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Securities Code: 9787

May 2, 2022

To our shareholders:

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

Notice of the 49th Annual General Meeting of Shareholders

We are pleased to announce the 49th 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.

We also accept questions from shareholders over the Internet. Please refer to the notice on acceptance of questions in advance for details. 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 17, 2022 (JST).

- 1. Date and Time:** Wednesday, May 18, 2022, 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 49th fiscal year (from March 1, 2021 to February 28, 2022), 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 49th fiscal year (from March 1, 2021 to February 28, 2022)

Matters to be resolved:

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| Proposal No. 1 | Partial Amendments to the Articles of Incorporation |
| Proposal No. 2 | Election of Eight Directors |
| Proposal No. 3 | Election of Two 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 Partial Amendments to the Articles of Incorporation

1. Reasons for Proposal

Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to its Articles of Incorporation in preparation for the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format.

- (1) Article 14, paragraph 1 in “Proposed Amendments” below will stipulate that the Company shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.
- (2) Article 14, paragraph 2 in “Proposed Amendments” below will establish the provision to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
- (3) Since the provisions for Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc. (Article 14 of the current Articles of Incorporation) will no longer be required, they will be deleted.
- (4) Accompanying the aforementioned establishment and deletion of provisions, supplementary provisions regarding the effective date, etc. will be established.

2. Details of the Amendments

Details of the amendments are as follows:

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u> <u>Article 14</u></p> <p><u>When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements through the Internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p>	<p>(Deleted)</p>
<p>(Newly established)</p>	<p><u>(Measures, etc. for Providing Information in Electronic Format)</u> <u>Article 14</u></p> <ol style="list-style-type: none"> <u>1. When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u> <u>2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u>

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p data-bbox="805 226 1078 253"><u>(Supplementary Provisions)</u></p> <ol style="list-style-type: none"> <li data-bbox="821 264 1439 645">1. <u>The deletion of Article 14 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) in the pre-amended Articles of Incorporation and the establishment of the new Article 14 (Measures, etc. for Providing Information in Electronic Format) in the amended Articles of Incorporation shall be effective from the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Date of Enforcement”).</u> <li data-bbox="821 656 1439 813">2. <u>Notwithstanding the provision of the preceding paragraph, Article 14 of the pre-amended Articles of Incorporation shall remain effective regarding any general meeting of shareholders held on a date within six months from the Date of Enforcement.</u> <li data-bbox="821 824 1439 981">3. <u>These Supplementary Provisions shall be deleted after the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u>

Proposal No. 2 Election of Eight Directors

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

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

[Election criteria for inside Director candidates]

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

[Election criteria for outside Director candidates]

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

[Criteria for determining independence of outside Director candidates]

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

1. The candidate does not presently serve, or has not served for the past ten years as director, executive officer or employee (hereafter referred to as "Executing Person") of the Company or its subsidiaries.
2. The subject person is someone to 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> <p>July 2021 Director of AEON DELIGHT (CHINA) CO., LTD. (current position)</p>	1,100 shares
<p>Reasons for selection as candidate for Director and roles expected to be performed</p> <p>Kazumasa Hamada was an Executing Person at Aeon Co., Ltd., the Company's parent company, and AEON Retail Co., Ltd., its subsidiary, in the past ten years. He has served as President and CEO of the Company since May 2018, and has promoted the growth of the Group in this role. The Company judges that he can continue to contribute to sustainable growth and the increase of corporate value by providing appropriate supervision of the Group's overall management as a Director, and has therefore selected him as a candidate for Director.</p>			
<p>Conflicts of interest</p> <p>There is no conflict of interest between Kazumasa Hamada and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, position, and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
2	<p style="text-align: center;">Goro Miyamae (November 17, 1965)</p> <p style="text-align: center;">New election</p>	<p>Jan. 1999 Joined the Company</p> <p>June 2007 Manager, QMS Department, Crisis Management & QMS Division</p> <p>Mar. 2008 Manager, Cleaning Business Department, Cleaning Business Division</p> <p>Mar. 2010 General Manager, Cleaning Business Division</p> <p>May 2016 Executive Officer and General Manager of Cleaning Business Division</p> <p>Nov. 2018 Executive Officer and General Manager of Service Network Promotion Division</p> <p>July 2019 Executive Officer and Manager of Kanto Regional Office</p> <p>Mar. 2020 Executive Officer in charge of overseeing East Japan operations</p> <p>Feb. 2021 Executive Officer in charge of overseeing Marketing DX</p> <p>Mar. 2021 Managing Director in charge of overseeing Marketing DX (current position)</p>	1,100 shares
<p>Reasons for selection as candidate for Director and roles expected to be performed</p> <p>Goro Miyamae has served in the Company as a general manager and as an executive officer in charge of overseeing the cleaning business, a regional office, marketing and DX promotion. He has sufficient knowledge of the Company's operations, and excellent management decision making capability and management execution capability as a Managing Director. The Company judges that he is able to draw upon his experience and knowledge to supervise management execution as a Director and play an adequate role in deciding on important matters, and has therefore selected him as a candidate for Director.</p>			
<p>Conflicts of interest</p> <p>There is no conflict of interest between Goro Miyamae and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, position, and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	Hideyuki Mito (July 19, 1961) Reelection	Apr. 1980 Joined the Company Sept. 2006 Manager of Sales Department IV Mar. 2011 General Manager of Sales Promotion Division Mar. 2012 Manager of Minamikanto Regional Office Mar. 2013 Executive Officer in charge of overseeing East Japan Regional Office operations May 2015 In charge of overseeing West Japan Regional Office operations May 2017 Managing Director in charge of operations May 2018 Director and Managing Director in charge of operations Mar. 2019 Director and Managing Director in charge of overseeing business July 2019 Managing Director in charge of overseeing business Mar. 2020 Managing Director in charge of overseeing business, and COO of Japan Group Business Oct. 2020 Managing Director and COO of Japan Group Business Oct. 2020 President, A to Z Service Co., Ltd. (currently AEON DELIGHT CONNECT CO., LTD.) (current position) Feb. 2021 President, DO SERVICE Co., Ltd. (currently AEON DELIGHT CONNECT CO., LTD.) May 2021 Director of the Company Mar. 2022 Director and Managing Director Apr. 2022 Director, Managing Director, and COO of Japan Group Companies (current position)	1,300 shares
Reasons for selection as candidate for Director and roles expected to be performed Hideyuki Mito has served in the Company as a general manager and an executive officer in charge of regional offices and businesses, and of the Japan Group business. He has sufficient knowledge of the Company's operations as well as experience as President of the Group's core company, AEON DELIGHT CONNECT CO., LTD. The Company judges that he is able to continue to supervise management execution as a Director and play an adequate role in deciding on important matters, and has therefore selected him as a candidate for Director.			
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;">Reelection</p>	<p>Apr. 1982 Joined Isejin Jusco Co., Ltd. (currently Aeon Co., Ltd.)</p> <p>Sept. 2003 General Manager of Administration Division of Kanto Company of JUSCO Co., Ltd.</p> <p>May 2006 Representative Director of AEON Financial Project Co., Ltd. (currently, AEON Bank, Ltd.)</p> <p>Sept. 2006 Director in charge of overseeing Human Resources and General Affairs, and Public Relation</p> <p>Apr. 2008 Director and Managing Executive Officer in charge of Human Resources and General Affairs</p> <p>June 2012 Director, Senior Managing Executive Officer, and Head of Corporate Management Division</p> <p>Nov. 2012 Director of AEON CREDIT SERVICE CO., LTD. (currently, AEON Financial Service Co., Ltd.)</p> <p>Apr. 2014 Representative Director and Senior Managing Executive Officer, Head of Sales Division of AEON Bank, Ltd.</p> <p>Apr. 2015 President and Representative Director</p> <p>June 2017 Director and Executive Vice President of AEON Financial Service Co., Ltd.</p> <p>Sept. 2018 Executive Officer in charge of Human Resources and Administration, Administration & Risk Management of Aeon Co., Ltd.</p> <p>Oct. 2018 Director of AEON Financial Service Co., Ltd. (current position)</p> <p>May 2021 Director of the Company (current position)</p> <p>Mar. 2022 Executive Vice President and Executive Officer in charge of Human Resources and Administration, Administration & Risk Management of Aeon Co., Ltd. (current position)</p>	0 shares
<p>Reasons for selection as candidate for Director and roles expected to be performed</p> <p>Hiroyuki Watanabe, currently or in the past ten years, is or was an Executing Person at Aeon Co., Ltd., the Company's parent company, and AEON Bank, Ltd. and AEON Financial Service Co., Ltd., its subsidiaries. The Company judges that he is able to draw upon the experience and knowledge he has accumulated in his career to supervise management execution as a Director and play an adequate role in deciding on important matters, and has therefore selected him as a candidate for Director.</p>			
<p>Conflicts of interest</p> <p>There is no conflict of interest between Hiroyuki Watanabe and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, position, and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
5	<p data-bbox="336 573 539 633">Masaaki Fujita (September 6, 1952)</p> <p data-bbox="288 674 587 790">Reelection Candidate for outside Director Candidate for independent officer</p>	<p data-bbox="612 264 1222 324">Apr. 1978 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)</p> <p data-bbox="612 331 1201 421">Apr. 2003 Chief of PDP TV Business Unit, Imaging Business Group of Panasonic AVC Network Company</p> <p data-bbox="612 427 1222 611">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 data-bbox="612 618 1214 707">June 2009 Director of Corporate Quality Administration Division in charge of Corporate FF Customer Support & Management Division</p> <p data-bbox="612 714 1233 871">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 data-bbox="612 878 1050 907">Apr. 2011 Managing Executive Officer</p> <p data-bbox="612 913 1225 1032">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 data-bbox="612 1039 1182 1099">May 2015 Director of the Company (outside, current position)</p>	5,100 shares
<p data-bbox="276 1106 1449 1323">Reasons for selection as candidate for outside Director and roles expected to be performed Masaaki Fujita provides accurate advice to the Company's management of technology (MOT) based on his abundant experience in quality control and production control. Furthermore, the Company judges that he can continue to supervise management execution as a Director by contributing to improve the Company's management and corporate governance in the areas of cross-industry and global business development, knowledge of management, and human resource development, among others, and play an adequate role in deciding on important matters, and has therefore selected him as a candidate for Director.</p>			
<p data-bbox="276 1330 1449 1391">Conflicts of interest There is no conflict of interest between Masaaki Fujita and the Company.</p>			
<p data-bbox="276 1397 1449 1583">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 seven years.</p>			

Candidate No.	Name (Date of birth)	Career summary, position, and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
6	<p style="text-align: center;">Yoshiaki Hongo (April 20, 1949)</p> <p style="text-align: center;">Reelection Candidate for outside Director Candidate for independent officer</p>	<p>Apr. 1974 Joined the Ministry of Transport (General Affairs Division of Civil Aviation Bureau)</p> <p>Apr. 1983 Seconded to Geneva Office of Japan National Tourism Organization (JNTO)</p> <p>May 1988 First Secretary of Permanent Delegation of Japan to the Organisation for Economic Cooperation and Development (OECD)</p> <p>Jan. 1991 Deputy Assistant Vice-Minister</p> <p>July 2001 Deputy Director-General (Maritime Bureau & Ports and Harbours Bureau) of Minister's Secretariat of Ministry of Land, Infrastructure, Transport and Tourism</p> <p>Apr. 2003 Senior Vice President (Logistics & International Division) of Japan Post</p> <p>July 2007 Deputy Vice-Minister for Tourism Policy, Minister's Secretariat of Ministry of Land, Infrastructure, Transport and Tourism</p> <p>Oct. 2008 Commissioner of Japan Tourism Agency</p> <p>Apr. 2010 Professor of Tokyo Metropolitan University</p> <p>Jan. 2014 Special Adviser of Japan Tourism Agency</p> <p>Nov. 2014 Adjunct Professor of Tokyo Institute of Technology</p> <p>Apr. 2015 Research Professor of Tokyo Metropolitan University</p> <p>June 2015 Director of THE KEIHIN CO., LTD. (outside, current position)</p> <p>June 2016 Chief of UNWTO Regional Support Office for Asia and the Pacific (current position)</p> <p>Apr. 2017 Visiting Professor of Tokyo Institute of Technology</p> <p>May 2017 Director of the Company</p> <p>Apr. 2018 Visiting Professor at Tokyo Metropolitan University (current position)</p> <p>Aug. 2021 Director and Chairman of Tobu Top Tours Co., Ltd.</p>	1,500 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. He also has experience in the area of human resource development as a specially-appointed professor at Universities. The Company judges that through such experience, he can continue to supervise management execution as a Director by contributing to improve the Company's management and corporate governance, and play an adequate role in deciding on important matters, and has therefore selected him as a candidate for Director.</p>			
<p>Conflicts of interest There is no conflict of interest between Yoshiaki 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 five years.</p>			

Candidate No.	Name (Date of birth)	Career summary, position, and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
7	<p style="text-align: center;">Keiji Yoshikawa (July 6, 1950)</p> <p style="text-align: center;">Reelection Candidate for outside Director Candidate for independent officer</p>	<p>Apr. 1973 Joined Nippon Sheet Glass Co., Ltd.</p> <p>June 2004 Corporate Officer, General Manager of Information & Telecommunication Device Division, and Plant Manager of Sagamihara Plant</p> <p>Jan. 2008 Corporate Officer and General Manager of IT Business Unit</p> <p>June 2008 Director, Executive Officer, and Head of Specialty Glass Worldwide</p> <p>Feb. 2012 Director, Representative Executive Officer, and Executive Vice President and CPMO (Chief Project Management Officer)</p> <p>Apr. 2012 Director, Representative Executive Officer, and President and CEO</p> <p>June 2015 Advisor</p> <p>June 2018 Director of Kansai Paint Co., Ltd. (outside, current position)</p> <p>May 2021 Director of the Company (outside, current position)</p> <p>June 2021 Director and Member of the Audit and Supervisory Committee of Fujikura Ltd. (outside, current position)</p>	0 shares
<p>Reasons for selection as candidate for outside Director and roles expected to be performed Keiji Yoshikawa has management experience as the representative executive officer and president and CEO of a company listed on the first section of the Tokyo Stock Exchange, as well as experience as the top of a global corporation based in Japan. The Company therefore judges that he is able to continue to supervise management execution as a Director by contributing to improve the Company's management and corporate governance, not only in the Company's domestic business but also its overseas business management, and play an adequate role in deciding on important matters, and has therefore selected him as a candidate for Director.</p>			
<p>Conflicts of interest There is no conflict of interest between Keiji Yoshikawa and the Company.</p>			
<p>Note: The Company has entered into an agreement with Keiji Yoshikawa regarding liabilities under Article 423, paragraph 1 of the Companies Act, to limit his liability for damages to the minimum liability amount stipulated by laws and regulations, if he has acted in good faith and without gross negligence in performing his duties as an outside Director. If his reelection is approved, the Company plans to renew this agreement with him. He is currently an outside Director of the Company, and at the conclusion of this meeting, his tenure will have been one year.</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) Reelection Candidate for outside Director Candidate for independent officer	<p>Apr. 1987 Joined E.F. Hutton & CO., Inc.</p> <p>Jan. 1988 Joined Morgan Stanley Japan Limited</p> <p>Apr. 2002 Lecturer of Faculty of Business Administration, Takachiho University</p> <p>Apr. 2003 Assistant Professor of Faculty of Business Administration</p> <p>Apr. 2008 Associate Professor of Hosei Business School of Innovation Management</p> <p>Apr. 2011 Professor of Hosei Business School of Innovation Management (current position)</p> <p>Sept. 2015 Director of Global MBA Program, Hosei Business School of Innovation Management (current position)</p> <p>Apr. 2021 General Manager of Recurrent Education Office of Hosei University (current position)</p> <p>May 2021 Director of the Company (outside, current position)</p> <p>Apr. 2022 Advisor on regrowth of The Asahi Shimbun Company (current position)</p>	0 shares
<p>Reasons for selection as candidate for outside Director and roles expected to be performed Asako Takada has insight and knowledge in the areas of organization theory and innovation, which are her research fields as a university professor. The Company judges that she is able to continue to supervise management execution as a Director by drawing on these to contribute to promote organizational culture reforms for improving the Company's corporate value, improving the Company's corporate governance, and promoting diversity, and play an adequate role in deciding on important matters, and has therefore selected her as a candidate for Director.</p>			
<p>Conflicts of interest There is no conflict of interest between Asako Takada and the Company.</p>			
<p>Note: The Company has entered into an agreement with Asako Takada regarding liabilities under Article 423, paragraph 1 of the Companies Act, to limit her liability for damages to the minimum liability amount stipulated by laws and regulations, if she has acted in good faith and without gross negligence in performing her duties as an outside Director. If her reelection is approved, the Company plans to renew this agreement with her. She is currently an outside Director of the Company, and at the conclusion of this meeting, her tenure will have been one year.</p>			

[Summary of Directors and Officers Liability Insurance]

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

Proposal No. 3 Election of Two Auditors

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

The term of office of Auditor Masato Nishimatsu will expire at the conclusion of this meeting. Therefore, the Company proposes the election of one Auditor. If the election of the candidate for Auditor Mari Ebisui as a new Auditor is approved as proposed in this proposal, her term of office shall be until the conclusion of the 53rd Annual General Meeting of Shareholders.

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	Takashi Kuroda (July 12, 1964) New election Candidate for outside Auditor	<p>Apr. 1987 Joined The Chuo Trust and Banking Company, Limited (currently Sumitomo Mitsui Trust Bank, Limited)</p> <p>Nov. 2000 Director and General Manager of Administration Division of DBMG Inc.</p> <p>Dec. 2006 Affiliates Department of AEON CO., Ltd.</p> <p>Sept. 2008 Temporarily transferred to The Daiei, Inc.</p> <p>Apr. 2014 Project Leader, AEON Financial Co., Ltd.</p> <p>Apr. 2015 Manager of Strategy Department</p> <p>Apr. 2016 Executing Officer in charge of overseeing strategy of AEON Bank, Ltd.</p> <p>May 2018 Director and Executive Officer in charge of Business Planning</p> <p>Apr. 2019 Director, Executive Officer and General Manager of Business Planning Division</p> <p>Apr. 2019 Director in charge of Business Planning of AFS Corporation Co., Ltd.</p> <p>June 2019 Director and Executive Officer, Head of Business Planning Division of AEON Bank, Ltd.</p> <p>Apr. 2021 Director, Managing Executive Officer, and Head of Corporate Management Division (current position)</p>	0 shares
<p>Reasons for selection as candidate for outside Auditor Takashi Kuroda, currently or in the past ten years, is or was an Executing Person at AEON Bank, Ltd. and AEON Financial Service Co., Ltd., subsidiaries of the Company's parent company. Takashi Kuroda has served as the person in charge of business planning and corporate management at AEON Bank, Ltd., the core company of the AEON Group's general finance business. He has also supervised management execution as a Director of the company. The Company judges that he will draw on the experience and knowledge acquired through his career to date to contribute to the further enhancement of the Company's audit operations as an outside Auditor, and has selected him as a candidate for outside Auditor.</p>			
<p>Conflicts of interest There is no special interest between Takashi Kuroda and the Company.</p>			
<p>Note: The Company plans to enter into an agreement with Takashi Kuroda 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. He is scheduled to resign as Director of AEON Bank, Ltd. prior to the date the Company's Annual General Meeting of Shareholders is held.</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	Mari Ebisui (October 8, 1960) New election Candidate for outside Auditor Candidate for independent officer	<p>Apr. 1985 Joined Ajinomoto General Foods, Inc. (currently Ajinomoto AGF, Inc.)</p> <p>Nov. 1997 Certified as certified public tax accountant in the United States</p> <p>Mar. 1998 Joined KPMG Peat Marwick Tokyo (currently KPMG Tax Corporation)</p> <p>July 2001 Representative Director, Ebisui Accounting & Consulting (current position)</p> <p>Registered as a United States certified public accountant (USCPA)</p> <p>Apr. 2008 Registered as a Certified Fraud Examiners (CFE)</p> <p>June 2016 Director of JAPAN Society of U.S. CPAs</p> <p>June 2020 Director of Ricoh Leasing Company, Ltd. (outside, current position)</p> <p>Apr. 2021 Advisory Board Member of Japan Corporate Governance Research Institute (current position)</p>	0 shares
<p>Reasons for selection as candidate for outside Auditor</p> <p>Mari Ebisui has carried out consulting for a large number of corporations over many years, drawing on her abundant experience and deep knowledge as a U.S. CPA and certified fraud examiner. The Company judges that she will also contribute to further enhance the Company's audit operations from an independent standpoint using her experience as the independent outside director of a listed company and her expert knowledge and wide-ranging experience, and has selected her as a candidate for outside Auditor.</p>			
<p>Conflicts of interest</p> <p>There is no conflict of interest between Mari Ebisui and the Company.</p>			
<p>Note: The Company plans to enter into an agreement with Mari Ebisui 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 Auditor.</p>			

[Summary of Directors and Officers Liability Insurance]

In accordance with Article 430-3, paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance policy in which the Auditors are insureds. The policy will cover loss incurred when an insured assumes responsibility for the performance of their duties or receives a claim related to the pursuit of such responsibility. However, loss, etc. resulting from criminal acts and intentional violations of the law by the Auditors themselves are not covered. When the 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, 2022)

Share Subscription Rights (Stock compensation-type stock options)

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

Issues of stock options (Issuance resolution date)	Exercise period	Number of share subscription rights	Number of shares subject to the rights	Number of persons holding the rights	Issuing price	Amount of capital contributed upon exercise
No. 8 share subscription rights (May 11, 2015)	June 10, 2015 to June 10, 2030	16	1,600 shares	1	2,841 yen per share	0.5 yen per share
No. 9 share subscription rights (May 10, 2016)	June 10, 2016 to June 10, 2031	16	1,600 shares	1	2,689 yen per share	0.5 yen per share
No. 10 share subscription rights (May 10, 2017)	June 10, 2017 to June 10, 2032	18	1,800 shares	1	3,167 yen per share	0.5 yen per share
No. 11 share subscription rights (May 10, 2018)	June 10, 2018 to June 10, 2033	60	6,000 shares	2	3,439 yen per share	0.5 yen per share
No. 13 share subscription rights (May 11, 2020)	June 10, 2020 to June 10, 2035	92	9,200 shares	2	2,738 yen per share	0.5 yen per share
No. 14 share subscription rights (May 10, 2021)	June 10, 2021 to June 10, 2036	92	9,200 shares	2	2,823 yen per share	0.5 yen per share

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 19, 2021, 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 internal audits to all Center Managers. Staffs who are certified for ISO internal audits will conduct mutual audits to measure the effectiveness of ISO internal audits.
- (iv) The system for ensuring that Directors are executing their duties efficiently (system to ensure efficiency)
- The Company will implement a system to ensure that Directors are executing their duties with efficiency, as follows:
 - (a) The Company will set out the rules of the Board of Directors and identify those issues that require the resolution of the Board and those issues that must be reported to the Board. As for other issues before the Board, the company will demarcate decision-making authority based on regulations on decision-making and on responsibilities and authority of the Directors. It will also set out clearly the division of labor for executing business operations within the organization and the boundaries of jobs and responsibilities;
 - (b) The Board of Directors will ensure that sufficient deliberation is made for decisions on important management issues and for overseeing management and execution of business operations. In addition, the Company will promote efficiency in the execution of business operations by implementing the executive officer system. At the same time, the Company will promote efficient management of the Group through deliberative bodies such as Management Committee, Branch Management Committee, Domestic Group Management Committee, and Overseas Group Management Committee;
 - (c) The Company has put in place a system that ensures the efficiency of management by including multiple independent outside Directors on the Board of Directors to examine the proposals of the management team from multiple angles and carry out effective supervision of the Directors, while supporting swift and decisive decision making. To supervise the fairness of the execution of duties and evaluate the appropriateness of such execution, the Board of Directors has established the Nomination and Compensation Advisory Committee and the Evaluation Advisory Committee composed of independent outside Directors as voluntary advisory committees.
 - (d) The basic concepts of the Company’s corporate governance, which have been outlined above, will be set down in writing and disclosed in AEON delight Corporate Governance Guidelines.

- (v) The system to ensure fair business transactions within the corporate group consisting of the Company, its parent company and subsidiaries (internal control within the corporate group)
- Measures will be implemented for transactions between AEON delight and any of AEON Co., Ltd., AEON Group companies, or AEON delight subsidiaries to prevent conflicts of interest and to ensure fair transactions.
 - 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 as assistants.
 - Such employees will follow the instructions of the Auditors and assist their work.
- (vii) Matters related to the independence of employees assisting the Auditors from the Directors (independence of auditor staff)
- The Company must obtain prior approval of full-time Auditors or of the Board of Auditors on matters related to the employment, selection, transfer, and other personnel decisions related to the employees assisting the Auditors. Full-time Auditors will perform the performance evaluation of such employees.
 - The Company must obtain prior approval of full-time Auditors or of the Board of Auditors before initiating disciplinary action against employees working in the Audit Office.
- (viii) The System for enabling Directors and employees to report to the Auditors and other matters related to making reports to the Auditors (Auditor reporting system)
- The Directors and employees of the Group must report immediately to the Auditors or the Board of Auditors if they discover or come to have knowledge of any fact that will have a significant impact on the Group's business or business performance, or if they discover or come to have knowledge of any breach of laws and regulations or other compliance-related issues.

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

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

The Company is implementing and operating the internal control system based on the Basic Policy 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 18 meetings in the current fiscal year to deliberate each proposal and supervise the execution of business operations. Moreover, the Company is also providing officer compliance training to Directors and Executive Officers of the Company.
 - The Executive Officer in charge of compliance has been appointed the Officer of Operation Control in compliance, and the Group Compliance Department is under this officer's control. The Executive Officer in charge of compliance and the Group Compliance Department implement measures necessary to strengthen compliance of the Group and regularly report the status of those measures to the Board of Directors.
 - The Basic Regulations on AEON delight Group Compliance have been set out, and the officer and department in charge of compliance have been appointed for each organization including Group companies to raise compliance awareness across the Group.
 - The Company requires all employees to adhere to laws, regulations, company rules, etc. in the Company's working rules and has distributed the booklet entitled Compliance Basics 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 response 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 internal audits focused on all Center Managers, the Center Managers are conducting mutual audits,

and ISO internal auditors perform ISO internal audits once per year, in order to measure the effectiveness of such audits.

- (iv) The system for ensuring that Directors are executing their duties efficiently (system to ensure efficiency)
- The Company has set out the rules of the Board of Directors and identified those issues that require the resolution of the Board and those issues that must be reported to the Board. As for other issues before the Board, the Company has demarcated decision-making authority based on regulations on decision-making and on responsibilities and authority of the Directors. It has also set out clearly the division of labor for executing business operations within the organization and the boundaries of jobs and responsibilities.
 - Through the appointment of four independent outside Directors out of the eight Directors in total, the Company has put in place a system that ensures the efficiency of management by examining the proposals of the management team from multiple angles and carrying out effective supervision of the Directors, while supporting swift and decisive decision making.
 - By clearly separating the supervisory functions of the Directors from those of the Executive Officers through the introduction of the executive officer system, the Board of Directors is able to focus on important decisions and supervisory functions, such as setting the management framework.
 - To supervise the fairness of the execution of duties and evaluate the appropriateness of such execution, the Board of Directors has established the Nomination and Compensation Advisory Committee and the Evaluation Advisory Committee with a majority composed of independent outside Directors and chaired by independent outside Directors as voluntary advisory committees.
 - The basic concepts of corporate governance have been set down in writing and disclosed in AEON delight Corporate Governance Guidelines.
- (v) The system to ensure fair business transactions within the corporate group consisting of the Company, its parent company and subsidiaries (internal control within the corporate group)
- Measures have been implemented for transactions between AEON delight and any of AEON Co., Ltd., AEON Group companies, or AEON delight subsidiaries to prevent conflicts of interest and to ensure fair transactions through deliberation based on the rules of the Board of Directors and the regulations on responsibilities and authority of the Directors.
 - The Company has 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 full-time Directors and the Presidents of subsidiaries as members. Through this, the Company is taking stock of the performance of its subsidiaries, and establishing individual growth strategies, budget performance management, and internal control systems as a part of Group governance.
 - The Group is operating its compliance and whistleblower system under a common, unified framework. In the current fiscal year, the Company provided officer compliance training to the Presidents of subsidiaries and AEON code of conduct executive training to executive staff to foster compliance awareness.
 - The Group has established a system for the corporate departments of the Group headquarters to directly manage and guide subsidiaries concerning specialized areas in order to further strengthen group management. Furthermore, a system has been established to make the relevant corporate division the lead department for centralized communication of information for which internal control needs to be strengthened.
 - 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 as an assistant.
- (vii) Matters related to the independence of employees assisting the Auditors from the Directors (independence of auditor staff)
 - The Company will obtain prior approval of full-time Auditors or of the Board of Auditors on the transfer, performance evaluation, disciplinary action, etc. of the employee assisting the Auditors.
- (viii) The System for enabling Directors and employees to report to the Auditors and other matters related to making reports to the Auditors (Auditor reporting system)
 - The Directors and employees of the Company will promptly report to the Auditors if there has arisen any fact that will have a significant impact on the Company's business or business performance, or any breach of laws and regulations or other compliance-related issues.
 - The Group Corporate Audit Department 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 Management Committee meetings, in addition to the Board of Directors meetings, and freely express their views.
 - The Company has set down in writing the protection of the user of the whistleblower system (hereinafter referred to as the "reporter") in the AEON delight 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 and the Special Violence Prevention Measures Association (Tokubouren) under the control of the Metropolitan Police Department 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 Financial Statements
(Consolidated Balance Sheet)

(Million yen)

	Previous Fiscal Year (February 28, 2021)	Current Fiscal Year (February 28, 2022)
Assets		
Current assets		
Cash and deposits	59,773	68,282
Notes and accounts receivable	39,176	40,708
Electronically recorded monetary claims	3,182	4,220
Inventories	2,006	2,074
Other	6,082	5,861
Allowance for doubtful accounts	-212	-134
Total current assets	110,008	121,013
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	1,671	1,629
Tools, furniture and fixtures, net	4,264	3,589
Land	2,000	466
Other, net	1,545	1,394
Total tangible fixed assets	9,481	7,080
Intangible fixed assets		
Goodwill	3,938	3,360
Other	1,579	2,293
Total intangible fixed assets	5,518	5,653
Investments and other assets		
Investment securities	3,960	3,720
Deferred tax assets	4,840	2,951
Other	2,766	2,470
Allowance for doubtful accounts	-11	-30
Total investment and other assets	11,557	9,111
Total fixed assets	26,556	21,845
Total assets	136,565	142,859

(Million yen)

	Previous Fiscal Year (February 28, 2021)	Current Fiscal Year (February 28, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	22,170	22,070
Electronically recorded obligations - operating	4,188	4,415
Short-term borrowings	299	247
Accounts payable	7,227	7,126
Income taxes payable	1,147	2,326
Provision for bonuses	1,325	1,363
Accrued directors' and corporate auditors' remuneration	81	84
Asset retirement obligations	127	6
Allowance for sales discounts	130	120
Other	7,425	6,131
Total current liabilities	44,123	43,892
Fixed liabilities		
Deferred tax liabilities	876	946
Provision for directors' retirement benefits	114	84
Retirement benefit liability	1,594	1,486
Asset retirement obligations	234	416
Allowance for sales discounts	192	80
Other	1,147	531
Total fixed liabilities	4,160	3,544
Total liabilities	48,283	47,437
Net assets		
Shareholder's equity		
Capital stock	3,238	3,238
Capital surplus	13,226	13,239
Retained earnings	80,344	86,559
Treasury stock	-10,123	-10,077
Total shareholders' equity	86,685	92,958
Other accumulated comprehensive income		
Valuation difference on securities	1,042	921
Foreign currency translation adjustments	-30	961
Remeasurements of defined benefit plans	-349	-263
Total other accumulated comprehensive income	662	1,619
Share subscription rights	119	86
Non-controlling shareholders' equity	814	757
Total net assets	88,281	95,421
Total liabilities and net assets	136,565	142,859

(Consolidated Statement of Income)

(Million yen)

	Previous fiscal year (March 1, 2020 - February 28, 2021)	Current fiscal year (March 1, 2021 - February 28, 2022)
Net sales	300,085	317,657
Cost of sales	262,910	278,158
Gross profit	37,175	39,498
Selling, general and administrative expenses	21,945	23,764
Operating income	15,230	15,733
Non-operating income		
Interest income	20	32
Dividends income	68	73
Equity in income of affiliates	79	85
Other	265	257
Total non-operating income	432	448
Non-operating expenses		
Interest expenses	38	29
Other	356	362
Total non-operating expenses	395	392
Ordinary income	15,268	15,789
Extraordinary income		
Gain on sale of fixed assets	-	1,223
Gain on sales of investment security	33	-
Subsidies for employment adjustment	435	199
Total extraordinary income	469	1,422
Extraordinary loss		
Impairment loss	1,659	441
Loss due to response to new infections	482	172
Loss on transfer of business	1,253	-
Other	1,690	242
Total extraordinary loss	5,086	856
Income before income taxes	10,651	16,355
Income taxes	2,383	3,787
Income taxes-deferred	-3,302	2,003
Total income taxes	-919	5,790
Net income	11,570	10,565
Net income (loss) attributable to non-controlling interests	-110	-99
Net income attributable to owners of parent	11,680	10,665

Consolidated Statement of Changes in Equity
(March 1, 2021 - February 28, 2022)

(Millions of yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	3,238	13,226	80,344	(10,123)	86,685
Changes during period					
Dividends of surplus			(4,450)		(4,450)
Net income attributable to owners of parent			10,665		10,665
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		12		46	59
Net changes in items other than shareholders' equity					
Total changes during period	-	12	6,214	46	6,273
Balance at end of period	3,238	13,239	86,559	(10,077)	92,958

	Other accumulated comprehensive income			
	Valuation difference on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive income
Balance at beginning of period	1,042	(30)	(349)	662
Changes during period				
Dividends of surplus				
Net income attributable to owners of parent				
Purchase of treasury stock				
Disposal of treasury stock				
Net changes in items other than shareholders' equity	(121)	991	86	956
Total changes during period	(121)	991	86	956
Balance at end of period	921	961	(263)	1,619

	Share subscription rights	Non-controlling shareholders' equity	Total net assets
Balance at beginning of period	119	814	88,281
Changes during period			
Dividends of surplus			(4,450)
Net income attributable to owners of parent			10,665
Purchase of treasury stock			(0)
Disposal of treasury stock			59
Net changes in items other than shareholders' equity	(33)	(57)	866
Total changes during period	(33)	(57)	7,139
Balance at end of period	86	757	95,421

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 24
- Names of major consolidated subsidiaries
 - AEON DELIGHT ACADEMY CO., LTD.
 - AEON DELIGHT SECURITY CO., LTD.
 - AEON DELIGHT (CHINA) CO., LTD.
 - Kankyouseibi Co., Ltd.
 - AEON DELIGHT CONNECT CO., LTD.
 - AEON COMPASS CO., LTD.
 - AEON DELIGHT (MALAYSIA) SDN. BHD.
 - Aeon Delight (Jiangsu) Comprehensive Facility Management Service Co., Ltd.
 - AEON DELIGHT (VIETNAM) CO., LTD.
 - Wuhan Xiaozhu Comprehensive Facility Management Service Co., Ltd.
 - Hakuseisha CO., LTD.
 - AEON DELIGHT (SHANGHAI) COMPREHENSIVE FACILITY MANAGEMENT SERVICE CO., LTD.
 - PT Sinar Jernih Sarana
 - Aqutia Co., Ltd.
 - Youkemu Design Consulting (Shenzhen) Co., Ltd.
 - Nine other companies

During the current fiscal year, AEON Delight (Suzhou) CO., LTD. became a subsidiary through the acquisition of 60% of equity in investment by Aeon Delight (Jiangsu) Comprehensive Facility Management Service Co., Ltd., which is a subsidiary of the Company, and Aeon Delight (Zhuhai) Comprehensive Facility Management Service Co., Ltd. was included in the scope of consolidation due to 54% investment by Wuhan Xiaozhu Comprehensive Facility Management Service Co., Ltd.

Furthermore, during the current fiscal year, DO SERVICE Co., Ltd. is excluded from the scope of consolidation due to a merger with A to Z Service Co., Ltd., U-COM Co., Ltd. is excluded from the scope of consolidation due to a merger with the Company, and General Services Inc. is excluded from the scope of consolidation due to liquidation. In addition, A to Z Service Co., Ltd. changed its company name to AEON DELIGHT CONNECT CO., LTD.

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 weighted-average method (the book value stated in the balance sheet is written down based on the decreased profitability)

Raw materials and supplies

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

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

(2) Depreciation method for significant depreciable assets

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

The main useful lives are as follows:

Buildings 3 to 47 years

Area management facility equipment 6 to 15 years

Furniture and fixtures 3 to 20 years

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

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

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

(iii) Leased assets:

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

(3) Accounting method for significant provisions

(i) Allowance for doubtful accounts:

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

(ii) Provision for bonuses:

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

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

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

(iv) Provision for directors' retirement benefits:

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

(v) Allowance for sales discounts:

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

(4) 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. Changes in accounting policies

(Change in method for inventory valuation)

Merchandise in the Group was stated at cost using the moving-average method, but it is stated at cost using the weighted average method from the current fiscal year. The purpose of this change in valuation method is to calculate periodic profit and loss more swiftly and appropriately with the update to the core system.

The change will not be applied retroactively because the impact is immaterial.

6. 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 generally settled 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 would last into the following fiscal year.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral	
Investment securities	¥34 million
2. Accumulated depreciation of tangible fixed assets	¥14,566 million
3. Breakdown of inventories	
Merchandise:	¥1,734 million
Work in process	¥80 million
Raw materials and supplies	¥258 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	–	Furniture and fixtures	353
	Adachi City, Tokyo	Buildings	42
		Land	45
Total			441

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

3. Loss due to response to new infections

Due to 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.

4. Gain on reversal of allowance for sales discounts

Gain on reversal of allowance for sales discounts of 122 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	4,167,473	136	19,200	4,148,409

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

Increase due to purchase of shares less than one share unit 136 shares

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

Decrease due to exercise of share subscription rights 19,200 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 9, 2021 Board of Directors' meeting	Ordinary shares	2,350	47.00	February 28, 2021	(May 6, 2021)
October 6, 2021 Board of Directors' meeting	Ordinary shares	2,100	42.00	August 31, 2021	November 8, 2021

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

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

4. Share subscription rights

Class and number of shares subject to share subscription rights

Ordinary shares 29,400 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	68,282	68,282	—
(2) Notes and accounts receivable	40,708	40,581	(127)
(3) Electronically recorded monetary claims	4,220	4,213	(7)
(4) Investment securities			
Other securities	3,122	3,122	—
Total assets	116,334	116,200	(134)
(1) Notes and accounts payable - trade	22,070	22,070	—
(2) Electronically recorded obligations - operating	4,415	4,415	—
(3) Short-term borrowings	247	247	—
(4) Accounts payable	7,245	7,245	—
(5) Income taxes payable	2,326	2,326	—
Total liabilities	36,305	36,305	—

(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	¥1,890.76
Net income per share	¥213.26
Diluted net income per share	¥213.12

Notes on Significant Subsequent Events

No items to report.