

Corporate Philosophy and Vision

Basic Philosophy

Customer First

Management Philosophy

AEON MALL is a Life Design Developer, creating the future of community living.

Life Design involves producing ways for people to live in the future — work that drives AEON MALL to create and nurture opportunities for people to meet and engage in cultural activities. Beyond the development of commercial facilities, this work requires our company to expand ways for us to serve people throughout various stages of their lives.

Management Vision

Becoming a company that will touch the hearts of 5 billion visitors throughout Asia

- Ultimately, our challenge is to be consistent in localization to enhance the attractive aspects of various regions by working in tandem with partners.
- As Life Design Producers, we will go beyond working in a conventional commercial context and keep our company growing by opening up business opportunities to produce future ways of living.
- We will solidify and strengthen our financial and business foundations by taking full advantage of our company's assets, including our worldwide malls and capabilities to continue our growth.
- We are a company of professionals that continue to innovate.
- We see and consider life from customers' perspectives so that we can share the best, most memorable moments of life with those customers.



2030 Vision

Be Co-Creator for Sustainable Region as
Life Design Producer.

AEON MALL, Co-Creating With Our Communities.

Brand Statement



We call our initiatives to contribute to and revitalize communities and society Heartful Sustainable. We pursue these initiatives to offer sustainable societal development as a good corporate citizen under our management philosophy as a Life Design Developer.

We strive to create a better society, not only on our own, but also in partnership with our customers, communities, companies, shareholders, and investors.



Philosophy and Vision

Value Creation

Value Creation Strategy

Corporate Governance

Corporate Data

2030 Vision | AEON MALL, Co-Creating With Our Communities.

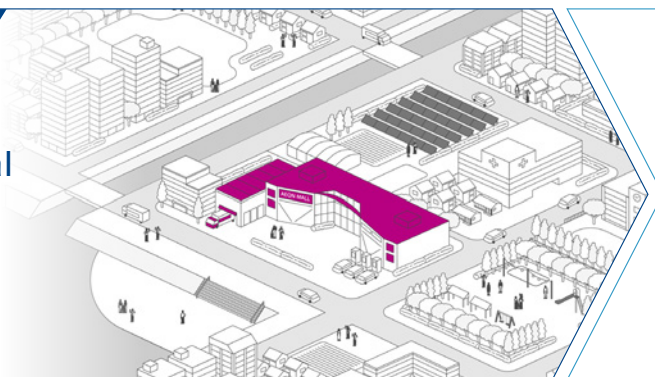
Connecting all like-minded stakeholders and co-creating activities that lead to the future of sustainable communities

Previously

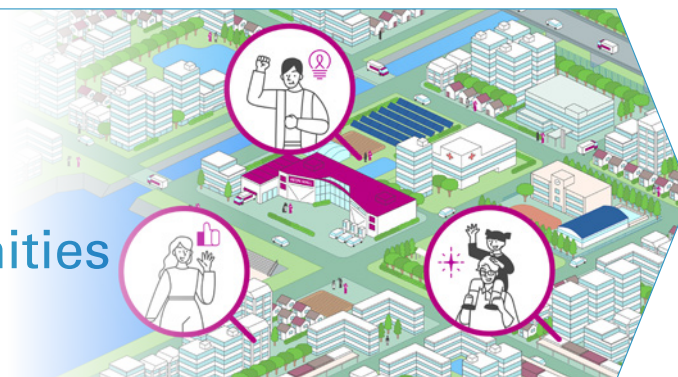
Going Forward

Field of Activity

Commercial
Facilities



Beyond Commercial
Facilities to
Local Communities



Performing Entity

Take the Lead in
Solving
Community Issues



Co-Create With
Like-Minded
Partners



Vision Video
https://www.aeonmall.com/en/ir/movie_01.html



Local Co-Creation Initiatives (Japanese Only)
<https://www.aeonmall.com/sustainability/articles/>



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Top Message



Keiji Ohno
President and CEO

We are maximizing the advantages of our locations in Japan and overseas to enhance corporate value and achieve community co-creation.

Introduction

My name is Keiji Ohno, AEON MALL president and CEO as of May 23, 2024. My strongest desire is to leverage my many years of experience in the AEON Group retail business to work with like-minded stakeholders and build the future of community living.

As the social environment changes, the role of shopping malls is changing dramatically. I recognize that my role as president is to redefine the value that shopping malls offer as a gathering place, creating facilities that are a loved and needed part of the local community. We will endeavor to achieve the AEON MALL corporate value from the customer-first perspective, seeking to community co-creation.

My Values as a Business Leader

First, allow me to explain the values I consider very important personally.

The first is to be *front-lines oriented*. Our employees are the ones who have the most contact with customers and business partners (specialty stores), and our employees are in the best position to understand the needs of our customers. One of the main tenets of our business is that we, as the management team, must go to the malls and talk directly with our employees, working together to improve issues at each mall. My goal is to visit every mall in Japan and overseas as soon as possible.

The second value is to be *retail-oriented*. From the perspective of selling goods, the developer of the shopping facility and the retailer in the shopping facility, where I have experience, are the same at the core. The mission of the specialty store is to increase sales and customer traffic day-to-day. Similarly, our important mission as a developer is to attract as many customers as possible to our facilities. We can say the same for the safety and security that represent the foundation of our respective businesses.

The third value is *embracing diversity*. As a shopping mall operator with a diverse customer base, we must establish a corporate culture that embraces diversity. My previous assignment in Malaysia was a mix of languages, religions, and ethnicities. I experienced the need to empathize with others, respect their culture and customs, and create something new through a combination of diverse ideas and perspectives. Even in Japan, values are diversifying in many aspects, including lifestyles, habits, hobbies, and tastes. I want to communicate and instill the importance of embracing diversity.



Top Message

The Issues We Face

Since becoming president, I have been traveling to malls in Japan and overseas, speaking with employees on the ground. Here, I will explain some of my findings and our current issues.

Our business model of developing and operating shopping malls has been growing for a long time. But as we have operated more malls over the past 10 to 20 years, we started to see a gap between what local customers expect today and the value we provide. We felt that we were not meeting the needs of our customers. In this sense, we recognize that our business model itself is approaching a crossroads.

In the past, our visitors consisted mainly of families—typically a couple in their thirties with two children. Increasingly, we are seeing a wider range of age groups and diverse values, including Gen Z and younger customers, as well as seniors. To offer spaces where people from various backgrounds gather and spend time conveniently, we must evolve our facilities to provide services that suit diverse needs. As we see it, the most important issue is to analyze our trade areas and make changes in light of local customer attributes.

The market for shopping malls in Japan is approaching saturation. Securing sites in areas that have no malls is becoming increasingly difficult. Another challenge is the increasing difficulty of securing a return on investment amid soaring construction costs. As I travel to our facilities overseas, the most eye-opening experience has been the speed of change. In China, for example, the consumption environment is changing drastically, with cashless and online purchases expanding even more since the COVID-19 pandemic. I felt strongly that needs are changing from malls as a place to shop to malls as a place to spend quality time enjoying varied experiences.

Above all, we intend to strengthen our efforts from the perspective of how to increase the value of real-life experiences. We will be more aware of and respond to the online market as a competitor, in addition to moving quickly to integrate malls and online platforms.

In this era and environment of great change, we must rethink our business from a completely new perspective, deciding what form new malls will take and how we will recreate our existing malls.

AEON MALL Strengths

The Advantage of Having a Facility in the Community

We operate roughly 160 shopping malls in Japan (including OPA), and more than 200 malls when including China and ASEAN. We believe that our greatest strength is having tangible and intangible assets, meaning that we have extensive connections not only with our customers, but also with the employees and specialty retailers who work in our malls. How we utilize and refine these assets is critical and will serve as a starting point for new value creation in the future.

For example, we, along with other Japanese specialty retailers, are expanding overseas. However, the AEON MALL network is not limited to the domestic market. Our facilities in various countries serve as hubs to strengthen our Japan and international networks, as Chinese specialty stores open stores in Japan and ASEAN specialty stores open stores in China, for example.

The same is true for human resources. By increasing information flow between our facilities in Japan, China, and ASEAN, and by encourage personnel exchanges, we can create new businesses from diverse perspectives while strengthening our organizational structure. These efforts will only be possible through the leverage of our enormous network of malls.

In recent years, consumption by tourists visiting from abroad has become a major business opportunity in Japan. Many Chinese and ASEAN tourists are familiar with AEON MALL. Rather than creating mechanisms to encourage visitors to come to our malls in Japan to purchase necessities and gifts, we believe it will be much more effective to offer those experiences through AEON MALL facilities in their home countries before they travel to Japan. By cooperating at a deeper level with our overseas malls, we will ensure that we capture this inbound demand. We think the inbound market still offers great potential for growth as Japan's outlying regions—where we have numerous malls—become a tourist destination for inbound travelers. This demand is an area where we can demonstrate our advantage, leveraging locations in Japan and overseas.



Mall network



Top Message

AEON MALL Strengths

Strengths at the Center of Group Synergies

We play a role within the AEON Group, which is primarily a retailer, to provide business opportunities through the development of commercial facilities. We represent the core of the AEON Group, so to speak. In this context, maximizing group synergy is a major advantage. The GMS* business stands on top of the mall platform, while AEON Group companies provide various functions such as finance, credit, and facility maintenance. Significant potential opportunities exist to leverage the AEON Group resources for further profitable growth.

At the same time, we have yet to truly maximize group synergies. For example, we have seen cases in which the GMS and specialty stores have been revitalized at different times. I think we will maximize synergies if we approach revitalization at one time as a single facility. Further collaboration with the financial sector would allow us to go cashless and progress faster toward a group lifestyle zone. There is still much that can be done.

*Abbreviation for general merchandise store.

Mission

Having announced our vision for 2030, we set interim targets and are operating under a medium-term management plan that ends in fiscal 2025. Our organizational principles call for us to pursue a regional shift in Japan and overseas and create a platform for health and wellness. My mission as president is to identify our issues and strengths, forming specific measures for medium- to long-term strategy and growth, while achieving the numerical targets of the medium-term management plan through steady efforts.

*See FY2023-FY2025 Three-Year Medium-Term Management Plan (P23) for specific measures.

We are in the facilities industry, where business takes place over a long span of time. We must think in the long term and from a concrete, future-oriented perspective about the kind of value we intend to create. For AEON MALL to continue in the far future as a place supported by customers who gather together, we must take time now to think about and prepare what we will leave for the future of our communities. When renovating a mall that has already been in operation for several years, we must incorporate the changes in the environment and the needs of the community. Of course, taking into account the changing lifestyles of customers is essential when opening new malls, and we must look ahead 10

to 20 years into the future from the perspective of creating malls that will be supported by local communities for many years to come.

As a Life Design Developer, we take pride in the fact that we are part of the lives of customers in the community and that we continue to help solve local issues. Today, we operate numerous locations in Japan and overseas. Every customer and region has its own unique challenges. Led by our employees who know our customers and local communities best, we will not only generate profits for ourselves, but also work to solve social issues in the communities where our customers live.

As an example, more and more rural areas are experiencing population decline. Together with this decline, there is an increasing demand for compact and convenient town development. AEON MALL faces the need to offer something beyond commercial functions. We must consider other functions and mixed-use facilities, including housing, hospitals, and government administrative functions. For AEON MALL to contribute to the development of our communities, we will cooperate with partners to move our business forward, taking into account the characteristics of each locale.

Overseas, we intend to focus on developing new properties in line with the speed of economic development in ASEAN, particularly in Vietnam. To this end, we will seek cooperation agreements with local governments, speeding up the opening of new malls and renovating existing malls to achieve profit growth.

In Japan, we will focus on investment efficiency from a medium- to long-term perspective, maximizing profits by renovating existing malls and using assets effectively. We aim to diversify the value we provide by improving facility environments and offering comfortable space. In this way, we will create new incentives for customers to visit our mall and increase the frequency of mall visits. Through these efforts, we will return to the roots of commerce, which is to bring joy to customers by welcoming them to our shopping malls and making them happy throughout the time they spend there. This happiness will, in turn, lead to the sustainable growth of our business in Japan.



Top Message

The Focus of AEON MALL Management

At this point, I want to talk about our focus as a new management team going forward.

The first is to redesign the country-specific business model from a business perspective. We want to divide our approach into short-term and long-term perspectives.

From a short-term perspective, the immediate issue is the recovery of our business in Japan, in particular. However, after touring our malls, I believe there is still room for growth. At a later date, we intend to offer more specifics of our plan. Meanwhile, in some cases, malls fail to generate ongoing cash flow. When we do not expect profits to improve, even after taking corrective action, the head office will take the initiative to implement comprehensive structural reforms. We are fully aware that progress is behind our initial expectations at present. However, we are taking a stand this year, working with a sense of urgency to improve profits. We also sense that head office functions have become bloated, costing more every year. This is true for operations both in Japan and overseas. We intend to start streamlining head office functions and taking other cost-cutting measures.

From a long-term perspective, we continue to move forward with the current medium-term management plan. How to define the direction and strategies even beyond that point is very important for our company, which is in a transitional stage of business. I began discussing medium- to long-term strategies with management immediately after being named president. Our major direction is to improve investment efficiency, which is a challenge. We will accomplish this task by reviewing strategies and investment

allocations in each country, investing more in revitalizing existing malls in Japan, which are the main earnings drivers. We will hold discussions over the course of this fiscal year, and once we finalize a direction, I hope to have another opportunity to explain our plans to you.

The second point is the pursuit of investment efficiency from a financial perspective. As you are aware, soaring construction costs and other changes in social conditions have contributed to a significant and rising investment required to open a new mall. While we are using real estate ownership mechanisms to reduce investment, we focus on carefully selecting investments in properties that can generate profits.

Another issue is to improve shareholder returns. To this end, we must achieve positive free cash flow. Along with selecting investments, we will be discussing the optimal allocation of cash within the company, which we will publish at a future date.

The third point is dialogue with the market. Our stock performance over the last year has been low compared to the Prime Market real estate companies. Improving our corporate value is a major mission for which I take responsibility. Although we have fallen short of our announced plan for the past several years, we will work to restore confidence in our company by hitting our performance plan targets every year.

I and the rest of the management team look forward to more opportunities for dialogue with stakeholders to share our strategies and challenges. We will listen to the opinions offered and respond sincerely to the demands of the market. I plan to lead AEON MALL forward based on these three perspectives.

Last

In particular, I consider it a serious issue that we have failed to achieve performance plans for several years. This has been a major management challenge, and we will focus closely on achieving targets. In addition, we will increase opportunities for our management team to directly communicate with investors, including the overseas roadshows that were temporarily interrupted by the COVID-19 pandemic.

With a new management structure in place this year, we are once again discussing medium- and long-term strategies within the company. We hope to quickly show investors the path forward under a medium- to long-term strategy as a company that can continue to grow sustainably into the future.

The beginning of any management decision is our Basic Philosophy, *Customer First*, from which we consider the needs of the customers in our communities. We will strive to enhance corporate value by leveraging our advantages in locations across Japan and overseas, working toward growth with our communities.

Business	Short-Term <ul style="list-style-type: none"> ● Recover businesses in Japan (value creation, inbound, customer attraction) ● Progress in fundamental business structure reforms 	<ul style="list-style-type: none"> ● Pursue cost reduction measures ● Redesign overseas strategies
	Medium- to Long-Term <ul style="list-style-type: none"> ● Revitalize, rehabilitate existing assets in Japan ● Grow overseas business further 	<ul style="list-style-type: none"> ● Develop an urban strategy in Japan ● Create group synergies
Finances	<ul style="list-style-type: none"> ● Pursue investment efficiency ● Select investments 	<ul style="list-style-type: none"> ● Improve free cash flow ● Expand shareholder returns
Dialogue With the Market	<ul style="list-style-type: none"> ● Achieve performance plans 	<ul style="list-style-type: none"> ● Engage in active dialogue with management

