

Message from the President and CEO



AEON MALL aims for continuous growth through the creation of shopping malls that contribute to the development of local communities.

President and CEO
Yasutsugu Iwamura

To the Shareholders of AEON MALL Co., Ltd.:

Now that the world has entered the post COVID-19 era in earnest, the movement of people within Japan has become more active, and the number of foreign visitors to Japan has also increased, which are positive signs for our business environment.

However, today's society has become an "era of uncertainty (VUCA: volatility, uncertainty, complexity, and ambiguity)," where the complexity of the social environment is increasing and unexpected events occur one after another, making it truly unpredictable.

In this era of uncertainty, it is important to realize the underlying common goal of "sustainability."

We believe that conducting our business based on the concept of seeking solutions to environmental, social, and economic issues in a comprehensive and compatible manner will ensure our progress toward a sustainable society and a resilient society that can cope with various environmental changes and difficulties. We are also working to reform our business, believing that this will enhance the value of the Company's presence in society.

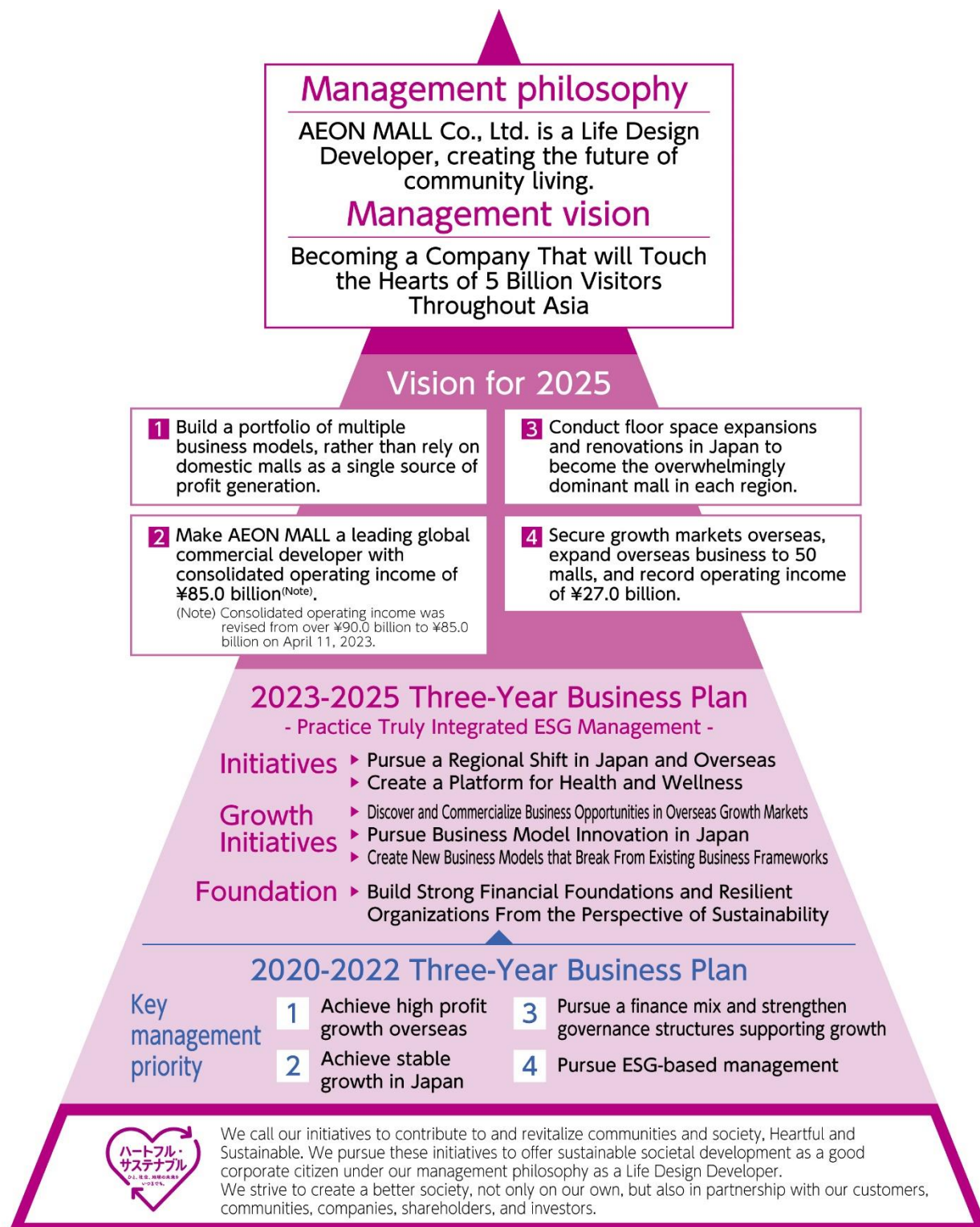
In addition, as a "glocal"* company, we are working as a business breaking down various social issues and opportunities into the local characteristics of each country and region, seizing opportunities from multiple perspectives, and creating optimal solutions beyond the conventional business framework through empathy and cooperative actions with all stakeholders, including our employees, under the slogan "Heartful and Sustainable."

From this fiscal year, we are entering the final medium-term plan period toward our "Vision for 2025." In response to local community and social issues, we will strive to foster empathy through "Solidarity (With B to C)" with local communities and partner companies, deepen and expand connections with people, and become a company with high expectations.

We would like to ask our shareholders for their continued understanding and support of the Company's business.

* Glocal is a word coined by combining the words "global" and "local" to express thinking and acting from a global perspective while taking local characteristics into consideration.

Management Philosophy and Vision for 2025



* Life Design extends beyond the framework of the shopping mall. Life Design addresses functions associated with different life stages of our local customers, including not only shopping, but also interaction with other people, cultural development, and other features contributing to future lifestyles.

Medium-term Management Plan 2023-2025 Three-Year Business Plan Growth Policy



Realizing Well-Being Lifestyles through Promoting a Regional Shift

What we mean by regional shift is the idea that global goals such as the SDGs, based on the concept of CSV*, can be broken down into the characteristics of each country and region where we open shopping malls, and that actions to create new value through dialogue with people in diverse positions and stakeholders in the local communities will lead to the “creation of sustainable local communities.”

In addition, our vision for AEON MALL facilities is to create spaces offering abundant lifestyles leading to self-actualization based on physical health, mental health, environmental health, and social health. As a Life Design Producer, we create platforms through our businesses to support Well-Being lifestyles.

Based on these policy initiatives, we will work to achieve our “Vision for 2025” by providing value that will be supported and shared by our customers in Japan and overseas.

And in order to realize sustainable provision of value to local communities in the future beyond 2025, we will co-create with like-minded partners to develop a new business model that transcends the framework of commercial facilities.

*CSV (Creating Shared Value): a concept that balances business with solving social issues.

Toward VISION 2030

Pursue a Regional Shift in Japan and Overseas

Co-Creation for Sustainable Region

Translating Global Goals to Local Contexts

Co-Creating Sustainable Communities

We create new value through dialogue with people and stakeholders from diverse backgrounds
To this end, we break down and implement global goals according to local characteristics



We believe that creating sustainable communities is the act of breaking down global goals according to the local characteristics for each country and region, creating new value through dialogue with people and stakeholders from diverse backgrounds. We focus on local issues and take action to create new value together with people who support our efforts, and we aim to be a company that fosters empathy with communities while deepening and expanding human interconnections.

We Focus on Local Issues and Take Action to Create New Value Together With People Who Support Our Efforts

Create a Platform for Health and Wellness



Our vision for AEON MALL facilities is to create spaces offering abundant lifestyles leading to self-actualization based on physical health, mental health, environmental health, and social health. As a Life Design Producer, we create platforms through our businesses to support Well-Being lifestyles.



Supporting Individual Lifestyles Design Beyond Physical Health

Building Governance Structures for Supporting Growth

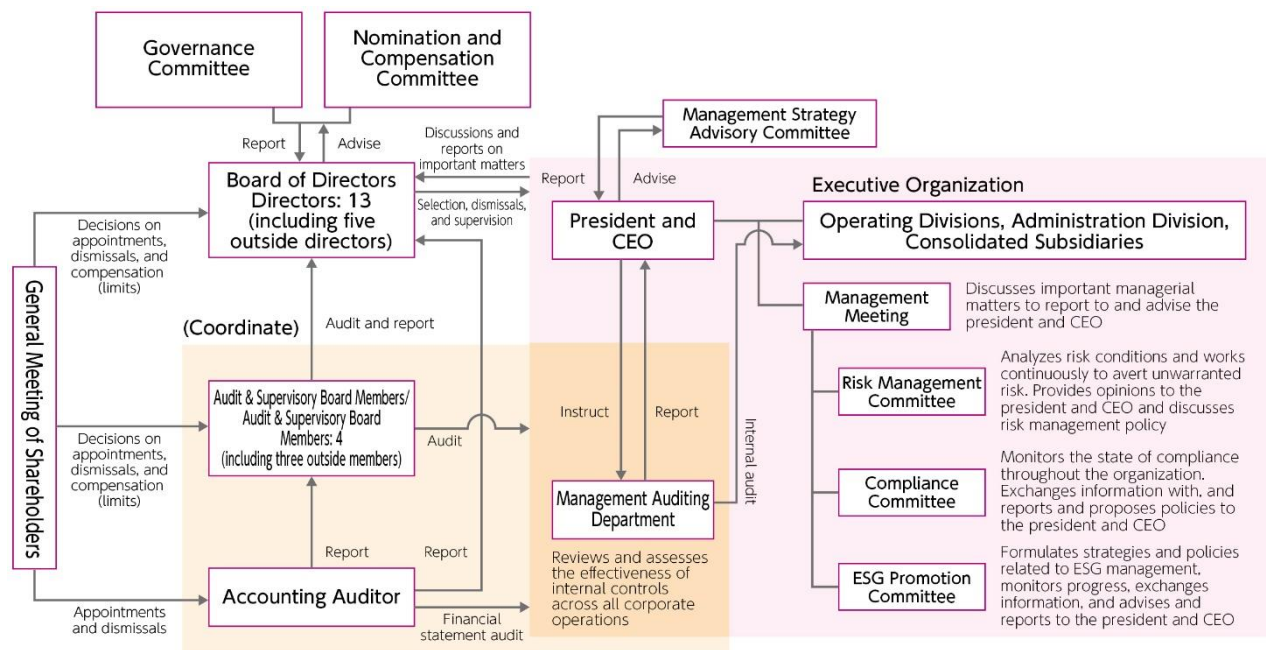
Basic stance for corporate governance

- a We provide a consistent and fair environment to support shareholder rights and the execution of said rights. We work in appropriate cooperation with shareholders toward the goal of sustainable growth.
- b Our Board of Directors and senior management respect the rights and perspectives of customers, local communities, partners, employees, shareholders, investors, and other stakeholders, as well as ethics in our business activities, and exercise proper leadership in fostering a corporate culture and climate and in positively engaging in sustainability initiatives.
- c We have created a Disclosure Policy and Rules for Managing Information Disclosure to address disclosure of financial and nonfinancial information. Guided by the policy and rules, we ensure transparency and fairness through appropriate and clear information disclosure.
- d Our Board of Directors consists of members with diverse experience and expertise, leveraging AEON MALL's strength as a developer with background in retail business. The Board of Directors appoints Independent Outside Directors to strengthen our supervisory function and conduct highly transparent business and determines important strategies and promotes measures to achieve our long-term vision and medium-and long-term plans.
- e We reflect feedback and input received through constructive dialogue with shareholders in management to improve our corporate value.

The Company's Corporate Governance Reform History (as of February 28, 2023)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Corporate governance system	Company with Board of Directors, company with Audit & Supervisory Board															
Committees	Chair: Outside Director (comprised of a majority of Independent Outside Directors)											Nomination and Compensation Committee				
	Chair: President and CEO (comprised of Officers *excluding Advisors)															
	Chair: Outside Director (comprised only of Independent Outside Directors)															
Number of Directors	20	17	13	14	11	12	11	12	13	14	13					
Of which, Independent Outside Directors							1		2				3			5
Of which, female Directors									1				2			4
Number of Audit & Supervisory Board Members	4															
Of which, Outside Audit & Supervisory Board Members	4		3				4						3			
Of which, Independent Outside Audit & Supervisory Board Members						2		1					2			
Of which, female Audit & Supervisory Board Members							1						2			
Operations of the Board of Directors, etc.											Assessment of the effectiveness of the Board of Directors					
											Meetings between the President and CEO and Outside Officers (2~3 times a year)					

Corporate Governance Organization Chart (as of February 28, 2023)



In addition to the Board of Directors and the Audit & Supervisory Board, which are supervisory bodies stipulated by laws and regulations, the Company has established a total of six advisory bodies (Nomination and Compensation Committee, Governance Committee, Management Strategy Advisory Committee, and Management Meeting (Risk Management Committee, Compliance Committee, and ESG Promotion Committee)) to strengthen corporate governance functions. Within each advisory body, specific matters to be deliberated, mainly by Outside Directors, are as follows, and the Company is working to improve competitiveness through prompt decision-making. The Management Strategy Advisory Committee is chaired by the President and CEO, since he takes the lead in advancing management policy and management strategy issues. Like other advisory committees, this Committee actively discusses, deliberates and works to resolve the issues under the reporting and advice of Outside Directors and Outside Audit & Supervisory Board Members.

Governance Committee FY2022 Number of times held: 9 times (established in October 2021)



Chair:
Chisa Enomoto

Main roles

In order to appropriately reflect the opinions of minority shareholders in the Board of Directors, the Committee, consisting solely of Independent Outside Directors, discusses the rationality and appropriateness of transactions with the parent company, group companies, etc., on agenda items for the Board of Directors from a standpoint independent of management and controlling shareholders, and reports to the Board of Directors on the Committee's approval or disapproval and a summary of reasons for its decision.

Chair's comment

We believe that revision of the "Related Party Transaction Process" through the establishment of this Committee was one of the major achievements in enhancing the transparency of management decisions and strengthening governance. In addition to discussing proposals to be deliberated by the Board of Directors, the Committee also strengthens its involvement by allowing its members to set themes that contribute to the improvement of the Company's governance functions and promote discussions on their own. We will continue to strive to meet the expectations of all stakeholders by maximizing the value of our brand while strictly supervising management from the perspective of minority shareholders.

Composition of the Committee



Five Independent Outside Directors

Nomination and Compensation Committee

FY2022 Number of times held: 6 times (established in December 2018)



Chair:
Kunihiro Koshizuka

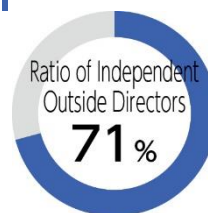
Main roles

In accordance with the rules of the Nomination and Compensation Committee, the Committee discusses mainly "nomination of Director candidates and policies" and "appropriateness of performance evaluations of each Director in determining basic and performance-based compensation for Directors" and reports to the Board of Directors as appropriate.

Chair's comment

In addition to playing an important role in governance by selecting and evaluating current Directors, the Committee discusses "policies and plans for the development of successors, etc. for Director candidates" in relation to human resources who are likely to be Director candidates in the next fiscal year, and it provides advice to help candidates enhance their management perspectives and advance as future managers. Through discussions at Committee meetings, we will continue to strive to achieve sustainable growth, enhance corporate value, and improve the corporate governance structure of the Company.

Composition of the Committee



Five Independent Outside Directors
Two Inside Directors

Management Strategy Advisory Committee

FY2022 Number of times held: 12 times (established in May 2021)



Chair:
Yasutsugu Iwamura

Main roles

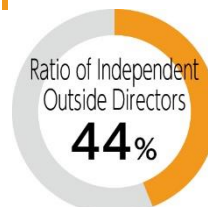
With respect to initiatives and solutions for important policy and management strategy issues, the Committee promotes them based on the opinions and advice from Independent Outside Officers, and it provides advice and reports in consultation with the President and CEO.

Chair's comment

Toward the realization of the Company's long-term vision and Vision for 2025, the Committee held discussions from various perspectives on the creation of new value beyond existing businesses, the formulation of medium- to long-term management strategies and specific measures to resolve issues.

While taking advantage of the diverse knowledge of the Independent Outside Officers, the Committee will continue to hold discussions not for the purpose of making resolutions, but as an opportunity for free discussion without being bound by formality and a place for new ideas to emerge. In order to further evolve ESG management, which we have been promoting as a growth measure, we will aim for sustainable growth by realizing "truly integrated ESG management" that creates economic, social, and environmental value for our stakeholders under the policies of "pursuing a regional shift in Japan and overseas" and "creating a platform for health and wellness."

Composition of the Committee

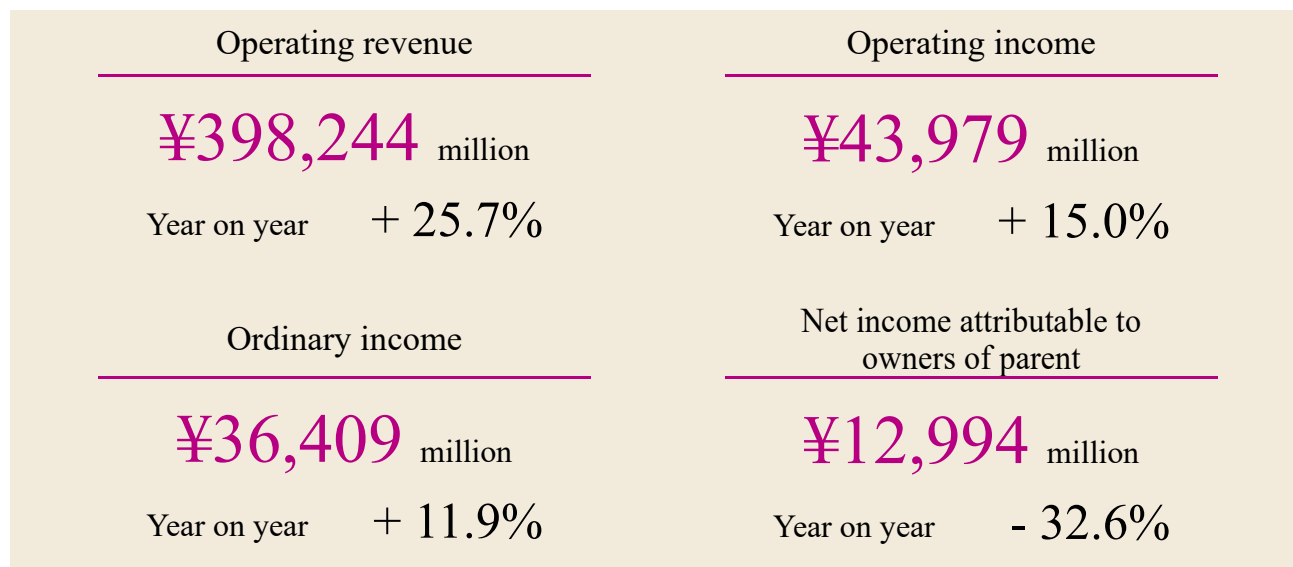


Five Independent Outside
Directors
Four Audit & Supervisory
Board Members
Seven Inside Directors

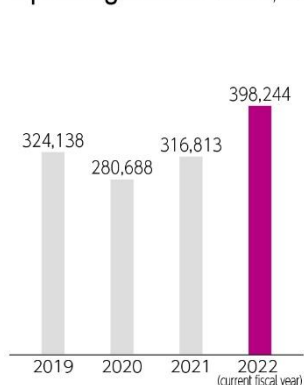
(Reference)

Business Report Summary

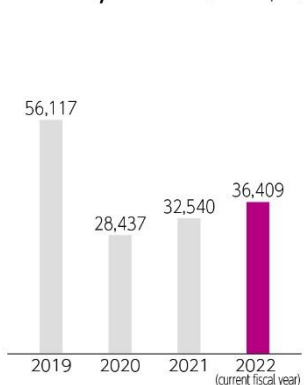
Financial highlights



Operating revenue (million yen)



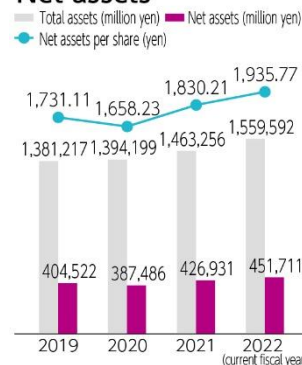
Ordinary income (million yen)



Net income (loss) attributable to owners of parent

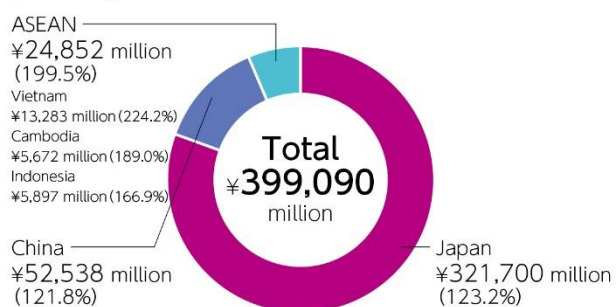


Total assets / Net assets

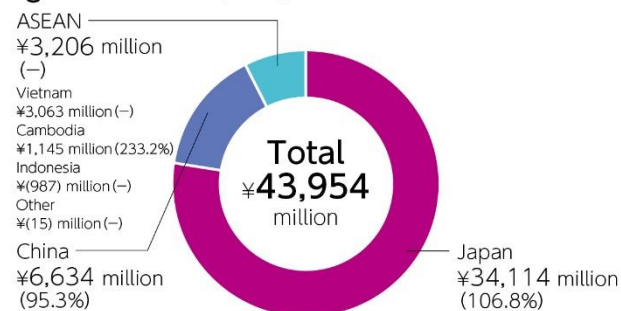


Operating Results by Segment

Operating Revenue



Segment Income (Loss)



Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Stock code: 8905

April 28, 2023

Start date of measures for electronic provision: April 24, 2023

AEON MALL Co., Ltd.

1-5-1 Nakase, Mihama-ku, Chiba-shi, Chiba

President: Yasutsugu Iwamura

To the Shareholders of AEON MALL Co., Ltd.:

Notice of the 112th Ordinary General Meeting of Shareholders

You are cordially informed of the 112th Ordinary General Meeting of Shareholders of **AEON MALL Co., Ltd.** (the “Company”), to be held as described below:

In convening this Ordinary General Meeting of Shareholders, the Company has taken measures to provide the contents of the Reference Documents for the General Meeting of Shareholders (matters to be provided electronically) electronically, and has made these available on each of the following websites. Please access any of these websites to review the documents.

[The Company Website]

<https://www.aeonmall.com/ir/event/meeting/> (in Japanese)

[General Meeting of Shareholders Materials Website]

<https://d.sokai.jp/8905/teiji/> (in Japanese)

[TSE Website (Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(When accessing the TSE Website above, please enter or search for “Aeon Mall” under “Stock Name (Company Name),” or use the Company’s stock code, “8905,” under “Code.” Select “Basic Information” then “Documents for Public Inspection/PR Information,” and review the “Notice of General Meeting of Shareholders/Reference Documents for General Meeting of Shareholders” listed under “Documents for Public Inspection”).

In lieu of attending the meeting in person, you may vote in writing or on the Internet. Please cast your vote by 6:00 p.m. on Tuesday, May 16, 2023 after reviewing the enclosed Reference Documents for the General Meeting of Shareholders.

[For those voting on the Internet]

To vote online, please visit the website designated by the Company (<https://soukai.mizuho-tb.co.jp/>), enter the “Voter Code” and password displayed on the enclosed Form for Exercising Voting Rights, and follow the instructions displayed onscreen to record your votes either for or against the agenda items before the deadline indicated above.

When voting on the Internet, please refer to the “Guide to Exercising Voting Rights on the Internet” below.

[For those voting in writing (by postal mail)]

Please indicate your vote either for or against the agenda items on the Form for Exercising Voting Rights and return it to us by postal mail to reach us by the deadline indicated above.

1. Date and Time: Wednesday, May 17, 2023; 10:00 a.m.

2. Location 1-5-1 Nakase, Mihama-ku, Chiba-shi, Chiba
Multi-purpose hall, 3rd floor, AEON TOWER

3. Objectives of Meeting

- Matters to be reported:**
1. Business Report and Consolidated Financial Statements for the 112th fiscal year (from March 1, 2022 to February 28, 2023) and Reports of Audit on the Consolidated Financial Statements by Accounting Auditor and Audit & Supervisory Board
 2. Nonconsolidated Financial Statements for the 112th fiscal year (from March 1, 2022 to February 28, 2023)

Matters to be resolved:

- Agenda Item 1: Partial amendment to the Articles of Association
- Agenda Item 2: Election of eleven (11) Directors
- Agenda Item 3: Election of four (4) Audit & Supervisory Board Members

4. Matters prescribed for convocation

- a. When voting in writing (by postal mail), in the event a vote either for or against is not indicated for any of the agenda items on the Form for Exercising Voting Rights, this will be treated as a vote in favor of the agenda item in question.
- b. If you exercise your voting rights by proxy, you may designate one other shareholder holding voting rights of the Company to attend the meeting. Please note, however, that it is necessary to submit a document proving the authority of proxy.
- c. If you make a diverse exercise of voting rights, please notify the Company in writing of your intention to do so and state your reason for this no later than three (3) days before the meeting.

[For those attending the meeting]

Attendees are kindly requested to present the enclosed Form for Exercising Voting Rights to the receptionist on the day of the meeting (no signature or affixing of seal necessary). Please bring this document as well, as it contains the agenda for the meeting.

[For those voting in writing]

Those voting in writing should indicate “for” or “against” for the agenda items and return the completed enclosed Form for Exercising Voting Rights by postal mail to reach us by 6:00 p.m. on Tuesday, May 16, 2023.

[For those voting on the Internet]

Please access the online voting site through a computer or smartphone and follow the on-screen instructions. The deadline for online voting is 6:00 p.m. on Tuesday, May 16, 2023.

If you exercise your voting rights twice, once by mail and once via the Internet, etc., the Company will treat your Internet vote as the valid exercise of your voting rights. If you exercise your voting rights several times via the Internet, the Company will treat the most recent vote as the valid exercise of your voting rights.

* Please note that no gift will be provided for attendees at the General Meeting of Shareholders.

1. Attendees are kindly requested to present the Form for Exercising Voting Rights sent together with this Notice to the receptionist on the day of the meeting.
2. Among the matters to be provided electronically, pursuant to laws and regulations and Article 15 of the Company’s Articles of Association, notes to Consolidated Financial Statements and Nonconsolidated Financial Statements are not included in the documents delivered to shareholders who have requested physical copies of the documents, but are available on each of the websites as “Matters Not Included in Paper-Based Documents Delivered to Shareholders Who Have Made a Request for Delivery of Such Documents Based on Laws and Regulations and the Articles of Association for Notice of the 112th Ordinary General Meeting of Shareholders.”
3. The Consolidated Financial Statements and Nonconsolidated Financial Statements audited by the accounting auditor and Audit & Supervisory Board Members consist of “Notice of the 112th Ordinary General Meeting of Shareholders,” and the notes to the Consolidated Financial Statements and Nonconsolidated Financial Statements available on each of the websites.
4. If circumstances arise that necessitate revisions to the matters provided electronically, a statement to that effect and the matters before and after revision shall be posted on each of the websites.

<p>A Notice of Resolutions will not be sent. After the Ordinary General Meeting of Shareholders has ended, the results of exercise of voting rights will be published on the Company’s website (https://www.aeonmall.com/en/ir/s_meeting.html).</p>

Notes:

- 1. This English version is a translation of points summarized from an original notice written in Japanese. When discrepancies in interpretation arise, the content of the Japanese notice shall take precedence.*
- 2. Please note that Internet voting is not available to such persons as those who are not residents of Japan and who have appointed a custodian in Japan for handling of their shares according to the Rules for the Handling of Shares of the Company.*
- 3. AEON MALL Co., Ltd.'s ordinary share issue*

*Local code: 8905
SEDOL# 6534202 JP
ISIN# JP 3131430005*

[Electronic Voting Platform for Institutional Investors]

Institutional shareholders, including standing proxies such as master trust banks, who have applied in advance to the ICJ Proxy e-Voting Platform Service (the Platform Service) offered by ICJ Inc., a joint venture established by Tokyo Stock Exchange, Inc., Japan Securities Dealers Association and Broadridge Financial Solutions, Inc., are entitled to use the Platform Service to exercise their votes.

Agenda Item 2: Election of eleven (11) Directors

The terms of office of all thirteen (13) Directors will expire at the conclusion of this General Meeting of Shareholders.

Therefore, we request the election of eleven (11) Directors, including one (1) new candidate for Director, for the purpose of conducting even more effective supervision and strengthening the structure toward achieving the Company's Vision for 2025, as well as strengthening the management foundation to enable sustainable growth toward achieving truly integrated ESG-based management.

The candidates for Directors are as follows.

No.	Name			Current position and responsibility in the Company	Attendance at Board of Directors meetings	Tenure	Nomination and Compensation Committee	Management Strategy Advisory Committee	Governance Committee
1	Yasutsugu Iwamura	Reelection		President and CEO and Executive General Manager, Overseas Business Division	14/14 (100%)	4 years	○	◎	
2	Mitsuhiro Fujiki	Reelection		Senior Managing Director, Executive General Manager, Customer Experience Creative Division	14/14 (100%)	8 years		○	
3	Masahiko Okamoto	Reelection		Managing Director, Executive General Manager, Administration Division	14/14 (100%)	5 years	○	○	
4	Hiroshi Yokoyama	Reelection		Managing Director, Executive General Manager, Finance & Accounting Division	14/14 (100%)	6 years		○	
5	Motoya Okada	Reelection		Director and Advisor	13/14 (93%)	25 years			
6	Shinichiro Minami	New election		General Manager, Development Division	–	–		○	
7	Kunihiro Koshizuka	Reelection	Outside	Independent	Director	14/14 (100%)	3 years	◎	○
8	Chisa Enomoto	Reelection	Outside	Independent	Director	14/14 (100%)	2 years	○	○
9	Hironobu Kurosaki	Reelection	Outside	Independent	Director	14/14 (100%)	2 years	○	○
10	Junko Owada	Reelection	Outside	Independent	Director	14/14 (100%)	2 years	○	○
11	Junko Taki	Reelection	Outside	Independent	Director	11/11 (100%)	1 year	○	○

(Note 1) Tenures and the composition of each committee are current as of the end of this General Meeting of Shareholders.

◎: Chair

(Note 2) Junko Taki was appointed as Outside Director at the 111th Ordinary General Meeting of Shareholders held on May 19, 2022, and the status shown is her attendance at Board of Directors meetings after the said date.

○: Committee Member

Policies and procedures in the appointment of candidates for Directors:

In regard to the appointment of candidates for Directors, first the President and CEO proposes the appointment in accordance with the following standards, second, after passing through deliberation at a meeting of the Nomination and Compensation Committee, the appointment is resolved at a Board of Directors' meeting to be an agenda item for the General Meeting of Shareholders, and finally the appointment is submitted at this meeting.


- For Inside Directors, a candidate must possess ability, knowledge, experience, and actual results in the specialty field where they have strength, in addition to possessing a sense of balance and decisiveness that will allow them to carry out director activities while grasping overall business operations.
- For Outside Directors, a candidate must possess abundant experience and in-depth understanding in their field, be able to ensure an adequate amount of time to execute their duties as a director of the Company, and possess the qualities that would allow them to provide supervision and proposals from an independent standpoint that ensure the appropriateness and validity of decisions of the Board of Directors.

Expertise and experience of candidates for Director <skill matrix>

In selecting candidates for Director that will make up the Board of Directors, the goal is for the Board of Directors to be composed of personnel with the expertise and knowledge to be able to strengthen its management oversight function and to utilize the unique qualities of the Company's business to advance growth policies.

* The below skill matrix shows the skills that are particularly desired from the candidates and does not represent all of the expertise and experience possessed by each candidate.

Candidate for Director	Corporate management	Internal control	Treasury, accounting and finance	Real estate		Diversity and work-style reform	Digital transformation	Sustainability	Global experience	Marketing branding
				Planning and development	Operation					
Yasutsugu Iwamura	•			•			•	•	•	
Mitsuhiro Fujiki					•			•		•
Masahiko Okamoto		•				•		•		
Hiroshi Yokoyama		•	•	•						
Motoya Okada	•							•	•	
Shinichiro Minami				•				•	•	
Kunihiro Koshizuka (Outside)	•	•					•			
Chisa Enomoto (Outside)		•						•		•
Hironobu Kurosaki (Outside)	•								•	
Junko Owada (Outside)		•				•				
Junko Taki (Outside)		•	•							


Candidate no. 1	Yasutsugu Iwamura (March 7, 1966)	Reelection	 Number of the Company's shares owned: 3,312 shares Tenure 4 years Attendance at Board of Directors meetings 14/14
[Career summary, position and areas of responsibility in the Company, and significant concurrent positions outside the Company] Aug. 2005 Joined the Company Aug. 2007 General Manager of Planning Development First Group, Planning Development Department, the Company May 2009 General Manager of Kanto and Tohoku Development Department, Development Division, the Company Apr. 2013 General Manager of Development Management Department, Development Division, the Company May 2016 General Director of AEON MALL VIETNAM CO., LTD. May 2019 Director in charge of Vietnam, ASEAN Division, the Company, and General Director of AEON MALL VIETNAM CO., LTD. Mar. 2020 President and CEO, the Company Jul. 2020 Chairman, AEON MALL (CHINA) CO., LTD. (to present) Apr. 2021 President and CEO and General Manager of Overseas Business Division, the Company Apr. 2023 President and CEO and Executive General Manager, Overseas Business Division, the Company (to present)			

Reasons for selection as a candidate for Director

Yasutsugu Iwamura has knowledge related to global business management and administration as well as management experience at AEON MALL VIETNAM, which is one of the Company's important operating bases in development and the overseas business. In addition, he has fulfilled roles that contribute to boosting the Company's corporate value such as decision-making concerning important issues and overseeing business execution. In addition, even during these times of rapid change and uncertainty, he has anticipated changes in the business environment, and driven our overall business to sustainably increase corporate value. To realize the "Vision for 2025" and to achieve further business growth, the Company nominated him for another term as a candidate for Director.

Conflicts of interest

No conflict of interest exists between the Company and Yasutsugu Iwamura.


Candidate no. 2	Mitsuhiro Fujiki (November 21, 1960)	Reelection	 Number of the Company's shares owned: 11,664 shares Tenure 8 years Attendance at Board of Directors meetings 14/14
[Career summary, position and areas of responsibility in the Company, and significant concurrent positions outside the Company] Apr. 1985 Joined the Company Apr. 2011 General Manager of AEON MALL Niihama, the Company Nov. 2012 General Manager of AEON MALL Miyazaki, the Company Apr. 2013 General Manager of West Japan Business Department, Sales Division, the Company Sep. 2014 General Manager of Chushikoku Business Department, Sales Division, the Company Apr. 2015 General Manager of Sales Division, the Company May 2015 Director, General Manager of Sales Division, the Company Apr. 2017 Director, General Manager of Leasing Division, the Company May 2018 Managing Director, General Manager of Leasing Division, the Company Apr. 2021 Managing Director, General Manager of Customer Experience Creative Division, the Company May 2021 Senior Managing Director, General Manager of Customer Experience Creative Division, the Company Apr. 2023 Senior Managing Director, Executive General Manager, Customer Experience Creative Division, the Company (to present)			

Reasons for selection as a candidate for Director

Since joining the Company, Mitsuhiro Fujiki has engaged primarily in the operation of shopping malls, and in leasing operations. He currently serves as Senior Managing Director, Executive General Manager, Customer Experience Creative Division. The Company has nominated Mitsuhiro Fujiki for another term as a candidate for Director because of his central role in reforming the existing business model by providing solutions to local areas and co-creating with DOYOU partner store companies under the management philosophy of being "Life Design Developer" creating the future of community living.

Conflicts of interest

No conflict of interest exists between the Company and Mitsuhiro Fujiki.


Candidate no. 3	Masahiko Okamoto (April 8, 1958)	Reelection	 Number of the Company's shares owned: 4,700 shares Tenure 5 years Attendance at Board of Directors meetings 14/14
[Career summary, position and areas of responsibility in the Company, and significant concurrent positions outside the Company] Mar. 1981 Joined JUSCO Co., Ltd. (now AEON CO., LTD.) Mar. 1997 General Manager of Personnel & General Affairs Department, Megamart Division, JUSCO Co., Ltd. Mar. 2000 General Manager of Personnel & Education Department, Kinki Business Division, JUSCO Co., Ltd. Mar. 2001 General Manager of Administration Center, Headquarters, JUSCO Co., Ltd. Sep. 2008 General Manager of Personnel Training Department, Kanto Company Division, AEON CO., LTD. Feb. 2015 General Manager of General Affairs Department, Administration Division, the Company Apr. 2018 General Manager of Administration Division, the Company May 2018 Director, General Manager of Administration Division, the Company May 2021 Managing Director, General Manager of Administration Division, the Company Apr. 2023 Managing Director, Executive General Manager, Administration Division, the Company (to present)			

Reasons for selection as a candidate for Director

Masahiko Okamoto has engaged in personnel and general affairs. Based on the expertise and experience that he gained, he currently serves as Managing Director, Executive General Manager, Administration Division. To maximize corporate value, he has driven our response to human capital, internal control, corporate governance, and diversity, while further enhancing internal control and risk management both in Japan and overseas. He plays a central role in reforms based on ESG perspectives. Accordingly, the Company nominated him for another term as a candidate for Director.

Conflicts of interest

No conflict of interest exists between the Company and Masahiko Okamoto.


Candidate no. 4	Hiroshi Yokoyama (May 29, 1964)	Reelection	 Number of the Company's shares owned: 5,710 shares Tenure 6 years Attendance at Board of Directors meetings 14/14
[Career summary, position and areas of responsibility in the Company, and significant concurrent positions outside the Company] Apr. 1987 Joined The Chuo Trust & Banking Co., Ltd. (now Sumitomo Mitsui Trust Bank, Limited) Oct. 2000 Section Manager of Real Estate Investment Development Department, The Chuo Mitsui Trust and Banking Company, Limited (now Sumitomo Mitsui Trust Bank, Limited) Apr. 2004 Joined the Company Apr. 2004 Manager of Finance Group, Finance & Accounting Group, Administration Division, the Company Aug. 2007 General Manager of Finance & Accounting Department, Administration Division, the Company May 2013 General Manager of Finance & Accounting Management Department, Finance & Accounting Division, the Company Apr. 2017 General Manager of Development Planning Management Department, Development Division, the Company May 2017 Director, General Manager of Development Planning Management Department, the Company Apr. 2021 Director, General Manager of Finance & Accounting Division, the Company May 2021 Managing Director, General Manager of Finance & Accounting Division, the Company Apr. 2023 Managing Director, Executive General Manager, Finance & Accounting Division, the Company (to present)			

Reasons for selection as a candidate for Director

Hiroshi Yokoyama has experience with real estate operations at a financial institution and, since joining the Company, has engaged in finance and accounting operations. He currently serves as Managing Director, Executive General Manager, Finance & Accounting Division. The Company has nominated him for another term as a candidate for Director because of his extensive achievements and experience related to real estate development and finance, and because he has been steadily promoting initiatives such as acceleration of global expansion and strengthening of capabilities to generate cash.

Conflicts of interest

No conflict of interest exists between the Company and Hiroshi Yokoyama.


Candidate no. 5	Motoya Okada (June 17, 1951)	Reelection	 Number of the Company's shares owned: 5,280 shares Tenure 25 years Attendance at Board of Directors meetings 13/14
[Career summary, position and areas of responsibility in the Company, and significant concurrent positions outside the Company] Mar. 1979 Joined JUSCO Co., Ltd. (now AEON CO., LTD.) May 1990 Director, JUSCO Co., Ltd. Feb. 1992 Managing Director, JUSCO Co., Ltd. May 1995 Senior Managing Director, JUSCO Co., Ltd. Jun. 1997 President, JUSCO Co., Ltd. May 1998 Director, the Company May 2002 Director and Advisor, the Company (to present) May 2003 Director, President and Representative Executive Officer, AEON CO., LTD. Mar. 2012 Director, President and Representative Executive Officer, and Group CEO, AEON CO., LTD. Feb. 2015 Director and Advisor, AEON Retail Co., Ltd. (to present) Mar. 2020 Director, Chairman and Representative Executive Officer, AEON CO., LTD. (to present)			

Reasons for selection as a candidate for Director

AEON CO., LTD. and each company in the AEON Group recognize that working to maximize synergy effects while striving for closely knit cooperation and emphasizing their mutual independence and autonomy, leads to shareholder interest. With his extensive experience and ability as a business manager, and with the goal of increasing the effectiveness of the administration of sound business management for the Company and the Group strategy, the Company has nominated Motoya Okada for another term as a candidate for Director.

Conflicts of interest

Motoya Okada is Director, Chairman and Representative Executive Officer of AEON CO., LTD. and AEON CO., LTD. is a major shareholder (parent company) of the Company. Also, he is Director and Advisor of AEON Retail Co., Ltd. which is a sister company of the Company and located as a tenant of the Company.


Candidate no. 6	Shinichiro Minami (August 21, 1974)	New election	 Number of the Company's shares owned: 176 shares Tenure – years Attendance at Board of Directors meetings – / –
[Career summary, position and areas of responsibility in the Company, and significant concurrent positions outside the Company] Apr. 2000 Joined the Company Feb. 2012 General Manager of AEON MALL Hubei Development Department, China Division, the Company Jun. 2013 General Manager of AEON MALL Hubei, China Division, the Company Jun. 2015 General Manager of Wuhan Jinyintan, AEON MALL (Hubei) Business Management Co., Ltd., the Company Oct. 2016 General Manager of Wuhan Jinqiao, AEON MALL (Wuhan) Business Management Co., Ltd., the Company May 2018 President of AEON MALL (Hubei) Business Management Co., Ltd., the Company Oct. 2020 General Manager of Chushikoku Business Department, Sales Division, the Company Apr. 2023 General Manager of Development Division, the Company (to present)			

Reasons for selection as a candidate for Director

Since joining the Company, Shinichiro Minami has been engaged in the planning and development business, and has driven the development of new malls in the Wuhan area as the General Manager in charge of development in Hubei Province, China, as well as mall operations in the area as General Manager and President. In Japan, he has promoted area strategies for the Chugoku and Shikoku area as General Manager of Chushikoku Business Department, and has been General Manager of Development Division since April 2023. The Company has newly nominated him as a candidate for Director because he possesses the business promotion, leadership, and risk response skills acquired through his experience in development and operation of malls in Japan and overseas, and is capable of leading future development operations, including strategic planning for the construction of next-generation malls and the development of diverse value offerings.

Conflicts of interest

No conflict of interest exists between the Company and Shinichiro Minami.


Candidate no. 7	Kunihiro Koshizuka (September 30, 1955)	Reelection	Outside	Independent	 Number of the Company's shares owned: 0 shares Tenure 3 years Attendance at Board of Directors meetings 14/14
[Career summary, position and areas of responsibility in the Company, and significant concurrent positions outside the Company] Apr. 1981 Joined Konishiroku Photo Industry Co., Ltd. (now KONICA MINOLTA, INC.) Apr. 2013 Executive Officer, General Manager of Technology Strategy Department and R&D Headquarters, KONICA MINOLTA, INC. Jun. 2014 Senior Executive Officer, General Manager of Technology Strategy Department and R&D Headquarters, KONICA MINOLTA, INC. Jun. 2015 Director and Senior Executive Officer (CTO), KONICA MINOLTA, INC. Jun. 2019 Senior Technical Advisor, KONICA MINOLTA, INC. Nov. 2019 Outside Director, HOUSEI Inc. May 2020 Outside Director, the Company (to present) Jun. 2021 External Director, Tokyu Construction Co., Ltd. (to present) Jun. 2022 Outside Director, WILL GROUP, INC. (to present) Jun. 2022 Outside Director, F.C.C. Co., Ltd. (to present)					

Reasons for selection as a candidate for Outside Director and expected role

Kunihiro Koshizuka is engaged in technological strategies, creation of new businesses, large acquisition projects and other important operations at another company as a director. The Company is confident that he will be able to provide appropriate supervision and advice related to the promotion of digital transformation, businesses creating future lifestyles that respond to the new era and management issues by applying his knowledge and experience in digital and scientific technologies gained as an engineer. Accordingly, the Company nominated him for another term as a candidate for Director.

Conflicts of interest

No conflict of interest exists between the Company and Kunihiro Koshizuka.


Candidate no. 8	Chisa Enomoto (August 12, 1961)	Reelection	Outside	Independent	 Number of the Company's shares owned: 0 shares Tenure 2 years Attendance at Board of Directors meetings 14/14
[Career summary, position and areas of responsibility in the Company, and significant concurrent positions outside the Company] Apr. 1984 Joined Recruit Co., Ltd. Nov. 2005 General Manager of Public Relations Department, Philips Electronics Japan, Ltd. Jul. 2012 General Manager of Communication & Public Affairs Division, Janssen Pharmaceutical K.K. Jan. 2014 Executive Officer, General Manager of Social Communication Office, Tokyo Electric Power Company, Inc. Apr. 2018 Executive Communication Strategist, Hitachi, Ltd. Jun. 2018 Independent Director, Member of Supervisory Committee, PERSOL HOLDINGS CO., LTD. (to present) Sep. 2018 External Director, JOYFUL HONDA CO., LTD. Apr. 2019 A member of Communication Strategy Committee, Meiji University (to present) May 2021 Outside Director, the Company (to present) Jun. 2022 Outside Director, Japan Post Co., Ltd. (to present)					

Reasons for selection as a candidate for Outside Director and expected role

Chisa Enomoto has extensive experience and achievements as a leader at several companies, including foreign-affiliated companies. She is engaged in a wide range of activities and networks, including her position as an outside director at other companies and initiatives at a university. The Company is confident that she will provide supervision and advice on the sustainability information disclosure and promotion of brand strategy, which are the Company's important issues, based on her deep insight and multifaceted point of view. Accordingly, the Company nominated her for another term as a candidate for Director.

Conflicts of interest

No conflict of interest exists between the Company and Chisa Enomoto.


Candidate no. 9	Hironobu Kurosaki (September 7, 1960)	Reelection	Outside	Independent	 Number of the Company's shares owned: 0 shares Tenure 2 years Attendance at Board of Directors meetings 14/14
[Career summary, position and areas of responsibility in the Company, and significant concurrent positions outside the Company] Apr. 1983 Joined NEC Corporation Jul. 1993 Representative, Cairo Representative Office, NEC Corporation Oct. 1994 Representative, Bahrain Representative Office, NEC Corporation Apr. 2002 General Manager of Sales Department, China Business Promotion Division, NEC Corporation Jun. 2010 President, NEC Telecommunication and Information Technology Ltd. (Istanbul), NEC Corporation Jun. 2014 General Manager of Americas and EMEA Division, NEC Corporation Oct. 2017 Representative of NEC EMEA Region, President and CEO of NEC Europe Ltd. (London), NEC Corporation Apr. 2020 Senior Chief of Global Business Unit, NEC Corporation May 2021 Outside Director, the Company (to present)					

Reasons for selection as a candidate for Outside Director and expected role

The Company has nominated Hironobu Kurosaki for another term as a candidate for Director because it is confident he is able to provide appropriate supervision and advice on the Company's growth policy of discovering and commercializing business opportunities in overseas growth markets, based on his management experience in overseas business activities and business expansion and knowledge in risk management gained as the head (President) of a local subsidiary.

Conflicts of interest

No conflict of interest exists between the Company and Hironobu Kurosaki.


Candidate no. 10	Junko Owada (August 31, 1965)	Reelection	Outside	Independent	 Number of the Company's shares owned: 0 shares Tenure 2 years Attendance at Board of Directors meetings 14/14
[Career summary, position and areas of responsibility in the Company, and significant concurrent positions outside the Company] Apr. 1989 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION (now NTT Communications Corporation) Aug. 2001 Joined Human Resources Research Institute Co., Ltd. of Recruit Group Apr. 2009 Executive Officer, Recruit Management Solutions Co., Ltd. Apr. 2013 Executive Officer, Recruit Career Co., Ltd. Jul. 2016 Fellow Researcher, Recruit Career Co., Ltd. Jul. 2016 Advisor, TOKYO ICHIBAN FOODS CO., LTD. (to present) Apr. 2017 Assigned under Professional Contract of Human Resources Area, Hitachi, Ltd. (to present) Jun. 2020 Outside Director, Arbeit Times Co., Ltd. (to present) May 2021 Outside Director, the Company (to present) Jan. 2023 Outside Director, H.I.S. Co., Ltd. (to present)					

Reasons for selection as a candidate for Outside Director and expected role

Junko Owada has in-depth knowledge of human resources recruitment and training including personnel development, human resources solutions, diversity and workstyle reform, and possesses a career as an advisor related to solving issues in IT and human resources, and experience and achievements in offering consultations. The Company expects her to sufficiently provide supervision and advice on the promotion of human capital, diversity and work-style reform, which are the Company's important issues, by utilizing the said experience or achievements. Accordingly, the Company nominated her for another term as a candidate for Director.

Conflicts of interest

No conflict of interest exists between the Company and Junko Owada.

Candidate no. 11	Junko Taki (July 17, 1967)	Reelection	Outside	Independent	 Number of the Company's shares owned: 0 shares Tenure 1 year Attendance at Board of Directors meetings 11/11
[Career summary, position and areas of responsibility in the Company, and significant concurrent positions outside the Company] Apr. 1990 Joined ORIX Corporation Oct. 1997 Joined Asahi & Co. (now KPMG AZSA LLC) Jun. 2018 General Manager of Global strategies Department, Suminoe Textile Co., Ltd. Aug. 2019 General Manager of Global strategies Department and General Manager of Management Planning Department, Suminoe Textile Co., Ltd. Feb. 2021 Representative, Taki CPA Office (to present) May 2022 Outside Director, the Company (to present) Jun. 2022 Outside Audit & Supervisory Board Member, Nitta Gelatin Inc. (to present) Jun. 2022 Outside Director, NIHON KAGAKU SANGYO CO., LTD. (to present)					

Reasons for selection as a candidate for Outside Director and expected role

Junko Taki has operational experience mainly in business plan formulation, rebuilding business management platforms, and creating internal control systems for accounting in executive positions close to management at other companies. She also has a high level of knowledge as an expert mainly in accounting auditing, accounting consulting, and corporate governance as a certified public accountant. Using this experience and knowledge, the Company expects her to provide appropriate supervision and advice on investment decisions, business strategy, and internal control auditing of the Company's financial sector. Accordingly, the Company nominated her for another term as a candidate for Director.

Conflicts of interest

No conflict of interest exists between the Company and Junko Taki.

(Note) Junko Taki was appointed as Outside Director at the 111th Ordinary General Meeting of Shareholders held on May 19, 2022, and the status shown is her attendance after the said date.

(Notes)

1. The Company has entered into limited liability agreements with Kunihiro Koshizuka, Chisa Enomoto, Hironobu Kurosaki, Junko Owada and Junko Taki pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act. If their reelection is approved, the Company intends to continue these agreements. The summary of details of the agreement is as follows:
 - (i) The maximum amount of liability for damages incurred due to negligence of duties by the Outside Director shall be up to the minimum amount as provided for by Article 425, Paragraph 1 of the Companies Act.
 - (ii) The limitation of liability shall be accepted only if the Outside Director has acted in good faith and without gross negligence in performing his or her duties.
2. The Company notified the Tokyo Stock Exchange of the election of Kunihiro Koshizuka, Chisa Enomoto, Hironobu Kurosaki, Junko Owada and Junko Taki, as Independent Officers pursuant to Regulations of the Tokyo Stock Exchange. If their reelection is approved, the Company intends to continue to notify the said Exchange of their election as Independent Officers.
3. In order to support an aggressive management group to secure excellent human resources and growth, the Company has concluded a directors and officers liability insurance ("D&O insurance") agreement with the following outline. Each candidate for Director to be reelected is already an insured person of the insurance agreement, and will continue to be insured after their reelection.

In addition, new candidates will be insured after their election. When the agreement is renewed, the Company plans to renew the insurance agreement with said details.

Outline of Directors and Officers Liability Insurance ("D&O Insurance") Agreement

(1) Scope of insureds

Directors and Audit & Supervisory Board Members of the Company

(2) Share of actual insurance premiums by insured persons

The Company will bear all insurance expenses with no expenses borne by the insured persons.

(3) Outline of insured events covered

The insurance agreement covers any damages, legal costs, and other related expenses that may be incurred when insured Directors and officers become liable with regard to the execution of their duties or be claimed for damages with regard to the pursuit of such liability. However, there are some exemptions, such as the case where the insured person committed an act even though he/she had been aware that the act falls under the violation of laws and regulations.

(4) Measures to ensure that the appropriateness of duties of Directors and officers is not impaired

The insurance has a provision specifying the amount of exemption. Therefore, damages below the amount are not covered by the agreement.

(Reference) Independence Standards and Qualification for Independent Outside Directors


When electing independent Outside Directors, in addition to following independence standards designated by the Tokyo Stock Exchange, candidates are selected from people with experience in various industries or in management who possess diverse perspectives, abundant experience, in-depth understanding, and specialized expertise, and candidates who can contribute to candid, active and constructive discussions at Board of Directors' meetings are elected.

Agenda Item 3: Election of four (4) Audit & Supervisory Board Members

The terms of office of all four (4) Audit & Supervisory Board Members will expire at the conclusion of this General Meeting of Shareholders. Therefore, we request the election of four (4) Audit & Supervisory Board Members. This agenda item has been approved by the Audit & Supervisory Board.

The candidates for Audit & Supervisory Board Members are as follows.

No.	Name			Current position and responsibility in the Company	Tenure	
1	Kazuhiro Aoyama	New election	Outside	–	– years	
2	Emi Torii	Reelection	Outside	Independent	Outside Audit & Supervisory Board Member	4 years
3	Rumiko Tanabe	New election	Outside	Independent	–	– years
4	Masato Nishimatsu	Reelection			Audit & Supervisory Board Member	3 years


Candidate no.	Name		New election	Outside	Portrait	Number of the Company's shares owned:	Tenure	Attendance at Audit & Supervisory Board meetings
1	Kazuhiro Aoyama (August 20, 1968)					0 shares	– years	– / –
Career summary, position, and significant concurrent positions outside the Company								
Apr. 1991								
Joined JUSCO Co., Ltd. (now AEON CO., LTD.)								
May 2007								
General Manager of Product Department, Mega Sports Co., LTD.								
Apr. 2010								
General Manager of Sales Strategy Department, Mega Sports Co., LTD.								
Apr. 2014								
Joined Group Management Auditing Office, AEON CO., LTD.								
Nov. 2017								
General Manager of Corporate Planning Office, Mega Sports Co., LTD.								
May 2020								
Director, General Manager of Business Promotion Division and General Manager of Project Promotion Office, Mega Sports Co., LTD.								
Mar. 2021								
Director, General Manager of Business Promotion Division, Mega Sports Co., LTD.								
May 2021								
Director in charge of Products and Digitalization, G-FOOT, Co., Ltd.								
Apr. 2022								
Director, Managing Executive Officer in charge of Sales and Products, G-FOOT, Co., Ltd.								
Oct. 2022								
Director, Managing Executive Officer in charge of Sales and EC, G-FOOT, Co., Ltd.								
Apr. 2023								
Director, Managing Executive Officer, Assistant to President, G-FOOT, Co., Ltd. (to present)								

Reasons for selection as a candidate for Outside Audit & Supervisory Board Member

We expect Kazuhiro Aoyama to conduct highly effective audits with a thorough knowledge of all aspects of management due to his extensive knowledge of management and sales strategies cultivated at the AEON Group and his experience as a director. For the above reasons the Company has judged him to be capable of appropriately executing his duties, and newly nominated him as a candidate for Outside Audit & Supervisory Board Member.


Conflicts of interest

Kazuhiro Aoyama is a Director, Managing Executive Officer, and Assistant to President of G-FOOT Co., Ltd, which is a sister company of the Company, and a tenant in malls operated by the Company.

Candidate no.	Emi Torii (September 4, 1978)	Reelection	Outside	Independent	
2					
Career summary, position, and significant concurrent positions outside the Company					Number of the Company's shares owned: 0 shares Tenure 4 years Attendance at Audit & Supervisory Board meetings 15/15
Nov. 2005	Passed the national bar examination				
Apr. 2006	Legal apprentice				
Sep. 2007	Joined Nozomi Sogo Attorneys at Law				
Apr. 2015	Kanto-Shinetsu Regional Pension Records Correction Council Committee Member, Ministry of Health, Labour and Welfare (to present)				
Apr. 2019	Partner, Nozomi Sogo Attorneys at Law (to present)				
May 2019	Outside Audit & Supervisory Board Member, the Company (to present)				
Reasons for selection as a candidate for Outside Audit & Supervisory Board Member					
Emi Torii possesses experience and expertise as a corporate lawyer, and has played an important role in auditing the legality of the execution of duties by the Company's directors and improving internal control systems, thereby contributing to the Company's management. Although she has no past experience of being directly involved in corporate management, for the above reasons the Company believes her to be able to appropriately perform her duties as an Outside Audit & Supervisory Board Member, and therefore nominated her again as a candidate for Outside Audit & Supervisory Board Member.					


Conflicts of interest

No conflict of interest exists between the Company and Emi Torii.

Candidate no.	Rumiko Tanabe (December 5, 1969)	New election	Outside	Independent	
3					
Career summary, position, and significant concurrent positions outside the Company					Number of the Company's shares owned: 0 shares Tenure – years Attendance at Audit & Supervisory Board meetings – / –
Apr. 1992	Joined Asahi Shinwa Accounting, Inc. (now KPMG AZSA LLC)				
Dec. 2004	General Manager of Accounting and Finance Department and Controller, American Home Assurance Company (now American Home Assurance Co., Ltd.)				
Mar. 2006	Leader of Group Consolidated Accounting Team, FAST RETAILING CO., LTD.				
Oct. 2014	General Manager of Finance Department, HOYA CORPORATION				
Jun. 2020	Outside Director (Audit & Supervisory Committee Member), Fast Fitness Japan Incorporated				
Jul. 2020	Director, Tanabe Certified Public Accountant Office (to present)				
Sep. 2020	Outside Audit & Supervisory Board Member, TechnoPro Holdings, Inc.				
Oct. 2020	Outside Audit & Supervisory Board Member, Credit Engine Group, Inc. (to present)				
Sep. 2022	Outside Director (Audit & Supervisory Committee Member), TechnoPro Holdings, Inc. (to present)				
Reasons for selection as a candidate for Outside Audit & Supervisory Board Member					
We expect Rumiko Tanabe to conduct highly effective audits using her high level of knowledge based on her professional career due to her extensive experience as an expert in finance and accounting, including audit operations at an audit corporation, and expertise as a certified public accountant.					
Although she has never been involved in the management of a company in any way other as an outside officer, for the reasons stated above, the Company has judged that she is able to appropriately perform the duties expected of an Outside Audit & Supervisory Board Member by the Company, and has therefore newly nominated her as a candidate for Outside Audit & Supervisory Board Member.					

Conflicts of interest

No conflict of interest exists between the Company and Rumiko Tanabe.

Candidate no. 4	Masato Nishimatsu (January 19, 1955)	Reelection	
<p>Career summary, position, and significant concurrent positions outside the Company</p> <p>Mar. 1978 Joined JUSCO Co., Ltd. (now AEON CO., LTD.)</p> <p>May 2000 Director, JUSCO Co., Ltd.</p> <p>Dec. 2001 Acting Trustee for Business, MYCAL Corp. (now AEON Retail Co., Ltd.)</p> <p>Mar. 2007 Group Finance & Accounting Officer, AEON CO., LTD.</p> <p>May 2007 Vice President, AEON CO., LTD.</p> <p>May 2007 Audit & Supervisory Board Member, the Company</p> <p>Aug. 2008 Vice President, Responsible for Group Accounting and Affiliated Companies, AEON CO., LTD.</p> <p>Mar. 2013 Director, Senior Managing Director and in charge of Business Management, AEON Retail Co., Ltd.</p> <p>Feb. 2015 Director, Senior Managing Director and in charge of the Financial Units and the Corporate Planning, The Daiei, Inc.</p> <p>Mar. 2016 Executive Officer, Senior Chief Officer of Business Management, AEON CO., LTD.</p> <p>Mar. 2017 Executive Vice President and Representative Director, and in charge of Administration, AEON Retail Co., Ltd.</p> <p>May 2018 Audit & Supervisory Board Member, AEON Hokkaido Corporation (to present)</p> <p>Mar. 2020 Counselor, AEON CO., LTD. (to present)</p> <p>May 2020 Audit & Supervisory Board Member, AEON Delight Co., Ltd.</p> <p>May 2020 Audit & Supervisory Board Member, the Company (to present)</p> <p>Mar. 2022 Audit & Supervisory Board Member, FUJI MAXVALU NISHINIHO CO., LTD. (to present)</p>			<p>Number of the Company's shares owned: 0 shares</p> <p>Tenure 3 years</p> <p>Attendance at Audit & Supervisory Board meetings 14/15</p>
<p>Reasons for selection as a candidate for Audit & Supervisory Board Member</p> <p>Masato Nishimatsu's broad understanding and specialist knowledge gained in the AEON Group companies allows him to provide supervision and effective advice related to the Company's overall management. Accordingly, the Company has again nominated him as a candidate for Audit & Supervisory Board Member.</p>			

Conflicts of interest

Masato Nishimatsu is Counselor of AEON CO., LTD., which is a major shareholder (parent company) of the Company.

(Notes)

- Although Kazuhiro Aoyama is a Director, Managing Executive Officer, and Assistant to President of G-FOOT, Co., Ltd., he plans to retire before the 112th Ordinary General Meeting of Shareholders of the Company and satisfy the requirements of an Outside Audit & Supervisory Board Member.
- The "Career summary, position, and significant concurrent positions outside the Company" sections for Kazuhiro Aoyama and Masato Nishimatsu include current and previous positions as a person who executes business at AEON CO., LTD., which is the parent company of the Company, and its subsidiaries (excluding the Company).
- The Company has entered into a limited liability agreement with Emi Torii, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act. If her reelection is approved, the Company intends to continue this agreement. In addition, the Company plans to enter into the same limited liability agreement with Rumiko Tanabe if her election is approved.
The summary of details of the agreement is as follows:
 - The maximum amount of liability for damages incurred due to negligence of duties by the Outside Audit & Supervisory Board Member shall be up to the minimum amount as provided for by Article 425, Paragraph 1 of the Companies Act.
 - The limitation of liability shall be accepted only if the Outside Audit & Supervisory Board Member has acted in good faith and without gross negligence in performing his or her duties.
- The Company notified the Tokyo Stock Exchange of the election of Emi Torii, as an Independent Officer pursuant to Regulations of the Tokyo Stock Exchange. If her reelection is approved, the Company intends to continue to notify the said Exchange of her election as an Independent Officer. In addition, if the election of Rumiko Tanabe is approved, the Company intends to notify the said Exchange of her election as an Independent Officer.

5. In order to support an aggressive management group to secure excellent human resources and growth, the Company has concluded a directors and officers liability insurance (“D&O insurance”) agreement with the following outline. Each candidate for Audit & Supervisory Board Member to be reelected is already an insured person of the insurance agreement, and will continue to be insured after their reelection. In addition, new candidates will be insured after their election.

When the agreement is renewed, the Company plans to renew the insurance agreement with said details.

The Outline of the Directors and Officers Liability Insurance (“D&O Insurance”) Agreement is as described in Agenda Item 2: Election of eleven (11) Directors.

Business Report for Fiscal 2022

(March 1, 2022 – February 28, 2023)

1. Status of the corporate group

(1) Business operations during the fiscal year under review

(i) Progress and results of operations

a. Explanation of consolidated results of operations

We recorded higher revenue and profit for the consolidated fiscal year ended February 28, 2023. Operating revenue amounted to ¥398,244 million (+25.7% year on year), while operating income amounted to ¥43,979 million (+15.0%) and ordinary income amounted to ¥36,409 million (+11.9%). Extraordinary losses included losses of ¥3,037 million due to COVID-19 (¥4,075 million in the previous consolidated fiscal year), recorded as fixed costs during temporary closure periods. Extraordinary losses also included impairment loss of ¥4,461 million (¥3,302 million in the previous consolidated fiscal year), provision for loss on store closings of ¥2,017 million (no provision in the previous consolidated fiscal year), and loss on retirement of fixed assets in the amount of ¥2,499 million (¥759 million in the previous consolidated fiscal year). As a result, income before income taxes and other adjustments amounted to ¥24,592 million (-6.0% year on year). In addition, total income taxes increased ¥4,573 million year on year, mainly due to the recording of deferred tax assets in connection with the absorption-type merger of our subsidiary, OPA Co., Ltd. As a result, net income attributable to owners of parent decreased to ¥12,994 million (-32.6% year on year).

Operating Results by Segment

(Million yen)

	Operating Revenue			Segment Income (Loss)		
	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023	Change [Year on year]	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023	Change [Year on year]
China	43,139	52,538	+9,399 [+21.8%]	6,958	6,634	(324) [-4.7%]
Vietnam	5,925	13,283	+7,358 [+124.2%]	(83)	3,063	+3,146 [-]
Cambodia	3,001	5,672	+2,670 [+89.0%]	491	1,145	+654 [+133.2%]
Indonesia	3,532	5,897	+2,364 [+66.9%]	(1,084)	(987)	+96 [-]
Other	–	–	–	(24)	(15)	+8 [-]
Overseas	55,598	77,392	+21,793 [+39.2%]	6,257	9,839	+3,581 [+57.2%]
Japan	261,214	321,700	+60,485 [+23.2%]	31,945	34,114	+2,169 [+6.8%]
Reconciliations	–	(848)	(848) [-]	25	25	– [+0.0%]
Total	316,813	398,244	+81,431 [+25.7%]	38,228	43,979	+5,751 [+15.0%]

The status of sales and the effect of COVID-19 in each country are as described below. Business results for the fiscal year under review covers a cumulative period from January to December 2022 as the fiscal year-end for overseas companies is the end of December.

Overseas (China)

| Operating revenue

¥52.5 billion

| Operating income

¥6.6 billion

In China, business was significantly impacted by COVID-19 due to strict behavioral restrictions imposed based on the zero-COVID policy and the temporary closure of certain malls. The government was expected to strengthen its large-scale economic stimulus packages in the run up to the National Congress of the Communist Party of China in October, which was anticipated to recover trends in consumption, however the zero-COVID policy continued after the conclusion of the CCP Congress, and malls in areas where infections were discovered continued to be temporarily closed intermittently.

Beginning on December 7, the zero-COVID policy was eased and our malls were reopened for business, however due to major outbreaks occurring with no behavioral restrictions in place, tenant employees were not able to come to work, thus many specialty stores were closed. As a result, specialty store sales at existing malls for the fiscal year under review decreased 18.1% year on year (21 malls).

Overseas (Vietnam)

| Operating revenue

¥13.2 billion

| Operating income

¥3.0 billion

During the previous fiscal year (fiscal year ended December 31, 2021) in Vietnam, COVID-19 spread throughout the country beginning in July, and social segregation measures were implemented due to government orders, causing our malls to close specialty stores temporarily. In the current fiscal year (fiscal year ended December 31, 2022), after the government shifted to the with-COVID policy, our malls resumed operations at specialty stores across all categories, and our malls received significant support for their leisure functions such as shopping, amusement, and dining. Specialty store sales at existing malls for the fiscal year under review rose significantly by +110.1% year on year (six malls) due to the effect of sales promotion activities implemented at each mall, such as seasonal sales and Black Friday.

Overseas (Cambodia)

I Operating revenue

¥5.6 billion

I Operating income

¥1.1 billion

During the previous fiscal year (fiscal year ended December 31, 2021) in Cambodia, the government implemented urban blockades in the capital of Phnom Penh City as part of measures against the rapid spread of COVID-19 beginning in April. Therefore, stores in certain categories, such as cinemas and amusement centers, were subject to closure, shortened operating hours, and other business restrictions, which had a significant impact on our ability to attract customers. In the current fiscal year (fiscal year ended December 31, 2022), behavioral restrictions were eased significantly across the country. AEON MALL Sen Sok City (Phnom Penh City) implemented promotional activities and events to attract more customers, including a publicly broadcast event at the TV station studio located within the mall. As a result, specialty store sales at existing malls for the fiscal year under review increased 61.3% year on year (two malls).

Overseas (Indonesia)

I Operating revenue

¥5.8 billion

I Operating income

-¥0.9 billion

In Indonesia, all malls returned to regular operating hours in April, and restrictions on the number of customers allowed in facilities were lifted in May, as the government lowered the level of activity restrictions in response to a decrease in the number of new COVID-19 infections. In August, AEON MALL BSD CITY (Tangerang City, Banten Province) promoted initiatives aimed at attracting more customers through enhanced branding, which included holding an educational and hands-on event related to local production for local consumption aimed at local children. The event was held with an association of organic farmers in Indonesia as part of a collaboration with industry, academia, and the government. The event was also featured on a leading local TV station. As a result, the number of visitors to existing malls for the fiscal year under review increased 36.0% year on year (three malls).

Japan

| Operating revenue

¥321.7 billion

| Operating income

¥34.1 billion

During the fiscal year under review, we closed certain malls temporarily in the Tohoku region due to the effects of the earthquake that struck off the coast of Fukushima Prefecture on March 16. As for the effect of COVID-19, during the previous fiscal year, we closed certain malls temporarily in response to the state of emergency that was declared following an increase in the number of new COVID-19 infections. However, during the fiscal year under review, our malls operated as usual throughout the year despite a surge in the number of new cases in the seventh wave from July and the eighth wave from December. In addition to hosting events at each of our malls to attract more customers, we aggressively expanded sales promotion activities using various approaches, including promoting the AEON MALL SDGs Festival, which ran from September 16 to 27, through TV commercials, and implementing collaboration projects with specialty stores for sale campaigns on Black Friday and the New Year holiday, etc. Consumer behavior is gradually picking up in Japan in line with the shift to with-COVID. Specialty store sales at existing malls during the fourth quarter of the fiscal year under review (December to February) increased 10.0% year on year (85 malls). As a result, sales at existing specialty stores in existing malls for the current consolidated fiscal year were up +10% year on year.

New Malls Opened Overseas During Fiscal 2022

The third Aeon Mall in Cambodia, AEON MALL Meanchey, had a partial soft opening in December.

AEON MALL Meanchey

Targeting a wide range of age groups, the concept for the mall is to be an edutainment mall that combines education and entertainment. Offering the first-ever park located inside a shopping mall in Cambodia (Komsang Park), the mall will provide various value propositions as an edutainment center. The mall will also respond to ever-changing lifestyles through a fusion of the latest trends and Cambodian culture, including holding regular events for visitors to experience Cambodian culture through an industry-academia collaboration with the Royal University of Fine Arts in Phnom Penh.

Country	Cambodia
Location	Phnom Penh City
Opening Date (Note)	December 15, 2022
Number of Specialty Stores	250
Total Lease Area	98,000 m ²

(Note) Certain zones have been opened already ahead of the grand opening on April 7, 2023.

New Malls Opened in Japan During Fiscal 2022

We opened two new malls in Japan: THE OUTLETS KITAKYUSHU (Fukuoka Prefecture) in April and AEON MALL Toki (Gifu Prefecture) in October.

THE OUTLETS KITAKYUSHU

As the second regional innovative commercial facility of THE OUTLETS business model, the facility will not only offer an outlet shopping experience, but also provide edutainment that combines fun with learning. We will also work with local residents and customers to address social issues, such as by using renewable energy and reducing food loss.

Location	Fukuoka Prefecture
Opening Date	April 28, 2022
Number of Specialty Stores	170
Total Lease Area	48,000 m ²

AEON MALL Toki

The lush green grounds include a go-kart circuit track, a hot springs facility, and other attractions in surrounding buildings that allow three generation families to fully enjoy themselves all day. The mall also features an open terrace located adjacent to the restaurant zone on the first floor, providing a lush green landscape and an airy environment for dining. We installed mega solar panels on the rooftop, one of the largest such installations at a commercial facility in Japan, to create a human- and environmentally-friendly mall.

Location	Gifu Prefecture
Opening Date	October 7, 2022
Number of Specialty Stores	140
Total Lease Area	49,000 m ²

Promoting initiatives based on growth measures

The Company has defined a long-term vision through the fiscal year ending February 28, 2026 (FY2025) by which we will pursue our management philosophy and achieve further business growth. We are working together with local communities to achieve sustainable growth by creating social, environmental, and economic value.

Our current medium-term management plan covering fiscal 2020 (FYE February 28, 2021) through fiscal 2022 outlines four growth policies: (1) Achieve high profit growth overseas; (2) Achieve stable growth in Japan; (3) Pursue a finance mix and strengthen governance structures supporting growth; and (4) Pursue ESG-based management. We have identified and have been working toward the following management issues and future vision.

Management Issues and Future Vision
a. Achieve profit growth in overseas businesses and accelerate new mall openings Aim for high profit growth in our overseas business, accelerating the opening of new malls in the growing markets of China and ASEAN, and expanding floor space at existing malls.
b. Maximize the attractiveness of brick-and-mortar malls through customer experience (CX) Maximize the attraction of brick-and-mortar malls in our business in Japan by offering community solutions, creating new initiatives in collaboration with tenant companies, striving for the rapid resolution of vacant floor space and other priority issues, and creating CX.
c. Build next-generation malls and pursue the urban shopping center business Pursue an urban shopping center business (urban development), including the creation of environments responding to the era of the new normal, construction of next-generation malls, office complexes, and the revitalization of the OPA business.
d. Pursue digital transformation (DX) Leverage digital and data technologies to pursue DX, including the creation of new business models, business development that creates new customer lifestyles, operating systems for a new era, and improved employee satisfaction.
e. Pursue medium-term strategies, accelerate reforms based on ESG perspectives Create economic, social, and environmental value for stakeholders by accelerating reforms based on ESG perspectives, with a focus on addressing materialities (key issues) using clearly defined performance indicators.

Achieve profit growth in overseas businesses and accelerate new mall openings

(Open new malls in growth areas)

In Vietnam, our most important area for new mall openings, we signed new comprehensive memoranda of understanding to implement investment decisions for shopping mall development with the Ho Chi Minh City Hoc Mon district, the Dong Nai Province neighboring Ho Chi Minh City, and Da Nang City in the central area of the country, in April, May, and June 2022, respectively. In May, we announced the decision to open AEON MALL Hue (Hue City) in Hue City, the capital of Thua Thien Hue Province, which is our first mall in the central area of the country. Construction was started in February 2023, aiming for a scheduled opening in the second half of fiscal 2024.

- June 2022
Signed a mutual collaboration agreement with Da Nang City
- February 2023
Started construction on AEON MALL Hue
Opening scheduled in the second half of fiscal 2024

In China, we began construction on AEON MALL Wuhan Jiangxia (tentative name; Wuhan City, Hubei Province), AEON MALL Hangzhou Qiantang Xinqu (tentative name; Hangzhou City, Zhejiang Province), and AEON MALL Changsha Chatang (tentative name; Changsha City, Hunan Province). New malls are scheduled to open beginning in fiscal 2023.

In Cambodia, our third mall AEON MALL Meanchey had a partial soft opening in December, and we held its grand opening on April 7, 2023. AEON Mall Phnom Penh (Phnom Penh City), our first mall in Cambodia, will evolve into a luxury urban mall. We plan to expand floor space and reopen the facility in fiscal 2023. By developing merchandising that takes advantage of the locations of this mall and our second Phnom Penh City mall, AEON MALL Sen Sok City, which features expanded entertainment functions, we plan to strengthen our dominance in the Phnom Penh area.

In Indonesia, we started the construction of our fifth mall AEON MALL Delta Mas (tentative name; Bekasi Province) toward an opening in fiscal 2024. Delta Mas City, the planned location, aims to become a smart city representing Asia as one of the world's largest urban development businesses operated by Sinar Mas Land, the largest real estate company in Indonesia, and Sojitz Corporation of Japan. We will also engage in this project proactively and contribute to its development as a core regional facility. Our fourth mall in Indonesia, AEON MALL Tanjung Barat (South Jakarta), which had a partial soft opening in November 2021, held its grand opening in May.

(Evolve existing malls through revitalization)

We will continue to evolve our existing malls in both physical and intangible ways through revitalization, thereby responding to the rapidly changing lifestyles of our customers.

In China, AEON MALL Tianjin Zhongbei (Tianjin City) underwent renovations to increase floor space, despite the impact of restrictions on entry into Tianjin from outside the city due to the government's zero-COVID policy. We held a soft opening on September 9, followed by the grand opening on November 11. We converted the third floor, which had been used as a parking lot, into retail space and installed a new restaurant area. We also added new specialty stores on existing floors, creating a mall with 230 specialty stores (+63 stores) and a total lease area of 76,000 m² (+16,000 m²).

September 2022

AEON MALL Tianjin Zhongbei reopened after floor space expansion and renovation

- Converted the third floor parking lot into retail space
- Added 63 specialty stores
- Expanded children's fashion, food & beverage, and amusement functions

At AEON MALL Wuhan Jingkai (Wuhan City, Hubei Province), we renovated a total of 84 stores over two phases in April and July. Moreover, in August, we increased parking capacity to 4,500 cars by adding a multi-story parking lot, evolving the mall into one of the largest in the area. AEON MALL Wuhan Jinyintan (Wuhan City, Hubei Province) also underwent renovations over two phases in July and September. We renovated the mall and replaced a total of 41 specialty stores to strengthen the dominance of our malls in the Wuhan area and further improve our ability to attract customers.

Maximize the attractiveness of brick-and-mortar malls through customer experience (CX)

(Initiatives to improve CX that can only be offered at brick-and-mortar malls)

As consumer behavior and purchasing habits change at an accelerating pace, AEON MALL, which is in the business of operating brick-and-mortar malls, strives to keep improving our ability to attract customers by creating new customer experiences (customer experiential value) and maximizing the appeal of brick-and-mortar malls.

As customer needs for open and comfortable outside zones increase, we are striving to create facility environments that will become a place of relaxation for our customers. These initiatives include incorporating arrangements that appeal to the five senses by offering peace of mind and comfort.

THE OUTLETS KITAKYUSHU, which opened on April 28, makes the most of an open-air environment, offering beautiful planted landscapes that match the theme of each street. Here we have created an environment that provides visitors with a pleasant setting where they can shop while walking through a park.

AEON MALL Toki, which opened on October 7, features an open terrace located adjacent to the restaurant zone on the first floor, designed to provide a lush green landscape and an airy environment for dining.

We installed automatic volume control devices in the mall's open atrium court, common corridors, food court, etc., and also increased the number of speakers in the facility compared with other malls. In this way, we are aiming to create an acoustic environment that can be experienced by all five senses.

October 2022

AEON MALL Toki opened

Features open terrace located adjacent to restaurant zone. Visitors can enjoy dining in a lush green landscape.

November 2022

AEON MALL Hamamatsu Shitiro reopened after renovation

The second floor outdoor terrace was renovated and remodeled by adding new tables and sofas and a design featuring wood accents. The space provides a green and relaxing atmosphere.

As a new way of utilizing the sites around malls, we will collaborate with local governments, partner companies, and others to create an environment tailored to new life styles, thereby generating a good turnout and encouraging human interactions. In doing so, we will create new value for customers that traditional malls have failed to offer, as well as providing opportunities for increased revenue.

AEON MALL Toki aims to provide a high-quality entertainment experience for people of all ages by utilizing its vast site of over 200,000 m², which includes a go-kart circuit track, a hot springs facility, a large SUV dealer, and other attractions in surrounding buildings.

(Digital Technology Initiatives for Improved Customer Experience (CX))

The Company aims to create more attractive floors and enhance customer services by integrating customer behaviors, market data, and other various data owned by the Company to create effective marketing data. In doing so, we will utilize the integrated data in providing solutions that envision the life stages of each customer.

Aiming to enhance the customer shopping experience through digitization, we continue to develop new functions for the AEON MALL app by improving usability and providing up-to-date information, etc. The app has been downloaded a total of around 17 million times as of the end of February 2023. We are working towards strengthening touchpoints with customers to increase the frequency of their visits to our malls. In January, we added a new function to award WAON e-money points (lottery basis) to customers who opted not to receive spoons or other cutlery items. This project has been adopted as the subsidized Green Life Point program promoted by the Ministry of the Environment. We will support increasingly environment-conscious customers in changing their lifestyles towards realizing a decarbonized society.

As a co-creation initiative with specialty store retailers to utilize digital technology, we launched an initiative to distribute product recommendations and coordination suggestions from specialty store staff working at AEON MALL locations nationwide on interior digital signage. Customers who visit the mall can visit the specialty stores and enjoy shopping based on the information given by excellent staff influencers who work at the respective specialty stores.

Build next-generation malls and pursue the urban shopping center business

Based on the market analysis from various perspectives, we will build next-generation malls across a variety of development patterns according to the characteristics of the location in question. In this way, we will develop malls capable of proposing new value.

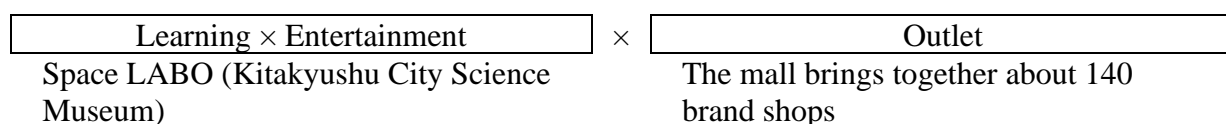
As the second regional innovative commercial facility of THE OUTLETS business model, THE OUTLETS KITAKYUSHU will not only offer an outlet shopping experience, but also provide edutainment that combines fun with learning to meet domestic and international tourism demand in cooperation with the local community and surrounding tourist facilities.

April 2022

THE OUTLETS KITAKYUSHU opened

Three value propositions

- LIFE ENTERTAINMENT
- OUTLET SHOPPING EXPERIENCE
- SUSTAINABLE ACTION



OPA Co., Ltd., a subsidiary company, is working to improve profitability by concentrating management resources for the management and operations of eight urban facilities, mainly located near transportation hubs. OPA is also pursuing the creation of a new business model through DX, engaging in initiatives to achieve operating efficiencies, and other measures.

At Kanazawa FORUS (Ishikawa Prefecture), we launched the MIHON-ICHI KANAZAWA as a virtual shop. This shop sells selected traditional crafts from Ishikawa Prefecture. We used the latest AR technology to demonstrate a new shopping experience, including the ability to view products freely in 360 degrees.

Takasaki OPA (Gunma Prefecture) worked to reduce clothing waste by collecting, sorting, and re-dyeing clothes and repurposing them as new apparel. This project represents the creation of a new upcycling community for clothing.

March 2022

MIHON-ICHI KANAZAWA launched at Kanazawa FORUS

A trade fair-like shop for selected local products

Rolls out products made in Ishikawa, including pieces made by local companies and young artists.

August 2022

A proof-of-concept test conducted at MIHON-ICHI KANAZAWA virtual shop

New shopping experience utilizing WebXR Commerce

Sells highlighted specialty items selected from products available in the actual store.

Pursue digital transformation (DX)

We believe human perception and the personalities of each individual are essential. With setting the achievement of DX focused on human perception as our DX vision, we are pursuing initiatives to develop businesses that create new value catering to the life stages of our customers, create new business models via co-creation with local communities and partners using digital technology and data, and establish operating systems for the next generation.

To generate business ideas for a new future of living, we held our first Business Ideathon (Note) in May for the purpose of co-creating ideas with individuals active outside the Company. This initiative is designed to generate business ideas that combine social issues and new technologies with the Company's management resources. We invited participants from the general public, including people in new business development and start-up companies, as well as students studying areas related to business design, to leverage their diverse perspectives and experiences in examining the Company's business model through new ideas that go beyond the framework of commercial facilities.

(Note) A term created by combining the words "idea" and "marathon." This competitive event involves small groups brainstorming and submitting ideas on a specific topic.

Japan

May 2022
Business Ideathon held

We held our first Business Ideathon (Note) in May for the purpose of co-creating ideas with individuals active outside the Company to generate business ideas for a new future of living.

In China, we launched a business co-creation program with startup companies in China, aiming to create innovative businesses that will design the future of living in the region. The objective of the program is to transform existing industries and solve social issues by combining the Company's assets with the cutting-edge technologies of various startups, soliciting a range of business propositions on the topics of ESG, improved customer experience, and more

China

Started in September 2022
AEON MALL ACCELERATOR PROGRAM

In an aim to create innovative businesses that will design the future of living in the region, we partnered with ReGACY Innovation Group Co., Ltd. with the aim of soliciting business proposals from startup companies in China to achieve open innovation through co-creation.

Pursue medium-term strategies, accelerate reforms based on ESG perspectives

The Company analyzes materialities taking into account SDGs and social issues in Japan and overseas, and evaluates their importance for stakeholders and the Company. As material issues from ESG perspectives, the Company has defined ten items consisting of five areas: developing community and social infrastructure; building bridges to local communities; environment; diversity and work-style reform; and accountability in business. We are engaged in measures toward ESG-based management, working to raise employee awareness, for example, by incorporating matters related to materialities in the personal goals of our employees, and through co-creation initiatives with customers, communities, partners, and other stakeholders.

(Initiatives to create environmental value)

- Began operation of AEON MALL Machi no Hatsudensho (community power plant), a low-voltage, distributed solar power generation system through a self-directed transmission system

In September, we began operation of the AEON MALL Machi no Hatsudensho (community power plant), a low-voltage, distributed solar power generation system through a self-directed transmission system (Note). As a first step, approximately 65 MW of electricity (equivalent to the electricity consumption of four AEON MALL facilities) generated at approximately 740 low-voltage solar power plants nationwide will be supplied to approximately 30 AEON MALL facilities across Japan through a self-directed transmission system. We will continue to expand solar power generation and various other Machi no Hatsudensho installations throughout Japan.

AEON MALL Toki has installed solar panels on its rooftop under the PPA model, which have the largest power generation capacity among commercial facilities in Japan. The panels generate and use electricity equivalent to approximately 20% of the electricity used in this mall, contributing to the expanded use of renewable energy, as well as cost reductions in the face of soaring unit prices for electricity procured from power companies.

(Note) Transmission of electricity generated by solar power generation facilities in remote areas to the Company's own facilities or those of its group companies, using the transmission and distribution facilities of power transmission and distribution companies.

- Initiatives to reduce food loss

THE OUTLETS KITAKYUSHU introduced doggie bags in its food court, providing an environment where customers can take food home for consumption later.

At locations where doggie bags are available, we also installed collection devices to collect leftover food. After collecting the leftover food, we convert it into compost using a bio-composter.

- Build a resource recycling system throughout our facilities

AEON MALL Ota (Gunma Prefecture) crushed previously removed pavement material and reused as new pavement material in the renovation of the west side single-level parking lot in preparation for floor space expansion and reopening in spring 2024.

AEON MALL Toki, in collaboration with a local tile workshop, used soil excavated from the construction site as part of the tile materials for the wall surfaces of the open terrace.

- Initiatives to preserve biodiversity

AEON MALL Shinrifu North Wing (Miyagi Prefecture) held a birdhouse workshop in November. Under the guidance of experts, we installed birdhouses made of thinned wood sourced from Minamisanriku around the mall grounds, aiming to conserve wild birds living in the area. This initiative involved interacting with the nature of Rifu Town and Minamisanriku, and provided an opportunity to encourage people to cherish the natural environment.

(Initiatives to create social value)

- Pursue localization in Japan and overseas

By actively pursuing localization initiatives in cooperation with local communities in Japan and overseas, our malls aim to become community spaces that are both rooted in and relied upon by the local community.

As an example of our initiatives in Japan, AEON MALL Toki undertakes various activities to promote Toki Mino ware, a traditional craft from the Tono region in Gifu Prefecture. In addition, the mall is home to TOKI MEKKU, a childcare support facility operated by a non-profit organization on behalf of Toki City. The facility is widely used by parents of small children as a place to interact and discuss concerns and worries about childcare.

Japan	<p>October 2022</p> <p><u>AEON MALL Toki opened TOKI MEKKU, a childcare support & interaction facility</u></p> <p>Opened TOKI MEKKU, a childcare support & interaction facility operated by a non-profit organization on behalf of Toki City. Offers a place for parents of small children to interact and relieve concerns about childcare.</p>
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Beginning in 2015, we have been carrying out our Ultimate Localization program with the aim of addressing local issues and continually refining the appeal of local communities. Each mall nationwide collaborates in six areas: Industry; Education; Government; Private Organizations; Culture & History; and Products. We expanded this program in fiscal 2022, with more than 160 projects planned and implemented under the title, *Heartful Sustainable Projects*. Our Kyusyu & Okinawa Business Department collaborated with AEON Kyushu Co., Ltd. and JA (Japan Agricultural Cooperatives) in planning and conducting events to promote vegetables grown in Kyushu. The department co-created projects in collaboration with specialty stores, including offering limited menus at specialty restaurants featuring Kyushu-grown vegetables and hosting related events in the common areas of the mall. As an initiative to promote “local production for outside consumption (Note)” through a mutual collaboration with the Kyushu region, we contributed to local businesses by connecting them to wider distribution channels for local commodities.

In China, malls and area headquarters are involved actively in projects. As one example, AEON MALL Tianjin TEDA (Tianjin City) partnered with a local TV station to promote agricultural products previously consumed only locally. The mall also held a tasting event as part of support activities for local agricultural development.

(Note) In contrast to “local production for local consumption,” in which regionally produced products are consumed in that area, “local production for outside consumption” means that consumption goes beyond the local region and products are consumed in areas with a larger market, or even overseas.

China	July 2022 <u>AEON MALL Tianjin TEDA engaged in activities to support local agriculture</u> Partnered with a local TV station to promote agricultural products that had previously only been consumed locally, as well as held tasting and on-line ordering events at the mall.
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- SDGs Festival

We held the AEON MALL SDGs Festival over a period of 12 days from September 16 to 27. This period includes the date on which the Sustainable Development Goals (SDGs) were adopted (September 25). In collaboration with government agencies, local organizations, and partner companies, we implemented about 500 original programs on topics such as communicating the attractiveness of communities, disaster prevention, food drives, health, etc. By inviting customers to participate casually in these events, we encouraged them to change their mindset from knowing about the SDGs to learning about the SDGs through participation.

(Sustainability finance initiatives)

In April, we issued ¥40.0 billion of Sustainability-Linked Bonds (“Bonds,” see Note 1) for individual investors for the purpose of solving social issues and for environmental considerations. We issue these Bonds as a sustainability finance initiative toward the creation of decarbonized societies. These Bonds are issued on terms that vary according to the whether we achieve predetermined sustainability targets.

Name	AEON MALL Co., Ltd. Unsecured Bond Series 30 (with inter-bond pari passu clause) (Sustainability-Linked Bonds)
Term	5 years
Amount	¥40.0 billion
Coupon Rate	0.490%
Condition Determination Date	Friday, April 15, 2022
Date of Issuance	Thursday, April 28, 2022
Redemption Date	Wednesday, April 28, 2027
Rating	A- (Rating and Investment Information, Inc.)
SPT (Note 2)	CO2-free electricity used at all AEON MALL locations in Japan by the end of fiscal 2025
Bond Attributes After Determination	If the SPT is confirmed to be unachievable at the time of judgment at the end of fiscal 2025, an amount equivalent to 0.2% of the bond issue amount will be donated to a public interest incorporated foundation (AEON Environmental Foundation, etc. (Note 3)) by the end of October 2026.
Lead Underwriter	Mizuho Securities Co., Ltd. (Administration), Daiwa Securities Co., Ltd., Nomura Securities Co., Ltd.
Sustainability-Linked Bond Structuring Agent (Note 4)	Mizuho Securities Co., Ltd.
Third-Party Evaluation	We received a second opinion about the Bonds from Rating and Investment Information, Inc. about the conformity of these bonds with the Sustainability-Linked Bond Principles of the International Capital Market Association.

- (Notes) 1. Refers to bonds whose terms and conditions vary depending on whether the issuer achieves predetermined sustainability goals. The bond proceeds do not have to be used for specific purposes necessarily, but the bonds are evaluated based on key performance indicators (KPIs) and SPTs determined beforehand by the issuer. SPTs are target values to be achieved with respect to the KPIs. The terms of the bond change depending on whether the KPIs have achieved the SPTs, thereby motivating the issuer to achieve the SPTs.
2. Sustainability performance target. A goal based on the issuer’s business strategy that determines the terms and conditions of the sustainability-linked bond issue.
3. The AEON Environmental Foundation (<https://www.aeon.info/ef/en/>) is engaged in public service activities focusing on grants, support, tree planting, awards, and environmental education. Established in December 1990 with donations from Mr. Takuya Okada (honorary chairman and advisor of AEON CO., LTD. and chairman of AEON Environmental Foundation) and two others, based on the AEON basic principle of “pursuing peace, respecting humanity, and contributing to local communities, always with the customer’s point of view as its core.” After receiving approval as a designated public interest corporation in 1991, the foundation became a public interest incorporated foundation in 2009.
4. Entities that provide support for the implementation of sustainability finance through advice on the design of sustainability-linked bond products and on obtaining external third-party evaluations such as second opinions.

(ii) Capital investment

The total amount of capital investment for the fiscal year under review was ¥102,297 million (including long-term prepaid expenses).

It consisted of ¥57,464 million (Japan), ¥13,584 million (China) and ¥31,247 million (ASEAN) in the Mall Business. In Japan, the Company mainly invested in the opening of its new mall, THE OUTLETS KITAKYUSHU, and the acquisition of land for AEON LakeTown OUTLET. In China and ASEAN, the Company mainly invested in the renovation of AEON MALL Wuhan Jingkai and AEON MALL Tianjin Zhongbei in China, and in the opening of a new mall, AEON MALL Meanchey, in ASEAN. In addition, the Company made investments including the advance acquisition of land for development.

(iii) Financing

In the fiscal year under review, the Company raised ¥55,946 million from current partner banks, etc. as long-term debt, and ¥80,000 million through issuance of bonds.

(2) Changes in assets and profit and loss

(i) Consolidated business results and assets

Classification	2019 (Fiscal year ended February 29, 2020)	2020 (Fiscal year ended February 28, 2021)	2021 (Fiscal year ended February 28, 2022)	2022 (Current fiscal year) (Fiscal year ended February 28, 2023)
Operating revenue (million yen)	324,138	280,688	316,813	398,244
Ordinary income (million yen)	56,117	28,437	32,540	36,409
Net income (loss) attributable to owners of parent (million yen)	34,239	(1,864)	19,278	12,994
Net income (loss) per share (yen)	150.50	(8.19)	84.72	57.10
Total assets (million yen)	1,381,217	1,394,199	1,463,256	1,559,592
Net assets (million yen)	404,522	387,486	426,931	451,711
Net assets per share (yen)	1,731.11	1,658.23	1,830.21	1,935.77
Cash flows from operating activities (million yen)	133,645	61,621	61,492	101,490
Cash flows from investing activities (million yen)	(95,783)	(64,444)	(122,382)	(103,276)
Cash flows from financing activities (million yen)	22,808	12,244	8,225	13,515
Cash and cash equivalents at end of the period (million yen)	114,368	124,080	82,973	101,101

(Notes) 1. Net income (loss) per share is calculated based on the average total number of shares issued and outstanding during the period.

2. The status for fiscal 2022 (current fiscal year) is as described in (1) Business operations during the fiscal year under review, (i) Progress and results of operations.

3. The Company adopted *Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020)* as of the beginning of the fiscal year under review. Figures for the fiscal year under review reflect the application of this accounting standard.

(ii) Non-consolidated business results and assets

Classification	2019 (Fiscal year ended February 29, 2020)	2020 (Fiscal year ended February 28, 2021)	2021 (Fiscal year ended February 28, 2022)	2022 (Current fiscal year) (Fiscal year ended February 28, 2023)
Operating revenue (million yen)	249,469	216,397	247,951	306,540
Ordinary income (million yen)	51,901	30,514	32,059	32,036
Net income (million yen)	33,766	2,027	25,337	19,804
Net income per share (yen)	148.42	8.90	111.35	87.03
Total assets (million yen)	1,259,519	1,272,173	1,315,583	1,412,367
Net assets (million yen)	438,449	431,509	446,649	453,991
Net assets per share (yen)	1,926.93	1,896.28	1,962.75	1,994.96

(Notes) 1. Net income per share is calculated based on the average total number of shares issued and outstanding during the period.

2. The Company adopted *Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020)* as of the beginning of the fiscal year under review. Figures for the fiscal year fiscal year under review reflect the application of this accounting standard.

3. During fiscal 2019, AEON Fujiidera Shopping Center was newly opened on September 14, 2019.

4. During fiscal 2020, AEON MALL Ageo was newly opened on December 4, 2020.

5. During fiscal 2021, the following AEON malls were newly opened on the dates shown: AEON MALL Shinrifu South Wing on March 5, 2021; AEON MALL Kawaguchi on June 8, 2021; AEON MALL Hakusan on July 19, 2021; and AEON MALL Nagoya Noritake Garden on October 27, 2021.

6. During fiscal 2022, THE OUTLETS KITAKYUSHU was newly opened on April 28, 2022, and AEON MALL Toki was newly opened on October 7, 2022.

(3) Parent company and major subsidiaries

(i) Relationship with parent company

The Company's parent company is AEON CO., LTD., and 58.80% of the Company's voting rights are held by AEON CO., LTD. and its subsidiaries, including 58.22% under its direct ownership.

The Company entrusts AEON CO., LTD to manage funds. With regard to the business conditions, the Company determines whether or not the business can be performed independently from the parent company in accordance with the internal rules established by the Board of Directors, based on the business conditions with financial institutions in general. Therefore, it is judged that the business does not harm the Company's interests.

(ii) Major subsidiaries

Name	Location	Common Stock	Voting Rights	Main Businesses
AEON MALL (CHINA) BUSINESS MANAGEMENT CO., LTD.	Beijing City, China	US\$ 62,700 thousand	100%	Mall Business
AEON MALL (CAMBODIA) CO., LTD.	Phnom Penh City, Cambodia	US\$ 512,925 thousand	100%	
SUZHOU MALL REAL ESTATE DEVELOPMENT CO., LTD.	Jiangsu Province, China	US\$ 212,000 thousand	100%	
PT. AEON MALL INDONESIA	Jakarta City, Indonesia	IDR 8,499,406 million	92.9%	
AEON MALL (GUANGDONG) BUSINESS MANAGEMENT CO., LTD.	Guangdong Province, China	RMB 390,000 thousand	100%	
PT. AMSL INDONESIA	Banten Province, Indonesia	US\$ 60,000 thousand	66.9%	
WUHAN MALL REAL ESTATE DEVELOPMENT CO., LTD.	Hubei Province, China	US\$ 257,000 thousand	100%	
AEON MALL HIMLAM COMPANY LIMITED	Hanoi City, Vietnam	US\$ 200,000 thousand	90.0%	
AEON MALL VIETNAM CO., LTD.	Hanoi City, Vietnam	US\$ 583,302 thousand	100%	
HANGZHOU YUHANG LIANGZHU MALL REAL ESTATE DEVELOPMENT CO., LTD.	Zhejiang Province, China	US\$ 169,000 thousand	100%	
PT. AMSL DELTA MAS	West Java Province, Indonesia	US\$ 64,730 thousand	66.9%	
AEON MALL (CHINA) CO., LTD.	Tianjin City, China	US\$ 515,421 thousand	100%	
AEON MALL DIANYA (TIANJIN) BUSINESS MANAGEMENT CO., LTD.	Tianjin City, China	RMB 312,000 thousand	100%	
YANTAI MALL REAL ESTATE DEVELOPMENT CO., LTD.	Shandong Province, China	US\$ 163,000 thousand	100%	
CHANGSHA MALL COMMERCIAL DEVELOPMENT CO., LTD.	Hunan Province, China	US\$ 90,488 thousand	100%	
HANGZHOU HANGDONG MALL REAL ESTATE DEVELOPMENT CO., LTD.	Zhejiang Province, China	US\$ 152,000 thousand	100%	
OPA Co., Ltd.	Chiba-shi, Chiba	¥10 million	100%	Urban Shopping Center Business

(4) Main businesses (as of February 28, 2023)

The Group consists of the Company, whose parent company is AEON CO., LTD., and 53 consolidated subsidiaries, including OPA Co., Ltd., five other subsidiaries in Japan, AEON MALL (CHINA) BUSINESS MANAGEMENT CO., LTD., 35 other subsidiaries in China, three subsidiaries in Cambodia, two subsidiaries in Vietnam, three subsidiaries in Indonesia, one subsidiary in Singapore, and two subsidiaries in Myanmar. The Company operates the Mall Business. Among the consolidated subsidiaries, OPA Co., Ltd. and two other subsidiaries are engaged in the Urban Shopping Center Business, while the remaining 50 subsidiaries are engaged in the Mall Business, etc.

The Company is the central entity in the AEON Group responsible for the Shopping Center Development Business. The Company leases mall shop space to general tenants, as well as AEON Retail Co., Ltd. (general merchandise store operator) and other companies within the AEON Group.

(5) Priorities

AEON MALL Co., Ltd. is a Life Design Developer, creating the future of community living as we pursue our basic principle that the customer comes first. Under this management philosophy, we have coined the phrase “Heartful and Sustainable” for our activities as a corporate citizen that contribute to the development and revitalization of communities and society, and we are striving to achieve sustainable societies through various initiatives.

We will develop malls localized to the characteristics of each community we serve in Japan and around the world. In this way, we will contribute to better individual lifestyles and community growth. We will continue to provide solutions to regional and social issues through co-creation initiatives with customers, communities, partners, shareholders, investors, and other stakeholders. In doing so, we will establish our position through social infrastructure functions to be a central facility for the local community.

AEON MALL Co., Ltd. has defined a long-term vision for fiscal 2025 through which the Company will pursue its management philosophy and achieve further business growth.

Vision for 2025
1) Build a portfolio of multiple business models, rather than rely on domestic malls as a single source of profit generation.
2) Make AEON MALL a leading global commercial developer with consolidated operating income of ¥85.0 billion (Note).
3) Conduct floor space expansions and renovations in Japan to become the overwhelmingly dominant mall in each region.
4) Secure growth markets overseas, expand overseas business to 50 malls, and record operating income of ¥27.0 billion (20% profit margin).

(Note) Changed from the consolidated operating income of ¥90.0 billion to ¥85.0 billion on April 11, 2023.

Under the above long-term vision, we have newly formulated a medium-term management plan covering fiscal 2023 (FYE February 29, 2024) through fiscal 2025. To advance ESG-based management we have pursued as a growth policy, we have set out policies to pursue a shift to regional markets in Japan and overseas and to create health and wellness platforms.

We are committed to establishing fully integrated ESG-based management to create economic, social, and environmental value for stakeholders, thereby achieving sustainable growth. More specifically, as our growth policies, we plan to find business opportunities in growing overseas markets to launch new businesses, pursue business model reform in Japan, and create a new business model that advances beyond the existing business framework. As the foundation of our growth, we will pursue a stronger financial foundation and organizational structure for sustainability.

➤ Our Policies

(Pursuing a shift to regional markets in Japan and overseas)

Demographic change has made issues facing countries and regions increasingly diverse and complex. In society that deals with those issues, we focus on people's life in each region, instead of the whole country, to thoroughly analyze and research markets, so that we operate our business through co-creation with local stakeholders to address the issues and needs in each region. Moreover, we will work more closely with AEON Group companies to seamlessly offer products, services, and lifestyle infrastructure designed for local consumers as a central facility in each AEON living zone (Note).

(Note) We have set "AEON living zones" as one of the AEON Group's growth strategies to combine AEON Group companies' comprehensive strengths so that we seamlessly offer community-based products, services, and lifestyle infrastructure, thereby enriching customers' everyday life.

(Creating health and wellness platforms)

We are committed to creating regional health and wellness platforms designed to support not only customers' physical and mental health, but the health of local communities and the environment. To establish these platforms, we work to find tenants in the wellness business to create pleasant and delightful space in our facilities, set a new arrangeable zone, or create a new wellness-related business. In doing so, we will add depth to the value we offer to local residents, so that we will continue to support people's life with a sense of well-being in their communities.

➤ Growth Policies

(Finding business opportunities in growing overseas markets to launch new businesses)

We plan to find and secure property in areas with considerable growth potential and accelerate new mall openings in order to achieve the goal of having 50 malls by the end of fiscal 2025. We will also delve into issues facing each country and region through the business we operate solely in the form of malls and find new business opportunities that go beyond the framework of commercial facilities. In doing so, we will create and use a new model of value creation suitable for regional characteristics as we operate our business.

- Accelerating mall openings in priority areas

As of the end of fiscal 2022, we operate a total of 35 malls overseas, including 22 malls in China, 6 malls in Vietnam, 3 malls in Cambodia, and 4 malls in Indonesia.

In Vietnam, the most important area for new mall openings, we have signed mutual cooperation agreements with the local governments of the priority areas through

Comprehensive Memoranda of Understanding to Implement Investment Decisions for Shopping Mall Development. We plan to accelerate area-dominant mall openings in the south of the country, focused on Ho Chi Minh City, and in the north of the country, focused on Hanoi, along with in the surrounding cities in the central part of the country.

In China, we have worked on area-dominant mall openings in the four areas of Beijing/Tianjin/Shandong, Jiangsu/Zhejiang, Hubei, and Guangdong. In the coming years, we will focus on Hubei and Hunan Provinces in an inland region with growth potential as key areas for our malls, accelerating new mall openings.

- New business expansion toward solving regional issues

In Cambodia, we plan to open new Sihanoukville Logistics Center in fiscal 2023 to launch the country's first multi-function logistics center business that will serve as a platform for overseas logistics. If Cambodia is to establish itself as an international production base, providing and running bonded warehouses is essential. We intend to offer greater customer convenience through this business, along with business opportunities and services to a wide variety of business operators, including our own, thereby contributing to the further development of the country.

We may face challenges in continuing logistics services in the logistics industry at the same level of quality, due to driver shortages, soaring fuel prices, and caps on driver overtime beginning in 2024. As a new value offering to partners who have opened stores, we now offer joint delivery services from the Kinki and Tokai regions to the Nagoya area. Also, by sharing packing materials and hangers, we aim to offer not only economic value, but also environmental value.

(Pursuing business model reform in Japan)

In Japan, our external environment sees the population declining, a labor shortage due to the low birth rate and aging population, construction unit prices remaining high due to rising materials prices, and lower motivation of specialty store companies, especially apparel ones, to open stores, among others. Our internal environment faces major issues of slow sales at specialty stores, especially those in the apparel business, and of lower investment efficiency due to rising construction cost. We see opportunities in this business environment that dramatically changes from day to day. We intend to pursue the reform of the existing business model in order to address ever-changing local issues, adapt to customers' values, and meet potential needs, thereby strengthening the ability to attract customers and improve the profitability of our business in Japan.

- Diversify Value Offerings Tailored to the Market

We diversify the value we offer to customers in Japan by researching the needs of customers in the areas surrounding our malls and introducing new malls in new formats that break from past approaches. In addition to expanding the functions of existing mall formats, we provide solutions to foster well-being among customers and communities. We do so by proposing new lifestyles in local communities and by diversifying the value we provide in response to local issues, adopting development approaches, include complex facilities and urban formats, that match the characteristics of each location.

- Effective use of existing assets to improve profitability

We plan to rework the business model that centers on existing malls in order to advance the diversification of revenue models suitable for BOPIS (Note) that has become increasingly common and for the changing roles of brick-and-mortar stores, among others, in addition to securing conventional rental income. To ensure the effective use of our existing assets, we will create new business premises based on how much of the site and parking area in a mall is actually used, so that we will be able to generate new value from each site that has not been fully used. We intend to create more attractive malls by actively enticing businesses into external buildings and offering lively events or activities, so that we will create and offer new value that urges customers to visit our malls, boosting our ability to attract visitors.

(Note) BOPIS stands for “buy online, pick up in store,” a strategy that allows consumers to buy products online and receive their purchases in a physical store.

- Full use of digital technologies for greater work efficiency and convenience

We intend to improve work efficiency by fully using cutting-edge digital technologies in such a way that ensures our employees have enough time to deepen their relationships with local communities and our partner companies and create new value as they perform their day-to-day work. We aim to increase the productivity of not only our employees, but people working at specialty store tenants in our malls, so that we will become a developer offering sites for physical stores that continues to be chosen by our partner companies.

- Implementation of drastic changes in our business structure

We have been working to add depth to our existing businesses while our external environment and customers’ value are rapidly changing. Despite the effort, some of our facilities have been unable to fully keep up with these changes and, consequently, their ability to attract customers and profitability have decreased, reducing their capacity to create cash flows. We plan to boost our competitiveness in our market areas through investments for rejuvenation and other means, and to improve our operational efficiency. We will also launch initiatives with a view to making drastic structural changes by taking a real estate- and finance-oriented approach.

(Creating a new business model that advances beyond the existing business framework)

In this age of uncertainty when changes rapidly occur, we focus on not only the development of our existing businesses but also the generation of businesses to create new value as we work on the expansion of our business areas.

- Enhancement of the function for office complex development

To enhance the function for office complex development, we plan to work closely with our partner companies through M&A, including capital and business alliances, for regional co-creation, with the aim of starting a social business as part of our business expansion intended to solve societal issues. For regional co-creation, we are considering breaking down global issues into regional ones, so that we will create new value with people we have a rapport with in order to solve these problems one by one. In March 2023, we entered into a capital and business alliance with Marimo Co., Ltd., a company that runs condominium and income property businesses and shares the same stance with us. We believe that we are capable of contributing to the “rebuilding for sustainable urban structures” and “development of

networks of compact cities with various urban functions, including those for residence in urban locations, for healthcare, welfare, and business, and for public transportation” that the Location Normalization Plan promoted by the government aims to achieve. With this belief in mind, we plan to pursue our redevelopment and office complex development businesses in urban areas.

- Initiatives to create new businesses

As part of our efforts to create new businesses, we have explored what businesses we could launch by envisioning desirable futures (backcasting), which included changing our mindset as a company and engaging in co-creation activities with other businesses through an accelerator program. We will establish a new corporate venture capital (CVC) to invest in start-up companies that have cutting-edge technologies and expertise to offer. We will also deliver new value through an in-house venture system, thereby taking up the challenge of creating new business value through the solution of local issues and advanced store management.

➤ Building Foundations

(Stronger financial foundation and organizational structure for sustainability)

While we are in a rapidly and dramatically changing business environment, we are committed to pursuing a shift to regional markets in Japan and overseas and creating health and wellness platforms as our policies to achieve the goal of establishing fully integrated ESG-based management. We intend to build a stronger financial foundation and organizational structure for sustainability in order to reinforce our management foundation that will allow us to achieve sustainable growth.

- Advancement of financing mix and optimization of our asset portfolio

To secure funds necessary for investments in overseas businesses that will be our growth drivers going forward, we intend to diversify our means of financing by advancing global financing mix that combines direct and indirect financing in Japan and overseas, liquidation of real estate, and ESG financing, among others. We will also use development lease for new properties and obtain existing excellent properties that are highly profitable as means to optimize our asset portfolio, thereby improving investment efficiency.











- Establishing a stronger management supervisory function and a system for prompt execution of business



To pursue our management strategies and growth policies, and to achieve planned figures, we introduce an executive officer system in May 2023, which will help clarify the roles and responsibilities of the organization, speed up the execution of business, and ensure effective monitoring. We plan to separate the supervision and execution of management to strengthen our supervisory function, evolve our existing businesses while developing new businesses, and clarify responsibility for execution of business while making decisions more quickly. Our efforts will also include talent development for next-generation management to establish this organizational structure.

➤ Material Issues Facing AEON MALL (Materiality)

The Company analyzes materialities taking into account SDGs and social issues in Japan and overseas, and evaluates their importance for stakeholders and the Company. As material issues from ESG perspectives, the Company has defined ten items consisting of five areas: developing community and social infrastructure; building bridges to local communities; environment; diversity and work-style reform; and accountability in business. We are engaged in measures toward ESG-based management through co-creation with customers, local communities, our partner companies, and other stakeholders, working to raise employee awareness. Such measures include incorporating matters related to materialities in the personal goals of our employees.

AEON MALL's primary course of action, goals, and what we do based on our materiality are as stated below.

Materiality		KGI (How we want to be in 2050)	KPI (Performance indicators until fiscal 2030)
Developing community and social infrastructure 	Developing sustainable and resilient infrastructure	A society in which everyone can feel safe and secure	<ul style="list-style-type: none"> • Make all malls in Japan disaster relief facilities as a measure to strengthen our BCP • Percentage of disaster response agreements signed with local governments
	Production and consumption formats	A society with near-zero impact on the global environment through appropriate production and consumption	<ul style="list-style-type: none"> • Promotion of ethical consumption. Rate of buying green • Promotion of plastic elimination initiatives
Building bridges to local communities 	Cultural preservation and inheritance	A society with an established platform for cultural inheritance	<ul style="list-style-type: none"> • Actively holding traditional and cultural events and expand them to other regions, including overseas
	Low birth rates, aging society	A society in which everyone, including children and the elderly, can live comfortably	<ul style="list-style-type: none"> • Improved services for children • Number of people supporting dementia patients
Environment     	Climate change, global warming	1. A society that has achieved decarbonization 2. A society in which all regions are environmentally conscious	<ul style="list-style-type: none"> • Expand installation of EV chargers. Number of EV chargers installed • 35% reduction in total annual CO2 emissions through the creation of renewable energy • Strengthen environmental awareness initiatives for local residents and tenants • Eco certification award rate of 100%
	Protecting biodiversity, resources	A society that is environmentally friendly and in harmony with nature	<ul style="list-style-type: none"> • Number of malls awarded ABINC (Association for Business Innovation in harmony with Nature and Community) accreditation • Achieve a 70% recycling rate (excluding thermal recycling)
Diversity and work-style reform   	Health and welfare	A society in which everyone can be both physically and mentally healthy	<ul style="list-style-type: none"> • Promote a healthy lifestyle
	Diversity, work-style	A society in which everyone has equal opportunities regardless of race, nationality, age, gender, or location	<ul style="list-style-type: none"> • Ratio of women in management roles of 30% by the end of fiscal 2023 • Paternity leave rate of 100% • Promotion of human resource development for global activities

Materiality		KGI (How we want to be in 2050)	KPI (Performance indicators until fiscal 2030)
Accountability in business  	Human rights	A society in which everyone's human rights are respected	<ul style="list-style-type: none"> Establish and implement a human rights due diligence process Human rights training attendance rate of 100%
	Bribery	Zero number of incidents	<ul style="list-style-type: none"> Conduct anti-bribery training to ensure compliance with the Basic Rules for the Prevention of Bribery Ongoing compliance with anti-bribery clauses in AEON MALL employment rules Continuous review of the compliance system of the Basic Rules for the Prevention of Bribery. Report compliance status to the president at least once a year. Thoroughly implement any corrective measures

For more details, please see “AEON MALL Materiality” on the Company’s website:
<https://www.aeonmall.com/sustainability/materiality/>

(AEON MALL’s Decarbonization Vision)

As part of our efforts toward decarbonization based on the AEON Decarbonization Vision 2050, we aim to reduce CO₂ emissions from our businesses in Japan to zero by 2040.

We have continuously promoted energy-saving activities, which include the installation of solar power generation facilities and EV chargers. In addition to these measures to reduce CO₂ emissions, we will be promoting direct renewable energy contracts in each region. Our goal is to convert the electricity used in approximately 160 malls in Japan to renewable energy by the end of fiscal 2025. Then we are switching gradually from the procurement of effectively CO₂ emission-free electricity through direct renewable energy contracts in each region to locally produced and renewable energy locally for local consumption (including PPA (Note)). By fiscal 2040, 100% of our directly managed malls will be operated under locally produced and renewable energy locally for local consumption.

We will include our overseas businesses to work toward the realization of a decarbonized society at a faster pace, with the aim of reducing total CO₂ emissions from all our business activities to zero.

(Note) PPA stands for “Power Purchase Agreement Model,” a business model in which a PPA operator uses the premises or roof of a power consumer to install a solar power generation system and sells the electricity generated by the system to the consumer.

For more details, please see “AEON MALL Sustainability” on the Company’s website:
<https://www.aeonmall.com/sustainability/>

(Establishment of circular malls)

We will incorporate the idea of a circular economy (Note) into our mall management to address the issues of waste disposal and resources. We plan to create a system for resource recycling to develop regional circular economy zones, aiming for “zero” waste, rather than “less.” To create a recycling-oriented society, we work with customers, local communities, our partner companies, and other stakeholders on plastic elimination, food recycling, and collection of used clothes, among others, as our efforts to establish “circular malls.”

(Note) A circular economy refers to economic activities, in addition to the conventional “3Rs” (reduce, reuse, and recycle), to generate added value by creating services through the effective use of stock while curbing the use of resources and consumption. It aims to maximize the value of resources and products, minimize resource consumption, and reduce waste.

(Initiatives to preserve biodiversity)

We assess the impact of our business activities on ecosystems and work with customers, government, NGOs, and other stakeholders to actively reduce the impact and engage in activities to preserve the ecosystems. Protecting biodiversity and resources is among our materiality (material issues). As a quantitative goal, we have set a goal of having more of our malls obtain ABINC® accreditation (Note) by fiscal 2030. 19 malls were accredited by the end of March 2023.

(Note) The Association for Business Innovation in harmony with Nature and Community (ABINC) independently evaluates and certifies biodiversity-conscious green space creation and other initiatives based on ABINC Guidelines created and registered by the Japan Business Initiative for Biodiversity (JBIB).

(Development of Vision for Human Resources and Organization)

Our management philosophy is “AEON MALL Co., Ltd. is a Life Design Developer, creating the future of community living.” We believe that our business is to create connections among stakeholders, including customers, local communities, and partner companies, as well as to solve local issues. We also believe that human resources are the most important capital we have for achieving sustainable growth. Based on these beliefs, we have developed the following vision for human resources and our organization that will drive innovation to achieve our management philosophy.

<Our Desired Human Resources> Life Design Producer	<Our Desired Organization> A company of professionals that continue to innovate
<ol style="list-style-type: none"> 1) Human resources who can express themselves from the viewpoint of <i>good for the customer, good for the community, and good for the future</i> 2) Human resources who create and nurture connections 3) Human resources who can harness their own individuality and envision their ideal state 	<ol style="list-style-type: none"> 1) An organization that always generates customers and pioneers new business domains 2) An organization that can expand and deepen connections 3) An organizational culture with respect for each employee and that allows employees to fully demonstrate their abilities

(Promotion of diversity management)

We believe that employees are the management resources that are key to our sustainable growth. Based on this idea, we work to establish ourselves as an organization in which all employees are in good health, achieving their full potential and continuing to grow. We also aim to become a company that enjoys diversity as its strength. We are certain that creative business models are born when we accommodate changes in society and needs of employees and actively exchange opinions from different points of view. This is why we pursue diversity management that provides opportunities for diverse human resources to become successful. For this reason, we offer a wide range of human resource development and training programs to support employees’ growth.

We have been working to create a systematic process for women's empowerment. More specifically, we ensure that all employees are aware of internal and external systems available to female employees who seek to take maternity leave and return to work thereafter. We have also opened AEON Yume-Mirai Nursery Schools located in our business offices and been adding educational opportunities for women, including training designed to motivate female employees to take up the challenge of working in managerial positions. We also focus on urging male employees to take paternity leave, so that our employees will be free from the mindset that is based on traditional gender roles, and that those in supervisory positions as well as our office staff will be receptive to women in our management team. These efforts were recognized and we have been certified as a *Kurumin* business that actively supports its employees in balancing work and parenting.

In regard to recruitment and appointment of human resources overseas, our basic approach is that local staff members with an in-depth understanding of our philosophy operate our business to serve local communities. We promote active exchanges of employees between Japan and our overseas locations for the purpose of training human resources who will lead the future of our international businesses. We also actively appoint employees who have achieved success to managerial positions, regardless of their nationality.

◆ Diversity KPI (non-consolidated)

Category	KPI	FY2020	FY2021	FY2022
Ratio of female managers to total managers	30.0%	18.1%	19.4%	20.4%
Paternity leave rate	100%	53.5%	100%	100%
Paid leave usage rate	60%	58%	62%	55%
Days of paid leave taken	–	10	11	11
Percentage of employees with disabilities	2.50%	2.14%	2.17%	2.20%
New employees (male/female)	–	53 (25/28)	65 (30/35)	74 (37/37)
Voluntary separation rate	–	3.1%	3.5%	4.1%

(Pursuit of health management)

We engage in health management based on the belief that the health of our employees is the basis of our corporate activities and that healthy employees enable us to provide services that bring health and spiritual enrichment to our customers in local communities.

In March 2023, we were recognized as a 2023 Certified Health & Productivity Management Outstanding Organization (Large Enterprise) under the Certified Health and Productivity Management Outstanding Organization program operated by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi (Japan Health Council), which recognizes corporations that practice particularly excellent health management.

(Accountability in business)

We respect human rights by following the AEON Human Rights Policy. We aim to establish ourselves as an organization that allows its employees to be involved in the development of the company regardless of gender and nationality, among others, and that provides the workplace in which all employees achieve their full potential.

The AEON Human Rights Policy specifies that human rights due diligence must be implemented. We started the due diligence in 2020, and in fiscal 2021, we conducted assessments of ourselves and suppliers in our upstream supply chain. On September 13, 2022, the Japanese government established the Guidelines on Respecting Human Rights in Responsible Supply Chains. In accordance with the government's policy, we plan to expand the due diligence to include contractors and specialty stores in the downstream. We also intend to develop plans to identify, assess, prevent, mitigate, and redress potentially negative impacts in order to establish a PDCA cycle, thereby creating a system to routinely reduce human rights risks.

In August 2021, we established the Guidelines for Sustainable Transactions as our own guidelines based on the AEON Human Rights Policy and the AEON Supplier Code of Conduct in order to prevent incidents that could violate human rights and to establish a sustainable value chain. In December of the same year, we held a briefing session for suppliers in the construction business to advance the understanding and use of the Guidelines. In June 2022, we organized a similar session for specialty store companies.

(6) Major offices of the AEON Group (as of February 28, 2023)

(i) Major business locations

Headquarters of the Company: 1-5-1 Nakase, Mihama-ku, Chiba-shi, Chiba

Business and Name of Business Department	Number of Malls and Stores	Number of Commercial Facilities Under Management and Operation Contract
Mall Business		
Business in Japan		
Tohoku & Hokkaido Business Department	12	6
Kanto & Niigata Business Department	7	4
Shutoken Business Department	10	5
Chiba Business Department	5	4
Tokai & Nagano Business Department	6	8
Aichi Business Department	8	5
Keiji & Hokuriku Business Department	8	4
Higashikinki Business Department	10	4
Nishikinki Business Department	3	6
Chushikoku Business Department	9	5
Kyusyu & Okinawa Business Department	12	0
Outlet Business Department	2	0
Overseas Business		
China	22	0
ASEAN	12	1
Subtotal	126	52
Urban Shopping Center Business	21	0
Total	147	52

- (Notes)
1. The number of malls and stores in the Tohoku & Hokkaido Business Department includes Hiwada Shopping Mall Co., Ltd. (Shopping Mall FESTA).
 2. THE OUTLETS KITAKYUSYU (Outlet Business Department) had its grand opening on April 28, 2022.
 3. Kitaoji Vivre changed the name to AEON MALL Kitaoji as of June 24, 2022, and transitioned from the urban shopping center business to the mall business (Keiji & Hokuriku Business Department).
 4. AEON MALL Toki (Tokai & Nagano Business Department) had its grand opening on October 7, 2022.
 5. AEON MALL Meanchey was partially opened in Cambodia on December 15, 2022, and had its grand opening on April 7, 2023.
 6. AEON MALL Toyokawa (Aichi Business Department) had its grand opening on April 4, 2023. This is not included in the above list.
 7. THE OUTLETS SHONAN HIRATSUKA (Outlet Business Department) had its grand opening on April 28, 2023. This is not included in the above list.

(ii) Business locations of major subsidiaries

Business locations of major subsidiaries are as listed in “(ii) Major subsidiaries” of “(3) Parent company and major subsidiaries.”

(7) Employees (as of February 28, 2023)

(i) The AEON Group

Business Segment	Number of Employees	As of the End of the Previous Fiscal Year
Japan	2,143 (1,600)	2,207 (1,582)
China	895 (-)	851 (-)
ASEAN	763 (-)	698 (-)
Total	3,801 (1,600)	3,756 (1,582)

(Note) The number of employees is the number of persons at work (which excludes those who are seconded from the Group to the outside, and includes those who are seconded from the outside to the Group). The figure shown in parentheses is the number of temporary employees [the number of contract employees and community employees is based on the year-end number and the number for part-time workers is the calculated average number for the year (calculated based on an eight-hour working day)].

(ii) The Company (non-consolidated)

Number of Employees	Comparison to End of Previous Fiscal Year	Average Age	Average Service Years
Male 1,188 (159)	Decrease of 51 (Unchanged)	45 years and 3 months	7 years and 11 months
Female 700 (1,349)	Unchanged (Decrease of 1)	38 years and 0 months	6 years and 11 months
Total 1,888 (1,508)	Decrease of 51 (Decrease of 1)	42 years and 8 months	7 years and 6 months

(Notes) 1. The number of employees is the number of persons at work (which excludes those who are seconded from the Company to the outside, and includes those who are seconded from the outside to the Company). The figure shown in parentheses is the number of temporary employees [the number of contract employees and community employees is based on the year-end number and the number for part-time workers is the calculated average number for the year (calculated based on an eight-hour working day)].

2. The average service years for seconded employees is calculated from the first date of secondment.

(8) Major lenders (as of February 28, 2023)

Creditors	Amount (Million Yen)
The Okinawa Development Finance Corporation	18,000
Mizuho Bank, Ltd.	13,862
Development Bank of Japan Inc.	9,652
Resona Bank, Limited	9,317
Sumitomo Mitsui Banking Corporation	8,271
Shinkin Central Bank	8,000
MUFG Bank, Ltd.	7,000
The Norinchukin Bank	7,000
The Hiroshima Bank, Ltd.	7,000
Mie Prefectural Credit Federation of Agricultural Co-operatives	6,500
Mizuho Trust & Banking Co., Ltd.	6,000
Osaka Prefectural Credit Federation of Agricultural Co-operatives	6,000
The Senshu Ikeda Bank, Ltd.	5,590
The Toho Bank, Ltd.	5,000
Syndicated loan	5,000

(Note) Syndicated loan is co-financing of ¥5,000 million from 10 financial institutions, arranged by The Norinchukin Bank.

2. Shares (as of February 28, 2023)

- (1) Number of shares authorized: 320,000,000 shares
(2) Number of shares issued: 227,559,339 shares
(3) Number of shareholders: 200,850
(4) Ten largest shareholders:

Name	Number of Shares Held (Thousands of Shares)	Ratio of Shares Held (%)
AEON CO., LTD.	132,351	58.16
The Master Trust Bank of Japan, Ltd. (Trust Account)	13,430	5.90
Custody Bank of Japan, Ltd. (Trust Account)	7,423	3.26
BNYMSANV As Agent/Clients Lux Ucits Non Treaty Account	2,614	1.14
Japan Securities Finance Co., Ltd.	1,656	0.72
AEON MALL Trading-Partner Shareholding Association	1,500	0.65
State Street Bank West Client - Treaty 505234	1,417	0.62
Mizuho Bank, Ltd.	1,100	0.48
The Norinchukin Bank	1,100	0.48
Sumitomo Mitsui Trust Bank, Limited	1,100	0.48

(Notes) 1. Number of shares held less than one thousand has been omitted.

2. Calculations of ratio of shares held exclude treasury shares (4,270 shares) and have been rounded down to two decimals.

3. Stock acquisition rights

Stock acquisition rights delivered as consideration for execution of duties, and held by the Company's officers (excluding outside officers) as of the final day of the business year under review

(As of February 28, 2023)

Name (Issuance Resolution Date)	Exercise Period	Persons Holding the Rights	Number of Stock Acquisition Rights	Number of Shares Subject to the Rights	Number of Persons Holding the Rights	Issuing Price	Amount of Capital Contributed Upon Exercise
No. 12 stock acquisition rights (May 10, 2019)	June 10, 2019 to June 9, 2034	Director	11	1,100 shares	1	¥1,408 per share	¥1 per share
No. 13 stock acquisition rights (May 10, 2020)	June 10, 2020 to June 9, 2035	Director	22	2,200 shares	2	¥1,154 per share	¥1 per share
No. 14 stock acquisition rights (May 10, 2021)	June 10, 2021 to June 9, 2036	Director	30	3,000 shares	2	¥1,476 per share	¥1 per share
No. 15 stock acquisition rights (May 10, 2022)	June 10, 2022 to June 9, 2037	Director	38	3,800 shares	3	¥1,227 per share	¥1 per share

- (Notes) 1. Persons who are allocated stock acquisition rights must be in the position of Director or Audit & Supervisory Board Member of the Company when exercising their rights. However, even if a person retires from his/her position as Director or Audit & Supervisory Board Member of the Company, he/she may exercise those rights within a period of five years from the date of his/her retirement.
2. When exercising stock acquisition rights, the officer must exercise the entire number of the rights in his/her possession and may not exercise them in installments.
3. Other conditions are determined pursuant to the provisions of the share compensation-type stock option rules, agreements on allocation of stock acquisition rights and detailed rules on stock acquisition rights, in accordance with the resolutions passed at the 96th Ordinary General Meeting of Shareholders held on May 17, 2007 and the resolution by the Board of Directors.

4. Officers

(1) Directors and Audit & Supervisory Board Members (as of February 28, 2023)

Position and Responsibility	Name	Significant Concurrent Position
President and CEO and General Manager of Overseas Business Division	Yasutsugu Iwamura	Chairman, AEON MALL (CHINA) CO., LTD.
Senior Managing Director (General Manager of Customer Experience Creative Division)	Mitsuhiro Fujiki	
Managing Director (General Manager of Development Division)	Hisayuki Sato	
Managing Director (General Manager of Administration Division)	Masahiko Okamoto	
Managing Director (General Manager of Finance & Accounting Division)	Hiroshi Yokoyama	
Director and Advisor	Motoya Okada	Director, Chairman and Representative Executive Officer, AEON CO., LTD. Director and Advisor, Aeon Retail Co., Ltd.
Director (General Manager of Marketing Management Department)	Akiko Nakarai	
Director (China Business Officer)	Tatsuya Hashimoto	Chairman, AEON MALL (CHINA) BUSINESS MANAGEMENT CO., LTD. Chairman, AEON MALL (GUANGDONG) BUSINESS MANAGEMENT CO., LTD.
Director	Kunihiro Koshizuka	External Director, TOKYU CONSTRUCTION CO., LTD. Outside Director, HOUSEI Inc. Outside Director, WILL GROUP, INC. Outside Director, F.C.C. Co., Ltd.
Director	Chisa Enomoto	Independent Director, Member of Supervisory Committee, PERSOL HOLDINGS CO., LTD. A member of Communication Strategy Committee, Meiji University Outside Director, JAPAN POST Co., Ltd.
Director	Hironobu Kurosaki	
Director	Junko Owada	Advisor, Tokyo Ichiban Foods Co., Ltd. Assigned under Professional Contract of Human Resources Area, Hitachi, Ltd. Outside Director, Arbeit Times Co., Ltd. Outside Director, H.I.S. Co., Ltd.
Director	Junko Taki	Representative, Taki CPA Office Outside Director, Nihon Kagaku Sangyo Co., Ltd. Outside Audit & Supervisory Board Member, Nitta Gelatin Inc.
Full-time Audit & Supervisory Board Member	Maki Watanabe	

Position and Responsibility	Name	Significant Concurrent Position
Audit & Supervisory Board Member	Takao Muramatsu	Director, MURAMATSU TAX ACCOUNTANT OFFICE (tax accountant) Outside Audit & Supervisory Board Member, BESTERRA CO., LTD Outside Audit & Supervisory Board Member, Serendip Holdings Co., Ltd. Outside Director (Audit & Supervisory Committee Member), GLOBERIDE, Inc.
Audit & Supervisory Board Member	Emi Torii	Partner, Nozomi Sogo Attorneys at Law (attorney) Kanto-Shinetsu Regional Pension Records Correction Council Committee Member, Ministry of Health, Labour and Welfare
Audit & Supervisory Board Member	Masato Nishimatsu	Audit & Supervisory Board Member, AEON Hokkaido Corporation Counselor, AEON CO., LTD. Audit & Supervisory Board Member, FUJI CO., LTD.

- (Notes) 1. As of March 1, 2023, Director (General Manager of Marketing Management Department) Akiko Nakarai assumed office in charge of Green Transformation (GX) at AEON CO., LTD.
2. Directors Kunihiko Koshizuka, Chisa Enomoto, Hironobu Kurosaki, Junko Owada and Junko Taki are Outside Directors.
3. Audit & Supervisory Board Members Maki Watanabe, Takao Muramatsu and Emi Torii are Outside Audit & Supervisory Board Members.
4. Director Junko Taki is qualified as a certified public accountant, and possesses extensive financial and accounting knowledge.
5. Audit & Supervisory Board Member Takao Muramatsu is a certified tax accountant, and possesses extensive financial and accounting knowledge.
6. Audit & Supervisory Board Member Emi Torii has been engaged in corporate legal affairs as an attorney, and has abundant expertise and experience.
7. In accordance with the rules of the Tokyo Stock Exchange, the Company has submitted notification that Directors Kunihiko Koshizuka, Chisa Enomoto, Hironobu Kurosaki, Junko Owada and Junko Taki, and Audit & Supervisory Board Members Takao Muramatsu and Emi Torii have been designated as Independent Officers as provided for by the aforementioned exchange.

(2) Outline of Contents of Directors and Officers Liability Insurance Agreement, etc.

The Company has entered into a directors and officers liability insurance (“D&O insurance”) policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company.

Outline of D&O Insurance Agreement

(i) Scope of insureds

Directors and Audit & Supervisory Board Members of the Company

(ii) Share of actual insurance premiums by insured persons

The Company will bear all insurance expenses with no expenses borne by the insured persons.

(iii) Outline of insured events covered

The insurance agreement covers any damages, legal costs, and other related expenses that may be incurred when insured Directors and officers become liable with regard to the execution of their duties or be claimed for damages with regard to the pursuit of such liability. However, there are some exemptions, such as the case where the insured person

committed an act even though he/she had been aware that the act falls under the violation of laws and regulations.

- (iv) Measures to ensure that the appropriateness of duties of Directors and officers is not impaired

The insurance has a provision specifying the amount of exemption. Therefore, damages below the amount are not covered by the agreement.

(3) Directors who retired during the fiscal year under review

Name	Retirement Date	Reason for Retirement	Position in the Company at Time of Retirement	Areas of Responsibility in the Company, and Significant Concurrent Positions Outside the Company at Time of Retirement
Yasuko Yamashita	May 19, 2022	Expiration of the term of office	Director	Representative, Yasuko Yamashita Judicial Scrivener Office Inspector, Japan Legal Support Center Outside Director (Audit and Supervisory Committee), R. C. CORE CO., LTD.

(4) Summary of limited liability agreements

With regard to Kunihiro Koshizuka, Chisa Enomoto, Hironobu Kurosaki, Junko Owada, Junko Taki, Takao Muramatsu and Emi Torii, who have been notified as Independent Officers, the Company has entered into limited liability agreements which limit their liability pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, on the condition that they carry out their duties in good faith and without gross negligence. The agreements are to limit their liabilities for damages as set forth in Article 423, paragraph (1) of the Companies Act to the amount prescribed by laws and regulations.

(5) Policy concerning decisions on the amounts of remuneration for officers and method of calculation thereof, and total amount of remuneration for Directors and Audit & Supervisory Board Members for the fiscal year under review

- (i) Policy concerning decisions on the amounts of remuneration for officers and method of calculation thereof

The Company has resolved its policy concerning decisions on the amounts of remuneration for officers at the Board of Directors meeting held on May 20, 2021. Prior to the resolution at the Board of Directors meeting, the matters to be resolved were consulted with the Nomination and Compensation Committee.

In addition, the Board of Directors has confirmed that the method of determining the remuneration for individual officers for the fiscal year under review and the content of the determined remuneration are consistent with the policy resolved by the Board of Directors and that the content of deliberation of the Nomination and Compensation Committee is respected, and has also judged that they are in accordance with the policy.

The outline of contents of policy concerning decisions on the amounts of remuneration for officers or the method of calculation thereof is as follows.

- a Remuneration for Directors is designed to strongly motivate the execution of management policies and linked to business performance, and is designed to be objective and transparent.

- b Remuneration for Directors consists of “basic remuneration,” “performance-based remuneration” and “share compensation-type stock options.”
- i Basic remuneration
The amount is determined based on individual evaluation within the standard amount set for each position, and is paid on a monthly basis.
 - ii Performance-based remuneration
The weight of performance-based remuneration in total cash remuneration (basic remuneration + performance-based remuneration) is set at around 30%, with the weight increasing in accordance with responsibility.
The amount of performance-based remuneration paid to each Director (by individual) is calculated as “stipulated amount of the performance-based remuneration x the performance-based remuneration payment rate” and is determined by reflecting the payment rate (0%-170%) based on the Company’s performance and the evaluation of individual performance. The Company has selected the ordinary income budget achievement ratio as the indicator that can most appropriately represent ordinary business performance.
 - iii Share compensation-type stock options
Stock acquisition rights shall be allocated as share compensation-type stock options that reflect performance for the purpose of enhancing the morale and motivation to continuously improve performance and increase corporate value by strengthening the linkage between the stock price and performance with the remuneration, and by sharing with shareholders not only the benefits received when the stock price rises but also the risks when the stock price falls. The number of stock acquisition rights allocated shall be determined based on the performance of the year in question according to the standard number for each position. If the ordinary income for the year of grant is less than 80% of the budgeted amount, half of the planned amount will be granted, and if there is an ordinary loss, no amount will be granted.
- c The amount of individual remuneration for each Director is determined by resolution of the Board of Directors. The Board of Directors resolved to establish “Nomination and Compensation Committee” at its meeting held in November 2018, and the Committee has been in operation since January 2019. The purpose of the Committee is to report to the Board of Directors, through discussions mainly among five Independent Outside Directors (as of February 28, 2023) in response to the request for advice from the Board of Directors.
Performance-based remuneration as part of remuneration for each Director is determined according to the Company’s performance and the evaluation of the Director’s performance. Independent Outside Directors in the Committee evaluate each Director, and President and CEO suggests an amount of performance-based remuneration for each Director based on the evaluation. Then the Committee deliberates on the amounts before the final decisions are made by the resolution of the Board of Directors.
- d Outside Directors are paid only fixed remuneration and are not subject to either company-wide or individual performance evaluations.
 - e As Audit & Supervisory Board Members are in a position to supervise the execution of duties by Directors from an independent standpoint, only fixed remuneration is paid to them. The level of remuneration is set at the level necessary to secure personnel who are

suitable to play an important role in the establishment and operation of good corporate governance.

The policy concerning each remuneration of Audit & Supervisory Board Member is as follows.

i Basic remuneration

A fixed amount is paid to each Audit & Supervisory Board Member based on his or her experience, insight, and position, etc.

ii Performance-based remuneration

No performance-based remuneration is paid to Audit & Supervisory Board Members.

iii Share compensation-type stock options

No stock-related compensation is paid to Audit & Supervisory Board Members.

(ii) Total amount of remuneration for Directors and Audit & Supervisory Board Members

Classification	Total Amount of Remuneration (Thousand Yen)	Total Amount of Remuneration by Type			Number of Eligible Officers
		Basic Remuneration (Thousand Yen)	Performance-Based Remuneration (Thousand Yen)	Stock Options (Thousand Yen)	
Director (Of which, Outside Directors)	208,591 (36,000)	153,480 (36,000)	46,400 (-)	8,711 (-)	13 (6)
Audit & Supervisory Board Member (Of which, Outside Audit & Supervisory Board Members)	24,000 (24,000)	24,000 (24,000)	- (-)	- (-)	3 (3)
Total (Of which, outside officers)	232,591 (60,000)	177,480 (60,000)	46,400 (-)	8,711 (-)	16 (9)

(Notes) 1. The above data does not include one Director and one Audit & Supervisory Board Member to whom remuneration is not applicable.

2. Number of eligible persons for basic remuneration for Directors, is 13, including Directors who were in office as of February 28, 2023 and retired at the 111th Ordinary General Meeting of Shareholders held on May 19, 2022.

3. The amount of performance-based remuneration is the amount planned to be paid to seven Directors in office as of February 28, 2023.

4. The performance indicator for the performance-based remuneration for each Director (by individual) is the ordinary income budget achievement ratio, which was 75.3% for fiscal 2022.

5. The amount of stock options is the amount granted to seven Directors in office as of February 28, 2022 during the fiscal year under review.

6. The amount of remuneration, etc. for Directors was resolved at the 96th Ordinary General Meeting of Shareholders held on May 17, 2007 to be ¥600,000 thousand or less per year.

In addition, separate from such monetary remuneration, the maximum remuneration through stock options was resolved at said General Meeting of Shareholders to be ¥100,000 thousand or less per year.

The number of Directors at the conclusion of the said Ordinary General Meeting of Shareholders was 20.

7. The amount of remunerations for Audit & Supervisory Board Members was resolved, at the 91st Ordinary General Meeting of Shareholders held on May 8, 2002, to be ¥50,000 thousand or less per year and is determined through consultation among Audit & Supervisory Board Members within the said extent. The number of Audit & Supervisory Board Members at the conclusion of the said Ordinary General Meeting of Shareholders was four.

(6) Matters concerning outside officers

(i) Significant concurrent positions at other organizations and relationships between the Company and such other organizations

Classification	Name	Organization	Concurrent Position	Relationship with the Company
Outside Directors	Kunihiro Koshizuka	TOKYU CONSTRUCTION CO., LTD.	External Director	No business relationship
		HOUSEI Inc.	Outside Director	
		WILL GROUP, INC.	Outside Director	
		F.C.C. Co., Ltd.	Outside Director	
	Chisa Enomoto	PERSOL HOLDINGS CO., LTD.	Independent Director (Member of Supervisory Committee)	No business relationship
		Meiji University	Member of Communication Strategy Committee	No business relationship
		JAPAN POST Co., Ltd.	Outside Director	Business trading relationship
	Junko Owada	Tokyo Ichiban Foods Co., Ltd.	Advisor	No business relationship
		Hitachi, Ltd.	Assigned under Professional Contract of Human Resources Area	No business relationship
		Arbeit Times Co., Ltd.	Outside Director	No business relationship
		H.I.S. Co., Ltd.	Outside Director	Business trading relationship
	Junko Taki	Taki CPA Office	Representative	No business relationship
		Nihon Kagaku Sangyo Co., Ltd.	Outside Director	
Nitta Gelatin Inc.		Outside Audit & Supervisory Board Member		
Outside Audit & Supervisory Board Members	Takao Muramatsu	MURAMATSU TAX ACCOUNTANT OFFICE	Director	No business relationship
		BESTERRA CO., LTD	Outside Audit & Supervisory Board Member	
		Serendip Holdings Co., Ltd.	Outside Audit & Supervisory Board Member	
		GLOBERIDE, Inc.	Outside Director (Audit & Supervisory Committee Member)	
	Emi Torii	Nozomi Sogo Attorneys at Law	Partner	No business relationship
Kanto-Shinetsu Regional Pension Records Correction Council, Ministry of Health, Labour and Welfare		Committee Member		

- (Notes) 1. Director Hironobu Kurosaki and Audit & Supervisory Board Member Maki Watanabe hold no significant concurrent position.
2. The amount of the Company's revenue from transactions with JAPAN POST Co., Ltd., at which Ms. Chisa Enomoto holds a concurrent position, is equivalent to 0.006% of the Company's consolidated operating revenue.
3. The amount of the Company's revenue from transactions with H.I.S. Co., Ltd., at which Ms. Junko Owada holds a concurrent position, is equivalent to 0.002% of the Company's consolidated operating revenue.

(ii) Family relationship with a business operator of the Company or a specified related business operator of the Company, or an officer who is not a business operator
Not applicable.

(iii) Attendance at Board of Directors meeting and Audit & Supervisory Board meeting

Classification	Name	Board of Directors		Audit & Supervisory Board	
		Attendances/ Meetings (Times)	Attendance Rate (%)	Attendances/ Meetings (Times)	Attendance Rate (%)
Outside Directors	Kunihiro Koshizuka	14/14	100	–	–
	Chisa Enomoto	14/14	100	–	–
	Hironobu Kurosaki	14/14	100	–	–
	Junko Owada	14/14	100	–	–
	Junko Taki	11/11 ^(Note)	100	–	–
Outside Audit & Supervisory Board Members	Maki Watanabe	14/14	100	15/15	100
	Takao Muramatsu	13/14	93	14/15	93
	Emi Torii	14/14	100	15/15	100

(Note) The Board of Directors' meetings were held 11 times since May 19, 2022 when Outside Director Junko Taki took office upon her appointment at the 111th Ordinary General Meeting of Shareholders.

(iv) Major activities of each outside officer for the fiscal year under review

Classification	Name	Overview of statements made and duties performed in relation to expected role
Outside Directors	Kunihiro Koshizuka	Applying his knowledge, expertise and experience in digital and scientific technologies gained as an engineer, Kunihiro Koshizuka has been stating his opinions properly, such as the proposals related to digital transformation for the enhancement of the Company's corporate value over the medium and long term. Moreover, undertaking the role of a consensus builder for the Outside Directors as the leading independent Outside Director, he appoints and evaluates Directors as Chair of the Nomination and Compensation Committee. He also discusses the policies and plans for developing successors and other Director candidates in relation to human resources who are likely to be Director candidates in the next fiscal year, providing supervision and advice so that these candidates will achieve success as members of the management team.

Classification	Name	Overview of statements made and duties performed in relation to expected role
	Chisa Enomoto	Chisa Enomoto has been stating her opinions properly, particularly with respect to enhancing the Company's brand value and reputation, from a general perspective grounded upon her extensive knowledge and experience in public relations strategies that she gained as a public relations officer at multiple companies. Moreover, as Chair of the Governance Committee, she discusses the rationality and appropriateness of transactions with a parent company or group companies on a board meeting agenda as part of her effort to supervise management from the viewpoint of minority shareholders. She also offers advice intended to help the Company make the maximum use of the brand value.
	Hironobu Kurosaki	Applying his management experience gained as an executive officer in charge of an overseas affiliated company, Hironobu Kurosaki has been providing appropriate supervision and advice needed to capture growing markets and realize highly profitable growth for such subjects as the promotion of plans for opening new stores overseas, risk management at times of expanding stores, and the suitability of investment and profitability plans.
	Junko Owada	Applying her experience from the human resources field and IT problem solving, Junko Owada has been providing appropriate supervision and advice to realize sustainable growth for the Company and for the enhancement of medium- to long-term corporate value, such as identifying points in the content of deliberation that requires further examination and making proposals relating to critical issues including human capital strategies, the promotion of diversity and empowerment of women in the workplace.
	Junko Taki	Applying her experience as an executive close to management in multiple companies as well as considerable knowledge she has developed as an accounting and corporate governance expert, Junko Taki has been stating her opinions on our medium- to long-term growth strategies and management issues in Japan and overseas, adopting fairness and transparency as her perspectives. She also provides appropriate supervision and advice to improve the effectiveness of the Board of Directors.
Outside Audit & Supervisory Board Members	Maki Watanabe	Applying her wealth of knowledge related to accounting and her experience as audit & supervisory board member at other companies, Maki Watanabe has been providing supervision of management, such as stating her opinions on corporate soundness and appropriateness from the perspectives in fields centered on financial affairs and accounting, and on appropriateness of investment profitability plans in accordance with the Company's business strategies and the way internal control should be.
	Takao Muramatsu	Applying his wealth of expertise related to tax affairs and experience as a director and audit & supervisory board member at other companies, Takao Muramatsu has been providing supervision of management, such as stating his opinions on capital costs, appropriateness of investment profitability standards and strengthening governance in Japan and overseas from the medium-and long-term perspective of corporate value enhancement, in addition to offering his proposals on tax affairs.

Classification	Name	Overview of statements made and duties performed in relation to expected role
	Emi Torii	Applying her expertise and experience as a lawyer, Emi Torii has been providing supervision of management, such as providing insights on appropriateness of transactions and improvements to the internal control system, from the perspectives of the Companies Act and of the protection of the interests of minority shareholders.

(v) Total amount of remuneration paid to officers from a parent company, etc. or its subsidiaries, etc. (except the Company) if they concurrently assume office as an officer thereof

	Number of Persons Paid	Total Amount of Remuneration Paid to Officers from a Parent Company, etc. or Its Subsidiaries, etc.
Total amount of remuneration paid to outside officers	1	¥2,400 thousand

5. Accounting auditor

(1) Name of accounting auditor

Deloitte Touche Tohmatsu LLC

(2) Amount of remunerations for accounting auditor for the fiscal year under review

- (i) Amount of remunerations for services provided under Article 2, paragraph (1) (audit and attestation services) of the Certified Public Accountants Act (Act No. 103 of 1948)

¥125 million

- (ii) Total cash and other remuneration paid by the Company and its subsidiaries

¥176 million

(Note 1) Since the auditing services contract between the Company and the accounting auditor does not make a clear distinction between the amounts of remuneration payable to the accounting auditor with respect to auditing services rendered under the Companies Act and those amounts payable for auditing services rendered under the Financial Instruments and Exchange Act and those amounts cannot be practically classified. Therefore, the amount of remuneration paid for audits under the Financial Instruments and Exchange Act is included in amount (i).

(Note 2) The Audit & Supervisory Board reviewed the audit hours, basis and details for the calculation of the estimated amount of remuneration, such as its unit price, based on reports and materials obtained from the Finance & Accounting Division and other internal relevant departments, the contents of audit plan explained by the accounting auditor, as well as the status of performance of duties in the previous fiscal year. As a result, we expressed agreement on the remuneration for the accounting auditor in accordance with Article 399, paragraph (1) of the Companies Act.

(3) Description of non-auditing services

Providing advice, etc. on the Integrated Report.

(4) Policy regarding decisions to dismiss or not to reappoint the accounting auditor

If the accounting auditor is deemed to fall under any of the provisions of the items of Article 340, paragraph (1) of the Companies Act, the Audit & Supervisory Board will dismiss the accounting auditor with the consent of all the Audit & Supervisory Board Members.

In addition, if the accounting auditor is deemed to have an issue regarding the quality of audit services, quality management, independence, and other related factors on the accounting auditor, leading to a substantial detriment to the performance of the audit, the Audit & Supervisory Board will determine the contents of proposal on the dismissal or non-reappointment of the accounting auditor, which are to be submitted to a General Meeting of Shareholders. **System to ensure the appropriate operations and overview of its implementation**

(1) Decisions regarding system to ensure the appropriate operations

- (i) System for retention and management of information on the execution of duties by Directors of the Company

The Company prepares approval documents, meeting minutes, and other documents necessary for the execution of the duties by the executive director or employee, in accordance with the internal regulations of the Company.

Documents (including electronic media) that have been prepared are stored and managed in a secure, fully searchable format appropriate for each storage medium, and are maintained in a viewable form as necessary.

The management division specified in the Document Management Rules takes charge of the management of such records and prevents leakage to external parties.

- (ii) Regulations for controlling the risk of operating loss incurred by the Company and its subsidiaries (“the Group”) and other systems

The Company designates its President and CEO as the executive director of risk management and business unit heads as officers in charge of risk management. These individuals are tasked with developing a system and environment to ensure business continuity and the safety of human lives.

The Group has established Risk Management Regulations to prevent crises or minimize damages in the event of a crisis, striving to reduce risk and mitigate any damages. We have designated management divisions to address risk management by category, and we strive to improve overall corporate value by managing risks of loss for the group as a whole.

In addition, for the Company to be able to protect and manage information assets from organizational, human, physical, and technical perspectives, the Company has established the Information Security Management Rules to clarify the responsibility hierarchies structures for information security, and strives to maintain and improve the information security level, as well as information systems of the Company and of the Group.

The Company has established the Risk Management Committee chaired by the Executive General Manager of Administration Division to discuss issues and countermeasures related to the promotion of risk management for the entire Group, and report the proceedings to the Management Meeting. Also, we will report significant matters to the Board of Directors and notify them annually.

In order to enhance the effectiveness of risk management, the Department in charge of internal audits formulates an annual audit plan and conducts internal audits in accordance with the Internal Auditing Rules. The annual audit plan will be reported to the Board of Directors.

- (iii) System to ensure the efficiency of duties executed by Directors of the Company, and directors, executive officers, employees who execute business operations, personnel who execute duties as specified in Article 598, Paragraph 1 of the Companies Act, and other persons equivalent to such personnel of the Company’s subsidiaries (“subsidiaries’ directors, etc.”)

In addition to holding regular Board of Directors meetings at least once a month, AEON MALL convenes extraordinary meetings of the Board of Directors. Decisions encompassing substantial risk threatening far-reaching impact on the Group are brought to

the Management Meeting for discussion. These decisions are then approved by the President and/or by resolution of the Board of Directors.

In addition, AEON MALL holds a Management Strategy Advisory Committee meeting once a month, which sets themes out of important policies and management issues; discusses and exchanges opinions about the direction of its stance and initiatives, concrete plans, and progress; and gives advice to or report to the President and CEO, to promote policy realization and management issue resolution based on opinions and advice from independent outside officers.

In the execution of duties, management responsibilities are clarified by granting the authority required for the performance of duties according to the predetermined Rules for Organization Management, Rules for Segregation of Duties, and Rules of Jurisdiction, etc.

As a system to ensure the efficiency of the performance of duties of the subsidiaries' directors, etc., the Company approves a Group Medium-term Management Plan, annual management goals, budget distribution, etc. that include subsidiaries at the meetings of the Board of Directors, inspects the progress of business strategies and measures in line with such plan and goals on a quarterly basis, and receives reports on other important information.

- (iv) System to ensure compliance in the performance of duties by Directors and employees of the Company, and directors, etc. and employees of its subsidiaries with laws and regulations and the Articles of Association

We emphasize compliance management to foster better relations with local communities and meet our social responsibilities. To prevent harassment, we have formulated the Rules for the Prevention of Harassment, and we implement education and awareness raising. Furthermore, to prevent bribery, we have set up internal systems in the Group and implement education based on the Basic Rules for the Prevention of Bribery.

We have established Compliance Committee, which is chaired by the Executive General Manager of Administration Division. The role of this committee is to ensure the Group compliance with laws, regulations, the Articles of Association, and internal regulations. The committee is also responsible for identifying problems and advancing discussions to resolve said problems, and reports to the Management Meeting. Also, we will report significant matters to the Board of Directors and notify them annually.

As a contact point for reporting internal problems, the Company has established the helpline, AEON MALL Hotline (our labor union has launched a separate Union 110 Hotline). We will also install similar helpline system at our subsidiaries. In addition to ensuring that the privacy of users of this helpline is protected and that they are not subjected to any disadvantageous treatment, in case any report or whistle-blowing is made, its content shall be examined, and if there is a violation, necessary measures shall be taken in accordance with the internal regulations, and then measures to prevent recurrence are formulated and implemented across the Company, and reported to the Compliance Committee.

- (v) System to ensure the appropriate operations of the corporate group, comprising the Company, its parent, and subsidiaries

In the event that a Director conducts a transaction that may cause a substantial conflict of interest or a competitive relationship with the Company for themselves or for a third party

such as the parent company, a subsidiary, or other company of the AEON Group, the Director shall discuss the matter at the Management Meeting and obtain the approval of the Board of Directors before conducting such transaction.

In the event of transactions with companies of the AEON Group, these shall be conducted under appropriate conditions based on market prices in accordance with Rules for Managing Related-Party Transactions. The rationality and appropriateness of the transactions shall be carefully examined by reporting to the Board of Directors once a year on the percentage change in annual transaction results with each trading partner involved.

Of these, for important transactions, the Governance Committee, which is an advisory body to the Board of Directors consisting solely of independent Outside Directors, verifies whether the transaction is fair and reasonable from the viewpoint of enhancing the Company's corporate value, and then submits it to the Board of Directors for approval, excluding any special interested parties, to ensure the fairness of procedures.

Furthermore, the Group makes its decisions after confirming the fairness and reasonableness of the transaction.

As a system of reporting matters concerning the performance of duties by the subsidiaries' directors, etc., the Company requires the subsidiaries to report to the Management Meeting based on Rules for Management of Affiliates established by the Company.

The department in charge of internal auditing performs audits of the Company and its subsidiaries according to the Internal Auditing Rules to ensure the appropriate operations of the Company and its subsidiaries and reports to the President and the full-time Audit & Supervisory Board Members by means of a written internal audit report. In addition, it regularly reports on the results of audit to the Board of Directors.

- (vi) Matters concerning employees who provide assistance with the duties of Audit & Supervisory Board Members of the Company ("Assistants") when the Audit & Supervisory Board Members decide to hire such Assistants, matters concerning the independence of the Assistants from Directors of the Company, and matters related to ensuring the effectiveness of the instructions provided to the Assistants

The Company selects and appoints Assistants for the Audit & Supervisory Board Members upon consultation with the Audit & Supervisory Board.

The Assistants will not receive orders or instructions from the Directors or any other employees.

The personnel appraisal of Assistants is performed through consultation with the Audit & Supervisory Board Members, and personnel changes and reprimanding of Assistants require the advance agreement of the Audit and Supervisory Board Members.

- (vii) System of reporting to Audit & Supervisory Board Members of the Company
Directors and employees of the Company, and directors, etc. and employees of its subsidiaries shall report on the management situation, business operation, financial position, progress of internal audits, status of risk management and compliance, and other matters at a meeting of the Board of Directors or the Management Meeting attended by the Audit & Supervisory Board Members.

If Directors or employees of the Company, or directors, etc. or employees of its subsidiaries discover matters that affect the operations or business performance of the Company or its subsidiaries, violations of laws and regulations, or other issues concerning

legal compliance, which may cause serious damage to the Company or its subsidiaries, or these have been reported by any of such persons, they shall immediately report to Audit & Supervisory Board of the Company. The Company and its subsidiaries prohibit treating the persons who have made such a report in an unfair manner because they have made the report, and will ensure that this rule is clearly communicated to Directors and employees of the Company, and directors, etc., Audit & Supervisory Board Members, and employees of its subsidiaries.

- (viii) Matters concerning policies for the advance payment of expenses required for the performance of duties by Audit & Supervisory Board Members of the Company and reimbursement and other procedures for the treatment of expenses or obligations associated with the performance of such duties

When the Company receives a request for the advance payment, etc. of expenses from Audit & Supervisory Board Members based on Article 388 of the Companies Act, the Company shall pay such expenses without delay based on the internal regulations. The responsible department takes measures regarding the budget required for such payment in every fiscal period.

- (ix) Other systems to ensure the effective auditing by Audit & Supervisory Board Members of the Company

The department in charge of internal auditing works closely with the Audit & Supervisory Board by, for instance, discussing the details of internal audits with the Audit & Supervisory Board Members as appropriate, and performs audit operations in cooperation to contribute to efficient auditing by the Audit & Supervisory Board Members.

- (2) Overview of its implementation of system to ensure the appropriate operations

The Company acknowledges that the internal control system is appropriately operated in accordance with “Decisions regarding system to ensure the appropriate operations,” which is described in the preceding paragraph.

The major operational status for the current fiscal year is as follows.

Based on findings through a risk survey conducted in fiscal 2021 and its responses to serious incidents occurred and new business fields and environments, the Company divided risks according to their importance and need for countermeasures. The Company is building a more effective management system by assigning the intensive discussion of the details of initiatives taken by management divisions to the Risk Management Committee. The Company previously had a system in place to revise risk level classifications as required, but starting from the current fiscal year, it will be reviewed every fiscal year to strengthen the system for quickly responding to changes in the business environment.

In addition to conducting risk surveys, the Company reviews its system for reviewing strategic management risks, conducts risk management training, examines and addresses new risks associated with the launch of new businesses, and provides education to improve risk management capabilities in each department in order to further enhance the effectiveness of its risk management system.

We have established a risk management system for our subsidiaries that is appropriate to their size and business operations. In particular, OPA Co., Ltd., China, Vietnam, Cambodia, and

Indonesia have established autonomous risk management systems similar to those of the Company. Like the Company, they have established their own risk management committees to discuss risk responses, and starting from the current fiscal year, each company will conduct a risk survey and update the risks to be managed by comparing their results to those of past risk surveys.

In April 2022, the Compliance Department was newly established for the centralized implementation of measures not limited to harassment and including encouraging legal compliance and codes of conduct, through awareness-raising activities, training and education, and corrective guidance. In addition, beginning from fiscal 2022, domestic subsidiaries and overseas corporations also participate in the Compliance Committee to develop systems to promote compliance globally. Also, training for directors and officers, executive training, and general training will be conducted respectively to ensure that all employees are aware of compliance promotion.

For responses to transactions that may cause a conflict of interest between the Company and its parent or Group companies, we deliberate on the rationality of transactions and the appropriateness of the terms and conditions of the transactions in accordance with Rules for Managing Related-Party Transactions. We also provide explanations in advance to outside officers on the proposals submitted to the Board of Directors to help them make necessary judgments. In addition, in order to strengthen internal controls, we establish regulations and strengthen the audit system in overseas subsidiaries in China and the ASEAN region. We also control and manage information through appropriate measures, such as obtaining approval from the Management Meeting for important decisions. In September 2018, we established the Basic Rules for Prevention of Bribery in order to prevent bribery in Japan and overseas countries. Based on the rules, we improve the internal system and provide education.

The internal audit department holds meetings with full-time Audit & Supervisory Board Members once a month to manage the progress of the improvement status and sends reports to the Management Meeting once every semi-annual period.

-Initiatives for eliminating antisocial forces-

1. Basic Stance

From the perspectives of the strict implementation of compliance management and the protection of the Company, we are aware that it is our corporate social responsibility to have no relations with antisocial forces, to take a firm attitude towards their unreasonable demands and to reject such demands.

2. Readiness to Eliminate Antisocial Forces

- (i) In the event of any unreasonable demand from any antisocial force, no individual staff members should deal with it on their own. We will give an organizational response, including the possibility of civil or penal legal action, after building close collaboration with outside experts and investigative authorities.
- (ii) We are a member of the Bouryokudan Tsuiho Chiba Kenmin Kaigi (Chiba Prefectural Citizen Committee Against Organized Crime Groups). In close collaboration with the police, crime prevention associations and other organizations on a normal basis, we strive to gather information about antisocial forces and compile information from across the Company at the department in charge, including information collected from our individual business offices. We also undertake in-house activities to build awareness.

- (iii) The Company investigates any involvement of its business partners with antisocial forces and ensures elimination of such forces based on the Transaction Management Rules.

(3) Policy regarding decisions on dividends of surplus

The Company recognizes that returning profits to shareholders through improving earnings power is a key management priority. Our basic policy on income distribution emphasizes steady and continual dividend payments to shareholders, while using internal reserves to invest in structural business improvements, including investments in growth businesses, new businesses, and other areas that strengthen our operating foundation.

We issue dividends twice annually, in the interim and at the end of the fiscal year. In accordance with the provisions of Article 459, Paragraph 1 of the Companies Act, we have stipulated in the Articles of Association that dividends paid from surplus are to be determined by resolution of the Board of Directors. Our policy is that, having entered a stage where our overseas business has reached the cash flow-generating stage, we will maintain a consolidated dividend payout ratio of at least 30%, with long-term and continuous dividend increases commensurate with the stage of growth.

[Dividends of surplus for the year under review]

Pursuant to a resolution by the Board of Directors held on April 11, 2023, the year-end dividend payment from surplus for the fiscal year under review is an ordinary dividend of ¥25 per share. The total annual dividend for the fiscal year is ¥50 per share including the interim dividend of ¥25 per share.

The starting date for the year-end dividend payments (effective date) is Monday, May 1, 2023.

Consolidated Financial Statements

Consolidated Balance Sheet

(As of February 28, 2023)

(Million yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	184,459	Current liabilities	270,246
Cash and deposits	92,683	Notes and accounts payable-trade	12,655
Notes and accounts receivable-trade	14,689	Bonds due within one year	70,000
Prepaid expenses	4,126	Current portion of long-term debt	39,365
Deposits paid to affiliates	25,000	Lease obligations	22,406
Other	48,720	Income taxes payable	5,787
Allowance for doubtful receivables	(760)	Deposits received from specialty stores	47,225
Fixed assets	1,375,133	Deposits received	8,867
Property, plant and equipment	(1,256,763)	Allowance for employee bonus	1,336
Buildings and structures	682,086	Allowance for director and corporate auditor performance-based remuneration	75
Machinery and transportation equipment	2,932	Notes payable-construction	23,199
Furniture and fixtures	11,026	Electronically recorded obligations-construction	5,374
Land	364,533	Accounts payable-construction	12,685
Right-of-use assets	154,373	Other	21,266
Construction in progress	41,788	Long-term liabilities	837,634
Other	22	Straight bonds	365,000
Intangible assets	(3,456)	Long-term debt	194,463
Investments and other assets	(114,913)	Lease obligations	102,963
Investment securities	2,129	Deferred tax liabilities	545
Long-term loans	12	Accrued retirement benefits to employees	305
Long-term prepaid expenses	41,260	Asset retirement obligations	20,038
Deferred tax assets	19,927	Lease deposits from lessees	148,267
Lease deposits paid	51,095	Provision for loss on store closing	2,017
Other	543	Other	4,032
Allowance for doubtful receivables	(54)	Total liabilities	1,107,881
		Net assets	
		Shareholders' equity	400,353
		Common stock	42,381
		Capital surplus	40,700
		Retained earnings	317,279
		Treasury stock, at cost	(7)
		Accumulated other comprehensive income	40,141
		Net unrealized gain on available-for-sale securities	1,120
		Foreign currency translation adjustment	39,474
		Remeasurements of defined benefit plans	(453)
		Stock acquisition rights	27
		Non-controlling interests	11,187
		Total net assets	451,711
Total assets	1,559,592	Total liabilities and net assets	1,559,592

(Note) The amounts have been rounded down to the nearest unit.

Consolidated Statement of Income

(March 1, 2022 – February 28, 2023)

(Million yen)

Item	Amount	
Operating revenue		398,244
Operating costs		322,829
Gross profit		75,414
Selling, general and administrative expenses		31,434
Operating income		43,979
Non-operating profits		
Interest income	1,905	
Dividend income	23	
Compensation paid by departing tenants	1,560	
Gain on valuation of derivatives	993	
Compensation income	639	
Insurance income	63	
Other	529	5,715
Non-operating expenses		
Interest expenses	11,684	
Foreign exchange losses	723	
Other	877	13,285
Ordinary income		36,409
Extraordinary gains		
Gain on sale of fixed assets	3	
Insurance income	1,408	1,411
Extraordinary losses		
Loss on sale of fixed assets	1	
Loss on retirement of fixed assets	2,499	
Impairment loss	4,461	
Provision for loss on store closings	2,017	
Loss due to COVID-19	3,037	
Loss on disaster	1,189	
Other	23	13,229
Income before income taxes		24,592
Income tax – current	11,421	
Income tax – deferred	88	11,510
Net income		13,081
Net income attributable to non-controlling interests		86
Net income attributable to owners of parent		12,994

(Note) The amounts have been rounded down to the nearest unit.

Consolidated Statement of Changes in Shareholders' Equity

(March 1, 2022 – February 28, 2023)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 1, 2022	42,374	40,693	316,829	(7)	399,890
Cumulative effect of changes in accounting policies			(1,167)		(1,167)
Restated balance	42,374	40,693	315,661	(7)	398,722
Changes during period					
Issue of new shares	7	7			14
Cash dividends			(11,377)		(11,377)
Net income attributable to owners of parent			12,994		12,994
Purchase of treasury stock				(0)	(0)
Net change in items other than shareholders' equity					
Total of changes	7	7	1,617	(0)	1,631
Balance as of February 28, 2023	42,381	40,700	317,279	(7)	400,353

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of March 1, 2022	1,059	16,158	(652)	16,565	33	10,441	426,931
Cumulative effect of changes in accounting policies							(1,167)
Restated balance	1,059	16,158	(652)	16,565	33	10,441	425,763
Changes during period							
Issue of new shares							14
Cash dividends							(11,377)
Net income attributable to owners of parent							12,994
Purchase of treasury stock							(0)
Net change in items other than shareholders' equity	61	23,316	198	23,576	(6)	746	24,316
Total of changes	61	23,316	198	23,576	(6)	746	25,947
Balance as of February 28, 2023	1,120	39,474	(453)	40,141	27	11,187	451,711

(Note) The amounts have been rounded down to the nearest unit.

Nonconsolidated Financial Statements

Nonconsolidated Balance Sheet

(As of February 28, 2023)

(Million yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	91,301	Current liabilities	247,038
Cash and deposits	20,776	Notes and accounts payable-trade	10,089
Notes and accounts receivable-trade	8,382	Short-term debt from subsidiaries and associates	19,123
Prepaid expenses	2,868	Bonds due within one year	70,000
Short-term loans receivable from subsidiaries and associates	10,700	Current portion of long-term debt	43,632
Deposits paid to affiliates	25,000	Accounts payable – other	3,207
Accounts receivable-other	22,810	Accrued expenses	2,519
Current portion of lease deposits	66	Income taxes payable	4,911
Other	733	Advances received	6,949
Allowance for doubtful receivables	(37)	Deposits received from specialty stores	39,513
Fixed assets	1,321,066	Deposits received	12,069
Property, plant and equipment	(828,838)	Allowance for employee bonus	1,269
Buildings	471,954	Allowance for director and corporate auditor performance-based remuneration	63
Structures	29,404	Notes payable-construction	22,897
Machinery and equipment	2,825	Electronically recorded obligations-construction	5,374
Vehicles and transportation equipment	3	Accounts payable-construction	4,102
Furniture and fixtures	7,979	Other	1,314
Land	305,609	Long-term liabilities	711,338
Construction in progress	11,039	Straight bonds	365,000
Other, net	22	Long-term debt	198,463
Intangible assets	(3,015)	Provision for loss on store closing	1,095
Software	2,369	Asset retirement obligations	18,682
Right to use facilities	628	Lease deposits from lessees	127,867
Other	17	Other	229
Investments and other assets	(489,212)	Total liabilities	958,376
Investment securities	2,129	Net assets	
Shares of subsidiaries and associates	259,921	Shareholders' equity	452,842
Investments in capital of subsidiaries and associates	121,230	Common stock	42,381
Long-term loans	12	Capital surplus	42,690
Long-term loans receivable from subsidiaries and associates	31,439	Legal capital surplus	42,690
Long-term prepaid expenses	14,594	Retained earnings	367,778
Deferred tax assets	15,572	Legal retained earnings	1,371
Lease deposits paid	43,594	Other retained earnings	366,407
Prepaid pension costs	243	Reserve for tax purpose reduction entry of fixed assets	398
Other	492	General reserve	28,770
Allowance for doubtful receivables	(18)	Retained earnings brought forward	337,239
		Treasury stock, at cost	(7)
		Valuation and translation adjustments	1,120
		Net unrealized gain on available-for-sale securities	1,120
		Stock acquisition rights	27
Total assets	1,412,367	Total net assets	453,991
		Total liabilities and net assets	1,412,367

(Note) The amounts have been rounded down to the nearest unit.

Nonconsolidated Statement of Income

(March 1, 2022 – February 28, 2023)

(Million yen)

Item	Amount	
Operating revenue		306,540
Operating costs		247,886
Gross profit		58,653
Selling, general and administrative expenses		24,518
Operating income		34,135
Non-operating profits		
Interest income	1,168	
Dividend income	96	
Compensation paid by departing tenants	915	
Foreign exchange gains	315	
Compensation income	465	
Insurance income	47	
Other	152	3,162
Non-operating expenses		
Interest expenses	4,542	
Other	718	5,261
Ordinary income		32,036
Extraordinary gains		
Gain on sale of fixed assets	0	
Insurance income	657	658
Extraordinary losses		
Loss on sale of fixed assets	0	
Loss on retirement of fixed assets	2,244	
Provision for loss on store closings	1,095	
Loss on disaster	832	
Other	1	4,173
Income before income taxes		28,520
Income tax – current	8,664	
Income tax – deferred	51	8,715
Net income		19,804

(Note) The amounts have been rounded down to the nearest unit.

Nonconsolidated Statement of Changes in Shareholders' Equity

(March 1, 2022 – February 28, 2023)

(Million yen)

	Shareholders' equity					
	Common stock	Capital surplus		Retained earnings		
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings
Balance as of March 1, 2022	42,374	42,682	42,682	1,371	359,135	360,506
Cumulative effect of changes in accounting policies					(1,154)	(1,154)
Restated balance	42,374	42,682	42,682	1,371	357,980	359,351
Changes during period						
Issue of new shares	7	7	7			
Cash dividends					(11,377)	(11,377)
Net income					19,804	19,804
Purchase of treasury stock						
Net change in items other than shareholders' equity						
Total of changes	7	7	7	–	8,427	8,427
Balance as of February 28, 2023	42,381	42,690	42,690	1,371	366,407	367,778

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Total valuation and translation adjustments		
Balance as of March 1, 2022	(7)	445,556	1,059	1,059	33	446,649
Cumulative effect of changes in accounting policies		(1,154)				(1,154)
Restated balance	(7)	444,401	1,059	1,059	33	445,494
Changes during period						
Issue of new shares		14				14
Cash dividends		(11,377)				(11,377)
Net income		19,804				19,804
Purchase of treasury stock	(0)	(0)				(0)
Net change in items other than shareholders' equity			61	61	(6)	55
Total of changes	(0)	8,441	61	61	(6)	8,496
Balance as of February 28, 2023	(7)	452,842	1,120	1,120	27	453,991

(Note) The amounts have been rounded down to the nearest unit.

Audit Report

Based on the audit report prepared by each Audit & Supervisory Board Member with regard to the performance of duties by the Directors of AEON MALL Co., Ltd. (the “Company”) for the 112th fiscal year (from March 1, 2022 to February 28, 2023), the Audit & Supervisory Board of the Company prepares this audit report after deliberation and hereby report, by a unanimous show of hands, as follows:

1. Auditing methods used by Audit & Supervisory Board Members and the Audit & Supervisory Board, and details of audit

- (1) The Audit & Supervisory Board specified audit policies, auditing plan and received reports from each Audit & Supervisory Board Member on the status of implementation and results of audit, and received reports from Directors, etc. and accounting auditor on the status of the performance of their duties and asked them for explanations as necessary.
- (2) Based on the standards for audit & supervisory board members’ audit stipulated by the Audit & Supervisory Board and according to the auditing policy and auditing plan decided by the Audit & Supervisory Board, individual Audit & Supervisory Board Members communicated with Directors, Management Auditing Department, other employees, etc. by utilizing the Internet and other useful means to make efforts to collect information and improve audit environment, and perform the audit in accordance with the following procedures.
 - (i) The Audit & Supervisory Board Members attended Board of Directors meetings and other notable meetings, received reports from Directors and employees, etc. on execution of their duties, sought requested explanations as necessary from Directors and employees, etc., reviewed important documents regarding significant decisions, and researched the status of business and finance at the head office and other significant offices. With respect to the subsidiaries of the Company, we have maintained good communications and exchanged information with Directors, etc. who are in charge of subsidiaries as well as directors, audit & supervisory board members and others of the subsidiaries and received reports on business conditions from the subsidiaries as needed.
 - (ii) The Audit & Supervisory Board Members received reports from Directors and employees, etc., requested explanations as necessary and expressed their opinions on the status of the establishment and operation regarding the contents of resolutions adopted by the Board of Directors regarding the establishment of a system for ensuring that the Directors’ duties, as stated in the business report, are executed in conformity with laws and regulations, and the Articles of Association of the Company, and the establishment of a system necessary to ensure proper business operations of the corporate group consisting of a stock company and its subsidiaries as set forth in Article 100, Paragraphs 1 and 3 of the Regulations for Enforcement of the Companies Act, and regarding the system (internal control system) established in accordance with such resolutions adopted by the Board of Directors.

- (iii) With respect to the points to remember stated in Article 118, Item 5(a) of the Regulations for Enforcement of the Companies Act, and the judgment and reason stated in (b) of the said Item, which are described in the business report, we examined the contents thereof by taking into account the state of deliberation by the Board of Directors and other bodies.
- (iv) Audit & Supervisory Board Members monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, and we received reports from the Accounting Auditor regarding the state of performance of their duties and sought explanations whenever necessity arose. In addition, we received notice from the Accounting Auditor the “system for ensuring the proper performance of duties” (matters set forth in each Item of Article 131 of the Regulations on Corporate Accounting) is organized in accordance with the “Quality Control Standards for Audits” (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations whenever necessity arose.

Based on the aforementioned methods, the Audit & Supervisory Board examined the business report, supporting schedules, and financial statements (the balance sheet, the statement of income, the statement of changes in shareholders’ equity, significant accounting policies and other notes) and other related supplementary schedules, as well as the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders’ equity, the significant matters forming the basis for preparing consolidated financial statements and other notes).

2. Results of audit

(1) Results of audit of business report and other relevant documents

- (i) In our opinion, the business report and supporting schedules fairly presents the state of the Company in accordance with the laws, regulations and Articles of Association.
- (ii) In connection with the performance of duties by the Directors, no dishonest act or material fact of violation of laws, regulations, or the Articles of Association exists.
- (iii) In our opinion, the contents of the resolution of the Board of Directors regarding the internal control system are fair and reasonable. In addition, we have found nothing to be pointed out in relation to the details described in the business report and the performance of duties by the Directors regarding the internal control system.
- (iv) With regard to the business with the parent company, etc. described in the business report, we have found nothing to be pointed out in relation to the consideration made for such business so as not to harm the Company’s interests, as well as the judgment of the Board of Directors on whether or not the business harms the Company’s interests and reasons thereof.

(2) Results of audit of financial statements and related supplementary schedule

In our opinion, the methods and results of audit conducted by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are proper.

(3) Results of audit of consolidated financial statements

In our opinion, the methods and results of audit conducted by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are proper.

April 10, 2023

The Audit & Supervisory Board, AEON MALL Co., Ltd.

Full-time Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)

Maki Watanabe (Seal)

Outside Audit & Supervisory Board Member Takao Muramatsu (Seal)

Outside Audit & Supervisory Board Member Emi Abe (Torii) (Seal)

Audit & Supervisory Board Member Masato Nishimatsu (Seal)