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Securities Code: 9787

April 30, 2021

To our shareholders:

Kazumasa Hamada, President  
**AEON DELIGHT CO., LTD.**  
2-3-2 Minamisemba, Chuo-ku, Osaka City, Osaka

## **Notice of the 48th Annual General Meeting of Shareholders**

We are pleased to announce the 48th Annual General Meeting of Shareholders of AEON DELIGHT CO., LTD. (the “Company”), which will be held as indicated below.

Please note that the number of seats at the venue has been significantly reduced to prevent the spread of the novel coronavirus disease (COVID-19). We ask that you consider refraining from attending the meeting in person.

You may exercise your voting rights in writing or via a smartphone, the Internet, etc. Please review the attached Reference Documents for General Meeting of Shareholders, and exercise your voting rights by 6:00 p.m. on Tuesday, May 18, 2021 (JST).

**1. Date and Time:** Wednesday, May 19, 2021, 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 48th fiscal year (from March 1, 2020 to February 28, 2021), and the results of audits of the Consolidated Financial Statements by the Financial Auditors and the Board of Auditors
2. The Non-consolidated Financial Statements for the 48th fiscal year (from March 1, 2020 to February 28, 2021)

#### **Matter to be resolved:**

- Proposal No. 1** Election of Eight Directors  
**Proposal No. 2** Election of Three Auditors

If there are any amendments to Reference Documents for General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements or Consolidated Financial Statements, such amendments will be announced on the Company’s website (<https://www.aeondelight.co.jp/>).

## 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 six Directors will expire. In this regard, the Company proposes the election of eight Directors, with the intention of further strengthening the management structure. 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 subscribe to the Company's management principles, code of conduct, etc.
2. The candidate shall have extensive experience as a chief executive officer or other corporate executive, or shall have comparable experience, knowledge and insight.
3. The candidate shall be able to make judgments independently of the Company's management.
4. 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 which 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>	1,000 shares
<p>Conflicts of interest</p> <p>There is no conflict of interest between Kazumasa Hamada and the Company.</p> <p>Kazumasa Hamada was an Executing Person at Aeon Co., Ltd., the Company's parent company, and AEON Retail Co., Ltd., its subsidiary, in the past ten years. The positions and responsibilities are presented in his career summary.</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	Nobuo Yamazato (February 2, 1956)  Reelection	<p>Mar. 1979      Joined JUSCO Co., Ltd. (currently Aeon Co., Ltd.)</p> <p>Mar. 2005      Temporarily transferred to Mycal Corp.</p> <p>Mar. 2009      Temporarily transferred to the Company</p> <p>May 2011      Director and Manager of Nishi Kinki Regional Office</p> <p>May 2015      In charge of overseeing East Japan Regional Office Operations</p> <p>May 2016      Director and Managing Director</p> <p>May 2017      Director and Senior Managing Director in charge of overseeing Regional Offices and East Japan Regional Offices Operations</p> <p>May 2018      Director and Executive Vice President in charge of overseeing Regional Offices and business</p> <p>May 2019      Director and Executive Vice President in charge of overseeing Regional Offices</p> <p>July 2019      Director and Executive Vice President in charge of overseeing Regional Offices, and COO of Japan Group Business</p> <p>Mar. 2020      Director and Executive Vice President in charge of overseeing Regional Offices</p> <p>Feb. 2021      Director and Executive Vice President, and COO of Japan Group FM Business (current position)</p>	4,200 shares
Conflicts of interest There is no conflict of interest between Nobuo Yamazato and the Company.			
3	Hideyuki Mito (July 19, 1961)  New election	<p>Apr. 1980      Joined the Company</p> <p>Sept. 2006      Manager of Sales Department IV</p> <p>Mar. 2011      General Manager of Sales Promotion Division</p> <p>Mar. 2012      Manager of Minamikanto Regional Office</p> <p>Mar. 2013      Executive Officer in charge of overseeing East Japan Regional Office operations</p> <p>May 2015      In charge of overseeing West Japan Regional Office operations</p> <p>May 2017      Managing Officer in charge of operations</p> <p>May 2018      Director and Managing Director in charge of operations</p> <p>Mar. 2019      Director and Managing Director in charge of overseeing business</p> <p>July 2019      Managing Officer in charge of overseeing business</p> <p>Mar. 2020      Managing Officer in charge of overseeing business, and COO of Japan Group Business</p> <p>Oct. 2020      Managing Officer and COO of Japan Group Business</p> <p>Oct. 2020      President, A to Z Service Co., Ltd. (currently AEON DELIGHT CONNECT CO., LTD.) (current position)</p> <p>Feb. 2021      President, DO SERVICE Co., Ltd. (currently AEON DELIGHT CONNECT CO., LTD.)</p>	1,300 shares
Conflicts of interest There is no conflict of interest between Hideyuki Mito and the Company.			

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;">New election</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 Office, 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. 2013     Director in charge of Human Resources, General Affairs and Legal &amp; Compliance</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 &amp; Risk Management of Aeon Co., Ltd. (current position)</p> <p>Oct. 2018     Director of AEON Financial Service Co., Ltd. (current position)</p>	0 shares
<p>Conflicts of interest</p> <p>There is no conflict of interest between Hiroyuki Watanabe and the Company.</p> <p>Hiroyuki Watanabe, currently or in the past ten years, is or was an Executing Person at Aeon Co., Ltd., the Company's parent company, and AEON Financial Service Co., Ltd. The positions and responsibilities are presented in his career summary.</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>Masaaki Fujita (September 6, 1952)</p> <p>Reelection Candidate for outside Director Candidate for independent officer</p>	<p>Apr. 1978      Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)</p> <p>Apr. 2003      Chief of PDP TV Business Unit, Imaging Business Group of Panasonic AVC Network Company</p> <p>Apr. 2006      Director of Matsushita Electric Industrial Co., Ltd. Senior Vice President, Chief of PDP TV Business Unit, Visual Products and Display Devices Business Group of Panasonic AVC Network Company</p> <p>June 2009      Director of Corporate Quality Administration Division in charge of Corporate FF Customer Support &amp; Management Division</p> <p>Mar. 2010      In charge of Global Procurement and Director of Corporate Procurement Division; in charge of Global Logistics and Director of Corporate Global Logistics Division; in charge of Trading Company</p> <p>Apr. 2011      Managing Executive Officer</p> <p>Apr. 2014      Specially Appointed Professor of the Industry-University Cooperative Center of Advanced Education, Research Organization for the 21st Century of Osaka Prefecture University</p> <p>May 2015      Director of the Company (current position)</p>	4,200 shares
<p>Reasons for selection as candidate for outside Director and roles expected to be performed The Company proposes the election of Masaaki Fujita as outside Director to gain his accurate advice to the Company's Management of Technology based on his wealth of experience in quality and production control and to gain his guidance in improving the Company's management and corporate governance based on his managerial knowledge in crossing different kinds of business, the development of global business, and management as well as his personable human resource development.</p>			
<p>Conflicts of interest There is no conflict of interest between Masaaki Fujita and the Company.</p>			
<p>Note: The Company has entered into an agreement with Masaaki Fujita regarding liabilities under Article 423, paragraph 1 of the Companies Act, to limit his liability for damages to the minimum liability amount stipulated by laws and regulations, if he has acted in good faith and without gross negligence in performing his duties as an outside Director. If his reelection is approved, the Company plans to renew this agreement with him. He is currently an outside Director of the Company, and at the conclusion of this meeting, his tenure will have been six years.</p>			

Candidate No.	Name (Date of birth)	Career summary, position, and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
6	<p style="text-align: center;">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 &amp; Ports and Harbours Bureau) of Minister's Secretariat of Ministry of Land, Infrastructure, Transport and Tourism</p> <p>Apr. 2003      Senior Vice President (Logistics &amp; 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 (current position)</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      Outside Director of THE KEIHIN CO., LTD. (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 (current position)</p> <p>May 2017      Director of the Company (current position)</p> <p>Apr. 2018      Visiting Professor at Tokyo Metropolitan University (current position)</p>	1,200 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 Senior Vice President of Japan Post in addition to overseas experience and administrative experience related to the Ministry of Transport. Also, he has experience in the area of human resource development as an adjunct and research professor. The Company judges he will contribute to the management of the Company, and proposes his election as 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 four 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	Keiji Yoshikawa (July 6, 1950)  New election Candidate for outside Director Candidate for independent officer	<table border="0"> <tr> <td style="padding-right: 10px;">Apr. 1973</td> <td>Joined Nippon Sheet Glass Co., Ltd.</td> </tr> <tr> <td style="padding-right: 10px;">June 2004</td> <td>Corporate Officer, General Manager of Information &amp; Telecommunication Device Division, and Plant Manager of Sagamihara Plant</td> </tr> <tr> <td style="padding-right: 10px;">Jan. 2008</td> <td>Corporate Officer and General Manager of IT Business Unit</td> </tr> <tr> <td style="padding-right: 10px;">June 2008</td> <td>Director, Executive Officer, and Head of Specialty Glass Worldwide</td> </tr> <tr> <td style="padding-right: 10px;">Feb. 2012</td> <td>Director, Representative Executive Officer, and Executive Vice President and CPMO (Chief Project Management Officer)</td> </tr> <tr> <td style="padding-right: 10px;">Apr. 2012</td> <td>Director, Representative Executive Officer, and President and CEO</td> </tr> <tr> <td style="padding-right: 10px;">June 2015</td> <td>Advisor</td> </tr> <tr> <td style="padding-right: 10px;">June 2018</td> <td>Outside Director of Kansai Paint Co., Ltd. (current position)</td> </tr> </table>	Apr. 1973	Joined Nippon Sheet Glass Co., Ltd.	June 2004	Corporate Officer, General Manager of Information & Telecommunication Device Division, and Plant Manager of Sagamihara Plant	Jan. 2008	Corporate Officer and General Manager of IT Business Unit	June 2008	Director, Executive Officer, and Head of Specialty Glass Worldwide	Feb. 2012	Director, Representative Executive Officer, and Executive Vice President and CPMO (Chief Project Management Officer)	Apr. 2012	Director, Representative Executive Officer, and President and CEO	June 2015	Advisor	June 2018	Outside Director of Kansai Paint Co., Ltd. (current position)	0 shares
Apr. 1973	Joined Nippon Sheet Glass Co., Ltd.																		
June 2004	Corporate Officer, General Manager of Information & Telecommunication Device Division, and Plant Manager of Sagamihara Plant																		
Jan. 2008	Corporate Officer and General Manager of IT Business Unit																		
June 2008	Director, Executive Officer, and Head of Specialty Glass Worldwide																		
Feb. 2012	Director, Representative Executive Officer, and Executive Vice President and CPMO (Chief Project Management Officer)																		
Apr. 2012	Director, Representative Executive Officer, and President and CEO																		
June 2015	Advisor																		
June 2018	Outside Director of Kansai Paint Co., Ltd. (current position)																		
<p>Reasons for selection as candidate for outside Director and roles expected to be performed            The Company proposes the election of Keiji Yoshikawa as outside Director to gain his guidance on not only the Company's domestic business operations, but also its management of overseas business operations, based on his corporate management experience as a representative executive officer and president of a company listed on the First Section of Tokyo Stock Exchange along with his experience as a senior manager of a global company based in Japan.</p>																			
<p>Conflicts of interest            There is no conflict of interest between Keiji Yoshikawa and the Company.</p>																			
<p>Note: The Company plans to enter 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.</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	Asako Takada (March 20, 1964)  New election Candidate for outside Director Candidate for independent officer	Apr. 1987      Joined E.F. Hutton & CO., Inc.	0 shares
		Jan. 1988      Joined Morgan Stanley Japan Limited	
		Apr. 2002      Lecturer of Faculty of Business Administration, Takachiho University	
		Apr. 2003      Assistant Professor of Faculty of Business Administration	
		Apr. 2008      Associate Professor of Hosei Business School of Innovation Management	
		Apr. 2011      Professor of Hosei Business School of Innovation Management (current position)	
		Sept. 2015      Director of Global MBA Program, Hosei Business School of Innovation Management (current position)	
Reasons for selection as candidate for outside Director and roles expected to be performed The Company proposes the election of Asako Takada as outside Director to gain her guidance on promotion of organizational cultural reform to improve the Company's corporate value, improvement of the effectiveness of corporate governance, and improvement of diversity within the Company based on her knowledge and insight in organizational theory and the field of innovation which are her fields of research.			
Conflicts of interest There is no conflict of interest between Asako Takada and the Company.			
Note: The Company plans to enter 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.			

[Summary of Directors and Officers Liability Insurance]

In accordance with Article 430-3, paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance policy in which the Directors are insureds. The policy will cover loss incurred when an insured assumes responsibility for the performance of their duties or receives a claim related to the pursuit of such responsibility. 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 Three Auditors

The terms of office of Auditors Hiroshi Mitsui, Tsukasa Takahashi and Yuji Kawabe will expire at the conclusion of this meeting. Therefore, the Company proposes the election of three Auditors.

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

The candidates for Auditor are as follows:

Candidate No.	Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Hiroshi Mitsui (July 27, 1956)  Reelection Candidate for outside Auditor	<p>Mar. 1981      Joined JUSCO Co., Ltd. (currently Aeon Co., Ltd.)</p> <p>May 2005      Director of Food Supply JUSCO Co., Ltd. (currently AEON FOOD SUPPLY Co., Ltd.)</p> <p>Feb. 2011      Manager of Human Resource Education Department of Tokai Company of AEON Retail Co., Ltd.</p> <p>Apr. 2012      Director and General Manager of Personnel and General Affairs Division of G Foot Co., Ltd.</p> <p>May 2014      Managing Director in charge of Administration</p> <p>Sept. 2017      Managing Director in charge of General Planning and Administration</p> <p>May 2018      Managing Director in charge of Administration</p> <p>May 2020      Statutory Non-Executive Auditor of the Company (current position)</p> <p>May 2020      Commissioner of PT Sinar Jernih Sarana (current position)</p> <p>Dec. 2020      General Auditor of AEON DELIGHT (CHINA) CO., LTD. (current position)</p>	200 shares
<p>Reasons for selection as candidate for outside Auditor Hiroshi Mitsui has served as a Director of G Foot Co., Ltd. and has experience as a company executive and broad knowledge. The Company proposes his election as outside Auditor to utilize his sense of balance as a company executive and abundant knowledge and gain his guidance in improving our corporate governance.</p>			
<p>Conflicts of interest There is no conflict of interest between Hiroshi Mitsui and the Company. Hiroshi Mitsui was in the past ten years serving as an Executing Person at G Foot Co., Ltd., a subsidiary of the Company's parent company. The positions and responsibilities are presented in his career summary.</p>			
<p>Note: The Company has entered into an agreement with Hiroshi Mitsui 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 Auditor. If his reelection is approved, the Company plans to renew this agreement with him. He is currently an outside Auditor of the Company, and at the conclusion of this meeting, his tenure will have been one year.</p>			

Candidate No.	Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
2	<p>Tsukasa Takahashi (December 10, 1962)</p> <p>Reelection Candidate for outside Auditor Candidate for independent officer</p>	<p>Apr. 1989 Registered with the Osaka Bar Association, joined Katsube Law Office (currently Katsube Takahashi Law Office)</p> <p>Apr. 1994 Partner of Katsube Takahashi Law Office (current position)</p> <p>Apr. 2006 Part-time Instructor at Kwansei Gakuin University Law School</p> <p>Apr. 2007 Part-time Instructor at Kyoto University Law School</p> <p>Apr. 2010 Vice President of the Osaka Bar Association</p> <p>Apr. 2012 Visiting Professor at Kyoto University Law School</p> <p>Apr. 2013 Distinguished Professor</p> <p>May 2013 Auditor of the Company (current position)</p> <p>Mar. 2019 Corporate Auditor of Nippon Electric Glass Co., Ltd. (current position)</p> <p>June 2020 Statutory Corporate Auditor of NIPPON SHOKUBAI CO., LTD. (current position)</p>	0 shares
<p>Reasons for selection as candidate for outside Auditor Tsukasa Takahashi has expert insight as an attorney at law and extensive experience gained through his long-standing career in corporate legal affairs. He has thus far enhanced the effectiveness of auditing of the Company based on his insight and experience. The Company proposes his election as outside Auditor in the belief that his matchless experience and knowledge is essential for further strengthening the Company's audit function.</p>			
<p>Conflicts of interest There is no special interest between Tsukasa Takahashi and the Company.</p>			
<p>Note: The Company has entered into an agreement with Tsukasa Takahashi 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 Auditor. If his reelection is approved, the Company plans to renew this agreement with him. He is currently an outside Auditor of the Company, and at the conclusion of this meeting, his tenure will have been eight years.</p>			

Candidate No.	Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	Yuji Kawabe (October 25, 1957)  Reelection Candidate for outside Auditor Candidate for independent officer	<p>Apr. 1981      Joined Personnel Division, Police Affairs Bureau of National Police Agency</p> <p>Aug. 2002      Director of Police Administration Department of Chiba Prefectural Police Headquarters</p> <p>Aug. 2004      Chief of Tochigi Prefectural Police</p> <p>Jan. 2006      Counsellor of Cabinet Secretariat (Cabinet Intelligence and Research Office)</p> <p>Jan. 2010      Chief of Aichi Prefectural Police</p> <p>Aug. 2012      Deputy Director-General to Commissioner-General's Secretariat (Security Bureau) of National Police Agency</p> <p>Aug. 2013      Deputy Director-General of Cabinet Satellite Intelligence Center of Cabinet Secretariat</p> <p>Nov. 2015      Advisor of Aeon Co., Ltd. (current position)</p> <p>May 2016      Auditor of AEON Retail Co., Ltd. (current position)</p> <p>May 2016      Auditor of The Daiei, Inc. (current position)</p> <p>May 2017      Auditor of the Company (current position)</p> <p>June 2017      Auditor of AEON CREDIT SERVICE CO., LTD. (current position)</p>	0 shares
Conflicts of interest There is no conflict of interest between Yuji Kawabe and the Company.			

[Summary of Directors and Officers Liability Insurance]

In accordance with Article 430-3, paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance policy in which the Auditors are insureds. The policy will cover loss incurred when an insured assumes responsibility for the performance of their duties or receives a claim related to the pursuit of such responsibility. When the candidates assume their offices as Auditors, 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.

### 3. Matters related to Share Subscription Rights (As of February 28, 2021)

Share Subscription Rights (Stock compensation-type stock options)

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

Issues of stock options (Issuance resolution date)	Exercise period	Number of share subscription rights	Number of shares subject to the rights	Number of persons holding the rights	Issuing price	Amount of capital contributed upon exercise
No. 8 share subscription rights (May 11, 2015)	June 10, 2015 to June 10, 2030	16	1,600 shares	1	2,841 yen per share	0.5 yen per share
No. 9 share subscription rights (May 10, 2016)	June 10, 2016 to June 10, 2031	76	7,600 shares	3	2,689 yen per share	0.5 yen per share
No. 10 share subscription rights (May 10, 2017)	June 10, 2017 to June 10, 2032	104	10,400 shares	4	3,167 yen per share	0.5 yen per share
No. 11 share subscription rights (May 10, 2018)	June 10, 2018 to June 10, 2033	106	10,600 shares	4	3,439 yen per share	0.5 yen per share
No. 13 share subscription rights (May 11, 2020)	June 10, 2020 to June 10, 2035	92	9,200 shares	2	2,738 yen per share	0.5 yen per share

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

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

Note: Share options are not granted to outside Directors.

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

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

On May 26, 2020, the Board of Directors adopted a resolution on the basic policy related to systems for ensuring that Directors execute their duties in compliance with laws and regulations and with the Company's Articles of Incorporation and for ensuring just and fair execution of business operations of the Company. The resolution is as follows:

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

- (iii) The regulations and systems for management of risk of loss (risk management system)
- The Company will implement a system to make necessary decisions and take necessary steps in response to various risks that may arise during the course of business activities, as follows:
    - (a) As for risk management during the normal course of business, risk management departments, assigned for each risk category, will manage risk to prevent risk-related incidents and reduce loss;
    - (b) The Risk Management Committee, with the Group Compliance Department serving as its secretariat, will summarize the results of risk assessment and analysis performed by each department in charge of risk management as well as the proposed countermeasures, verify the risk scenarios of each Group company, and periodically report its findings to the Board of Directors. If risk becomes actualized and substantial damage can be expected, Directors must promptly report it to the Auditors; and
    - (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 prepare risk scenarios in line with risk management points and 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 audits to all Center Managers. Staffs who are certified for ISO audits will conduct mutual audits at all centers every year to measure the effectiveness of ISO audits.
- (iv) The system for ensuring that Directors are executing their duties efficiently (system to ensure efficiency)
- The Company will implement a system to ensure that Directors are executing their duties with efficiency, as follows:
    - (a) The Company will set out the rules of the Board of Directors and identify those issues that require the resolution of the Board and those issues that must be reported to the Board. As for other issues before the Board, the company will demarcate decision-making authority based on regulations on decision-making and on responsibilities and authority of the Directors. It will also set out clearly the division of labor for executing business operations within the organization and the boundaries of jobs and responsibilities;
    - (b) The Board of Directors will ensure that sufficient deliberation is made for decisions on important management issues and for overseeing management and execution of business operations. In addition, the Company will promote efficiency in the execution of business operations by implementing the executive officer system. At the same time, the Company will promote efficient management of the Group through deliberative bodies such as the Board of Executive Officers, Branch Management Committee, Domestic Group Management Committee, and Overseas Group Management Committee;
    - (c) To strengthen its supervisory function and ensure its business operations are executed fairly, the Company will have multiple independent outside Directors on the Board of Directors. The Board of Directors will voluntarily establish the Nomination and Compensation Advisory Committee and the Evaluation Advisory Committee composed of independent outside Directors; and
    - (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)
- Transactions between AEON delight and any of AEON Co., Ltd., AEON Group companies, or AEON delight subsidiaries will be based on market prices. Measures will be implemented to prevent conflicts of interest and to ensure fair transactions.
  - The Group will implement a system for sharing its basic philosophy and principles and reinforcing internal control within the Group, as follows:
    - (a) The Company will set down the basic framework for governance of subsidiaries by parent companies in the regulations on management of affiliated companies, including provisions on matters that subsidiaries must report to the parent company and matters requiring prior approval of the parent company. The Company will also dispatch its Directors and Auditors to its subsidiaries to supervise management of the subsidiaries;
    - (b) In addition to receiving monthly performance reports from its subsidiaries, the Company will organize the Domestic and Overseas Group Management Committee meetings, which include the Company's Directors and the Presidents of subsidiaries as members. Through this, the Company will take stock of the performance of its subsidiaries, and establish individual growth strategies, budget performance management, and internal control systems as a part of Group governance;
    - (c) The Group will operate its compliance and whistleblower system under a common, unified framework. The Company will conduct annual compliance training for officers and employees of the Group to foster compliance awareness. The Group Compliance Department will work with the Compliance Committee members appointed for each Group company to carry out activities that raise compliance awareness among the management and employees of each company. In addition, the Company will ensure that all employees are aware of the Group's whistleblower system and will operate it independently of the management of each Group company;
    - (d) As for internal control related to financial reporting, risk management, and internal audits, the Group will have basic policies implemented across the Group. On the other hand, it will also consider the nature, scope and complexity of the businesses of its subsidiaries so that it can determine the reporting and management systems of each of its subsidiaries; and
    - (e) The Auditors and the Group Corporate Audit Department will regularly inspect and supervise the subsidiaries. In conducting business operation audits, the Group Corporate Audit Department will place under close scrutiny those subsidiaries that are considered high risk in light of past performance audits and whistleblower incidents.
- (vi) Matters related to employees assisting the Auditors (assignment of auditor staff)
- If requested by the Auditors, the Company will assign employees to work exclusively for the Auditors in the Audit Office as assistants.
  - Such employees will follow the instructions of the Auditors and assist their work.
- (vii) Matters related to the independence of employees assisting the Auditors from the Directors (independence of auditor staff)
- The Company must obtain prior approval of full-time Auditors or of the Board of Auditors on matters related to the employment, selection, transfer, and other personnel decisions related to the employees working in the Audit Office. Full-time Auditors will perform the performance evaluation of such employees.
  - The Company must obtain prior approval of full-time Auditors or of the Board of Auditors before initiating disciplinary action against employees working in the Audit Office.
- (viii) The System for enabling Directors and employees to report to the Auditors and other matters related to making reports to the Auditors (Auditor reporting system)
- The Directors and employees of the Group must report immediately to the Auditors or the Board of Auditors if they discover or come to have knowledge of any fact that will have a significant impact on the Group's business or business performance, or if they discover or come to have knowledge of any breach of laws and regulations or other compliance-related issues.

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

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

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

- (i) The system to ensure that the execution of duties by its Directors and employees complies with laws and regulations and with the Company's Articles of Incorporation (compliance system)
  - The Company has set out the rules of the Board of Directors and other internal regulations and appointed the Executive Officer in charge of compliance (CCO) to ensure that Directors act in compliance with laws, regulations, and the Articles of Incorporation. The Board of Directors has held 17 meetings in the current fiscal year to deliberate each proposal and supervise the execution of business operations. In addition to meetings of the Board of Directors held, the Company on two occasions passed a written resolution, which is deemed to be a resolution of the Board of Directors in accordance with the provisions of Article 370 of the Companies Act and Article 23 of the Articles of Incorporation of the Company. Moreover, the Company is also providing officer compliance training to Directors and Executive Officers of the Company.
  - The Executive Officer in charge of compliance has been appointed the Officer of Operation Control in compliance, and the Group Compliance Department is under this officer's control. The Executive Officer in charge of compliance and the Group Compliance Department implement measures necessary to strengthen compliance of the Group and regularly report the status of those measures to the Board of Directors.
  - The Basic Regulations on AEON delight Group Compliance have been set out, and the officer and department in charge of compliance have been appointed for each organization including Group companies to raise compliance awareness across the Group.
  - The Company requires all employees to adhere to laws, regulations, company rules, etc. in the Company's working rules and has distributed the booklet entitled Compliance Basics 2017 to raise employees' compliance awareness as an effort in the AEON Group as a whole.
  - The Company has established a whistleblower system to ensure early detection and remedy of inappropriate corporate activities and prevent similar incidents from happening again. The Group Compliance Department, as the office to accept whistleblower reports, regularly makes reports on the status of whistleblower reports to the Board of Directors.

In addition to the whistleblower system within the Company, an office to accept whistleblower reports for the Group as a whole has also been established at an external attorney's office.
  - The Group Corporate Audit Department, as an internal audit department, examines and assesses the effectiveness of the compliance system, and regularly reports the findings to the Board of Directors.
- (ii) The system for preservation of information related to execution of duties by the Directors (information preservation system)
  - For the minutes of the general meetings of shareholders, the minutes of the Board of Directors, and other legal documents as well as documents and information relating to execution of important duties, the Company has set out the internal regulations on document management, AEON delight Group regulations on information security management, AEON delight Group regulations on protection of personal information, and other necessary regulations, and established a system to appropriately store and preserve information in accordance with those regulations. In addition, the Company has implemented a system to respond immediately to requests from Directors and Auditors to examine those documents and media.
- (iii) The regulations and systems for management of risk of loss (risk management system)
  - For risk management during the normal course of business, the Company has assigned departments in charge of each risk category to prevent risk-related incidents and reduce loss. In addition, the Company has prepared the Basic Regulations for Business Continuity in Times of Crisis (BCP Basic Regulations), the BCP Detailed Regulations, and other necessary regulations, as well as manuals including the Disaster Recovery Handbook, and plans and conducts disaster drills in order to prepare for responses in case of disaster. For risks that may arise in terms of corporate management and business, meetings of the Risk

Management Committee, with the Group Compliance 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 conducts internal audits and subsidiary audits depending on the effectiveness of risk management.

- 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 audits to all Center Managers, and the Center Managers are conducting mutual audits to measure the effectiveness of ISO 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 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 three independent outside Directors out of the six 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 voluntarily established the Nomination and Compensation Advisory Committee and the Evaluation Advisory Committee composed of independent outside Directors.
  - 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)
- Transactions between AEON delight and any of AEON Co., Ltd., AEON Group companies, or AEON delight subsidiaries are based on market prices. Measures have been implemented to prevent conflicts of interest, and fair transactions are ensured through deliberation based on the rules of the Board of Directors and the regulations on responsibilities and authority of the Directors.
  - 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 set out the basic framework for governance of subsidiaries by parent companies. The Company also generally dispatches its Directors and Auditors to its subsidiaries to supervise management of the subsidiaries.
  - In addition to receiving monthly performance reports from its subsidiaries, the Company has organized the Domestic and Overseas Group Management Committee meetings, which include the Company's Directors and the Presidents of subsidiaries as members. Through this, the Company is taking stock of the performance of its subsidiaries, and establishing individual growth strategies, budget performance management, and internal control systems as a part of Group governance.
  - The Group is operating its compliance and whistleblower system under a common, unified framework. In the current fiscal year, the Company provided officer compliance training to the Presidents of subsidiaries and AEON code of conduct executive training to executive staff to foster compliance awareness.
  - The Group has established the International Department for further promotion of globalization. For information that needs to be strengthened for internal controls, the Company has implemented a system where the Affiliated Companies Administration Department is in charge of centrally disseminating information to domestic subsidiaries and the International Department is in charge of centrally disseminating information to overseas local subsidiaries.

- For risk management for subsidiaries, the Group Compliance Department as the department in charge requests each company to submit a monthly risk report to conduct risk management for the Group as a whole.
  - The Company has implemented a system where the Auditors and the Group Corporate Audit Department regularly inspect and supervise the subsidiaries. In addition, the Group Corporate Audit Department places under close scrutiny those subsidiaries that are considered high risk in light of past performance audits and whistleblower incidents, and regularly reports their findings to the Board of Directors.
- (vi) Matters related to employees assisting the Auditors (assignment of auditor staff)
- The Company has assigned one employee to work exclusively for the Auditors in the Audit Office as an assistant.
- (vii) Matters related to the independence of employees assisting the Auditors from the Directors (independence of auditor staff)
- The Company will obtain prior approval of full-time Auditors or of the Board of Auditors on the transfer, performance evaluation, disciplinary action, etc. of the employee working in the Audit Office.
- (viii) The System for enabling Directors and employees to report to the Auditors and other matters related to making reports to the Auditors (Auditor reporting system)
- The Directors and employees of the Company will promptly report to the Auditors if there has arisen any fact that will have a significant impact on the Company's business or business performance, or any breach of laws and regulations or other compliance-related issues.
  - The Group Corporate Audit Department and Group Compliance Department have implemented a system to regularly report the statuses of internal audits, compliance, and risk management of the Group to the Auditors. In addition, the Group Compliance Department has been assigned as the office responsible for the Group's whistleblower system, and reports the status of their whistleblower reports to the Board of Directors regularly or whenever necessary.
  - The Company has implemented a system where the Auditors may attend important meetings related to the management of the Company's business such as the Board of Executive Officers 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 deli Group Regulations on the Handling of Whistleblower Reports. In these Regulations, the Company has also set down in writing the penalties imposed on persons who unfavorably treated the reporter or took retaliatory action against the reporter.
- (ix) Other systems for ensuring that the Auditors can execute their duties effectively (system for ensuring effective audit by Auditors)
- The Auditors have regular meetings with the President and exchange views on issues that need to be dealt with and other important issues pertaining to the audit. In addition, the outside Directors and Financial Auditors are requested to regularly attend the Board of Auditors meetings to exchange views.
  - The Auditors are working in close collaboration with the Group Corporate Audit Department to enable effective execution of audit duties.
  - If requested by the Auditors to make a report or submit related documents and other materials on matters within the remit of the Auditors, the Directors and employees of the Group shall comply with the request promptly and in good faith.
  - The Company shall meet reasonable requests made by the Auditors for payment of expenses required for execution of their duties.
- (x) System for eliminating anti-social forces
- The Company has set out regulations on handling anti-social forces, and has severed any and all ties with anti-social forces. If unfair claims are made against the Company by anti-social forces, the Company shall take legal steps. In addition, the Company shall set out provisions on the elimination of anti-social forces in contracts for transactions. If any existing contracts have no provisions on the elimination of anti-social forces, the Company shall incorporate such provisions in those contracts upon renewal. If a

business partner should fall within this criterion, the Company shall rescind all the applicable contracts immediately.

In addition, the Company became a member of the Minami Round-Table Business Conference in the Osaka Prefectural Federation for Corporate Defense to actively collect information for the elimination of anti-social 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 Statement of Changes in Equity**  
(March 1, 2020 - February 28, 2021)

(Millions of yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	3,238	13,880	72,063	(10,208)	78,972
Changes during period					
Dividends of surplus			(3,398)		(3,398)
Net income attributable to owners of parent			11,680		11,680
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		10		85	96
Change in ownership interest of parent due to transactions with non-controlling interests		(664)			(664)
Change in scope of consolidation			(1)		(1)
Net changes in items other than shareholders' equity					
Total changes during period	-	(653)	8,281	85	7,712
Balance at end of period	3,238	13,226	80,344	(10,123)	86,685

	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	487	18	(592)	(86)
Changes during period				
Dividends of surplus				
Net income attributable to owners of parent				
Purchase of treasury stock				
Disposal of treasury stock				
Change in ownership interest of parent due to transactions with non-controlling interests				
Change in scope of consolidation				
Net changes in items other than shareholders' equity	555	(49)	243	748
Total changes during period	555	(49)	243	748
Balance at end of period	1,042	(30)	(349)	662

	Share subscription rights	Non-controlling shareholders' equity	Total net assets
Balance at beginning of period	186	2,213	81,286
Changes during period			
Dividends of surplus			(3,398)
Net income attributable to owners of parent			11,680
Purchase of treasury stock			(0)
Disposal of treasury stock			96
Change in ownership interest of parent due to transactions with non-controlling interests			(664)
Change in scope of consolidation			(1)
Net changes in items other than shareholders' equity	(66)	(1,399)	(717)
Total changes during period	(66)	(1,399)	6,995
Balance at end of period	119	814	88,281

## 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 25
- Names of major consolidated subsidiaries
  - AEON DELIGHT ACADEMY CO., LTD.
  - AEON DELIGHT SECURITY CO., LTD.
  - AEON DELIGHT (CHINA) CO., LTD.
  - Kankyouseibi Co., Ltd.
  - DO SERVICE Co., Ltd.
  - A to Z Service Co., Ltd.
  - AEON COMPASS CO., LTD.
  - AEON DELIGHT (MALAYSIA) SDN. BHD.
  - Aeon Delight (Jiangsu) Comprehensive Facility Management Service Co., Ltd.
  - AEON DELIGHT (VIETNAM) CO., LTD.
  - Wuhan Xiaozhu Comprehensive Facility Management Service Co., Ltd.
  - Hakuseisha CO., LTD.
  - AEON DELIGHT (SHANGHAI) COMPREHENSIVE FACILITY MANAGEMENT SERVICE CO., LTD.
  - U-COM Co., Ltd.
  - PT Sinar Jernih Sarana
  - Aqutia Co., Ltd.
  - Nine other companies

Suzhou Binyong Comprehensive Facility Management Service Co., Ltd. is included in the scope of consolidation in the current fiscal year due to its establishment as a subsidiary of Aeon Delight (Jiangsu) Comprehensive Facility Management Service Co., Ltd., the Company's subsidiary.

Furthermore, KJS Corporation, Kanto Engineering Co., Ltd., a subsidiary of Kankyouseibi Co., Ltd (the Company's subsidiary) and AeonDelight DeepBlue Technology (Shanghai) Co., Ltd. are excluded from the scope of consolidation in the current fiscal year due to a merger with the Company, a merger with Kankyouseibi Co., Ltd., and dissolution, respectively.

#### 2. Application of equity method

- (1) Number of associates accounted for using equity method Two

Company name

- Kikugawa Ishiyama Solar Co., Ltd.
- Kikugawa Horinouchitani Solar Co., Ltd.

- (2) Number of associates not accounted for using equity method

Two companies, namely ShinNagata Town Management Company Limited and Shin Urayasu Ekimae PFI Company Limited, 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) Among companies accounted for using the equity method, for those whose closing dates differ from the consolidated closing dates, financial statements based on a provisional settlement of accounts are used.

#### 3. Fiscal years, etc. of consolidated subsidiaries

Among the consolidated subsidiaries, the closing date of 17 companies including Aeon Delight (Jiangsu) Comprehensive Facility Management Service 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.

Consolidated financial statements are prepared by using financial statements based on a provisional settlement of accounts that was conducted as of 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 with available fair values: Stated at fair value based on the market price, etc. as of the closing date (valuation differences are reported as a component of net assets, and the cost of securities sold is calculated by the moving-average method)

Securities without available fair values: Stated at cost using the moving-average method

###### (ii) Valuation standards and methods for inventories

Merchandise: Stated at cost using the moving-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) 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.

(5) Other significant matters forming the basis for preparing consolidated financial statements

(i) 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.

(ii) Accounting for consumption taxes

Consumption taxes are accounted for by using the tax-exclusive method.

## 5. Additional information

(Accounting estimates in regard to impacts of the spread of COVID-19)

The Group's accounting estimates in regard to impairment accounting of fixed assets and recoverability of deferred tax assets, etc. are based on information available at the time the consolidated financial statements are prepared.

Accounting estimates on impacts of COVID-19 on Group businesses are made under the assumption that COVID-19 will generally settle down by the end of the current fiscal year.

For impacts on certain Group businesses, however, the accounting estimates are made under the assumption the impacts will last into the following fiscal year.

## Notes to Consolidated Balance Sheet

### 1. Assets pledged as collateral

Cash and deposits	¥95 million
Investment securities	¥34 million
Investments and other assets - Other (guarantee deposits)	¥15 million

2. Accumulated depreciation of tangible fixed assets ¥14,943 million

### 3. Breakdown of inventories

Merchandise	¥1,687 million
Work in process	¥86 million
Raw materials and supplies	¥232 million

## Notes to Consolidated Statement of Income

### 1. Subsidies for employment adjustment

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

### 2. Details of impairment loss

Use	Location	Class	Impairment loss (million yen)
Business assets	Midori ward, Nagoya City	Buildings and structures, net	0
		Other (tangible fixed assets)	1
		Other (intangible fixed assets)	8
	Suzuka City, Mie Prefecture	Buildings and structures, net	1
		Tools, furniture and fixtures, net	0
		Other (tangible fixed assets)	0
	Okazaki City, Aichi Prefecture	Buildings and structures, net	0
		Tools, furniture and fixtures, net	0
		Other (tangible fixed assets)	1
	Toyohashi City, Aichi Prefecture	Buildings and structures, net	2
		Tools, furniture and fixtures, net	0
		Other (tangible fixed assets)	0
	Nakamura ward, Nagoya City	Buildings and structures, net	18
		Tools, furniture and fixtures, net	11
		Other (tangible fixed assets)	6
	Chuo ward, Osaka City	Other (tangible fixed assets)	435
Other	Minato City, Tokyo	Goodwill	105
	Indonesia	Goodwill	1,064
Total			1,659

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

For judgments on impairment losses of goodwill, 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.

**3. Loss on transfer of business**

Nonrecurring loss associated with the divestiture of the ID photo machine business operated by the Company's consolidated subsidiary is recorded as a loss on transfer of business under extraordinary loss.

**4. Loss due to response to new infections**

Due to self-restraint in business operations requested by the government and the respective municipalities and state-of-emergency declarations with the spread of COVID-19, facilities such as stores that the Group entrusts and manages were temporarily closed and operating hours shortened. As a result, work compensation benefits, etc. paid to employees are recorded under extraordinary loss as loss due to response to new infections.

**5. Income taxes**

Income taxes include tax refunds of 1,070 million yen associated with claims for correction, etc. in regard to income taxes for the past fiscal years (fiscal year ended February 2015 to fiscal year ended February 2019) of domestic subsidiaries.

**6. Gain on reversal of allowance for sales discounts**

Gain on reversal of allowance for sales discounts of 247 million yen is recorded in net sales.

## Notes to Consolidated Statement of Changes in Equity

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

Ordinary shares 54,169,633 shares

### 2. Treasury stock

Classes of shares	Number of shares at the beginning of the current fiscal year (shares)	Increase (shares)	Decrease (shares)	Number of shares at the end of the current fiscal year (shares)
Ordinary shares	4,202,659	214	35,400	4,167,473

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

Increase due to purchase of shares less than one share unit 214 shares

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

Decrease due to exercise of share subscription rights 35,400 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 10, 2020 Board of Directors' meeting	Ordinary shares	1,648	33.00	February 29, 2020	April 30, 2020
October 7, 2020 Board of Directors' meeting	Ordinary shares	1,749	35.00	August 31, 2020	November 9, 2020

(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 planned	Classes of shares	Source of dividends	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
April 9, 2021 Board of Directors' meeting	Ordinary shares	Retained earnings	2,350	47.00	February 28, 2021	May 6, 2021

### 4. Share subscription rights

Class and number of shares subject to share subscription rights

Ordinary shares 39,400 shares

## Notes on Financial Instruments

### 1. Matters regarding status of financial instruments

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

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

Investment securities are mainly shares of companies with business relations. Fair values are determined each quarter for shares with available fair values.

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

Short-term borrowings and long-term debt (including current portion of long-term loans payable) 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. Those whose fair value is recognized as being difficult to determine are not included in the following table.

(Millions of yen)

	Amount recorded on the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	59,773	59,773	—
(2) Notes and accounts receivable	39,176	38,969	(206)
(3) Electronically recorded monetary claims	3,182	3,176	(6)
(4) Investment securities			
Other securities	3,285	3,285	—
Total assets	105,417	105,205	(212)
(1) Notes and accounts payable - trade	22,170	22,170	—
(2) Electronically recorded obligations - operating	4,188	4,188	—
(3) Short-term borrowings	299	299	—
(4) Accounts payable	7,227	7,227	—
(5) Income taxes payable	1,147	1,147	—
Total liabilities	35,032	35,032	—

(Note) Method of calculating fair value of financial instruments and matters related to securities transactions

### Assets

#### (1) Cash and deposits

The carrying amounts are used as fair values as these items are settled within a short period of time and the fair values are approximately equal to the carrying amounts.

#### (2) Notes and accounts receivable and (3) Electronically recorded monetary claims

These fair values are calculated from the value of claim amount net of the amount equivalent to the credit risk.

#### (4) Investment securities

These fair values are calculated from the quoted price on the stock exchange for shares, etc., and quoted price on the stock exchange or the price presented by a correspondent financial institution for bonds and investment trusts.

### Liabilities

#### (1) Notes and accounts payable - trade, (2) Electronically recorded obligations - operating, (3) Short-term borrowings, (4) Accounts payable, and (5) Income taxes payable

The carrying amounts are used as fair values as these items are settled within a short period of time and the fair values are approximately equal to the carrying amounts.

## Notes on Per Share Information

Net assets per share	¥1,746.88
Net income per share	¥233.69
Diluted net income per share	¥233.47

## Notes on Significant Subsequent Events

No items to report.

**Non-consolidated Statement of Changes in Equity**  
**(March 1, 2020 - February 28, 2021)**

(Millions of yen)

	Shareholder's equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	3,238	2,963	16,673	19,637
Changes during period				
Dividends of surplus				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			10	10
Net changes in items other than shareholders' equity				
Total changes during period	-	-	10	10
Balance at end of period	3,238	2,963	16,684	19,647

	Shareholder's 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	60,611	68,126	(10,208)	80,793
Changes during period						
Dividends of surplus			(3,398)	(3,398)		(3,398)
Net income			6,879	6,879		6,879
Purchase of treasury stock					(0)	(0)
Disposal of treasury stock					85	96
Net changes in items other than shareholders' equity						
Total changes during period	-	-	3,480	3,480	85	3,576
Balance at end of period	395	7,120	64,091	71,607	(10,123)	84,370

	Valuation and translation adjustments		Share subscription rights	Total net assets
	Valuation difference on securities	Total valuation and translation adjustments		
Balance at beginning of period	697	697	186	81,676
Changes during period				
Dividends of surplus				(3,398)
Net income				6,879
Purchase of treasury stock				(0)
Disposal of treasury stock				96
Net changes in items other than shareholders' equity	279	279	(66)	213
Total changes during period	279	279	(66)	3,790
Balance at end of period	977	977	119	85,466

## 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 with available fair values: Stated at fair value based on the market price, etc. as of the closing date (valuation differences are reported as a component of net assets, and the cost of securities sold is calculated by the moving-average method)

Securities without available fair values: Stated at cost using the moving-average method

(2) Valuation standards and methods for inventories

(i) Merchandise: Stated at cost using the moving-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 at the end of 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 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 (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. Other significant matters forming the basis for preparing non-consolidated financial statements**

(1) 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.

(2) Accounting for consumption taxes  
Consumption taxes are accounted for by using the tax-exclusive method.

#### **5. Additional information**

(Accounting estimates in regard to impacts of the spread of COVID-19)

The Company's accounting estimates in regard to impairment accounting of fixed assets and recoverability of deferred tax assets, etc. are based on information available at the time the non-consolidated financial statements are prepared.

Accounting estimates on impacts of COVID-19 on the Company's businesses are made under the assumption that COVID-19 will generally settle down by the end of the current fiscal year.

## Notes to Non-consolidated Balance Sheet

### 1. Assets pledged as collateral

Cash and deposits	¥95 million
Shares of subsidiaries and associates	¥29 million
Investment securities	¥5 million
Investments and other assets - Other (guarantee deposits)	¥15 million

### 2. Guarantee obligations

Guarantee is provided to the following subsidiaries and associates.

AEON DELIGHT (MALAYSIA) SDN. BHD.	¥160 million
PT Sinar Jernih Sarana	¥125 million

### 3. Accumulated depreciation of tangible fixed assets

¥11,422 million

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

Short-term monetary receivables	¥272 million
Short-term monetary payables	¥3,726 million

### 5. Breakdown of inventories

Merchandise	¥1,683 million
Raw materials and supplies	¥41 million

## Notes to Non-consolidated Statement of Income

### Amount of transactions with subsidiaries and associates

Amount of operating transactions	
Net sales	¥68,202 million
Purchase of goods	¥21,375 million
Selling, general and administrative expenses	¥1,474 million
Amount of non-operating transactions	¥1,276 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	4,167,473 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	259
Allowance for doubtful accounts	57
Enterprise tax payable, etc.	100
Accounts payable	604
Provision for retirement benefits	14
Shares of subsidiaries and associates	1,161
Investments in capital of subsidiaries and associates	285
Allowance for sales discounts	98
Tax loss brought forward (Note)	2,293
Other	977
Subtotal of deferred tax assets	5,853
Valuation allowance in regard to Tax loss brought forward (Note)	–
Valuation allowance in regard to deductible temporary differences	(148)
Subtotal of valuation allowance	(148)
Total deferred tax assets	5,704
Deferred tax liabilities	
Temporary differences in regard to securities assumed due to merger	161
Valuation difference on securities	430
Total deferred tax liabilities	591
Deferred tax assets (net)	5,113

(Note) Amount in regard to tax loss brought forward and its deferred tax assets by terms brought forward

(Millions of yen)

	Up to 1 year	Over 1 year and up to 2 years	Over 2 years and up to 3 years	Over 3 years and up to 4 years	Over 4 years and up to 5 years	More than 5 years	Total
Tax loss brought forward (a)	–	–	–	–	–	2,293	2,293
Valuation allowance	–	–	–	–	–	–	–
Deferred tax assets	–	–	–	–	–	2,293	(b) 2,293

(a) Tax loss brought forward is the amount multiplied by the statutory effective tax rate.

(b) Deferred tax assets recorded at the end of the current fiscal year is judged collectible based on taxable income of the past, current, and future estimates.

**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	0.2%
Permanently non-taxable items such as dividend income	(3.5)%
Inhabitants tax on a per capita basis	2.4%
Goodwill	2.0%
Increase (decrease) in valuation allowance	1.4%
Other	(0.1)%
Burden rate of income taxes after application of tax effect accounting	<hr/> 33.0%

## Notes on Related Party Transactions

### 1. Parent company

(Millions of yen)

Type	Name of company	Holding of voting rights, etc. (Ownership) ratio	Relationship with related parties	Details of transaction	Transaction amount	Items	Balance at the end of period
Parent company	AEON CO., Ltd.	(Ownership) Direct 55.3% Indirect 0.9%	Deposit of consumption	Deposit of consumption (Note 1) Refund of consumption deposits (Note 1)	31,000 31,000	Deposit of subsidiaries and associates	–

### 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 the 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	66,595	Electronically recorded monetary claims Accounts receivable	1,195 6,378
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	21,202	Electronically recorded monetary claims Accounts receivable	1,244 2,536
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	10,021	Notes receivable Accounts receivable	877 1,032

Type	Name of company	Holding of voting rights, etc. (Ownership) ratio	Relationship with related parties	Details of transaction	Transaction amount	Items	Balance at the end of period
Subsidiary of parent company	AEON KYUSHU CO., LTD.	(Holding) Direct 0.3%	Equipment management, security, cleaning, contracting of construction work, sales of materials, etc., management of vending machine	Net sales	8,184	Notes receivable	177
						Electronically recorded monetary claims	161
						Accounts receivable	1,093

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) In regard to the interest of deposit of consumption, interest rate, etc. are reasonably determined taking into account the market interest rate.

(Note 2) Consumption tax, etc. are not included in the transaction amount. Consumption tax, etc. are included in the balance at the end of period.

#### Notes on Per Share Information

Net assets per share	¥1,706.87
Net income per share	¥137.63
Diluted net income per share	¥137.50

#### Notes on Significant Subsequent Events

No items to report.

#### Other Notes

No items to report.