our facilities. I am wholeheartedly on board with the company's Purpose and am overjoyed to have joined the organization.

At the Board of Directors, I am involved in discussions on important matters and participate in management decision-making. These lively discussions take place in an honest and open environment, and the transparency of management has been clear to see. There have also been key

matters related to overseas businesses, and one of the company's key management challenges is corporate governance at its overseas Group companies. I was involved in the rebuild of the governance system at an overseas Group company of another organization, and I have experienced first-hand how the deterioration of governance at a subsidiary can have a negative impact on the group as a whole. To strengthen governance, not only is it important to introduce and improve systems and processes, it is also essential to create the correct corporate culture, nurture employee motivation, and ensure open communication. With businesses in ASEAN nations and China, it is important that we recognize differences in cultures, values, and business environments, and execute growth strategies based on this understanding. To do so, I believe it is essential to share our Purpose and ensure that the values of our management philosophy are understood

right down to the operational frontlines. Personally, while recognizing diversity, I will focus on the promotion of our Purpose and shared values, and contribute to sound business growth from my standpoint as an outside director.

Among our strengths are our diverse range of businesses and our development in line with regional and customer needs. Through the optimization of our businesses, we are working to bring smiles to the faces of as many children as possible. By accurately gauging customer feedback and advancing our ability to create and provide new services, I believe we can generate growth over the medium to long term and improve our corporate value.

Moving forward, I will continue to support endeavors that meet our customers' expectations. Meanwhile, I will strive to contribute to the Company's sustainable growth by supporting decisions that thoroughly consider risks.

10-year Summary of Consolidated Management Indicators

Financial information	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Fiscal year (Unit: million yen)										
Net sales	46,632	58,831	65,058	72,174	74,243	73,492	46,116	60,170	72,690	81,758
Net sales by segment (Domestic businesses)	41,135	49,777	54,557	58,446	58,861	59,637	38,092	50,339	58,797	64,475
(Overseas Business ASEAN)	1,966	2,630	3,325	4,687	5,734	6,212	1,128	2,109	9,034	11,006
(Overseas Business China)	3,531	6,423	7,175	9,040	9,647	7,642	6,895	7,721	4,858	6,527
Operating profit (loss)	2,629	2,748	3,769	5,970	4,651	3,211	-7,429	-3,408	849	3,585
Ordinary profit (loss)	3,417	2,630	3,498	5,598	4,299	2,387	-7,719	-3,385	1,318	4,488
Net income (loss) before taxes	3,013	2,453	3,160	5,080	3,441	652	-11,808	-4,783	-2,049	3,289
Net income (loss) attributable to owners of the parent	1,338	1,480	1,697	2,986	1,865	-325	-9,277	-4,507	-3,376	1,314
Depreciation and amortization cost	4,803	6,202	6,593	7,206	8,356	10,815	10,698	10,518	10,063	10,043
End of fiscal year (Unit: million yen)										
Net assets	21,608	24,744	25,619	28,369	29,220	27,128	16,922	11,841	8,138	8,541
Total assets	30,041	41,040	43,328	46,928	48,891	55,739	53,961	51,235	46,917	52,303
Cash flows (Unit: million yen)										
Cash flows from operating activities	3,570	8,156	10,349	10,672	9,588	10,271	183	6,176	9,057	12,056
Cash flows from investing activities	-3,146	-12,571	-7,660	-11,416	-12,069	-10,849	-6,964	-7,091	-4,845	-10,725
Cash flows from financing activities	-394	4,285	112	-506	1,862	96	8,445	1,395	-4,379	-97
Cash and cash equivalents at end of term	3,369	3,724	6,442	5,132	4,533	4,132	5,718	5,986	6,058	7,491
Per share information (Unit: yen)										
Net income (loss) per share	73.76	76.70	86.18	151.53	94.58	-16.47	-469.51	-228.07	-170.82	66.50
Dividend per share	30	30	31	41	50	50	30	20	10	10
Net assets per share	1,170.74	1,239.44	1,283.33	1,409.05	1,449.36	1,348.77	844.86	591.51	401.98	419.70
Financial indicators										
Operating profit ratio	5.6%	4.7%	5.8%	8.3%	6.3%	4.4%	-16.1%	-5.7%	1.2%	4.4%
Return on equity (ROE)	6.4%	6.5%	6.8%	11.3%	6.6%	-1.2%	-42.8%	-31.8%	-34.4%	16.2%
Return on assets (ROA)	11.8%	7.4%	8.3%	12.4%	9.0%	4.6%	-14.1%	-6.4%	2.7%	9.0%
Shareholders' equity ratio	70.7%	59.5%	58.4%	59.2%	58.4%	47.8%	30.9%	22.8%	16.9%	15.9%
Debt-to-equity ratio (incl. lease obligations)	0.0	0.3	0.3	0.3	0.4	0.7	1.7	2.7	3.6	3.9
Debt-to-equity ratio (excl. lease obligations)	0.0	0.3	0.3	0.3	0.3	0.5	1.4	2.3	3.0	3.2
Non-financial information										
Number of stores at fiscal year-end (stores)	489	764	799	840	864	870	849	931	1,035	1,167
Number of LINE Friends and cumulative total of Tottotto members ^{*1}	-	-	-	-	-	-	-	421,474	744,146	890,386
Number of X (formerly Twitter) followers ^{*2}	-	3,980	10,100	56,367	136,757	204,901	277,962	395,725	469,689	467,398
Number of employees ^{*3}	4,482	6,430	7,184	7,767	8,926	7,645	7,518	7,180	7,432	7,641
Percentage of employees who have disabilities ^{*4}	1.66	1.51	1.78	2.36	2.48	2.40	2.58	2.86	3.01	3.39
Number of visits and parties for children from social welfare facilities (Japan and overseas) ^{*5}	207	156	136	470	1,231	1,037	467	863	1,239	5,425
Amount raised by Fantasy Smile Day Asonde Fundraiser, etc. (thousand yen)	3,515	3,781	1,520	2,051	3,222	3,208	1,041	1,622	3,088	13,816
CO ₂ Emissions (Scope 1 and 2) (t-CO ₂)	-	-	-	-	37,267	26,331	24,399	31,005	26,109	17,797

*1 Analog stamp card membership was discontinued in 2021 and replaced by a digital membership system (Mollyfantasy DX). In March 2024, we switched from Mollyfantasy DX to an AEON Fantasy Official LINE Account and Tottotto app.

*2 Growth slowed due to changes in X's operational policies and the freezing of our account. *3 Number of employees includes temporary employees (8-hour equivalent).

*4 Calculated as of the end of June each year. *5 Calculations only covered Japan up to FY2016. Overseas events counted from FY2017 onwards.

Company Overview (as of February 29, 2024)

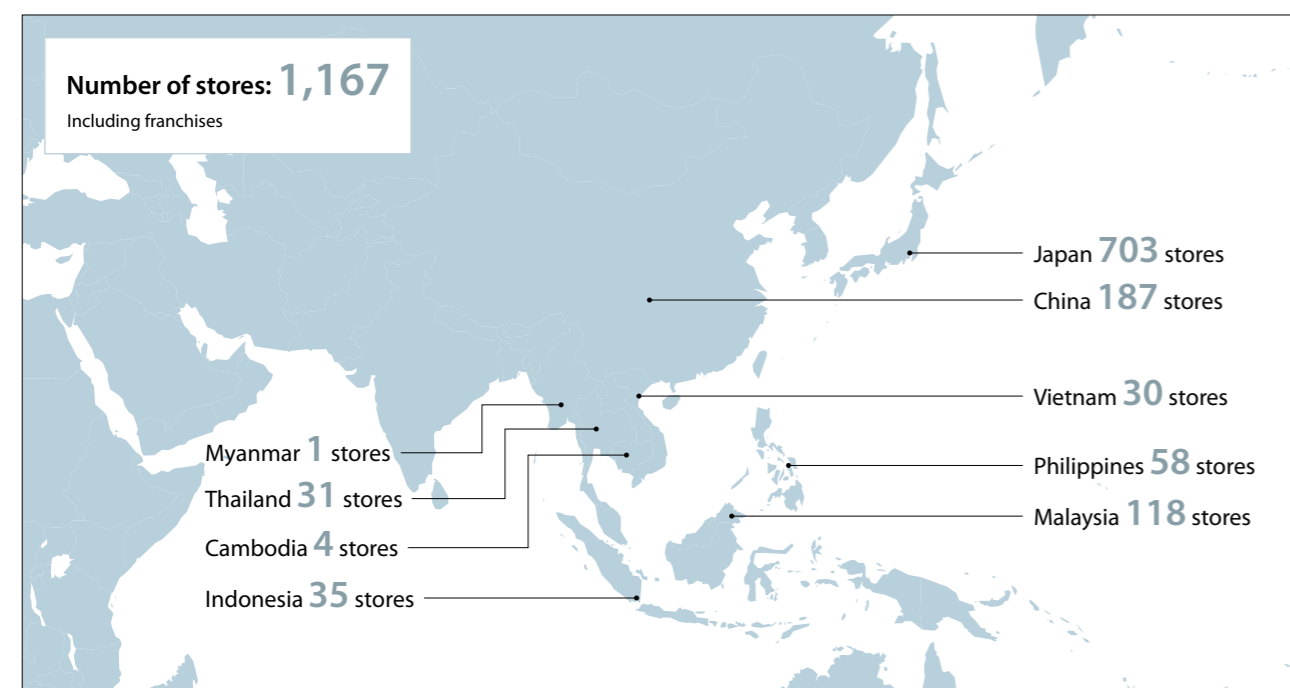
Company Overview

Trade name	AEON Fantasy Co., LTD.
Headquarters office	m BAY POINT Makuhari 8F, 1-6, Nakase, Mihama-ku, Chiba-shi, Chiba, Japan
Website	https://www.fantasy.co.jp/company/ (in Japanese)
Founded	February 1997
Capital stock	1,810 million yen
Business	Operation of amusement facilities and playgrounds in shopping centers

Consolidated subsidiaries

AEON Fantasy (China) Co., Ltd.	Beijing, China
AEON FANTASY (MALAYSIA) SDN. BHD.	Kuala Lumpur, Malaysia
AEON Fantasy (Thailand) Co., Ltd.	Bangkok, Thailand
AEON Fantasy Holdings (Thailand) Co., Ltd.	Bangkok, Thailand
AEON FANTASY GROUP PHILIPPINES, INC.	Manila, Philippines
PT. AEON FANTASY INDONESIA	Jakarta, Indonesia
AEON FANTASY VIETNAM CO., LTD.	Ho Chi Minh City, Vietnam

Network



Share Information (as of August 31, 2024)

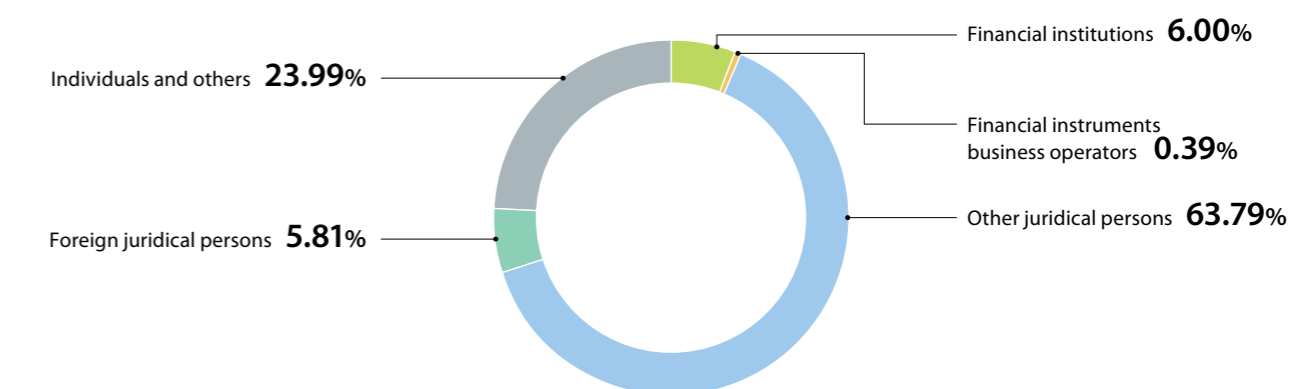
Status of shares

Total no. of authorized shares	50,000,000
Total no. of shares outstanding	19,778,125
No. of shareholders	25,908

Major shareholders (top 10)

Name of shareholder	No. of shares held (Unit: 1,000 shares)	Shareholding ratio
AEON CO., LTD.	11,963	60.50
The Master Trust Bank of Japan, Ltd. (trust account)	781	3.95
Custody Bank of Japan, Ltd. (trust account)	299	1.51
GOVERNMENT OF NORWAY	294	1.49
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	200	1.02
RBC ISB LUX NON RES/DOM RATE-UCITS CLIENTS ACCOUNT-MIG	145	0.73
FUJI CO., LTD.	114	0.58
AEON Financial Service Co., Ltd.	114	0.58
AEON MALL Co., Ltd.	114	0.58
BNYM AS AGT/CLTS 10 PERCENT	90	0.46

Percentage of shares held by each type of shareholder



AEON Fantasy Co., LTD.

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