

May 2, 2023

To our shareholders:

Kazumasa Hamada, President and CEO, Group CEO
AEON DELIGHT CO., LTD.

Partial Correction to "Notice of the 50th Annual General Meeting of Shareholders"

AEON DELIGHT CO., LTD. announces that we have made the following corrections to the information in our "Notice of the 50th Annual General Meeting of Shareholders," which was disclosed on April 28, 2023.

[Corrections]

"Notice of the 50th Annual General Meeting of Shareholders" page 5

Proposal No. 1 Election of Eight Directors

Candidate No.2 Goro Miyamae

Career summary, position, and responsibility in the Company, and significant concurrent positions outside the Company

Corrections are underlined.

<Before correction>

Mar. 2021	Managing Director in charge of overseeing Marketing DX
Dec. 2022	<u>Managing Director</u> in charge of overseeing China business
Mar. 2023	<u>Senior Managing Officer</u> in charge of overseeing China business (current position)

<After correction>

Mar. 2021	Managing Director in charge of overseeing Marketing DX
<u>May 2022</u>	<u>Director and Managing Director</u> in charge of overseeing Marketing DX
Dec. 2022	<u>Director and Managing Director</u> in charge of overseeing China business
Mar. 2023	<u>Director and Senior Managing Officer</u> in charge of overseeing China business (current position)

[Corrections]

"Notice of the 50th Annual General Meeting of Shareholders" page 12

Proposal No. 2 Election of One Auditor

1. Takafumi Fujimoto

Corrections are underlined.

<Before correction>

New election Candidate for outside Auditor

<After correction>

New election Candidate for Auditor

<Before correction>

Reasons for selection as candidate for outside Auditor

<After correction>

Reasons for selection as candidate for Auditor

<Before correction>

The Company judges that he will contribute to the further enhancement of the Company's audit operations as he has abundant experience and deep knowledge acquired through his career as well as audit experience at The Daiei, Inc. and AEON CREDIT SERVICE CO., LTD., which are subsidiaries of the Company's parent company, and has selected him as a candidate for outside Auditor.

<After correction>

The Company judges that he will contribute to the further enhancement of the Company's audit operations as he has abundant experience and deep knowledge acquired through his career as well as audit experience at The Daiei, Inc. and AEON CREDIT SERVICE CO., LTD., which are subsidiaries of the Company's parent company, and has selected him as a candidate for Auditor.

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.

Securities Code: 9787

Date of issuance: May 2, 2023

Start date of measures for electronic provision: April 28, 2023

To our shareholders:

Kazumasa Hamada, President

AEON DELIGHT CO., LTD.

2-3-2 Minamisemba, Chuo-ku, Osaka City, Osaka

Notice of the 50th Annual General Meeting of Shareholders

We are pleased to announce the 50th Annual General Meeting of Shareholders of AEON DELIGHT CO., LTD. (the “Company”), which will be held as indicated below.

When convening this general meeting of shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (hereinafter, “matters subject to measures for electronic provision”) in electronic format in accordance with laws and regulations and the provisions of Article 14 of the Articles of Incorporation of the Company, and posts this information as “Notice of the 50th Annual General Meeting of Shareholders” on each of the websites below. Please access either of the websites below to review the information.

The Company’s website: <https://www.aeondelight.co.jp/ir/stock/meeting.html> (in Japanese)

Website for posted informational materials for the general meeting of shareholders:
<https://d.sokai.jp/9787/teiji/> (in Japanese)

In addition to posting matters subject to measures for electronic provision on the websites listed above, the Company also posts this information on the website of Tokyo Stock Exchange, Inc. (TSE). To access this information from the latter website, access the TSE website (Listed Company Search) by using the URL shown below, enter the issue name (company name) “AEON DELIGHT” or securities code “9787,” and click “Search,” and then click “Basic information” and select “Documents for public inspection/PR information.”

TSE website (Listed Company Search):

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

We also accept questions from shareholders over the Internet. Please refer to the notice on acceptance of questions in advance for details.

If you are attending on the day of the meeting, please present the voting form to the receptionist.

If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet, etc. Please review the Reference Documents for General Meeting of Shareholders, and exercise your voting rights by 6:00 p.m. on Thursday, May 18, 2023 (JST).

- 1. Date and Time:** Friday, May 19, 2023, at 10:00 a.m. (JST)
- 2. Venue:** The banquet room “Tsuru,” Hotel Nikko Osaka (5th floor)
1-3-3 Nishi-Shinsaibashi, Chuo-ku, Osaka City, Osaka
There will be no gifts provided for the shareholders who attend this meeting.

3. Purpose of the Meeting

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 50th fiscal year (from March 1, 2022 to February 28, 2023), and the results of audits of the Consolidated Financial Statements by the Financial Auditors and the Board of Auditors
2. The Non-consolidated Financial Statements for the 50th fiscal year (from March 1, 2022 to February 28, 2023)

Matters to be resolved:

- Proposal No. 1** Election of Eight Directors
- Proposal No. 2** Election of One Auditor

If revisions to the matters subject to measures for electronic provision arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on the Company’s website, the website for posted informational materials for the general meeting of shareholders and the TSE website mentioned previously.

Reference Documents for General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1 Election of Eight Directors

At the conclusion of this meeting, the terms of office of all eight Directors will expire. In this regard, the Company proposes the election of eight Directors.

In addition, all candidates for outside Director satisfy the requirements of an independent officer under the provisions of the Tokyo Stock Exchange. Furthermore, the Company stipulates the following items as conditions of eligibility for Director. All candidates for Director fulfill these conditions.

[Election criteria for inside Director candidates]

1. The candidate shall have the personality and insight appropriate for being a Director.
2. The candidate shall have sufficient experience and knowledge in the Company's business as well as in the business of its affiliates and outstanding ability for business judgment and execution.
3. The candidate shall be able to take responsibility for the basic policy, strategic planning, and business execution of the Company and its group companies (the "Group"), and fulfill accountability for the Board of Directors.

[Election criteria for outside Director candidates]

1. The candidate shall have the personality and insight appropriate for being an outside Director.
2. The candidate shall subscribe to the Company's management principles, code of conduct, etc.
3. The candidate shall have extensive experience as a chief executive officer or other corporate executive, or shall have comparable experience, knowledge and insight.
4. The candidate shall be able to make judgments independently of the Company's management.
5. The candidate shall be able to participate in most of the Company's Board of Directors' meetings.

[Criteria for determining independence of outside Director candidates]

The Company's outside Director shall satisfy the conditions stated below to maintain his or her independence.

1. The candidate does not presently serve, or has not served for the past ten years as director, executive officer or employee (hereafter referred to as "Executing Person") of the Company or its subsidiaries.
2. The subject person is someone to whom the conditions stated below are not presently applicable, or have not been applicable for the past three years:
 - (1) Major shareholder of the Company (those who directly or indirectly hold 10% or more of voting rights), or its Executing Person
 - (2) Partner of the Financial Auditors of the Company or employee who conducts the Company's audit
 - (3) Executing Person of the Company's principal creditors (creditors who have lent to the Group an amount that exceeds 2% of the Group's consolidated total assets)
 - (4) Executing Person of the Company's major vendors (vendors where the amount of Group transaction exceeds 2% of their annual consolidated sales of the said vendors).
 - (5) Attorney at law, certified public accountant, certified public tax accountant or other consultant who receives remuneration in the amount exceeding 10 million yen annually from the Group other than the director's remuneration.
 - (6) Executing Person of a nonprofit organization where donation from the Group exceeds 10 million yen and where the amount of such donation exceeds 2% of the organization's total revenue.
 - (7) Spouse or a relative within the second degree of kinship of 1. and (1) through (6) above.

The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Career summary, position, and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	<p>Kazumasa Hamada (December 30, 1964)</p> <p>Reelection</p>	<p>Mar. 1987 Joined JUSCO Co., Ltd. (currently Aeon Co., Ltd.)</p> <p>Nov. 2006 Head of Management Planning Department of Posful Corporation (currently AEON Hokkaido Corporation)</p> <p>Mar. 2007 Executive Officer</p> <p>Sept. 2008 General Manager of Control Division of AEON Retail Co., Ltd.</p> <p>Mar. 2011 Executive Officer</p> <p>Mar. 2013 Director and Control and Accounting Officer of Aeon Co., Ltd.</p> <p>Feb. 2015 Regional Office Manager of Kitakanto and Niigata Company of AEON Retail Co., Ltd.</p> <p>Feb. 2015 Director and Senior Managing Executive Officer</p> <p>Mar. 2017 Senior Managing Executive Officer</p> <p>Mar. 2018 Temporarily transferred to the Company (Advisor)</p> <p>May 2018 President and CEO</p> <p>Dec. 2018 President Commissioner of PT Sinar Jernih Sarana (current position)</p> <p>July 2019 President and CEO, and Group CEO of the Company</p> <p>Dec. 2019 President and CEO, Group CEO and General Manager of Financial and Accounting Division (CFO)</p> <p>Apr. 2020 President and CEO, and Group CEO (current position)</p> <p>July 2021 Director of AEON DELIGHT (CHINA) CO., LTD. (current position)</p>	1,100 shares
<p>Reasons for selection as candidate for Director and roles expected to be performed</p> <p>Kazumasa Hamada was an Executing Person at Aeon Co., Ltd., the Company's parent company, and AEON Retail Co., Ltd., its subsidiary. He has served as President and CEO of the Company since May 2018, and has promoted the growth of the Group in this role. The Company judges that he can continue to contribute to sustainable growth and the increase of corporate value by providing appropriate supervision of the Group's overall management as a Director, and has therefore selected him as a candidate for Director.</p>			
<p>Conflicts of interest</p> <p>There is no conflict of interest between Kazumasa Hamada and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, position, and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
2	<p style="text-align: center;">Goro Miyamae (November 17, 1965)</p> <p style="text-align: center;">Reelection</p>	<p>Jan. 1999 Joined the Company</p> <p>June 2007 Manager, QMS Department, Crisis Management & QMS Division</p> <p>Mar. 2008 Manager, Cleaning Business Department, Cleaning Business Division</p> <p>Mar. 2010 General Manager, Cleaning Business Division</p> <p>May 2016 Executive Officer and General Manager of Cleaning Business Division</p> <p>Nov. 2018 Executive Officer and General Manager of Service Network Promotion Division</p> <p>July 2019 Executive Officer and Manager of Kanto Regional Office</p> <p>Mar. 2020 Executive Officer in charge of overseeing East Japan operations</p> <p>Feb. 2021 Executive Officer in charge of overseeing Marketing DX</p> <p>Mar. 2021 Managing Director in charge of overseeing Marketing DX</p> <p>May 2022 Director and Managing Director in charge of overseeing Marketing DX</p> <p>Dec. 2022 Director and Managing Director in charge of overseeing China business</p> <p>Mar. 2023 Director and Senior Managing Officer in charge of overseeing China business (current position) Chairperson of AEON DELIGHT (CHINA) CO., LTD. (current position)</p>	1,200 shares
<p>Reasons for selection as candidate for Director and roles expected to be performed</p> <p>Goro Miyamae has served in the Company as a general manager and as an executive officer in charge of overseeing the cleaning business, a regional office, marketing, DX promotion and the China business. He has sufficient knowledge of the Company's operations, and has excellent ability for business judgment and execution as a Senior Managing Officer. The Company judges that he is able to draw upon his experience and knowledge to supervise management execution as a Director and play an adequate role in deciding on important matters, and has therefore selected him as a candidate for Director.</p>			
<p>Conflicts of interest</p> <p>There is no conflict of interest between Goro Miyamae and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, position, and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	<p>Tetsuya Akutsu (March 21, 1967)</p> <p>New election</p>	<p>Apr. 1989 Joined The Industrial Bank of Japan, Limited (now Mizuho Bank, Ltd.)</p> <p>Apr. 2014 General Manager of Investor Relations Department of Mizuho Financial Group, Inc.</p> <p>Apr. 2016 General Manager of Strategic Planning Department of Mizuho Financial Group, Inc. and Mizuho Bank, Ltd.</p> <p>Apr. 2018 Project Team Manager of Overseas Coordination Infrastructure Establishment Project of Mizuho Bank, Ltd.</p> <p>Apr. 2019 Senior Executive Officer, General Manager of Global Corporate Coordination Department of Mizuho Financial Group, Inc. and Mizuho Bank, Ltd.</p> <p>Apr. 2020 Senior Executive Officer, Deputy Officer in Charge of Global Corporate Company of Mizuho Financial Group, Inc. Executive Officer, Joint Division Manager of Global Corporate Division of Mizuho Bank, Ltd.</p> <p>May 2021 Managing Director, General Manager of Financial and Accounting Division and CFO of the Company (current position)</p>	0 shares
<p>Reasons for selection as candidate for Director and roles expected to be performed</p> <p>Tetsuya Akutsu has broad work experience as an officer and employee of Mizuho Financial Group and the Company in addition to adequate knowledge related to the Company's operations as the person responsible for financial management of the Group, and has a high level of management judgment skills and management execution capability as a Managing Executive Officer. The Company judges that he is able to draw upon his experience and knowledge to supervise management execution as a Director and play an adequate role in deciding on important matters, and has therefore selected him as a candidate for Director.</p>			
<p>Conflicts of interest</p> <p>There is no conflict of interest between Tetsuya Akutsu and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, position, and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
4	<p style="text-align: center;">Hiroyuki Watanabe (July 17, 1958)</p> <p style="text-align: center;">Reelection</p>	<p>Apr. 1982 Joined Isejin Jusco Co., Ltd. (currently Aeon Co., Ltd.)</p> <p>Sept. 2003 General Manager of Administration Division of Kanto Company of JUSCO Co., Ltd.</p> <p>May 2006 Representative Director of AEON Financial Project Co., Ltd. (currently, AEON Bank, Ltd.)</p> <p>Sept. 2006 Director in charge of overseeing Human Resources and General Affairs, and Public Relation</p> <p>Apr. 2008 Director and Managing Executive Officer in charge of Human Resources and General Affairs</p> <p>June 2012 Director, Senior Managing Executive Officer, and Head of Corporate Management Division</p> <p>Nov. 2012 Director of AEON CREDIT SERVICE CO., LTD. (currently, AEON Financial Service Co., Ltd.)</p> <p>Apr. 2014 Representative Director and Senior Managing Executive Officer, Head of Sales Division of AEON Bank, Ltd.</p> <p>Apr. 2015 President and Representative Director</p> <p>June 2017 Director and Executive Vice President of AEON Financial Service Co., Ltd.</p> <p>Sept. 2018 Executive Officer in charge of Human Resources and Administration, Administration & Risk Management of Aeon Co., Ltd.</p> <p>Oct. 2018 Director of AEON Financial Service Co., Ltd. (current position)</p> <p>May 2021 Director of the Company (current position)</p> <p>Mar. 2022 Executive Vice President and Executive Officer in charge of Human Resources and Administration, Administration & Risk Management of Aeon Co., Ltd. (current position)</p>	0 shares
<p>Reasons for selection as candidate for Director and roles expected to be performed</p> <p>Hiroyuki Watanabe, currently or in the past ten years, is or was an Executing Person at Aeon Co., Ltd., the Company's parent company, and AEON Bank, Ltd. and AEON Financial Service Co., Ltd., its subsidiaries. The Company judges that he is able to draw upon the experience and knowledge he has accumulated in his career to supervise management execution as a Director and play an adequate role in deciding on important matters, and has therefore selected him as a candidate for Director.</p>			
<p>Conflicts of interest</p> <p>There is no conflict of interest between Hiroyuki Watanabe and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, position, and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
5	<p style="text-align: center;">Yoshiaki Hampo (April 20, 1949)</p> <p style="text-align: center;">Reelection Candidate for outside Director Candidate for independent officer</p>	<p>Apr. 1974 Joined the Ministry of Transport (General Affairs Division of Civil Aviation Bureau)</p> <p>Apr. 1983 Seconded to Geneva Office of Japan National Tourism Organization (JNTO)</p> <p>May 1988 First Secretary of Permanent Delegation of Japan to the Organisation for Economic Cooperation and Development (OECD)</p> <p>Jan. 1991 Deputy Assistant Vice-Minister</p> <p>July 2001 Deputy Director-General (Maritime Bureau & Ports and Harbours Bureau) of Minister's Secretariat of Ministry of Land, Infrastructure, Transport and Tourism</p> <p>Apr. 2003 Senior Vice President (Logistics & International Division) of Japan Post</p> <p>July 2007 Deputy Vice-Minister for Tourism Policy, Minister's Secretariat of Ministry of Land, Infrastructure, Transport and Tourism</p> <p>Oct. 2008 Commissioner of Japan Tourism Agency</p> <p>Apr. 2010 Professor of Tokyo Metropolitan University</p> <p>Jan. 2014 Special Adviser of Japan Tourism Agency</p> <p>Nov. 2014 Adjunct Professor of Tokyo Institute of Technology</p> <p>Apr. 2015 Research Professor of Tokyo Metropolitan University</p> <p>June 2015 Director of THE KEIHIN CO., LTD. (outside, current position)</p> <p>June 2016 Chief of UNWTO Regional Support Office for Asia and the Pacific (current position)</p> <p>Apr. 2017 Visiting Professor of Tokyo Institute of Technology</p> <p>May 2017 Director of the Company (outside, current position)</p> <p>Apr. 2018 Visiting Professor at Tokyo Metropolitan University (current position)</p> <p>Aug. 2021 Director and Chairman of Tobu Top Tours Co., Ltd.</p>	1,900 shares
<p>Reasons for selection as candidate for outside Director and roles expected to be performed Yoshiaki Hampo has an extensive career and broad insight as the first Commissioner of Japan Tourism Agency and Senior Vice President of Japan Post in addition to overseas experience and administrative experience related to the Ministry of Transport. He also has experience in the area of human resource development as a specially-appointed professor at universities. The Company judges that through such experience, he can continue to supervise management execution as a Director by contributing to improve the Company's management and corporate governance, and play an adequate role in deciding on important matters, and has therefore selected him as a candidate for Director.</p>			
<p>Conflicts of interest There is no conflict of interest between Yoshiaki Hampo and the Company.</p>			
<p>Note: The Company has entered into an agreement with Yoshiaki Hampo regarding liabilities under Article 423, paragraph 1 of the Companies Act, to limit his liability for damages to the minimum liability amount stipulated by laws and regulations, if he has acted in good faith and without gross negligence in performing his duties as an outside Director. If his reelection is approved, the Company plans to renew this agreement with him. He is currently an outside Director of the Company, and at the conclusion of this meeting, his tenure will have been six years.</p>			

Candidate No.	Name (Date of birth)	Career summary, position, and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
6	<p style="text-align: center;">Keiji Yoshikawa (July 6, 1950)</p> <p style="text-align: center;">Reelection Candidate for outside Director Candidate for independent officer</p>	<p>Apr. 1973 Joined Nippon Sheet Glass Co., Ltd.</p> <p>June 2004 Corporate Officer, General Manager of Information & Telecommunication Device Division, and Plant Manager of Sagamihara Plant</p> <p>Jan. 2008 Corporate Officer and General Manager of IT Business Unit</p> <p>June 2008 Director, Executive Officer, and Head of Specialty Glass Worldwide</p> <p>Feb. 2012 Director, Representative Executive Officer, and Executive Vice President and CPMO (Chief Project Management Officer)</p> <p>Apr. 2012 Director, Representative Executive Officer, and President and CEO</p> <p>June 2015 Advisor</p> <p>June 2018 Director of Kansai Paint Co., Ltd. (outside, current position)</p> <p>May 2021 Director of the Company (outside, current position)</p> <p>June 2021 Director and Member of the Audit and Supervisory Committee of Fujikura Ltd. (outside, current position)</p>	600 shares
<p>Reasons for selection as candidate for outside Director and roles expected to be performed Keiji Yoshikawa has management experience as the representative executive officer and president and CEO of a company listed on the first section of the Tokyo Stock Exchange, as well as experience as the top of a global corporation based in Japan. The Company therefore judges that he is able to continue to supervise management execution as a Director by contributing to improve the Company's management and corporate governance, not only in the Company's domestic business but also its overseas business management, and play an adequate role in deciding on important matters, and has therefore selected him as a candidate for Director.</p>			
<p>Conflicts of interest There is no conflict of interest between Keiji Yoshikawa and the Company.</p>			
<p>Note: The Company has entered into an agreement with Keiji Yoshikawa regarding liabilities under Article 423, paragraph 1 of the Companies Act, to limit his liability for damages to the minimum liability amount stipulated by laws and regulations, if he has acted in good faith and without gross negligence in performing his duties as an outside Director. If his reelection is approved, the Company plans to renew this agreement with him. He is currently an outside Director of the Company, and at the conclusion of this meeting, his tenure will have been two years.</p>			

Candidate No.	Name (Date of birth)	Career summary, position, and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
7	<p style="text-align: center;">Asako Takada (March 20, 1964)</p> <p style="text-align: center;">Reelection Candidate for outside Director Candidate for independent officer</p>	<p>Apr. 1987 Joined E.F. Hutton & CO., Inc.</p> <p>Jan. 1988 Joined Morgan Stanley Japan Limited</p> <p>Apr. 2002 Lecturer of Faculty of Business Administration, Takachiho University</p> <p>Apr. 2003 Assistant Professor of Faculty of Business Administration</p> <p>Apr. 2008 Associate Professor of Hosei Business School of Innovation Management</p> <p>Apr. 2011 Professor of Hosei Business School of Innovation Management (current position)</p> <p>Sept. 2015 Director of Global MBA Program, Hosei Business School of Innovation Management (current position)</p> <p>Apr. 2021 General Manager of Recurrent Education Office of Hosei University (current position)</p> <p>May 2021 Director of the Company (outside, current position)</p> <p>Apr. 2022 Advisor on regrowth of The Asahi Shimbun Company (current position)</p>	300 shares
<p>Reasons for selection as candidate for outside Director and roles expected to be performed Asako Takada has insight and knowledge in the areas of organization theory and innovation, which are her research fields as a university professor. The Company judges that she is able to continue to supervise management execution as a Director by drawing on these to contribute to promote organizational culture reforms for improving the Company's corporate value, improving the Company's corporate governance, and promoting diversity, and play an adequate role in deciding on important matters, and has therefore selected her as a candidate for Director.</p>			
<p>Conflicts of interest There is no conflict of interest between Asako Takada and the Company.</p>			
<p>Note: The Company has entered into an agreement with Asako Takada regarding liabilities under Article 423, paragraph 1 of the Companies Act, to limit her liability for damages to the minimum liability amount stipulated by laws and regulations, if she has acted in good faith and without gross negligence in performing her duties as an outside Director. If her reelection is approved, the Company plans to renew this agreement with her. She is currently an outside Director of the Company, and at the conclusion of this meeting, her tenure will have been two years.</p>			

Candidate No.	Name (Date of birth)	Career summary, position, and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
8	Toshio Shimada (June 4, 1957) New election Candidate for outside Director Candidate for independent officer	Apr. 1980	Joined Japan Gasoline Co., Ltd.
		July 1990	Joined Sanwa Research Institute Corp. (now Mitsubishi UFJ Research and Consulting Co., Ltd.)
		Aug. 1992	Joined JGC Information Systems Co., Ltd.
		Nov. 1997	Joined CAC Co., Ltd. (now CAC Holdings Corporation)
		Mar. 2000	Executive Officer and General Manager of Corporate Planning Department
		Mar. 2002	Director and Senior Vice President of Corporate Planning Department
		July 2003	Managing Director and Senior Vice President of Corporate Division
		Mar. 2004	President and CEO
		Jan. 2011	Representative Director and Chairman
		Mar. 2015	Chairman and Director
		Mar. 2019	Special Advisor (current position)
June 2021	Director of Bandai Namco Holdings Inc. (outside, current position)		
Reasons for selection as candidate for outside Director and roles expected to be performed Toshio Shimada has served in the corporate planning department of an IT company and as its representative director, and possesses experience and insight in corporate management as well as broad knowledge and insight related to digital technology. The Company judges that he is able to draw upon his experience and knowledge to contribute to the Company's promotion of DX and supervise management execution as a Director and play an adequate role in deciding on important matters, and has therefore selected him as a candidate for outside Director.			0 shares
Conflicts of interest There is no conflict of interest between Toshio Shimada and the Company.			
Note: The Company plans to enter into an agreement with Toshio Shimada regarding liabilities under Article 423, paragraph 1 of the Companies Act, to limit his liability for damages to the minimum liability amount stipulated by laws and regulations, if he has acted in good faith and without gross negligence in performing his duties as an outside Director.			

[Summary of Directors and Officers Liability Insurance]

In accordance with Article 430-3, paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance policy in which the Directors are insureds. The policy will cover loss incurred when an insured assumes responsibility for the performance of their duties or receives a claim related to the pursuit of such responsibility. However, loss, etc. resulting from criminal acts and intentional violations of the law by the Directors themselves are not covered. When the candidates assume their offices as Directors, they will be insureds under the insurance policy. The full amount of the insurance premiums is borne by the Company, and at the time of the next renewal, the Company plans to renew the policy with the same content.

Proposal No. 2 Election of One Auditor

Auditor Yuji Kawabe will resign at the conclusion of this meeting. Therefore, the Company proposes the election of one Auditor as his substitute. If the election of the candidate for Auditor Takafumi Fujimoto as the substitute is approved as proposed in this proposal, as provided for under Article 28, paragraph 2 of the Company's Articles of Incorporation, his term of office shall be until the conclusion of the 52nd Annual General Meeting of Shareholders, which is the expiration date of the term of office of the resigning Auditor Yuji Kawabe.

In addition, the consent of the Board of Auditors has been obtained for this proposal.

The candidate for Auditor is as follows:

Candidate No.	Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Takafumi Fujimoto (March 23, 1965) New election Candidate for Auditor	Apr. 1987 Joined National Police Agency Oct. 2009 Director of Community Police Affairs Division, Community Safety Bureau of National Police Agency Oct. 2011 Chief of Kagawa Prefectural Police Headquarters Feb. 2013 Executive Assistant to the National Public Safety Commission, Commissioner-General's Secretariat, National Police Agency Jan. 2014 Director, Community Safety Bureau, National Police Agency Aug. 2015 Personnel Division, Commissioner-General's Secretariat, National Police Agency Apr. 2017 Chief Inspector General, Commissioner- General's Secretariat, National Police Agency Sept. 2018 Deputy Vice-Minister for Policy Coordination, Commissioner-General's Secretariat, National Police Agency Jan. 2020 Chief of Osaka Prefectural Police Headquarters Jan. 2021 Director-General, Criminal Investigation Bureau, National Police Agency May 2022 Advisor of AEON CO., Ltd. (current position), Auditor of The Daiei, Inc. (current position), Auditor of AEON CREDIT SERVICE CO., LTD. (current position)	0 shares
Reasons for selection as candidate for Auditor Takafumi Fujimoto has held key positions in the National Police Agency. The Company judges that he will contribute to the further enhancement of the Company's audit operations as he has abundant experience and deep knowledge acquired through his career as well as audit experience at The Daiei, Inc. and AEON CREDIT SERVICE CO., LTD., which are subsidiaries of the Company's parent company, and has selected him as a candidate for Auditor.			
Conflicts of interest There is no conflict of interest between Takafumi Fujimoto and the Company.			

[Summary of Directors and Officers Liability Insurance]

In accordance with Article 430-3, paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance policy in which the Auditors are insureds. The policy will cover loss incurred when an insured assumes responsibility for the performance of their duties or receives a claim related to the pursuit of such responsibility. However, loss, etc. resulting from criminal acts and intentional violations of the law by the Auditors themselves are not covered. When the candidate assumes his office as Auditor, he will be an insured under the insurance policy. The full amount of the insurance premiums is borne by the Company, and at the time of the next renewal, the Company plans to renew the policy with the same content.

3. Matters related to Share Subscription Rights (As of February 28, 2023)

Share Subscription Rights (Stock compensation-type stock options)

The following is the status of the share subscription rights that were issued as compensation for the execution of duties owned by the Company's Directors excluding outside Directors as of the end of the fiscal year.

Issues of stock options (Issuance resolution date)	Exercise period	Number of share subscription rights	Number of shares subject to the rights	Number of persons holding the rights	Issuing price	Amount of capital contributed upon exercise
No. 8 share subscription rights (May 11, 2015)	June 10, 2015 to June 10, 2030	16	1,600 shares	1	2,841 yen per share	0.5 yen per share
No. 9 share subscription rights (May 10, 2016)	June 10, 2016 to June 10, 2031	16	1,600 shares	1	2,689 yen per share	0.5 yen per share
No. 10 share subscription rights (May 10, 2017)	June 10, 2017 to June 10, 2032	18	1,800 shares	1	3,167 yen per share	0.5 yen per share
No. 11 share subscription rights (May 10, 2018)	June 10, 2018 to June 10, 2033	23	2,300 shares	1	3,439 yen per share	0.5 yen per share
No. 13 share subscription rights (May 11, 2020)	June 10, 2020 to June 10, 2035	92	9,200 shares	2	2,738 yen per share	0.5 yen per share
No. 14 share subscription rights (May 10, 2021)	June 10, 2021 to June 10, 2036	92	9,200 shares	2	2,823 yen per share	0.5 yen per share
No. 15 share subscription rights (May 10, 2022)	June 10, 2022 to June 10, 2037	53	5,300 shares	2	2,379 yen per share	0.5 yen per share

Conditions for exercising share subscription rights (same for all issues)

1. For the issuance of shares resulting from exercise of the share subscription rights, capitalization shall not be conducted if treasury stocks are appropriated for this purpose.
2. Conditions for exercising share subscription rights
 - (1) The person receiving the share subscription rights must be a Director or Auditor of the Company at the time of exercise of the rights. However, even a person who resigned as a Director or Auditor of the Company may exercise the rights only within five years from the date of the resignation.
 - (2) When exercising share subscription rights, the Director or Auditor must exercise the entire number of the rights in his/her possession and may not exercise them in installments.

Note: Share options are not granted to outside Directors.

6. Systems for Ensuring Fair Business Transactions and Operation Status of the System

(1) Overview of decisions on the systems for ensuring fair business transactions

On May 18, 2022, the Board of Directors adopted a resolution on the basic policy related to systems for ensuring that Directors execute their duties in compliance with laws and regulations and with the Company's Articles of Incorporation and for ensuring just and fair execution of business operations of the Company. The resolution is as follows:

- (i) The system to ensure that the execution of duties by its Directors and employees complies with laws and regulations and with the Company's Articles of Incorporation (compliance system)
 - In addition to complying with laws and regulations and with its Articles of Incorporation, the Company always adheres to its Management Principles and Code of Conduct and acts with high ethical standards.
 - The Company will implement a system to ensure that the execution of duties by its Directors and employees complies with laws and regulations and with its Articles of Incorporation, as follows:
 - (a) The Board of Directors will make decisions on matters of importance as prescribed by the Board of Directors rules and standards on deliberations as well as provide oversight over the execution of the Company's business operations. Directors will mutually exercise checks and balances within the Board and will ensure that decisions of the Board and the Company's execution of its business comply with laws and regulations and with its Articles of Incorporation;
 - (b) The Board of Directors will appoint an officer in charge of compliance, and the Group Compliance Department will be under this officer's control. The officer in charge of compliance and the Group Compliance Department will be responsible for ensuring that the Company and its consolidated subsidiaries (hereinafter referred to as the "Group") implement necessary measures to strengthen compliance;
 - (c) The Company's Group Compliance Department will appoint compliance committee members who do not concurrently serve as Directors or officers at Group companies. Under the Company's Group Governance Division Manager, it will evaluate the appropriateness of their activities and nominate and dismiss committee members;
 - (d) The Company will require all employees to adhere to laws, regulations, company rules, etc. in the Company's working rules and will organize compliance training periodically or whenever necessary to raise Directors' and employees' compliance awareness;
 - (e) The Company will establish a whistleblower system to ensure early detection and remedy of inappropriate corporate activities and prevent similar incidents from happening again;
 - (f) The Group Corporate Audit Department, as an internal audit department, will examine and assess the effectiveness of the compliance system; and
 - (g) The Auditors and the Board of Auditors will, if they recognize problems in the system of compliance with laws and regulations and the Articles of Incorporation, request the Board of Directors to implement measures to remedy such problems.
- (ii) The system for preservation of information related to execution of duties by the Directors (information preservation system)
 - The Company will implement a system to appropriately store and preserve documents such as the minutes of the general meetings of shareholders and of the Board of Directors, the preservation of which is a statutory requirement, and other important information, as follows:
 - (a) In accordance with laws and regulations as well as the internal regulations on document management and other internal regulations, the Company will appropriately store and preserve important documents and electromagnetic digital media relating to execution of business by its Directors;
 - (b) The Company will respond immediately to requests from Directors and Auditors to examine those documents and media; and
 - (c) The Company will manage information appropriately in accordance with internal regulations, including regulations on information security management and on protection of personal information, and review such regulations from time to time.

- (iii) The regulations and systems for management of risk of loss (risk management system)
- The Company will implement a system to make necessary decisions and take necessary steps in response to various risks that may arise during the course of business activities, as follows:
 - (a) As for risk management during the normal course of business, risk management departments, assigned for each risk, will manage risk to prevent risk-related incidents and reduce loss;
 - (b) The Risk Management Committee, with the Group Compliance Department serving as its secretariat, will summarize the results of risk assessment and analysis performed by each department in charge of risk management as well as the proposed countermeasures, verify the risk scenarios of each Group company, and periodically report its findings to the Board of Directors. If risk becomes actualized and substantial damage can be expected, Directors must promptly report it to the Auditors;
 - (c) In times of emergencies, the Disaster Response Headquarters will be established, with the President acting as the head, to enable quicker decision-making and execution than during normal times. In addition, it will prepare the basic regulations and manuals for business continuity in times of crisis (BCP basic regulations), BCP detailed regulations, disaster recovery handbook, etc., periodically revise regulations and manuals, and plan and conduct disaster drills; and
 - (d) The Group Corporate Audit Department will evaluate the effectiveness of risk management through audits of the departments in charge of risk based on risk scenarios in line with risk management points.
 - The Company, with its commitment to quality of its operations as a way to embody “creation of environmental value” enshrined in its Management Principle, will implement a system for maintaining and improving quality so as to continue to prove popular with customers, as follows:
 - (a) The Company will establish an Integrated Manual on Quality and Environment and review its contents as needed.
 - (b) To ensure that operations are conducted based on such regulations and manuals on quality standards, the Company will provide qualification education for ISO internal audits to all area and site managers. Staffs who are certified for ISO internal audits will conduct mutual audits to measure the effectiveness of ISO internal audits.
- (iv) The system for ensuring that Directors are executing their duties efficiently (system to ensure efficiency)
- The Company will implement a system to ensure that Directors are executing their duties with efficiency, as follows:
 - (a) The Company will set out the rules of the Board of Directors and identify those issues that require the resolution of the Board and those issues that must be reported to the Board. As for other issues before the Board, the Company will demarcate decision-making authority based on regulations on decision-making and on responsibilities and authority of the Directors. It will also set out clearly the division of labor for executing business operations within the organization and the boundaries of jobs and responsibilities;
 - (b) The Board of Directors will ensure that sufficient deliberation is made for decisions on important management issues and for overseeing management and execution of business operations. In addition, the Company will promote efficiency in the execution of business operations by implementing the executive officer system. At the same time, the Company will promote efficient management of the Group through deliberative bodies such as Management Committee, Branch Management Committee, Domestic Group Management Committee, and Overseas Group Management Committee;
 - (c) The Company has put in place a system that ensures the efficiency of management by including multiple independent outside Directors on the Board of Directors to examine the proposals of the management team from multiple angles and carry out effective supervision of the Directors, while supporting swift and decisive decision making. To supervise the fairness of the execution of duties and evaluate the appropriateness of such execution, the Board of Directors has established the Nomination and Compensation Advisory Committee and the Evaluation Advisory Committee composed of independent outside Directors as voluntary advisory committees.
 - (d) The basic concepts of the Company’s corporate governance, which have been outlined above, will be set down in writing and disclosed in AEON delight Corporate Governance Guidelines.

- (v) The system to ensure fair business transactions within the corporate group consisting of the Company, its parent company and subsidiaries (internal control within the corporate group)
- Measures will be implemented for transactions between AEON delight and any of AEON Co., Ltd., AEON Group companies, or AEON delight subsidiaries to prevent conflicts of interest and to ensure fair transactions.
 - Significant transactions in conflict of interest between controlling shareholders and minority shareholders will be deliberated and examined in a special committee composed of independent outside Directors.
 - The Group will implement a system for sharing its basic philosophy and principles and reinforcing internal control within the Group, as follows:
 - (a) The Company will set down the basic framework for governance of subsidiaries by parent companies in the regulations on management of affiliated companies, including provisions on matters that subsidiaries must report to the parent company and matters requiring prior approval of the parent company. The Company will also dispatch its Directors and Auditors to its subsidiaries to supervise management of the subsidiaries;
 - (b) In addition to receiving monthly performance reports from its subsidiaries, the Company will organize the Domestic and Overseas Group Management Committee meetings, which include the Company's Directors and the Presidents of subsidiaries as members. Through this, the Company will take stock of the performance of its subsidiaries, and establish individual growth strategies, budget performance management, and internal control systems as a part of Group governance;
 - (c) The Group will operate its compliance and whistleblower system under a common, unified framework. The Company will conduct annual compliance training for Directors and employees of the Group to foster compliance awareness. The Group Compliance Department will work with the Compliance Committee members appointed for each Group company to carry out activities that raise compliance awareness among the management and employees of each company. In addition, the Company will ensure that all employees are aware of the Group's whistleblower system and will operate it independently of the management of each Group company;
 - (d) As for internal control related to financial reporting, risk management, and internal audits, the Group will have basic policies implemented across the Group. On the other hand, it will also consider the nature, scope and complexity of the businesses of its subsidiaries so that it can determine the reporting and management systems of each of its subsidiaries; and
 - (e) The Auditors and the Group Corporate Audit Department will regularly inspect the subsidiaries. In conducting business operation audits, the Group Corporate Audit Department will place under close scrutiny those subsidiaries that are considered high risk in light of past performance audits and whistleblower incidents.
- (vi) Matters related to employees assisting the Auditors (assignment of auditor staff)
- If requested by the Auditors, the Company will assign employees to work exclusively for the Auditors as assistants.
 - Such employees will follow the instructions of the Auditors and assist their work.
- (vii) Matters related to the independence of employees assisting the Auditors from the Directors (independence of auditor staff)
- The Company must obtain prior approval of full-time Auditors or of the Board of Auditors on matters related to the employment, selection, transfer, and other personnel decisions related to the employees assisting the Auditors. Full-time Auditors will perform the performance evaluation of such employees.
 - The Company must obtain prior approval of full-time Auditors or of the Board of Auditors before initiating disciplinary action against employees working in the Audit Office.
- (viii) The System for enabling Directors and employees to report to the Auditors and other matters related to making reports to the Auditors (Auditor reporting system)
- The Directors and employees of the Group must report immediately to the Auditors or the Board of Auditors if they discover or come to have knowledge of any fact that will have a significant impact on the

Group's business or business performance, or if they discover or come to have knowledge of any breach of laws and regulations or other compliance-related issues.

- The Group Corporate Audit Department and Group Compliance Department will regularly report the statuses of internal audits, compliance, and risk management of the Group to the Auditors of the Company.
 - The Auditors may attend the Board of Directors meetings and other important meetings related to the management of the Company's business and freely express their views.
 - The Group Compliance Department will be the office responsible for the Group's whistleblower system. The Auditors will, periodically or whenever necessary, receive reports from the office on the status of whistleblower reports made by the Group's Directors and employees through the whistleblower system.
 - The Company prohibits anyone from unfavorably treating or taking retaliatory action against any Director or employee of the Group or any user of the whistleblower system for having made a report to an Auditor or for having used the whistleblower system. The Company will ensure that Directors and employees of the Group are made fully aware of this prohibition.
- (ix) Other systems for ensuring that the Auditors can execute their duties effectively (system for ensuring effective audit by Auditors)
- The Company will implement a system to ensure that the Auditors can conduct their audits effectively, as follows:
 - (a) To enable effective execution of audit duties, the Auditors will have regular meetings with the President and exchange views on issues that need to be dealt with and other important issues pertaining to the audit;
 - (b) To enable effective execution of audit duties, the Auditors will work in close collaboration with the Group Corporate Audit Department;
 - (c) The Auditors will also exchange information with and work in close collaboration with the Financial Auditors and with outside Directors; and
 - (d) If requested by the Auditors to make a report or submit related documents and other materials on matters within the remit of the Auditors, the Directors and employees of the Group will comply with the request promptly and in good faith.
 - The Company will meet reasonable requests made by the Auditors for payment of expenses required for execution of their duties, as follows:
 - (a) If requested by the Auditors to make advance payment of costs related to execution of their duties pursuant to the provisions of the Companies Act, Article 388, the Company will promptly settle such expenses or debt; and
 - (b) The Company will allocate a certain amount of budget in advance for expenses that the Company deems necessary for the Auditors to execute their duties. Contingencies paid by the Auditors will be settled afterward based on a claim made by the Auditors.
- (x) System for eliminating anti-social forces
- The Company will sever any and all ties with anti-social forces. If unfair claims are made against the Company by anti-social forces, the Company will work with specialist outside organizations to take legal steps as an organization.
 - If it comes to light that a business partner of the Company is an anti-social force, has business dealings with anti-social forces, or has resorted to violent and intimidating anti-social behavior, the Company will immediately rescind all transactions and agreements with such business partner.
 - The Company will appoint the Group Legal Affairs Department to handle requests from anti-social forces, actively collect information from external organizations, and strive to eliminate anti-social forces.
- (xi) Internal control system for financial reporting
- The Company will set out the Regulations on Internal Control Related to Financial Reporting based on the Company's internal control and reporting system. The Company will work towards ensuring the accuracy and reliability of financial reporting of the Group through education, supervision, and evaluation.

(2) Systems for ensuring fair business transactions and operation status of the system

The Company is implementing and operating the internal control system based on the Basic Policy on the Internal Control System mentioned above. The following is an overview of the operational status of the system to ensure fair business transactions of the Company for the current fiscal year.

- (i) The system to ensure that the execution of duties by its Directors and employees complies with laws and regulations and with the Company's Articles of Incorporation (compliance system)
 - The Company has set out the rules of the Board of Directors and other internal regulations and appointed the Executive Officer in charge of compliance to ensure that Directors act in compliance with laws, regulations, and the Articles of Incorporation. The Board of Directors has held 17 meetings in the current fiscal year to deliberate each proposal and supervise the execution of business operations. Moreover, the Company is also providing officer compliance training to Directors and Executive Officers of the Company.
 - The Executive Officer in charge of compliance has been appointed the Officer of Operation Control in compliance, and the Group Compliance Department is under this officer's control. The Executive Officer in charge of compliance and the Group Compliance Department implement measures necessary to strengthen compliance of the Group and regularly report the status of those measures to the Board of Directors.
 - The Basic Regulations on AEON delight Group Compliance have been set out, and the officer and department in charge of compliance have been appointed for each organization including Group companies to raise compliance awareness across the Group.
 - The Company requires all employees to adhere to laws, regulations, company rules, etc. in the Company's working rules and has distributed the booklet entitled Compliance Basics 2021 to raise employees' compliance awareness as an effort in the AEON Group as a whole.
 - The Company has established a whistleblower system to ensure early detection and remedy of inappropriate corporate activities and prevent similar incidents from happening again. The Group Compliance Department, as the office to accept whistleblower reports, regularly makes reports on the status of whistleblower reports to the Board of Directors.
In addition to the whistleblower system within the Company, an office to accept whistleblower reports for the Group as a whole has also been established at an external attorney's office.
 - The Group Corporate Audit Department, as an internal audit department, examines and assesses the effectiveness of the compliance system, and regularly reports the findings to the Board of Directors.
- (ii) The system for preservation of information related to execution of duties by the Directors (information preservation system)
 - For the minutes of the general meetings of shareholders, the minutes of the Board of Directors, and other legal documents as well as documents and information relating to execution of important duties, the Company has set out the internal regulations on document management, AEON delight Group regulations on information security management, AEON delight Group regulations on protection of personal information, and other necessary regulations, and established a system to appropriately store and preserve information in accordance with those regulations. In addition, the Company has implemented a system to respond immediately to requests from Directors and Auditors to examine those documents and media.
- (iii) The regulations and systems for management of risk of loss (risk management system)
 - For risk management during the normal course of business, the Company has assigned departments in charge of each risk to prevent risk-related incidents and reduce loss. In addition, the Company has prepared the Basic Regulations for Business Continuity in Times of Crisis (BCP Basic Regulations), the BCP Detailed Regulations, and other regulations, as well as manuals including the Disaster Recovery Handbook, and plans and conducts disaster response drills in order to prepare for responses in case of disaster. A head office disaster countermeasures headquarters and an on-site disaster countermeasures headquarters are established in the event of a large-scale disaster, swiftly making decisions aimed at business continuity, providing local support, and conducting restoration activities. For risks that may arise in terms of corporate management and business, meetings of the Risk Management Committee, with the Group Internal Control Department serving as its secretariat, shall be held to examine risk analysis and countermeasures, verify the risk scenarios of each Group company, and periodically report the findings to the Board of Directors. The Group Corporate Audit Department evaluates the effectiveness of risk management through audits of the departments responsible for risk.

- The Company has established the Integrated Manual on Quality and Environment for the maintenance and improvement of the quality of its operations. In addition, to ensure that operations are conducted based on the Integrated Manual on Quality and Environment, the Company is providing qualification education for ISO internal audits focused on all site managers, and ISO internal auditors perform ISO internal audits (mutual audits with site managers as internal auditors) once per year, in order to measure the effectiveness of such audits.
- (iv) The system for ensuring that Directors are executing their duties efficiently (system to ensure efficiency)
- The Company has set out the rules of the Board of Directors and identified those issues that require the resolution of the Board, those that require discussion and those issues that must be reported to the Board. As for other issues before the Board, the Company has demarcated decision-making authority based on regulations on decision-making and on responsibilities and authority of the Directors. It has also set out clearly the division of labor for executing business operations within the organization and the boundaries of jobs and responsibilities.
 - Through the appointment of four independent outside Directors out of the eight Directors in total, the Company has put in place a system that ensures the efficiency of management by examining the proposals of the management team from multiple angles and carrying out effective supervision of the Directors, while supporting swift and decisive decision making.
 - By clearly separating the supervisory functions of the Directors from those of the Executive Officers through the introduction of the executive officer system, the Board of Directors is able to focus on important decisions and supervisory functions, such as setting the management framework.
 - To supervise the fairness of the execution of duties and evaluate the appropriateness of such execution, the Board of Directors has established the Nomination and Compensation Advisory Committee and the Evaluation Advisory Committee with a majority composed of independent outside Directors and chaired by independent outside Directors as voluntary advisory committees.
 - The Management Committee has been established as an organ for prior discussion of matters to be submitted to the Board of Directors (mainly matters for resolution). On the execution side, the content (cost effectiveness, risk, etc.) is adequately examined to review the content and organize topics for discussion, and the system ensures rational decisions and active deliberation in the Board of Directors.
 - Members of the Board of Directors (mainly outside Directors and outside Auditors) are provided with explanations of the content of items to be presented to the Board of Directors in advance to provide them with the necessary information. The system ensures the improvement of effectiveness and efficiency of the Board of Directors by establishing a system for outside Directors and outside Auditors to obtain information.
 - The basic concepts of corporate governance have been set down in writing and disclosed in AEON delight Corporate Governance Guidelines.
- (v) The system to ensure fair business transactions within the corporate group consisting of the Company, its parent company and subsidiaries (internal control within the corporate group)
- Measures have been implemented for transactions between AEON delight and any of AEON Co., Ltd., AEON Group companies, or AEON delight subsidiaries to prevent conflicts of interest and to ensure fair transactions through deliberation based on the rules of the Board of Directors and the regulations on responsibilities and authority of the Directors.
 - The Company has established a special committee to deliberate and examine significant transactions in conflict of interest between controlling shareholders and minority shareholders. The committee is composed of independent outside Directors, providing a system ensuring independence from controlling shareholders and performing highly effective supervision.
 - The Company has set down matters that subsidiaries must report to the parent company and matters requiring prior approval of the parent company in the regulations on management of affiliated companies and the regulations on responsibilities and authority in each Group company, and set out the basic framework for governance of subsidiaries by parent companies. The Company also generally dispatches its Directors and Auditors to its subsidiaries to supervise management of the subsidiaries.
 - In addition to receiving monthly performance reports from its subsidiaries, the Company has organized the Domestic and Overseas Group Management Committee meetings, which include the Company's full-time

Directors and the Presidents of subsidiaries as members. Through this, the Company is taking stock of the performance of its subsidiaries, and establishing individual growth strategies, budget performance management, and internal control systems as a part of Group governance.

- The Group is operating its compliance and whistleblower system under a common, unified framework. In the current fiscal year, the Company provided officer compliance training to the Presidents and officers of subsidiaries and AEON code of conduct executive training to executive staff to foster compliance awareness.
 - The Group has established a system for the corporate departments of the Group headquarters to directly manage and guide subsidiaries concerning specialized areas in order to further strengthen group management.
 - For risk management for subsidiaries, the Group Internal Control Department as the department in charge requests each company to submit a monthly risk report to conduct risk management for the Group as a whole.
 - The Company has implemented a system where the Group Corporate Audit Department regularly inspects the subsidiaries. In addition, the Group Corporate Audit Department places under close scrutiny those subsidiaries that are considered high risk in light of past performance audits and whistleblower incidents, and regularly reports their findings to the Board of Directors.
- (vi) Matters related to employees assisting the Auditors (assignment of auditor staff)
- The Company has assigned one employee to work exclusively for the Auditors as an assistant.
- (vii) Matters related to the independence of employees assisting the Auditors from the Directors (independence of auditor staff)
- The Company will obtain prior approval of full-time Auditors or of the Board of Auditors on the transfer, performance evaluation, disciplinary action, etc. of the employee assisting the Auditors.
- (viii) The System for enabling Directors and employees to report to the Auditors and other matters related to making reports to the Auditors (Auditor reporting system)
- The Directors and employees of the Company will promptly report to the Auditors if there has arisen any fact that will have a significant impact on the Company's business or business performance, or any breach of laws and regulations or other compliance-related issues.
 - The Group Corporate Audit Department, Group Compliance Department and Group Internal Control Department have implemented a system to regularly report the statuses of internal audits, compliance, and risk management of the Group to the Auditors. In addition, the Group Compliance Department has been assigned as the office responsible for the Group's whistleblower system, and reports the status of their whistleblower reports to the Auditors regularly or whenever necessary.
 - The Company has implemented a system where the Auditors may attend important meetings related to the management of the Company's business such as the Management Committee meetings, in addition to the Board of Directors meetings, and freely express their views.
 - The Company has set down in writing the protection of the user of the whistleblower system (hereinafter referred to as the "reporter") in the AEON delimit Group Regulations on the Handling of Whistleblower Reports. In these Regulations, the Company has also set down in writing the penalties imposed on persons who unfavorably treated the reporter or took retaliatory action against the reporter.
- (ix) Other systems for ensuring that the Auditors can execute their duties effectively (system for ensuring effective audit by Auditors)
- The President has regular meetings with Auditors at the request of the Board of Auditors and full-time Auditors, and exchanges views on issues that need to be dealt with and other important issues pertaining to the audit. In addition, the outside Directors regularly attend the Board of Auditors meetings to exchange views.
 - The Group Corporate Audit Department reports to Auditors on the state of implementation of internal audits and closely coordinates such as exchanging opinions in a system contributing to the effective implementation of audit operations.

- If requested by the Auditors to make a report or submit related documents and other materials on matters within the remit of the Auditors, the Directors and employees of the Group shall comply with the request promptly and in good faith.
 - The Company shall meet reasonable requests made by the Auditors for payment of expenses required for execution of their duties.
- (x) System for eliminating anti-social forces
- The Company has set out regulations on handling anti-social forces, and has severed any and all ties with anti-social forces. If unfair claims are made against the Company by anti-social forces, the Company shall take legal steps. In addition, the Company shall set out provisions on the elimination of anti-social forces in contracts for transactions. If any existing contracts have no provisions on the elimination of anti-social forces, the Company shall incorporate such provisions in those contracts upon renewal. If a business partner should fall within this criterion, the Company shall rescind all the applicable contracts immediately. Furthermore, the Company has joined an external organization in which the Osaka Prefectural Police provides guidance to companies on prevention of organized crime violence, and makes efforts to actively collect information on and eliminate antisocial forces.
- (xi) Internal control system for financial reporting
- The Company has set out the Regulations on Internal Control Related to Financial Reporting based on the Company's internal control and reporting system, has implemented internal control related to financial reporting, evaluates their operation, and submits the internal control report.

Consolidated Balance Sheet
(As of February 28, 2023)

(Millions of yen)

Assets		Liabilities	
Items	Amount	Items	Amount
Current assets	129,534	Current liabilities	48,406
Cash and deposits	57,600	Notes and accounts payable - trade	25,901
Notes and accounts receivable - trade, and contract assets	47,065	Electronically recorded obligations - operating	5,116
Electronically recorded monetary claims	8,825	Short-term borrowings	182
Securities	7,008	Accounts payable	7,265
Inventories	2,363	Income taxes payable	2,571
Other	6,766	Provision for bonuses	1,389
Allowance for doubtful accounts	(95)	Accrued directors' and corporate auditors' remuneration	52
Fixed assets	21,093	Allowance for sales discounts	86
Tangible fixed assets	6,499	Other	5,840
Buildings and structures, net	1,494	Fixed liabilities	2,830
Tools, furniture and fixtures, net	2,967	Deferred tax liabilities	1,019
Land	434	Provision for directors' retirement benefits	74
Other	1,604	Retirement benefit liability	1,187
Intangible fixed assets	6,371	Asset retirement obligations	419
Goodwill	3,046	Allowance for sales discounts	11
Other	3,324	Other	117
Investments and other assets	8,222	Total liabilities	51,237
Investment securities	4,021	Net assets	
Deferred tax assets	1,841	Shareholder's equity	95,983
Other	2,378	Capital stock	3,238
Allowance for doubtful accounts	(19)	Capital surplus	4,739
		Retained earnings	91,421
		Treasury stock	(3,415)
		Other accumulated comprehensive income	2,413
		Valuation difference on securities	1,130
		Foreign currency translation adjustments	1,435
		Remeasurements of defined benefit plans	(153)
		Share subscription rights	86
		Non-controlling shareholders' equity	908
		Total net assets	99,391
Total assets	150,628	Total liabilities and net assets	150,628

Consolidated Statement of Income
(March 1, 2022 to February 28, 2023)

(Millions of yen)

Items	Amount	
Net sales		303,776
Cost of sales		262,338
Gross profit		41,437
Selling, general and administrative expenses		25,623
Operating income		15,814
Non-operating income		
Interest income	42	
Dividends income	77	
Equity in income of affiliates	94	
Subsidy income	126	
Other	104	446
Non-operating expenses		
Interest expenses	43	
Other	210	253
Ordinary income		16,006
Extraordinary income		
Gain on sales of investment security	19	
Subsidies for employment adjustment	34	53
Extraordinary loss		
Impairment loss	77	
Loss due to response to new infections	93	
Expenses for 50th anniversary	312	483
Income before income taxes		15,577
Income taxes	3,879	
Income taxes-deferred	1,496	5,376
Net income		10,201
Net income attributable to non-controlling interests		49
Net income attributable to owners of parent		10,152

Consolidated Statement of Changes in Equity
(March 1, 2022 - February 28, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	3,238	13,239	86,559	(10,077)	92,958
Cumulative effects of changes in accounting policies			(1,087)		(1,087)
Restated balance	3,238	13,239	85,471	(10,077)	91,871
Changes during period					
Dividends of surplus			(4,201)		(4,201)
Net income attributable to owners of parent			10,152		10,152
Purchase of treasury stock				(1,850)	(1,850)
Disposal of treasury stock		2		9	12
Cancellation of treasury stock		(8,502)		8,502	-
Net changes in items other than shareholders' equity					
Total changes during period	-	(8,499)	5,950	6,661	4,112
Balance at end of period	3,238	4,739	91,421	(3,415)	95,983

	Other accumulated comprehensive income			
	Valuation difference on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive income
Balance at beginning of period	921	961	(263)	1,619
Cumulative effects of changes in accounting policies				
Restated balance	921	961	(263)	1,619
Changes during period				
Dividends of surplus				
Net income attributable to owners of parent				
Purchase of treasury stock				
Disposal of treasury stock				
Cancellation of treasury stock				
Net changes in items other than shareholders' equity	209	474	110	793
Total changes during period	209	474	110	793
Balance at end of period	1,130	1,435	(153)	2,413

	Share subscription rights	Non-controlling shareholders' equity	Total net assets
Balance at beginning of period	86	757	95,421
Cumulative effects of changes in accounting policies			(1,087)
Restated balance	86	757	94,334
Changes during period			
Dividends of surplus			(4,201)
Net income attributable to owners of parent			10,152
Purchase of treasury stock			(1,850)
Disposal of treasury stock			12
Cancellation of treasury stock			-
Net changes in items other than shareholders' equity	(0)	150	944
Total changes during period	(0)	150	5,057
Balance at end of period	86	908	99,391

Notes to Consolidated Financial Statements

Notes to Significant Matters Forming the Basis for Preparing Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries and names of major consolidated subsidiaries

- Number of consolidated subsidiaries 26
- Names of major consolidated subsidiaries
 - AEON DELIGHT ACADEMY CO., LTD.
 - AEON DELIGHT SECURITY CO., LTD.
 - AEON DELIGHT (CHINA) CO., LTD.
 - Kankyouseibi Co., Ltd.
 - AEON DELIGHT CONNECT CO., LTD.
 - AEON COMPASS CO., LTD.
 - AEON DELIGHT (MALAYSIA) SDN. BHD.
 - Aeon Delight (Jiangsu) Comprehensive Facility Management Service Co., Ltd.
 - AEON DELIGHT (VIETNAM) CO., LTD.
 - Wuhan Xiaozhu Comprehensive Facility Management Service Co., Ltd.
 - Hakuseisha CO., LTD.
 - AEON DELIGHT (SHANGHAI) COMPREHENSIVE FACILITY MANAGEMENT SERVICE CO., LTD.
 - PT Sinar Jernih Sarana
 - Aqutia Co., Ltd.
 - Youkemu Design Consulting (Shenzhen) Co., Ltd.
 - Zhejiang Metelan Property Management Co., Ltd.
 - Ten other companies

During the current fiscal year, Zhejiang Metelan Property Management Co., Ltd. is included in the scope of consolidation due to the acquisition of an equity stake to make it a subsidiary by AEON DELIGHT (CHINA) CO., LTD., the Company's subsidiary.

Furthermore, during the current fiscal year, U COM MALAYSIA SDN. BHD. was excluded from the scope of consolidation due to liquidation.

2. Application of equity method

There are three associates accounted for using the equity method, and financial statements based on a provisional settlement of accounts are used for those whose closing dates differ from the consolidated closing dates.

There are two associates not subject to application of the equity method, and they are excluded from the scope of application of the equity method due to the insignificant effect on the consolidated financial statements in terms of net income or loss (amount corresponding to equity) and retained earnings (amount corresponding to equity), etc., respectively, and the lack of importance as a whole even when excluded from the equity method.

3. Fiscal years, etc. of consolidated subsidiaries

Among the consolidated subsidiaries, the closing date of 19 companies including AEON DELIGHT (CHINA) CO., LTD. is December 31.

Consolidated financial statements are prepared by using financial statements as of the same date. Adjustments necessary for consolidation are made for significant transactions that have occurred during the period between then and the consolidated closing date.

Fiscal year-ends of consolidated subsidiaries other than the above are the same as the consolidated closing dates.

4. Accounting policies

(1) Valuation standards and methods for significant assets

(i) Valuation standards and methods for securities

Held-to-maturity bonds: Stated at amortized cost (straight-line method)

Other securities

Securities other than shares, etc. without market prices:

Stated at fair value (valuation differences are reported as a component of net assets, and the cost of securities sold is calculated by the moving-average method)

Shares, etc. without market prices: Stated at cost using the moving-average method

(ii) Valuation standards and methods for inventories

Merchandise: Stated at cost using the weighted-average method (the book value stated in the balance sheet is written down based on the decreased profitability)

Raw materials and supplies

Materials: Stated at cost using the first-in first-out (FIFO) method (the book value stated in the balance sheet is written down based on the decreased profitability)

Supplies: Stated at last purchase price method (the book value stated in the balance sheet is written down based on the decreased profitability)

(2) Depreciation method for significant depreciable assets

(i) Tangible fixed assets (excluding leased assets): mainly straight-line method

The main useful lives are as follows:

Buildings	3 to 47 years
Area management facility equipment	6 to 15 years
Furniture and fixtures	3 to 20 years

(ii) Intangible fixed assets (excluding leased assets): straight-line method

Goodwill is amortized over a 5- to 20-year period.

In regard to software for internal use, the straight-line method based on the internal usable period (5 years) is applied.

(iii) Leased assets:

Leased assets in finance lease transactions that do not transfer ownership are depreciated using the straight-line method assuming that lease periods are useful lives and residual values are zero.

(3) Accounting method for significant provisions

(i) Allowance for doubtful accounts:

To prepare for loss from uncollectible credits such as notes and accounts receivable-trade, the estimated uncollectible amount is recorded based on actual bad debts with respect to general receivables, and based on individual examinations of recoverability with respect to specific receivables such as debt claims with default potential.

(ii) Provision for bonuses:

To provide for expenses of bonuses to be paid to employees, the estimated amount of payment corresponding to the current fiscal year is recorded.

(iii) Accrued directors' and corporate auditors' remuneration:

To provide for performance-based remuneration to be paid to directors and corporate auditors, an amount deemed to be accrued at the end of the current fiscal year is recorded.

(iv) Provision for directors' retirement benefits:

To provide for directors' retirement benefits of subsidiaries, the full necessary payment amount at the end of the fiscal year is recorded based on internal regulations.

(v) Allowance for sales discounts:

To prepare for sales discounts, etc. anticipated to be conducted in the future, the estimated amount is recorded.

- (4) Accounting standards for material revenue and expenses
The details of principal performance obligations and the normal time when the performance obligations are satisfied (the normal time of recognition of revenue) in major businesses related to revenue arising from contracts with customers of the Company and consolidated subsidiaries are as follows.
- (i) Facility management business, security business, cleaning business
In the facility management business, security business and cleaning business, the Company has performance obligations to provide building and facility upkeep, inspection and maintenance services, general security services such as facility security, crowd and traffic guidance and security, and security for transportation of valuables, and building and facility cleaning services, and revenue is recognized when judged that the performance obligations have been satisfied upon the completion of each task. However, revenue is recognized equally over the contract period for constant services for a partial contract period because performance obligations are satisfied equally over a certain period.
- (ii) Construction work business
In the construction work business, there are performance obligations to provide planning, design and construction of large-scale renovations and store interior design, and the performance obligations are determined to be satisfied over a certain period, with progress of the satisfaction of the progress obligations being estimated, and revenue being recognized based in the progress. For work contracts with a very short period, performance obligations are determined to be satisfied and revenue is recognized upon delivery of completed work.
- (iii) Material-related business and vending machine business
In the material-related business and vending machine business, there are performance obligations to deliver products to customers mainly by purchasing indirect materials, procuring materials, etc. and selling products through beverage vending machines, and performance obligations are determined to be satisfied and revenue is recognized at the time control over products is obtained by the customer. Of these product sales, revenue is recognized for those for which the Company's role is determined to be that of an agent such as consignment buying using the net amount obtained by deducting the amount paid to the supplier from the total amount of consideration received from the customer.
- (5) Standard for translation of significant assets or liabilities denominated in foreign currencies into Japanese yen
Foreign currency-denominated monetary receivables and payables are translated into Japanese yen at the spot exchange rate on the consolidated closing date, and the difference arising from exchange is treated as profit or loss. Assets and liabilities of overseas subsidiaries, etc. are translated into Japanese yen at the spot exchange rate on the closing date. Revenue and expenses are translated into Japanese yen at the average exchange rate during the period. The difference arising from exchange is recorded by including in foreign currency translation adjustments and non-controlling shareholders' equity under net assets.
- (6) Other significant matters forming the basis for preparing consolidated financial statements
Accounting standards for retirement benefit liability
To prepare for employees' retirement benefits, retirement benefit liability is recorded at the amount remaining after deducting pension assets from retirement benefit obligations based on the estimated amount at the end of the current fiscal year. In calculating retirement benefit obligations, the benefit formula standard is used as the method to attribute the estimated payment obligation to the period until the end of the current fiscal year.
Actuarial gains and losses are amortized by the straight-line method over a certain number of years (5 to 10 years) within the average remaining service period of employees at the time of occurrence of each fiscal year, commencing from the following fiscal year of the occurrence. Actuarial gains and losses for certain consolidated subsidiaries are expensed in full amount at the time of occurrence.
Any untreated amount of unrecognized actuarial gains and losses is recorded in the remeasurements of defined benefit plans of other accumulated comprehensive income under net assets, after adjusting for tax effects.

5. Changes in accounting policies

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the current fiscal year and recognized revenue when control of promised goods or services is transferred to customers at an amount that it expects to receive in exchange for those goods or services.

As a result, for a part of the material-related business and the vending machine business, the Company has changed from recognizing revenue in the total amount of consideration received from customers to recognizing revenue in the net amount calculated by subtracting the amount paid to suppliers from the total amount. In addition, for a part of the facilities management business, we have changed the method of recognizing revenue at one point of service provision from that in which we recognized revenue over a certain period of time based on the contract. Accordingly, the corresponding cost of sales is also systematized from the previous simplified accounting treatment, which is in line with the accounting treatment of recognizing revenue at a point in time when services are rendered.

The application of the Accounting Standard for Revenue Recognition, etc., are conformable to the transitional treatment stipulated in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition, and the cumulative effect of retrospectively applying a new accounting policy prior to the beginning of the current fiscal year has been adjusted to retained earnings at the beginning of the current fiscal year, and the new accounting policy has been applied from the beginning balance of the current fiscal year. However, the new accounting policy has not been retroactively applied to contracts that apply the methods set forth in paragraph 86 of the Accounting Standard for Revenue Recognition and that recognize almost all revenue amounts in accordance with previous treatment prior to the beginning of the current fiscal year. Moreover, the method stipulated in item (2) of the supplementary provisions of paragraph 86 of the Accounting Standard for Revenue Recognition has been applied and accounting is done based on the terms and conditions of the contract after reflecting all contract changes made prior to the beginning of the current fiscal year. The cumulative effect has been adjusted to retained earnings at the beginning of the current fiscal year.

As a result, net sales for the current fiscal year decreased 35,459 million yen, cost of sales decreased 35,470 million yen, and operating income, ordinary income and income before income taxes increased 11 million yen, respectively. The balance of retained earnings at the beginning of the current fiscal year decreased 1,087 million yen.

Due to the application of the Accounting Standard for Revenue Recognition, etc., “notes and accounts receivable” indicated in the “current assets” in the consolidated balance sheet in the previous fiscal year has been included in the “notes and accounts receivable - trade, and contract assets” from the current fiscal year.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), etc. from the beginning of the current fiscal year, and have decided to prospectively apply the new accounting policy established by the Accounting Standard for Fair Value Measurement, etc., in accordance with the transitional treatment specified in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). The adoption of the Accounting Standard for Fair Value Measurement, etc. did not have a material impact on the consolidated financial statements.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral

Investment securities ¥34 million

2. Accumulated depreciation of tangible fixed assets ¥15,908 million

3. Breakdown of inventories

Merchandise ¥1,877 million

Work in process ¥249 million

Raw materials and supplies ¥237 million

4. Breakdown of notes and accounts receivable - trade, and contract assets

Notes receivable - trade ¥3,631 million

Accounts receivable - trade ¥42,695 million

Contract assets ¥738 million

5. Contract liabilities

The amount of contract liabilities included in “Other” under current liabilities on the consolidated balance sheets is as follows.

Contract liabilities ¥1,716 million

Notes to Consolidated Statement of Income

1. Subsidies for employment adjustment

Subsidies for employment adjustment, etc. in regard to COVID-19 are recorded under extraordinary income.

2. Details of impairment loss

Use	Location	Class	Impairment loss (million yen)
Business assets	Kanagawa Prefecture	Buildings	44
		Land	32
Total			77

The Group's business assets are grouped based mainly on business categories of management accounting. Since recovery of investment cannot be expected due to a decrease in profitability for the above-mentioned business assets, the carrying amount of assets of the asset group was reduced down to the recoverable value. Such reduced amount was recorded as an impairment loss under extraordinary loss. The recoverable value is measured by net sale value and ones that cannot expect salability is set at zero.

3. Loss due to response to new infections

Due to the spread of COVID-19, facilities such as stores that the Group entrusts and manages were temporarily closed and operating hours shortened. As a result, work compensation benefits, etc. paid to employees are recorded under extraordinary loss as loss due to response to new infections.

4. Expenses for 50th anniversary

The expenses for granting the Company's shares to employees of the Company and its subsidiaries in Japan through the employee shareholding association to mark the 50th anniversary of the Company's founding were recorded as an extraordinary loss.

Notes to Consolidated Statement of Changes in Equity

1. Class and total number of issued shares at the end of the current fiscal year

Ordinary shares 50,669,633 shares

2. Treasury stock

Classes of shares	Number of shares at the beginning of the current fiscal year (shares)	Increase (shares)	Decrease (shares)	Number of shares at the end of the current fiscal year (shares)
Ordinary shares	4,148,409	625,338	3,503,700	1,270,047

(Note 1) The breakdown of the increase in number is as follows:

Increase due to market purchases 625,300 shares

Increase due to purchase of shares less than one share unit 38 shares

(Note 2) The breakdown of the decrease in number is as follows:

Decrease due to cancellation of treasury stock 3,500,000 shares

Decrease due to exercise of share subscription rights 3,700 shares

3. Dividends of surplus

(1) Dividend payment

Resolution	Classes of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
April 7, 2022 Board of Directors' meeting	Ordinary shares	2,100	42.00	February 28, 2022	May 6, 2022
October 4, 2022 Board of Directors' meeting	Ordinary shares	2,100	42.00	August 31, 2022	November 7, 2022

(2) Dividends of which the record date falls within the current fiscal year and the effective date falls later than the current fiscal year-end

Resolution	Classes of shares	Source of dividends	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
April 11, 2023 Board of Directors' meeting	Ordinary shares	Retained earnings	2,124	43.00	February 28, 2023	May 8, 2023

4. Share subscription rights

Class and number of shares subject to share subscription rights

Ordinary shares 31,000 shares

Notes on Financial Instruments

1. Matters regarding status of financial instruments

The Group limits its asset management mainly to financial assets with a high level of safety. Funds are procured primarily through own funds.

In regard to trade receivables such as notes and accounts receivable, the Group regularly monitors the status of customers and manages due dates and outstanding balances by customer. The Group also promptly detects any concerns over collection due to deterioration of financial position, etc. and mitigates default risks.

Securities and investment securities are mainly held-to-maturity bonds and shares of companies that have business relations with the Company. Market prices are determined every quarter for securities with available market prices.

Trade payables such as notes and accounts payable - trade have payment dates due within one year.

Short-term borrowings are procurement associated with working capital.

2. Fair values of financial instruments

The amounts recorded on the consolidated balance sheet, fair values, and the difference between them are as follows.

(Millions of yen)

	Amount recorded on the consolidated balance sheet	Fair value	Difference
(1) Securities and investment securities			
(i) Held-to-maturity bonds	7,008	7,008	—
(ii) Other securities	3,397	3,397	—
Total assets	10,405	10,405	—

(Note 1) “Cash and deposits,” “notes and accounts receivable - trade, and contract assets,” “electronically recorded monetary claims,” “notes and accounts payable - trade,” “electronically recorded obligations - operating,” “short-term borrowings,” “accounts payable,” and “income taxes payable” are omitted because the fair values are approximately equal to the carrying amounts due to being cash and settled within a short period of time.

(Note 2) Shares, etc. without market prices are not included in (1) “Securities and investment securities.” The amount recorded on the consolidated balance sheet for the financial instruments is as follows.

Type	Current fiscal year (million yen)
Unlisted shares	624

3. Matters regarding the breakdown table, etc. for each appropriate fair value classification of financial instruments

The fair values of financial instruments are classified into the three following levels according to observability and significance of inputs pertaining to calculation of fair value.

Level 1 fair value: Fair value calculated using calculation of market price related to observable inputs for calculation of fair value that are assets or liabilities subject to calculation of the fair value formed in an active market

Level 2 fair value: Fair value calculated using observable inputs for calculation of fair value that are inputs for calculation of fair value other than Level 1

Level 3 fair value: Fair value calculated using inputs for calculation of unobservable fair value

When using multiple inputs that have a significant effect on calculation of fair value, the fair value is classified in the level to which each of the inputs belongs that has the lowest priority in the calculation of fair value.

(1) Financial instruments recorded on the consolidated balance sheet at fair value

(Millions of yen)

Type	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Other securities				
Shares	3,397	–	–	3,397
Total assets	3,397	–	–	3,397

(2) Financial instruments other than financial instruments recorded on the consolidated balance sheet at fair value

(Millions of yen)

Type	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Held-to-maturity bonds				
Bonds	–	2,008	–	2,008
Other	–	4,999	–	4,999
Total assets	–	7,008	–	7,008

(Note) Valuation method used for calculation of fair value and explanation of inputs for calculation of fair value
Securities and investment securities

The fair values of these are based on prices on exchanges for shares. The fair values of listed shares traded on active markets are classified in Level 1. Meanwhile, the fair values of bonds and other securities with low market transaction frequency that are not recognized as having a market price on an active market are classified in Level 2.

Notes on revenue recognition

1. Information separating revenue arising from contracts with customers

(Millions of yen)

	Reportable segments							Total
	Facility management business	Security business	Cleaning business	Construction work business	Material-related business	Vending machine business	Support business	
Net sales	64,794	49,478	68,336	52,084	41,544	9,466	18,070	303,776
Revenue arising from contracts with customers	64,794	49,478	68,336	52,084	41,544	9,466	18,070	303,776
Sales to external customers	64,794	49,478	68,336	52,084	41,544	9,466	18,070	303,776

2. Information forming the basis for understanding revenue arising from contracts with customers

This is stated in “Consolidated Financial Statements. Notes to Significant Matters Forming the Basis for Preparing Consolidated Financial Statements 4. Accounting policies (4) Accounting standards for material revenue and expenses.”

3. Information for understanding the amount of revenue for the current fiscal year and from the following fiscal year

(1) Balance of contract assets and contract liabilities, etc.

(Millions of yen)

	Current fiscal year
Receivables arising from contracts with customers (balance at beginning of period)	44,929
Receivables arising from contracts with customers (balance at end of period)	55,152
Contract assets (balance at beginning of period)	92
Contract assets (balance at end of period)	738
Contract liabilities (balance at beginning of period)	1,770
Contract liabilities (balance at end of period)	1,716

Contract assets are related to the rights of the Company and consolidated subsidiaries for consideration pertaining to the performance obligations for providing services based on contracts with customers in the facility management business, security business and cleaning business where work has been completed but an invoice has not been issued as of the end of the period. Contract assets are transferred to receivables arising from contracts with customers at the time the rights of the Company and consolidated subsidiaries for consideration become unconditional.

Contract liabilities are related to contracts with customers where an advance has been received from the customer. Contract liabilities are reversed as revenue is recognized.

(2) Transaction price allocated to residual performance obligations

A practical expedient is applied and information on residual performance obligations has been omitted because the Group has no material contracts with a contract period initially anticipated to exceed one year. Furthermore, there are no material amounts not included in transaction prices within the consideration arising from contracts with customers.

Notes on Per Share Information

Net assets per share	¥1,991.86
Net income per share	¥203.54
Diluted net income per share	¥203.40

Notes on Significant Subsequent Events

(Business Combinations through Acquisition of Shares)

The Company resolved to acquire all shares of Ask Maintenance Co., Ltd. in the meeting of the Board of Directors held on March 28, 2023, and concluded a share transfer agreement on the same date.

Overview of the business combination

(i) Name and details of business of the company to be acquired

Name of company to be acquired: Ask Maintenance Co., Ltd.

Details of business: Cleaning, facility management, condominium management, construction work, etc.

(ii) Main reasons for the business combination

The purpose of making Ask Maintenance Co., Ltd. a consolidated subsidiary is to accelerate the formation of a regional economic zone of facility management in the Kyushu area.

(iii) Business combination date (scheduled)

April 27, 2023

(iv) Number of shares acquired and holding ratio after acquisition

Number of shares acquired 340 shares

Holding ratio after acquisition 100%

Non-consolidated Balance Sheet
(As of February 28, 2023)

(Millions of yen)

Assets		Liabilities	
Items	Amount	Items	Amount
Current assets	98,583	Current liabilities	45,079
Cash and deposits	38,680	Notes payable - trade	727
Notes receivable - trade	3,389	Electronically recorded obligations - operating	5,065
Accounts receivable - trade and contract assets	33,572	Accounts payable - trade	22,324
Electronically recorded monetary claims	8,601	Accounts payable	4,328
Securities	7,008	Accrued expenses	130
Inventories	2,058	Income taxes payable	2,094
Prepaid expenses	544	Advances received	555
Short-term loans receivable to subsidiaries and associates	1,150	Deposits received	7,916
Accounts receivable-other	579	Provision for bonuses	901
Other	3,756	Accrued directors' and corporate auditors' remuneration	14
Allowance for doubtful accounts	(757)	Allowance for sales discounts	86
Fixed assets	37,696	Other	934
Tangible fixed assets	4,965	Fixed liabilities	355
Buildings	1,220	Asset retirement obligations	300
Area management facility equipment	1,072	Allowance for sales discounts	11
Tools, furniture and fixtures	2,321	Other	43
Land	40	Total liabilities	45,435
Construction in progress	97	Net assets	
Other	212	Shareholder's equity	89,822
Intangible fixed assets	5,136	Capital stock	3,238
Goodwill	2,195	Capital surplus	11,161
Software	2,670	Legal capital surplus	2,963
Other	269	Other capital surplus	8,197
Investments and other assets	27,594	Retained earnings	78,839
Investment securities	2,321	Legal retained earnings	395
Shares of subsidiaries and associates	13,012	Other retained earnings	78,443
Investments in capital of subsidiaries and associates	8,795	General reserve	7,120
Long-term loans receivable	18	Retained earnings brought forward	71,323
Distressed receivables	2	Treasury stock	(3,415)
Long-term prepaid expenses	548	Valuation and translation adjustments	935
Deferred tax assets	1,913	Valuation difference on securities	935
Other	994	Share subscription rights	86
Allowance for doubtful accounts	(13)	Total net assets	90,844
Total assets	136,279	Total liabilities and net assets	136,279

Non-consolidated Statement of Income
(March 1, 2022 to February 28, 2023)

(Millions of yen)

Items	Amount	
Net sales		243,670
Cost of sales		213,718
Gross profit		29,951
Selling, general and administrative expenses		17,121
Operating income		12,830
Non-operating income		
Interest income	18	
Dividends income	451	
Other	35	505
Non-operating expenses		
Interest expenses	3	
Provision of allowance for doubtful accounts	100	
Other	98	202
Ordinary income		13,132
Extraordinary income		
Gain on sales of investment security	18	18
Extraordinary loss		
Impairment loss	77	
Expenses for 50th anniversary	231	308
Income before income taxes		12,843
Income taxes	2,897	
Income taxes-deferred	1,454	4,351
Net income		8,491

Non-consolidated Statement of Changes in Equity
(March 1, 2022 to February 28, 2023)

(Millions of yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	3,238	2,963	16,697	19,660
Cumulative effects of changes in accounting policies				
Restated balance	3,238	2,963	16,697	19,660
Changes during period				
Dividends of surplus				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			2	2
Cancellation of treasury stock			(8,502)	(8,502)
Net changes in items other than shareholders' equity				
Total changes during period	-	-	(8,499)	(8,499)
Balance at end of period	3,238	2,963	8,197	11,161

	Shareholders' equity					
	Retained earnings				Treasury stock	Total shareholders' equity
	Legal retained earnings	Other retained earnings		Total retained earnings		
		General reserve	Retained earnings brought forward			
Balance at beginning of period	395	7,120	68,075	75,591	(10,077)	88,412
Cumulative effects of changes in accounting policies			(1,042)	(1,042)		(1,042)
Restated balance	395	7,120	67,033	74,549	(10,077)	87,370
Changes during period						
Dividends of surplus			(4,201)	(4,201)		(4,201)
Net income			8,491	8,491		8,491
Purchase of treasury stock					(1,850)	(1,850)
Disposal of treasury stock					9	12
Cancellation of treasury stock					8,502	-
Net changes in items other than shareholders' equity						
Total changes during period	-	-	4,290	4,290	6,661	2,452
Balance at end of period	395	7,120	71,323	78,839	(3,415)	89,822

	Valuation and translation adjustments		Share subscription rights	Total net assets
	Valuation difference on securities	Total valuation and translation adjustments		
Balance at beginning of period	899	899	86	89,397
Cumulative effects of changes in accounting policies				(1,042)
Restated balance	899	899	86	88,355
Changes during period				
Dividends of surplus				(4,201)
Net income				8,491
Purchase of treasury stock				(1,850)
Disposal of treasury stock				12
Cancellation of treasury stock				–
Net changes in items other than shareholders' equity	36	36	(0)	36
Total changes during period	36	36	(0)	2,489
Balance at end of period	935	935	86	90,844

Notes to Non-consolidated Financial Statements

Notes to Matters Regarding Significant Accounting Policies

1. Valuation standards and methods for assets

(1) Valuation standards and methods for securities

(i) Shares of subsidiaries and associates: Stated at cost using the moving-average method

(ii) Other securities

Securities other than shares, etc. without market prices:

Stated at fair value (valuation differences are reported as a component of net assets, and the cost of securities sold is calculated by the moving-average method)

Shares, etc. without market prices: Stated at cost using the moving-average method

(2) Valuation standards and methods for inventories

(i) Merchandise: Stated at cost using the weighted-average method (the book value stated in the balance sheet is written down based on the decreased profitability)

(ii) Raw materials and supplies

Materials: Stated at cost using the first-in first-out (FIFO) method (the book value stated in the balance sheet is written down based on the decreased profitability)

Supplies: Stated at last purchase price method (the book value stated in the balance sheet is written down based on the decreased profitability)

2. Accounting policy for depreciation of assets

(1) Tangible fixed assets (excluding leased assets): straight-line method

The main useful lives are as follows:

Buildings 3 to 47 years

Area management facility equipment 6 to 15 years

Furniture and fixtures 3 to 20 years

(2) Intangible fixed assets (excluding leased assets): straight-line method

Goodwill is amortized over a 20-year period.

In regard to software for internal use, the straight-line method based on the internal usable period (5 years) is applied.

(3) Leased assets:

Leased assets in finance lease transactions that do not transfer ownership are depreciated using the straight-line method assuming that lease periods are useful lives and residual values are zero.

3. Accounting policy for provisions

(1) Allowance for doubtful accounts:

To prepare for loss from uncollectible credits such as notes and accounts receivable-trade, the estimated uncollectible amount is recorded based on actual bad debts with respect to general receivables, and based on individual examinations of recoverability with respect to specific receivables such as debt claims with default potential.

(2) Provision for bonuses:

To provide for expenses of bonuses to be paid to employees, the estimated amount of payment corresponding to the current fiscal year is recorded.

- (3) Accrued directors' and corporate auditors' remuneration:
To provide for performance-based remuneration to be paid to directors and corporate auditors, an amount deemed to be accrued in the current fiscal year is recorded.
- (4) Provision for retirement benefits:
To prepare for retirement benefits of employees, the amount is recorded based on the estimated amounts of retirement benefit obligations and pension assets in the current fiscal year. In calculating retirement benefit obligations, the benefit formula standard is used as the method to attribute the estimated payment obligation to the period until the current fiscal year.
Actuarial gains and losses are amortized by the straight-line method over a certain number of years (10 years) within the average remaining service period of employees at the time of occurrence of each fiscal year, commencing from the following fiscal year of the occurrence.
- (5) Allowance for sales discounts:
To prepare for sales discounts, etc. anticipated to be conducted in the future, the estimated amount is recorded.

4. Accounting standards for revenue and expenses

The details of principal performance obligations and the normal time when the performance obligations are satisfied (the normal time of recognition of revenue) in major businesses related to revenue arising from contracts with customers of the Company are as follows.

- (i) Facility management business, security business, cleaning business
In the facility management business, security business and cleaning business, the Company has performance obligations to provide building and facility upkeep, inspection and maintenance services, general security services such as facility security, crowd and traffic guidance and security, and security for transportation of valuables, and building and facility cleaning services, and revenue is recognized when judged that the performance obligations have been satisfied upon the completion of each task. However, revenue is recognized equally over the contract period for constant services for a partial contract period because performance obligations are satisfied equally over a certain period.
- (ii) Construction work business
In the construction work business, there are performance obligations to provide planning, design and construction of large-scale renovations and store interior design, and the performance obligations are determined to be satisfied over a certain period, with progress of the satisfaction of the progress obligations being estimated, and revenue being recognized based in the progress. For work contracts with a very short period, performance obligations are determined to be satisfied and revenue is recognized upon delivery of completed work.
- (iii) Material-related business and vending machine business
In the material-related business and vending machine business, there are performance obligations to deliver products to customers mainly by purchasing indirect materials, procuring materials, etc. and selling products through beverage vending machines, and performance obligations are determined to be satisfied and revenue is recognized at the time control over products is obtained by the customer. Of these product sales, revenue is recognized for those for which the Company's role is determined to be that of an agent such as for consignment buying using the net amount obtained by deducting the amount paid to the supplier from the total amount of consideration received from the customer.

5. Other significant matters forming the basis for preparing non-consolidated financial statements

Accounting for retirement benefits

The method of accounting for untreated amount of unrecognized actuarial gains and losses in regard to retirement benefits is different from that of consolidated financial statements.

6. Changes in accounting policies

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020. Hereafter “Accounting Standard for Revenue Recognition.”), etc. from the beginning of the current fiscal year and recognized revenue when control of promised goods or services is transferred to customers at an amount that it expects to receive in exchange for those goods or services.

As a result, for a part of the material-related business and the vending machine business, the Company has changed from recognizing revenue in the total amount of consideration received from customers to recognizing revenue in the net amount calculated by subtracting the amount paid to suppliers from the total amount. In addition, for a part of the facilities management business, we have changed the method of recognizing revenue at one point of service provision from that in which we recognized revenue over a certain period of time based on the contract. Accordingly, the corresponding cost of sales is also systematized from the previous simplified accounting treatment, which is in line with the accounting treatment of recognizing revenue at a point in time when services are rendered.

The application of the Accounting Standard for Revenue Recognition, etc., are conformable to the transitional treatment stipulated in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition, and the cumulative effect of retrospectively applying a new accounting policy prior to the beginning of the current fiscal year has been adjusted to retained earnings at the beginning of the current fiscal year, and the new accounting policy has been applied from the beginning balance of the current fiscal year. However, the new accounting policy has not been retroactively applied to contracts that apply the methods set forth in paragraph 86 of the Accounting Standard for Revenue Recognition and that recognize almost all revenue amounts in accordance with previous treatment prior to the beginning of the current fiscal year. Moreover, the method stipulated in item (2) of the supplementary provisions of paragraph 86 of the Accounting Standard for Revenue Recognition has been applied and accounting is done based on the terms and conditions of the contract after reflecting all contract changes made prior to the beginning of the current fiscal year. The cumulative effect has been adjusted to retained earnings at the beginning of the current fiscal year.

As a result, net sales for the current fiscal year decreased 35,420 million yen, cost of sales decreased 35,439 million yen, and operating income, ordinary income and income before income taxes increased 18 million yen, respectively. The balance of retained earnings at the beginning of the current fiscal year decreased 1,042 million yen.

Due to the application of the Accounting Standard for Revenue Recognition, etc., “accounts receivable” indicated in the “current assets” in the balance sheet in the previous fiscal year has been included in the “accounts receivable - trade and contract assets” from the current fiscal year.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The description of application of Accounting Standard for Fair Value Measurement, etc. has been omitted because the content is the same as “Consolidated Financial Statements. Notes to Significant Matters Forming the Basis for Preparing Consolidated Financial Statements 5. Changes in accounting policies (Application of Accounting Standard for Fair Value Measurement, etc.).”

Notes to Non-consolidated Balance Sheet

1. Assets pledged as collateral

Shares of subsidiaries and associates	¥29 million
Investment securities	¥5 million

2. Guarantee obligations

Guarantee is provided to the following subsidiaries and associates.

PT Sinar Jernih Sarana	¥101 million
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3. Accumulated depreciation of tangible fixed assets

¥12,300 million

4. Monetary receivables from and payables to subsidiaries and associates (excluding those presented separately)

Short-term monetary receivables	¥464 million
Short-term monetary payables	¥10,139 million

5. Breakdown of inventories

Merchandise	¥1,863 million
Work in process	¥141 million
Raw materials and supplies	¥53 million

Notes to Non-consolidated Statement of Income

Amount of transactions with subsidiaries and associates

Amount of operating transactions	
Net sales	¥2,039 million
Purchase of goods	¥20,509 million
Selling, general and administrative expenses	¥1,848 million
Amount of non-operating transactions	¥411 million

Notes to Non-consolidated Statement of Changes in Equity

Class and number of shares of treasury stock at the end of the current fiscal year

Ordinary shares	1,270,047 shares
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Notes on Tax Effect Accounting

1. Breakdown of deferred tax assets and liabilities by main cause

(Millions of yen)

Deferred tax assets	
Provision for bonuses	275
Allowance for doubtful accounts:	232
Enterprise tax payable, etc.	152
Accounts payable	280
Shares of subsidiaries and associates	1,012
Investments in capital of subsidiaries and associates	285
Other	591
Subtotal of deferred tax assets	2,831
Valuation allowance in regard to deductible temporary differences	(214)
Subtotal of valuation allowance	(214)
Total deferred tax assets	2,617
Deferred tax liabilities	
Temporary differences in regard to securities assumed due to merger	161
Valuation difference on securities	412
Other	130
Total deferred tax liabilities	704
Deferred tax assets (net)	1,913

2. Breakdown of cause of difference between the statutory effective tax rate and burden rate of income taxes after application of tax effect accounting by main item

Statutory effective tax rate	30.6%
(Adjustment)	
Permanently non-deductible items such as entertainment expenses	0.3%
Permanently non-taxable items such as dividend income	(1.0)%
Inhabitants tax on a per capita basis	1.9%
Goodwill	1.6%
Other	0.5%
Burden rate of income taxes after application of tax effect accounting	33.9%

Notes on Related Party Transactions

1. Parent company

(Millions of yen)

Type	Name of company	Holding of voting rights, etc. (Ownership) ratio	Relationship with related parties	Details of transaction	Transaction amount	Items	Balance at end of period
Parent company	AEON CO., Ltd.	(Ownership) Direct 56.0% Indirect 1.0%	Deposit management of funds	Deposit management of funds (Note 1)	2,243	-	-
				Interest income (Note 2)	1		

2. Subsidiaries and associates, etc.

(Millions of yen)

Type	Name of company	Holding of voting rights, etc. (Ownership) ratio	Relationship with related parties	Details of transaction	Transaction amount	Items	Balance at end of period
Subsidiary	Kankouseibi Co., Ltd.	(Holding) Direct 100.0%	Fund deposits received	Fund deposits received (Note 1)	2,121	Deposits received	2,970
				Interest expenses (Note 2)	1		
Subsidiary	Hakuseisha CO., LTD.	(Holding) Direct 94.4% Indirect 5.6%	Fund deposits received	Fund deposits received (Note 1)	2,673	Deposits received	4,320
				Interest expenses (Note 2)	1		

3. Fellow subsidiaries, etc.

(Millions of yen)

Type	Name of company	Holding of voting rights, etc. (Ownership) ratio	Relationship with related parties	Details of transaction	Transaction amount	Items	Balance at end of period
Subsidiary of parent company	AEON Retail Co., Ltd.	-	Equipment management, security, cleaning, contracting of construction work, sales of materials, etc., management of vending machine Concurrent directors	Net sales	67,077	Electronically recorded monetary claims	2,955
						Accounts receivable - trade	7,065

Type	Name of company	Holding of voting rights, etc. (Ownership) ratio	Relationship with related parties	Details of transaction	Transaction amount	Items	Balance at end of period
Subsidiary of parent company	AEON MALL Co., Ltd.	(Holding) Direct 0.4% (Ownership) Direct 0.2%	Equipment management, security, cleaning, contracting of construction work, sales of materials, etc., management of vending machine	Net sales	25,193	Electronically recorded monetary claims Accounts receivable - trade	1,374 3,093
Subsidiary of parent company	AEON Hokkaido Corporation	(Holding) Direct 0.2%	Equipment management, security, cleaning, contracting of construction work, sales of materials, etc., management of vending machine	Net sales	11,721	Notes receivable - trade Accounts receivable - trade	1,330 1,269
Subsidiary of parent company	AEONTOWN Co., Ltd.	-	Equipment management, security, cleaning, contracting of construction work, sales of materials, etc., management of vending machine	Net sales	10,956	Electronically recorded monetary claims Accounts receivable - trade	3,404 777
Subsidiary of parent company	AEON TOHOKU Co., Ltd.	-	Equipment management, security, cleaning, contracting of construction work, sales of materials, etc., management of vending machine	Net sales	11,595	Notes receivable - trade Accounts receivable - trade	544 1,821

Type	Name of company	Holding of voting rights, etc. (Ownership) ratio	Relationship with related parties	Details of transaction	Transaction amount	Items	Balance at end of period
Subsidiary of parent company	AEON KYUSHU CO., LTD.	(Holding) Direct 0.3%	Equipment management, security, cleaning, contracting of construction work, sales of materials, etc., management of vending machine	Net sales	11,335	Electronically recorded monetary claims Accounts receivable - trade	350 1,550

Transaction terms and its decision policies, etc.

Price and other transaction terms are the same as the terms applied to other parties that are not related to the Company.
(Note 1) The transaction amounts of deposit management of funds and fund deposits received represent the average balance during the period.

(Note 2) In regard to the interest of deposit management and deposits received, the interest rate, etc. are reasonably determined taking into account the market interest rate.

Notes on revenue recognition

Information forming the basis for understanding revenue arising from contracts with customers is stated in “Notes to Non-consolidated Financial Statements. Notes Regarding Significant Accounting Policies 4. Accounting standards for revenue and expenses.”

Notes on Per Share Information

Net assets per share	¥1,837.23
Net income per share	¥170.26
Diluted net income per share	¥170.14

Notes on Significant Subsequent Events

These notes have been omitted because the content is the same as “Notes on Significant Subsequent Events (Business Combinations through Acquisition of Shares)” in the Notes to Consolidated Financial Statements.

Other Notes

No items to report.