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Securities Code: 9787

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To our shareholders:

Kazumasa Hamada, President

AEON DELIGHT CO., LTD.

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

Notice of the 51st Annual General Meeting of Shareholders

We are pleased to announce the 51st 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 51st 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/english/ir/stock/meeting.html>

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,” and “Notice of the general meeting of shareholders / Informational materials for the general meeting of shareholders.”

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 16, 2024 (JST).

- 1. Date and Time:** Friday, May 17, 2024, 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 51st fiscal year (from March 1, 2023 to February 29, 2024), and the results of audits of the Consolidated Financial Statements by the Financial Auditors and the Audit & Supervisory Board
2. The Non-consolidated Financial Statements for the 51st fiscal year (from March 1, 2023 to February 29, 2024)

Matters to be resolved:

- Proposal No. 1** Election of Eight Directors
Proposal No. 2 Election of One Audit & Supervisory Board Member

4. Exercise of Voting Rights

If you exercise your voting rights in writing (by postal mail) and do not indicate your approval or disapproval of the proposals on the voting form, we will treat it as if you indicated your approval.

Please refer to Guide to Exercise of Voting Rights below.

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.

Guide to Exercise of Voting Rights

If you exercise your voting rights via the Internet, etc.

Please refer to the “Guide to Exercise of Voting Rights via the Internet, Etc.” and exercise your voting rights by accessing the Smart Exercise website or the voting website (<https://soukai.mizuho-tb.co.jp/>) (in Japanese), and using the “Voting Code” and “Password” indicated on the voting form. Please follow the instructions on the screen and enter your approval or disapproval of the proposals by 6:00 p.m. on Thursday, May 16, 2024 (JST).

- * If you exercise your voting rights twice (in writing and via the Internet, etc.), we will treat your exercise of voting rights via the Internet, etc. as a valid exercise of your voting rights. If you exercise your voting rights more than once via the Internet, etc., the last exercise will be treated as a valid exercise of your voting rights.

If you exercise your voting rights in writing

Please indicate your approval or disapproval of the proposals on the voting form and return it to arrive no later than 6:00 p.m. on Thursday, May 16, 2024 (JST).

If you attend on the day of the meeting

Please present the voting form to the receptionist (no seal is required).

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> <p>Aug. 2023 Director of Aeon Delight (China) Service Management Group Co., Ltd. (current position)</p>	1,200 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>Jan. 2023 Chairperson of Aeon Delight (Jiangsu) Comprehensive Facility Management Service Co., Ltd. (currently Aeon Delight (China) Service Management Group Co., Ltd.) (current position)</p> <p>Mar. 2023 Chairperson of AEON DELIGHT (CHINA) CO., LTD. (current position)</p> <p>Mar. 2023 Director and Senior Managing Executive Officer of the Company in charge of overseeing China business</p> <p>Mar. 2024 Director, Senior Managing Executive Officer, and Chief Manager of Overseas Business (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 style="text-align: center;">Tetsuya Akutsu (March 21, 1967)</p> <p style="text-align: center;">Reelection</p>	<p>Apr. 1989 Joined The Industrial Bank of Japan, Limited (currently 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 (CFO) of the Company</p> <p>May 2022 Director of AQTIA Inc.</p> <p>May 2022 Director of PT Sinar Jernih Sarana (current position)</p> <p>May 2023 Director, Senior Managing Executive Officer, General Manager of Financial and Accounting Division (CFO) of the Company</p> <p>May 2023 Director of Askmaintenance Co., Ltd. (current position)</p> <p>Aug. 2023 Director of AEON DELIGHT (CHINA) CO., LTD. (current position)</p> <p>Aug. 2023 Director of Aeon Delight (China) Service Management Group Co., Ltd. (current position)</p> <p>Mar. 2024 Director, Senior Managing Executive Officer, Chief Manager of Group Business Management, and CFO of the Company (current position)</p>	1,000 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.</p> <p>June 2023 Director of Inageya Co., Ltd. (outside, current position)</p> <p>Mar. 2024 Executive Vice President and Executive Officer in charge of Human Resources and AEON Living Zone Promotion, 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, 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 Hongo (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</p> <p>Aug. 2021 Director and Chairman of Tobu Top Tours Co., Ltd.</p> <p>June 2023 Advisor of TOBU RAILWAY CO., LTD. (current position)</p>	2,300 shares
<p>Reasons for selection as candidate for outside Director and roles expected to be performed Yoshiaki Hongo has an extensive career and broad insight as the first Commissioner of Japan Tourism Agency and as 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 outside Director.</p>			
<p>Conflicts of interest There is no conflict of interest between Yoshiaki Hongo and the Company.</p>			
<p>Note: The Company has entered into an agreement with Yoshiaki Hongo 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 seven 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>	1,000 shares
<p>Reasons for selection as candidate for outside Director and roles expected to be performed</p> <p>Keiji Yoshikawa has management experience as the representative executive officer and president and CEO of a company listed on the first section (currently Prime Market) 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 outside Director.</p>			
<p>Conflicts of interest</p> <p>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 three 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 Assistant to President, Advisor on regrowth of The Asahi Shimbun Company (current position)</p>	400 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 attributes 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 outside 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 three 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) Reelection Candidate for outside Director Candidate for independent officer	<p>Apr. 1980 Joined Japan Gasoline Co., Ltd.</p> <p>July 1990 Joined Sanwa Research Institute Corp. (currently Mitsubishi UFJ Research and Consulting Co., Ltd.)</p> <p>Aug. 1992 Joined JGC Information Systems Co., Ltd.</p> <p>Nov. 1997 Joined CAC Co., Ltd. (currently CAC Holdings Corporation)</p> <p>Mar. 2000 Executive Officer and General Manager of Corporate Planning Department</p> <p>Mar. 2002 Director and Senior Vice President of Corporate Planning Department</p> <p>July 2003 Managing Director and Senior Vice President of Corporate Division</p> <p>Mar. 2004 President and CEO</p> <p>Jan. 2011 Representative Director and Chairman</p> <p>Mar. 2015 Chairman and Director</p> <p>Mar. 2019 Special Advisor (current position)</p> <p>June 2021 Director of Bandai Namco Holdings Inc. (outside, current position)</p> <p>May 2023 Director of the Company (outside, current position)</p>	0 shares
<p>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.</p>			
<p>Conflicts of interest There is no conflict of interest between Toshio Shimada and the Company.</p>			
<p>Note: The Company has entered 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. 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 one year.</p>			

Summary of Directors and Officers Liability Insurance Policy

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 Audit & Supervisory Board Member

Audit & Supervisory Board Member Tsukasa Takahashi will resign at the conclusion of this meeting. Therefore, the Company proposes the election of one Audit & Supervisory Board Member as his replacement. If the election of the candidate for Audit & Supervisory Board Member Kiyonori Suzuki as the replacement is approved as per 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 Audit & Supervisory Board Member Tsukasa Takahashi.

The candidate for outside Audit & Supervisory Board Member satisfies the requirements of an independent officer under the provisions of the Tokyo Stock Exchange. In addition, the consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
Kiyonori Suzuki (March 3, 1965) New election Candidate for outside Audit & Supervisory Board Member Candidate for independent officer	Apr. 1987	Joined The Dai-Ichi Kangyo Bank, Limited (currently Mizuho Bank, Ltd.)	0 shares
	May 2005	Takanawadai Branch Manager and Takanawadai Ekimae Branch Manager of Mizuho Bank, Ltd.	
	Apr. 2008	Examiner of Corporate Examination Department 2	
	Apr. 2012	General Manager of Semba Corporate Department of Semba Branch	
	June 2015	Managing Director of Mizuho Capital Co., Ltd.	
Reasons for selection as candidate for outside Audit & Supervisory Board Member Kiyonori Suzuki had held key positions in Mizuho Bank, Ltd. 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 experience serving as a Director at Mizuho Capital Co., Ltd., and has therefore selected him as a candidate for outside Audit & Supervisory Board Member.			
Conflicts of interest There is no conflict of interest between Kiyonori Suzuki and the Company.			
Note: If the election of Kiyonori Suzuki is approved, the Company plans to enter into an agreement with him 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 Audit & Supervisory Board Member.			

Summary of Directors and Officers Liability Insurance Policy

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 Audit & Supervisory Board Members 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 Audit & Supervisory Board Members themselves are not covered. When the candidate assumes his office as outside Audit & Supervisory Board Member, 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 29, 2024)

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. 13 share subscription rights (May 11, 2020)	June 10, 2020 to June 10, 2035	60	6,000 shares	1	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
No. 16 share subscription rights (May 10, 2023)	June 10, 2023 to June 10, 2038	53	5,300 shares	3	2,460 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 Audit & Supervisory Board Member of the Company at the time of exercise of the rights. However, even a person who resigned as a Director or Audit & Supervisory Board Member 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 Audit & Supervisory Board Member 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 19, 2023, 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 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 Audit & Supervisory Board Members and the Audit & Supervisory Board 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 Audit & Supervisory Board Members 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 Internal Control Department serving as its secretariat, will summarize significant risks identified by the Committee, the results of risk assessment and analysis performed by each department in charge of risk management as well as the proposed countermeasures, and periodically report its findings to the Board of Directors. In addition, each company of the Group has the person in charge of risk management who will identify the status of management of its significant risks and report to the Chief Risk Management Officer of the Company. If risk becomes actualized and substantial damage can be expected, Directors must promptly report it to the Audit & Supervisory Board Members;
 - (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.
 - 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 a resolution of the Board, those issues that require discussion 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 the Management Committee, Branch Management Committee, and presidents’ meetings of the AEON delight Group;
 - (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 its parent company AEON Co., Ltd., AEON Group companies, or AEON delight and its 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 principles and reinforcing internal control within the Group, as follows:
 - (a) The Company has set down the basic framework for governance of subsidiaries by parent companies in the regulations on management of affiliated companies and the regulations on responsibilities and authority in each Group company, 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 Audit & Supervisory Board Members to its subsidiaries to supervise management of the subsidiaries;
 - (b) In addition to receiving monthly performance reports from its subsidiaries, the Company will organize meetings of the Domestic Group companies, meetings of Chinese Group companies, and meetings of ASEAN Group companies, all of which include the Company's Directors and the Presidents of subsidiaries as members. Through these, 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 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 Audit & Supervisory Board Members (assignment of audit & supervisory board member staff)
- If requested by the Audit & Supervisory Board Members, the Company will assign employees to work exclusively for the Audit & Supervisory Board Members as assistants.
 - Such employees will follow the instructions of the Audit & Supervisory Board Members and assist their work.
- (vii) Matters related to the independence of employees assisting the Audit & Supervisory Board Members from the Directors (independence of audit & supervisory board member staff)
- The Company must obtain prior approval of full-time Audit & Supervisory Board Members or of the Audit & Supervisory Board on matters related to the employment, selection, transfer, and other personnel decisions related to the employees assisting the Audit & Supervisory Board Members. Full-time Audit & Supervisory Board Members will perform the performance evaluation of such employees.
 - The Company must obtain prior approval of full-time Audit & Supervisory Board Members or of the Audit & Supervisory Board before initiating disciplinary action against employees working in the Audit Office.

- (viii) The System for enabling Directors and employees to report to the Audit & Supervisory Board Members and other matters related to making reports to the Audit & Supervisory Board Members (Audit & Supervisory Board Member reporting system)
- The Directors and employees of the Group must report immediately to the Audit & Supervisory Board Members or the Audit & Supervisory Board 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 Audit & Supervisory Board Members of the Company.
 - The Audit & Supervisory Board Members 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 Audit & Supervisory Board Members 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 Audit & Supervisory Board Member 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 Audit & Supervisory Board Members can execute their duties effectively (system for ensuring effective audit by Audit & Supervisory Board Members)
- The Company will implement a system to ensure that the Audit & Supervisory Board Members can conduct their audits effectively, as follows:
 - (a) The President has regular meetings with Audit & Supervisory Board Members at the request of the Audit & Supervisory Board and full-time Audit & Supervisory Board Members, 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 Audit & Supervisory Board meetings to exchange views for mutual understanding.
 - (b) The Group Corporate Audit Department reports to Audit & Supervisory Board Members on the state of implementation of internal audits and closely coordinates such as by exchanging opinions in a system contributing to the effective implementation of audit operations.
 - (c) If requested by the Audit & Supervisory Board Members to make a report or submit related documents and other materials on matters within the remit of the Audit & Supervisory Board Members, 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 Audit & Supervisory Board Members for payment of expenses required for execution of their duties, as follows:
 - (a) If requested by the Audit & Supervisory Board Members 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 Audit & Supervisory Board Members to execute their duties. Contingencies paid by the Audit & Supervisory Board Members will be settled afterward based on a claim made by the Audit & Supervisory Board Members.
- (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 an 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 18 meetings and one written resolution 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 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 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 Audit & Supervisory Board Members 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 losses. 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 Audit & Supervisory Board Members) 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 Audit & Supervisory Board Members 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 Audit & Supervisory Board Members to its subsidiaries to supervise management of the subsidiaries.
 - In addition to receiving monthly performance reports from its subsidiaries, the Company has organized meetings of the Domestic Group companies, meetings of Chinese Group companies, and meetings of ASEAN Group companies, all of which include the Company's full-time Directors and the Presidents of subsidiaries as members. Through these, 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 of subsidiaries and general compliance training to ordinary employees, and distributed educational content to all the staff every month 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 has developed a system where the Group Internal Control Department requests each company to submit a monthly risk report to verify the status of their risk management.
 - 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 Audit & Supervisory Board Members (assignment of audit & supervisory board member staff)
- The Company has assigned one employee to work exclusively for the Audit & Supervisory Board Members as an assistant.
- (vii) Matters related to the independence of employees assisting the Audit & Supervisory Board Members from the Directors (independence of audit & supervisory board member staff)
- The Company will obtain prior approval of full-time Audit & Supervisory Board Members or of the Audit & Supervisory Board on the transfer, performance evaluation, disciplinary action, etc. of the employee assisting the Audit & Supervisory Board Members.
- (viii) The System for enabling Directors and employees to report to the Audit & Supervisory Board Members and other matters related to making reports to the Audit & Supervisory Board Members (Audit & Supervisory Board Member reporting system)
- The Directors and employees of the Company will promptly report to the Audit & Supervisory Board Members 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 Audit & Supervisory Board Members. 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 Audit & Supervisory Board Members regularly or whenever necessary.

- The Company has implemented a system where the Audit & Supervisory Board Members 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 Audit & Supervisory Board Members can execute their duties effectively (system for ensuring effective audit by Audit & Supervisory Board Members)
- The President has regular meetings with Audit & Supervisory Board Members at the request of the Audit & Supervisory Board and full-time Audit & Supervisory Board Members, 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 Audit & Supervisory Board meetings to exchange views.
 - The Group Corporate Audit Department reports to Audit & Supervisory Board Members 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 Audit & Supervisory Board Members to make a report or submit related documents and other materials on matters within the remit of the Audit & Supervisory Board Members, 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 Audit & Supervisory Board Members 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 29, 2024)

(Millions of yen)

Assets		Liabilities	
Items	Amount	Items	Amount
Current assets	139,980	Current liabilities	53,445
Cash and deposits	68,350	Notes and accounts payable - trade	29,292
Notes and accounts receivable - trade, and contract assets	51,519	Electronically recorded obligations - operating	5,667
Electronically recorded monetary claims	5,237	Short-term borrowings	378
Securities	7,903	Accounts payable	7,525
Inventories	2,858	Income taxes payable	2,572
Other	4,274	Provision for bonuses	1,459
Allowance for doubtful accounts	(164)	Accrued directors' and corporate auditors' remuneration	67
		Allowance for sales discounts	10
Fixed assets	20,277	Other	6,470
Tangible fixed assets	6,484	Fixed liabilities	2,599
Buildings and structures, net	1,358	Deferred tax liabilities	900
Tools, furniture and fixtures, net	2,948	Provision for directors' retirement benefits	57
Land	193	Retirement benefit liability	753
Other	1,984	Asset retirement obligations	418
Intangible fixed assets	6,098	Allowance for sales discounts	0
Goodwill	2,203	Other	468
Other	3,894	Total liabilities	56,044
Investments and other assets	7,693	Net assets	
Investment securities	4,123	Shareholder's equity	99,909
Deferred tax assets	1,210	Capital stock	3,238
Other	2,380	Capital surplus	532
Allowance for doubtful accounts	(19)	Retained earnings	97,918
		Treasury stock	(1,779)
		Other accumulated comprehensive income	3,181
		Valuation difference on securities	1,212
		Foreign currency translation adjustments	1,951
		Remeasurements of defined benefit plans	17
		Share subscription rights	68
		Non-controlling shareholders' equity	1,054
		Total net assets	104,212
Total assets	160,257	Total liabilities and net assets	160,257

Consolidated Statement of Income
(March 1, 2023 to February 29, 2024)

(Millions of yen)

Items	Amount	
Net sales		324,820
Cost of sales		282,207
Gross profit		42,613
Selling, general and administrative expenses		27,377
Operating income		15,235
Non-operating income		
Interest income	94	
Dividends income	81	
Equity in income of affiliates	127	
Other	147	450
Non-operating expenses		
Interest expenses	27	
Other	175	203
Ordinary income		15,482
Extraordinary income		
Gain on sale of fixed assets	466	466
Extraordinary loss		
Impairment loss	316	
Loss on devaluation of investment securities	53	370
Income before income taxes		15,579
Income taxes	4,321	
Income taxes-deferred	451	4,773
Net income		10,805
Net income attributable to non-controlling interests		97
Net income attributable to owners of parent		10,707

Consolidated Statement of Changes in Equity
(March 1, 2023 to February 29, 2024)

(Millions of yen)

	Shareholders' equity				
	Share stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	3,238	4,739	91,421	(3,415)	95,983
Changes during period					
Dividends of surplus			(4,210)		(4,210)
Net income attributable to owners of parent			10,707		10,707
Purchase of treasury stock				(2,602)	(2,602)
Disposal of treasury stock		1		29	31
Cancellation of treasury stock		(4,208)		4,208	-
Net changes in items other than shareholders' equity					
Total changes during period	-	(4,207)	6,496	1,635	3,925
Balance at end of period	3,238	532	97,918	(1,779)	99,909

	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	1,130	1,435	(153)	2,413
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	82	515	170	768
Total changes during period	82	515	170	768
Balance at end of period	1,212	1,951	17	3,181

	Share subscription rights	Non-controlling shareholders' equity	Total net assets
Balance at beginning of period	86	908	99,391
Changes during period			
Dividends of surplus			(4,210)
Net income attributable to owners of parent			10,707
Purchase of treasury stock			(2,602)
Disposal of treasury stock			31
Cancellation of treasury stock			–
Net changes in items other than shareholders' equity	(18)	146	896
Total changes during period	(18)	146	4,821
Balance at end of period	68	1,054	104,212

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 28
- Names of major consolidated subsidiaries
 - AEON DELIGHT ACADEMY CO., LTD.
 - AEON DELIGHT SECURITY CO., LTD.
 - Kankyouseibi Co., Ltd.
 - AEON DELIGHT CONNECT CO., LTD.
 - AEON COMPASS CO., LTD.
 - Hakuseisha CO., LTD.
 - Askmaintenance Co., Ltd.
 - AEON DELIGHT (CHINA) CO., LTD.
 - Aeon Delight (China) Service Management Group Co., Ltd.
 - U-COM Design Consultants (Shenzhen) Co., Ltd.
 - AEON DELIGHT (MALAYSIA) SDN. BHD.
 - AEON DELIGHT (VIETNAM) CO., LTD.
 - PT Sinar Jernih Sarana
 - Fifteen other companies

During the current fiscal year, the Company has acquired all the shares of Askmaintenance Co., Ltd., which has since become a subsidiary of the Company and is included in the scope of consolidation. Furthermore, Aqutia Co., Ltd. has been excluded from the scope of consolidation as a result of transfer of shares.

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 21 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.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral

Investment securities ¥34 million

2. Accumulated depreciation of tangible fixed assets ¥14,399 million

3. Breakdown of inventories

Merchandise ¥2,373 million

Work in process ¥191 million

Raw materials and supplies ¥293 million

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

Notes receivable - trade ¥3,551 million

Accounts receivable - trade ¥46,150 million

Contract assets ¥1,817 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 ¥1,557 million

Notes to Consolidated Statement of Income

Details of impairment loss

Use	Location	Class	Impairment loss (million yen)
–	City of Hangzhou, China	Goodwill	316

For judgments on impairment losses of goodwill, the Group’s assets are grouped using the consolidated company as the grouping unit.

The impairment losses on goodwill stated above concern the loss arising from the impairment of the unamortized balance due to the expected non-achievement of business plan revenue projections, which had been examined at the time of a partial acquisition of a subsidiary’s shares. The recoverable amount was measured at value in use, which is assessed as zero because future cash flows are not expected.

Notes to Consolidated Statement of Changes in Equity

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

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	50,669,633	-	1,500,000	49,169,633

(Note) A decrease of 1,500,000 shares in the number of issued shares was due to the cancellation of treasury stock.

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	1,270,047	874,800	1,510,500	634,347

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

Increase due to market purchases	874,700 shares
Increase due to purchase of shares less than one share unit	100 shares

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

Decrease due to cancellation of treasury stock	1,500,000 shares
Decrease due to exercise of share subscription rights	10,500 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 11, 2023 Board of Directors' meeting	Ordinary shares	2,124	43.00	February 28, 2023	May 8, 2023
October 10, 2023 Board of Directors' meeting	Ordinary shares	2,086	43.00	August 31, 2023	November 6, 2023

(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 9, 2024 Board of Directors' meeting	Ordinary shares	Retained earnings	2,087	43.00	February 29, 2024	May 7, 2024

4. Share subscription rights

Class and number of shares subject to share subscription rights

Ordinary shares	25,800 shares
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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	7,903	7,903	—
(ii) Other securities	3,561	3,561	—
Total assets	11,465	11,465	—

(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” mentioned above. The amount recorded on the consolidated balance sheet for the financial instruments is as follows.

Type	Current fiscal year (million yen)
Unlisted shares	561

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	3,561	—	—	3,561
Total assets	3,561	—	—	3,561

(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	–	3,403	–	3,403
Other	–	4,500	–	4,500
Total assets	–	7,903	–	7,903

(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	69,509	50,919	70,428	59,219	46,315	9,616	18,810	324,820
Revenue arising from contracts with customers	69,509	50,919	70,428	59,219	46,315	9,616	18,810	324,820
Sales to external customers	69,509	50,919	70,428	59,219	46,315	9,616	18,810	324,820

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)	55,152
Receivables arising from contracts with customers (balance at end of period)	54,939
Contract assets (balance at beginning of period)	738
Contract assets (balance at end of period)	1,817
Contract liabilities (balance at beginning of period)	1,716
Contract liabilities (balance at end of period)	1,557

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	¥2,124.04
Net income per share	¥219.70
Diluted net income per share	¥219.57

Notes on Significant Subsequent Events

(Purchase of Treasury Stock)

At a meeting of the Board of Directors held on April 9, 2024, the Company resolved matters regarding the purchase of treasury stock in accordance with Article 156 of the Companies Act as applied pursuant to Article 165, paragraph 3 of the same act.

1. Reason for the purchase of treasury stock

In order to improve capital efficiency by executing a flexible capital policy in response to changes in the business environment and strengthen shareholder returns.

2. Details of matters regarding the purchase

(1) Class of shares to be purchased	Ordinary shares of the Company
(2) Total number of shares to be purchased	700,000 shares (maximum) 1.44% of total number of issued shares (excluding treasury stock)
(3) Total amount for the share purchase	¥3.1 billion (maximum)
(4) Purchase period	From April 22, 2024 to December 30, 2024
(5) Method of the purchase	Market purchase on the Tokyo Stock Exchange based on a discretionary trading contract
(6) Other	The shares acquired through this purchase will be cancelled by resolution of the Board of Directors in accordance with Article 178 of the Companies Act.

Non-consolidated Balance Sheet
(As of February 29, 2024)

(Millions of yen)

Assets		Liabilities	
Items	Amount	Items	Amount
Current assets	106,437	Current liabilities	49,947
Cash and deposits	47,506	Notes payable - trade	584
Notes receivable - trade	3,409	Electronically recorded obligations - operating	5,626
Electronically recorded monetary claims	5,232	Accounts payable - trade	25,450
Accounts receivable - trade and contract assets	37,092	Lease debts	52
Leased investment assets	426	Accounts payable	4,262
Securities	7,903	Accrued expenses	137
Inventories	2,545	Income taxes payable	1,982
Prepaid expenses	686	Advances received	552
Short-term loans receivable to subsidiaries and associates	400	Deposits received	9,057
Accounts receivable-other	572	Provision for bonuses	993
Other	721	Accrued directors' and corporate auditors' remuneration	25
Allowance for doubtful accounts	(59)	Allowance for sales discounts	10
Fixed assets	37,431	Other	1,211
Tangible fixed assets	5,040	Fixed liabilities	694
Buildings	1,100	Lease debts	374
Area management facility equipment	1,126	Asset retirement obligations	296
Tools, furniture and fixtures	2,347	Allowance for sales discounts	0
Land	1	Other	23
Construction in progress	209	Total liabilities	50,642
Other	254	Net assets	
Intangible fixed assets	4,966	Shareholder's equity	92,178
Goodwill	1,519	Capital stock	3,238
Software	3,039	Capital surplus	6,953
Other	407	Legal capital surplus	2,963
Investments and other assets	27,423	Other capital surplus	3,990
Investment securities	2,385	Retained earnings	83,766
Shares of subsidiaries and associates	13,496	Legal retained earnings	395
Investments in capital of subsidiaries and associates	8,795	Other retained earnings	83,370
Long-term loans receivable	16	General reserve	7,120
Distressed receivables	3	Retained earnings brought forward	76,250
Long-term prepaid expenses	580	Treasury stock	(1,779)
Deferred tax assets	1,099	Valuation and translation adjustments	979
Other	1,058	Valuation difference on securities	979
Allowance for doubtful accounts	(13)	Share subscription rights	68
Total assets	143,868	Total net assets	93,225
		Total liabilities and net assets	143,868

Non-consolidated Statement of Income
(March 1, 2023 to February 29, 2024)

(Millions of yen)

Items	Amount	
Net sales		259,850
Cost of sales		228,936
Gross profit		30,914
Selling, general and administrative expenses		18,192
Operating income		12,722
Non-operating income		
Interest income	18	
Dividends income	651	
Other	28	699
Non-operating expenses		
Interest expenses	5	
Provision of allowance for doubtful accounts	90	
Other	38	134
Ordinary income		13,286
Income before income taxes		13,286
Income taxes	3,353	
Income taxes-deferred	794	4,148
Net income		9,138

Non-consolidated Statement of Changes in Equity
(March 1, 2023 to February 29, 2024)

(Millions of yen)

	Shareholders' equity			
	Share stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	3,238	2,963	8,197	11,161
Changes during period				
Dividends of surplus				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			1	1
Cancellation of treasury stock			(4,208)	(4,208)
Net changes in items other than shareholders' equity				
Total changes during period	-	-	(4,207)	(4,207)
Balance at end of period	3,238	2,963	3,990	6,953

	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	71,323	78,839	(3,415)	89,822
Changes during period						
Dividends of surplus			(4,210)	(4,210)		(4,210)
Net income			9,138	9,138		9,138
Purchase of treasury stock					(2,602)	(2,602)
Disposal of treasury stock					29	31
Cancellation of treasury stock					4,208	-
Net changes in items other than shareholders' equity						
Total changes during period	-	-	4,927	4,927	1,635	2,355
Balance at end of period	395	7,120	76,250	83,766	(1,779)	92,178

	Valuation and translation adjustments		Share subscription rights	Total net assets
	Valuation difference on securities	Total valuation and translation adjustments		
Balance at beginning of period	935	935	86	90,844
Changes during period				
Dividends of surplus				(4,210)
Net income				9,138
Purchase of treasury stock				(2,602)
Disposal of treasury stock				31
Cancellation of treasury stock				-
Net changes in items other than shareholders' equity	43	43	(18)	25
Total changes during period	43	43	(18)	2,381
Balance at end of period	979	979	68	93,225

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.

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	¥91 million
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3. Accumulated depreciation of tangible fixed assets

¥11,208 million

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

Short-term monetary receivables	¥563 million
Short-term monetary payables	¥11,607 million

5. Breakdown of inventories

Merchandise	¥2,364 million
Work in process	¥85 million
Raw materials and supplies	¥94 million

Notes to Non-consolidated Statement of Income

Amount of transactions with subsidiaries and associates

Amount of operating transactions

Net sales	¥2,121 million
Purchase of goods	¥21,878 million
Selling, general and administrative expenses	¥2,195 million
Amount of non-operating transactions	¥693 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	634,347 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	303
Allowance for doubtful accounts	19
Enterprise tax payable, etc.	137
Accounts payable	229
Shares of subsidiaries and associates	472
Investments in capital of subsidiaries and associates	285
Inventories	26
Allowance for sales discounts	3
Other	386
Total deferred tax assets	<u>1,864</u>
Deferred tax liabilities	
Temporary differences in regard to securities assumed due to merger	(161)
Valuation difference on securities	(431)
Other	(172)
Total deferred tax liabilities	<u>(765)</u>
Deferred tax assets (net)	<u><u>1,099</u></u>

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	(1.4)%
Inhabitants tax on a per capita basis	1.8%
Goodwill	1.6%
Increase (decrease) in valuation allowance	(1.6)%
Other	(0.1)%
Burden rate of income taxes after application of tax effect accounting	<u>31.2%</u>

Notes on Related Party Transactions

1. 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)	3,234	Deposits received	3,240
				Interest expenses (Note 2)	2		
Subsidiary	Hakuseisha CO., LTD.	(Holding) Direct 94.4% Indirect 5.6%	Fund deposits received	Fund deposits received (Note 1)	4,502	Deposits received	4,720
				Interest expenses (Note 2)	3		

2. 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	67,371	Electronically recorded monetary claims	2,082
						Accounts receivable - trade	7,192
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	28,164	Electronically recorded monetary claims	1,414
						Accounts receivable - trade	4,010

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 Hokkaido Corporation	(Holding) Direct 0.2%	Equipment management, security, cleaning, contracting of construction work, sales of materials, etc., management of vending machine	Net sales	12,518	Notes receivable - trade Accounts receivable - trade	1,772 1,225
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	14,298	Electronically recorded monetary claims Accounts receivable - trade	978 2,885

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 amount of deposits received represents the average balance during the period.

(Note 2) In regard to the interest of deposits received, 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	¥1,919.39
Net income per share	¥187.49
Diluted net income per share	¥187.38

Notes on Significant Subsequent Events

These notes have been omitted because the content is the same as “Notes on Significant Subsequent Events (Purchase of Treasury Stock)” in the Notes to Consolidated Financial Statements.

Other Notes

No items to report.