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February 28, 2025
AEON CO., LTD.

Execution of Basic Agreement for the Full Acquisition of AEON Mall and Commencement of Tender Offer for the Full Acquisition of AEON DELIGHT

AEON CO., LTD. (hereafter “AEON”) has concluded a basic agreement (hereafter “the Basic Agreement”) to begin discussions with AEON Mall Co., Ltd. (hereafter “AEON Mall”) on making AEON Mall a wholly owned subsidiary through a share exchange (hereafter “the Share Exchange”).

In addition, AEON has concluded to acquire common stock and stock acquisition rights of AEON DELIGHT CO., LTD. (hereafter “AEON DELIGHT”) through a tender offer under the Financial Instruments and Exchange Act in order to make AEON DELIGHT a wholly owned subsidiary.

As its ideal state for 2030, AEON aims to achieve “Sustainable, circular economy-focused management in which AEON’s growth in local communities directly leads to the enrichment of local community life.” In order to achieve this, the medium-term management plan for the period from fiscal 2021 to fiscal 2025 has set out five reforms as a growth strategy, and we have been working to improve profitability through business structure reforms and the establishment of a business foundation for the Group. As part of these business structure reforms, we will make AEON Mall, the Group’s platform, and AEON DELIGHT, which is responsible for the Group’s infrastructure, into wholly owned subsidiaries, and we will link this action to the growth of the entire AEON Group by expanding the business size and accelerating growth at both companies.

In addition, we will enhance our financial soundness by reinforcing our capital base and ensuring stable cash flow generation. This will enable us to invest in growth areas, pursue portfolio transformation—including M&A—and enhance the corporate value of the entire group.

1. Full Subsidiary Acquisition of AEON Mall Co., Ltd.

(1) Purpose

The environment surrounding the shopping center industry in Japan is more challenging than ever, with demographic changes, soaring construction costs, intensifying competition among competing facilities, and the development of e-commerce, and it is expected that facilities that cannot maintain competitiveness will be increasingly weeded out. In addition, the concentration of population in urban areas and the widening gap between regions have accelerated in recent years, and the differences in characteristics between regional markets have become clearer, transforming the era into one in which facilities must be created based on area characteristics more than ever before. Amidst these circumstances, rapid changes in the business environment have been occurring in recent years due to rapid inflation, further escalation of construction and labor costs, and rising interest rates. In addition, the increasing uncertainties, such as the frequent occurrence of extreme weather events around the world and rising geopolitical risks, are expected to have a significant impact on AEON Mall’s business in the future.

Even in this challenging environment, we believe that AEON Mall’s ability to achieve sustainable growth will be further accelerated by leveraging the economies of scale of the AEON Group and AEON Mall’s human resources and expertise through becoming a wholly owned subsidiary.

For example, the redevelopment of Group properties and the sharing of local real estate and market information

through the use of multiple formats, including Neighborhood Shopping Centers (NSCs), will enable us to locate shopping centers that respond more closely to area characteristics, thereby deepening the market. In addition, AEON Mall will consider transferring Group real estate for which AEON Mall is responsible for facility operation and management to AEON Mall in order to increase profitability.

In terms of economies of scale, we believe that the integrated consolidation of the Group's demand will enable the vertical integration of the real estate value chain with AEON Mall at its core and the creation of new businesses through this process, by bringing in-house sales promotion, event planning, and advertising businesses, as well as revitalization and repair work. In addition, we will consider utilizing AEON's big data to support tenant sales.

We believe that this improvement in domestic profitability will enhance AEON Mall's competitiveness in the domestic business and will also be a source of further overseas investment by AEON Mall. In addition, the expansion of AEON Mall's business domain in Japan and overseas will expand opportunities for AEON Mall's employees and provide them with growth opportunities.

Thus, we believe that AEON Mall becoming a wholly owned subsidiary will enable us to take full advantage of the AEON Group's scalability, and through improving the value provided to shopping center tenants, individual customers, and others, may contribute significantly to enhancing AEON Mall's corporate value and that of the AEON Group as a whole. We believe that this could make a significant contribution to improving the corporate value of AEON Mall and the AEON Group as a whole.

Based on the above, AEON and AEON Mall have determined that making AEON Mall a wholly owned subsidiary of AEON could contribute to the promotion of swift and drastic measures for the growth, which in turn could further enhance the corporate value of AEON Mall and the AEON Group in the future, and both companies have decided enter into the Basic Agreement in order to begin discussions on making AEON Mall a wholly owned subsidiary of AEON.

(2) Planned methods for full ownership conversion

▼ Summary		
Target company	AEON Mall Co., Ltd (Tokyo Stock Exchange Prime: Securities code 8905)	
Method	Share exchange	
Details of the allocation related to this share exchange	To be determined through discussions between AEON and AEON MALL before the execution of the share exchange agreement	
Schedule of the tender offer	<ul style="list-style-type: none"> • Signing of the basic agreement February 28, 2025 • Signing of the share exchange agreement Early April 2025 (planned) • Shareholder approval at the annual general meeting Mid to late May 2025 (planned) • Effective date of the share exchange July 2025 (planned) 	
▼ Scheme diagram		
<p>【Before】</p>	<p>【Share exchange】</p>	<p>【After】</p>

2. Full Subsidiary Acquisition of AEON DELIGHT CO., LTD.

(1) Purpose

The domestic facility management industry is on a gradual expansion trend with sales growth rates of 102.6%, 105.7%, and 105.2% from FY2021 to FY2023 (source: Yano Research Institute Ltd.), but the industry is affected by soaring labor and raw material costs, and in particular, the issue of labor shortages has become an important management issue. The

working-age population in Japan is predicted to continue to decline in the future, and we believe that the industry is under pressure to shift from its traditional labor-intensive business model. On the other hand, we recognize that while client companies are becoming more conscious of cost management as the inflationary economy takes hold, there is a growing trend toward measures to address aging assets, environmental sustainability needs, and outsourcing needs for non-core operations.

In this business environment, AEON believes that AEON DELIGHT can evolve from its traditional business model and find new business opportunities. In addition, it is extremely important for AEON Group management that AEON DELIGHT, which is responsible for many infrastructures such as facility management operations for AEON Group stores, creates new business areas and business opportunities, increases the value of its service offerings, and achieves sustainable growth. However, in order to ensure the realization of such growth, we believe that in a business environment that requires business transformation as described above, existing organic growth strategies alone are not sufficient, and that it is necessary to make maximum use of the AEON Group's economy of scale. AEON will make AEON DELIGHT a wholly owned subsidiary of AEON and consolidate demand within the group to AEON DELIGHT as part of its efforts to enhance the corporate value of AEON DELIGHT and the AEON Group. AEON DELIGHT will enhance its competitiveness through significant R&D investments to drive earnings growth and expand orders from customers outside the AEON Group.

Specifically, we are conducting the following actions;

- (a) Consolidation of demand for interior work, etc. related to the Group's repair and maintenance and building maintenance
- (b) Expansion of business areas by incorporating the needs of the Group
- (c) Evolution of facility management through acceleration of labor saving, etc. using DX
- (d) Consolidation of the Group's back-office operations

Through these efforts, AEON DELIGHT's operations will evolve into Integrated Facility Management (IFM)*.

However, in the current situation where AEON DELIGHT and AEON operate independently as publicly listed companies, when AEON and AEON DELIGHT utilize the management resources (various human resources, financial infrastructure, information, know-how, etc.) of the AEON Group from the perspective of overall optimization that includes AEON DELIGHT, there exists a potential conflict of interest regarding the usefulness and fairness of such interactions between the AEON and the minority shareholders of AEON DELIGHT. Therefore, it is the fundamental policy of AEON DELIGHT to conduct transactions based on the same principles as those governing general business terms, ensuring the economic rationality of transaction conditions from the viewpoint of minority shareholder protection. Additionally, for significant transactions, it is imperative to engage in careful consideration that takes into account the interests of all stakeholders, including minority shareholders of AEON DELIGHT, by soliciting consultations with special committees established to properly reflect the opinions of stakeholders, including minority shareholders, during sufficient discussions at the board of directors. This situation leads to constraints on rapid and flexible decision-making. This creates constraints on swift and flexible decision-making. A Furthermore, as stated above, under the current capital relationship, when utilizing the management resources (various human resources, financial foundation, information, know-how, etc.) of the AEON Group, including AEON DELIGHT, it is not necessarily the case that the company providing the management resources and the company generating profits are the same. In a situation where AEON DELIGHT, as a publicly listed company, has minority shareholders other than AEON, if AEON provides management resources that contribute to enhancing corporate value, there may be concerns raised by the AEON's shareholders that some of the benefits arising from the enhancement of corporate value could flow to the minority shareholders of AEON DELIGHT who are outside the AEON Group. This creates certain limitations on the implementation of agile and effective measures to maximize the corporate value of the AEON Group, including the AEON DELIGHT. Additionally, due to the independence required of both AEON DELIGHT and AEON as publicly listed companies, we also believe that there exists organizational redundancy within the entire AEON Group, leading to inefficiencies in the utilization of management resources.

Therefore, the AEON concluded that for the sustainable growth of the AEON DELIGHT, it is best to de-list the shares of AEON DELIGHT and making it a wholly-owned subsidiary of AEON is necessary which would create a framework for the rapid and flexible mutual utilization of management resources between AEON DELIGHT and AEON as a whole, while also

eliminating the overlap of organizational functions between the two companies. This approach would facilitate efficient use of management resources and is deemed desirable in terms of enhancing the enterprise value of AEON and AEON DELIGHT.

AEON believes that the Transaction will not only contribute to enhancing the corporate value of AEON DELIGHT and the AEON Group, but will also enable all stakeholders, including customers, business partners, and employees, to maximize value through service and business expansion. In particular, we believe that the expansion of opportunities for employees to play an active role will provide growth opportunities, revitalize the organization, and create a sense of fulfillment for each individual employee.

With these objectives and expected synergies in mind, AEON concluded that making AEON DELIGHT a wholly owned subsidiary would further enhance the corporate value of both AEON DELIGHT and the AEON Group. As a result, In order to make AEON DELIGHT a wholly owned subsidiary, AEON decided to acquire AEON DELIGHT's common stock and stock acquisition rights through a tender offer under the Financial Instruments and Exchange Act.

* Integrated Facility Management (IFM) refers to the integrated management and operation of outsourcing needs related to facilities.

(2) Planned methods for full ownership conversion

▼ Summary	
Target company	AEON DELIGHT CO., LTD.(Tokyo Stock Exchange Prime: Securities code 9787)
Method	Tender offer (TOB)
Upper/lower limit of purchase	Upper limit:None Lower limit:Two thirds
Tender offer price	5,400 yen per share (16.76% premium over the closing price of 4,625 yen on February 27, 2025)
Number of shares to be purchased / Total purchase amount	20,252,536 shares · Approx. 109.4 billion yen
Schedule of the tender offer	<ul style="list-style-type: none"> · Board decision date February 28, 2025 · Tender offer period From March 3, 2025 to April 24, 2025 (38 business days) (planned) · Results announcement date April 25, 2025 (planned) · Payment date May 2, 2025 (planned)
▼ Scheme diagram	
<p>The diagram illustrates the ownership structure of AEON DELIGHT before and after the tender offer. 【Before】: AEON (57%) and Minority shareholders (43%) jointly own AEON DELIGHT. 【Tender offer (TOB)】: AEON offers to purchase shares from Minority shareholders in exchange for cash. 【After】: AEON (100%) fully owns AEON DELIGHT.</p>	

*For details, please refer to the timely disclosure of AEON. Please refer to the following URL.

<https://www.aeon.info/en>

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