

August 25, 2020

Notice of Absorption-type Merger between Consolidated Subsidiaries

At the meeting of the Board of Directors held on August 25, 2020, we resolved to merge our consolidated subsidiary, A to Z Service Co., Ltd. (hereinafter "A to Z Service"), with DO SERVICE co.,Ltd. ("DO SERVICE"), on March 1, 2021.

Since this merger is a merger between our consolidated subsidiaries, some details and contents have been omitted.

1. Purpose of the merger

In October 2018, we formulated Aeon Delight Vision 2025 ("Vision 2025") with the aim of achieving further sustainable growth. Under the plan, we intend to be an environmental value-creating company that solves social issues based on the three pillars of our growth strategy of "Safety and Security," "Labor Shortage," and "Environment." In order to realize Vision 2025, we have been working to establish our corporate brand as a group of facility management ("FM") professionals, and to create regional economic zones in each area where we operate our business. From the fiscal year 2020, we have been restructuring the Group to clarify the roles and functions of each Group company toward the formation of a regional economic zone, improve the Group's capital productivity, and strengthen the governance system. As part of this plan, the objective of the merger is to strengthen competitiveness in the FM market in small and medium-sized facilities.

A to Z Service's customers are mainly small and medium-sized nationwide chains including convenience stores and fast food restaurants, mainly in eastern Japan. A to Z Service supports indirect operations related to the store's life cycle through a series of construction and maintenance, from launch of new stores, operation, maintenance and renovation, with a call center available 24 hours a day, 365 days a year.

DO SERVICE's customers are mainly a wide range of medium and small commercial facilities in western Japan. DO SERVICE offers a variety of cleaning services, ranging from daily cleaning to regular cleaning, that are required to maintain the aesthetics of the facility.

In the new company, the two companies will complement each other's strengths in their respective areas and integrate their operations to expand services provided to existing customers and to cultivate new customers, primarily small and medium-sized chain stores located nationwide. In addition, we will strengthen each function through the integration of administrative divisions and improve profitability by consolidating overlapping divisions. In addition to the expertise that both companies have cultivated over the years, the new company will support the further growth of customers who operate small and medium-sized facilities by utilizing the combined strength of the two companies to provide total services nationwide, from design to construction, facility management and cleaning from the launch.

2. Summary of the merger

(1) Schedule

Board of Directors approved the merger agreement: August 25, 2020

Conclusion of merger agreement: August 25, 2020

General Meeting of Shareholders to approved the Merger

A to Z Service: August 25, 2020

DO SERVICE: August 25, 2020

Date of merger (effective date): March 1, 2021 (planned)

(2) Merger method

The merger is an absorption-type merger, with A to Z Service as the surviving company and DO SERVICE as the merged company.

(3) Contents of allotment pertaining to the merger

Since the merger is between our wholly owned subsidiaries, there will be no issuance of new shares or allotment of money, etc. as a result of this merger.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights as a result of the merger

None applicable.

3. Summary of the parties to the merger (as of August 25, 2020)

	Surviving company	Merged company
(1) Name	A to Z Service Co., Ltd.	DO SERVICE co.,ltd.
(2) Location	6-24-16, Shinjuku, Shinjuku-ku, Tokyo	7-13-36, Minamitsumori, Nishinari-ku, Osaka-shi, Osaka
(3) Representative	Hiroyuki Kishino, President and Representative Director	Akihiro Kishi, President and Representative Director
(4) Business Content	Construction and facility management of small and medium-sized commercial facilities, mainly nationwide chain stores	Cleaning and sales of materials for small and medium-sized commercial facilities and other facilities for a wide range of applications
(5) Capital	134.8 million yen	10 million yen
(6) Establishment date	October 1989	August 1993
(7) Number of outstanding shares	1,860 shares	200 shares
(8) Fiscal year end	End of February	End of February
(9) Major shareholders and shareholding ratio	Our Company 100.0%	Our Company 100.0%
(10) Financial position and results of operations for the most recent fiscal year		
Fiscal year end	FY2/20	FY2/20
Net assets	2,829 million yen	1,545 million yen
Total assets	4,269 million yen	2,345 million yen
Net assets per share (yen)	1,534,234.47 yen	7,728,661.79 yen
Net sales	8,984 million yen	10,056 million yen
Operating income	334 million yen	259 million yen

Ordinary income	338 million yen	259 million yen
Net income	230 million yen	170 million yen
Net income per share	125,205.78 yen	850,995.63 yen

4. Status after the merger

(1) Name	TBD *To be decided from internal ideas
(2) Location	6-24-16, Shinjuku, Shinjuku-ku, Tokyo
(3) Representative	TBD
(4) Business Content	Construction, facility management, cleaning, and sales of materials for small and medium-sized facilities
(5) Capital	134.8 million yen
(6) Establishment date	March 1, 2021
(7) Number of outstanding shares	1,860 shares
(8) Fiscal year end	End of February
(9) Major shareholders and shareholding ratio	Our Company 100.0%

5. Future outlook

As this merger is a merger between consolidated subsidiaries, its effect on consolidated results of operations is immaterial.