February 28, 2025

Company name:	AEON CO., LTD.
Name of representative:	Akio Yoshida, President and Representative Executive Officer (Securities code: 8267; Tokyo Stock Exchange (Prime Market))
Inquiries:	Hiroaki Egawa, Executive Officer, Finance and Business Management (Telephone: +81-43-212-6042)

Notice Concerning Commencement of Tender Offer for Common Shares, Etc., of AEON DELIGHT CO., LTD. (Securities Code: 9787)

AEON CO., LTD. (herein after, the "Tender Offeror") has decided today to acquire the common shares of AEON DELIGHT CO., LTD. (herein after, the "Target Company,") listed on the Prime Market of the Tokyo Stock Exchange (hereinafter, the "TSE"), Securities Code: 9787), and the stock acquisition rights (as defined in “(3) Price for Purchase," of "2. Outline of Purchase" same applies below) through a public tender offer (the “Tender Offer”) pursuant to the Financial Instruments and Exchange Act (Act No.25 of 1948, as amended).

1. Purpose of Purchase

(1) Outline of Tender Offer

The Tender Offeror currently owns 27,613,050 shares of the Target Company’s common shares listed on the TSE (Note 1: 57.69%) as of today. In addition to direct ownership, the Tender Offeror has indirect ownership through its consolidated subsidiaries: AEON Financial Service Co., Ltd. (Number of shares owned in the Target Company: 195,000 shares, ownership ratio: 0.41%), FUJI CO.,LTD. (Number of shares owned in the Target Company: 175,500 shares, ownership ratio: 0.37%), and AEON Mall Co., Ltd. (Number of shares owned in the Target Company: 97,500 shares, ownership ratio: 0.20%). By owning a total of 28,081,050 shares of the Target Company (Ownership ratio: 58.67%), the Tender Offeror made the Target Company as a consolidated subsidiary. As of today, the Tender Offeror does not own any of the stock acquisition rights.

(Note 1) The term "ownership ratio" refers to the number of shares of the Target Company's common shares as of January 31, 2025, which is stated in the “Notice on the Cancellation of Treasury Stock (the "Target Company's Treasury Stock Cancellation Press Release") announced by the Target Company on January 9, 2025. This total number of outstanding shares is 48,469,633 shares (the number of outstanding shares after the partial cancellation of treasury stock conducted on the same date). To this figure, the number of remaining and exercisable stock acquisition rights as of the same date (according to the Target Company, consisting of 60 from the 13th (as defined in “(3) Price for Purchase," of "2. Outline of Purchase"), 92 from the 14th (as defined in “(3) Price for Purchase," of "2. Outline of Purchase"), 53 from the 15th (as defined in “(3) Price for Purchase," of "2. Outline of Purchase"), 53 from the 16th (as defined in “(3) Price for Purchase," of "2. Outline of Purchase"), and 34 from the 17th (as defined in “(3) Price for Purchase," of "2. Outline of Purchase") stock acquisition rights) that corresponds to the Target Company's common shares (29,200 shares) is added, resulting in a total of 48,498,833 shares. From this number, the number of treasury shares owned by the Target Company as of the same date (1,277,247 shares, as stated in the "Consolidated Financial Results for the Third Quarter of Fiscal Year Ending February 2025 J-GAAP" disclosed by the Target Company on January 9, 2025, plus 56,000 shares acquired during the period from December 1 to December 16 of the same year, as stated in the "Notice on the Status of Acquisitions and Conclusion of Acquisitions of Treasury Stock (pursuant to the provisions of Article 165, Paragraph 2 of the Companies Act)" disclosed by the Target Company on December 17, 2024, minus 700,000 shares subject to cancellation as of January 31, 2025, as stated in the Target Company's Treasury Stock Cancellation Press Release) is deducted, resulting in a total of 633,247 shares. The ownership ratio is then calculated as the number of remaining shares (47,865,586 shares, hereinafter referred to as the "Reference Number of Shares") divided by the total number of shares after the adjustments mentioned above, rounded to the third decimal place (the same method is applied for the calculation of the ownership ratio).

The Tender Offeror has decided to implement a public tender offer with the purchase price per share of the Target Company's stock (the "Tender Offer Price") set at 5,400 yen, and the purchase price per stock acquisition right (the "Stock Acquisition Right Purchase Price") set at one yen, as part of a series of transactions aimed at making the Target Company a wholly-owned subsidiary, where the shareholders of the Target Company will solely be the Tender Offeror (the "this Transaction"). This public Tender Offer will involve acquiring all of the Target Company's shares (except for those shares held by the Tender Offeror and the treasury shares held by the Target Company, although it includes shares to be delivered upon the exercise of the Stock Acquisition Rights).

The Tender Offeror aims to completely acquire the Target Company with the Tender Offeror as the sole shareholder, therefore setting a minimum number of shares to be purchased at 4,297,400 shares (Ownership ratio: 8.98%). If the total number of shares tendered (the "Tendered Shares") is less than the minimum number to be purchased (4,297,400 shares), the Tender Offeror will not execute the purchase of any of the Tendered Shares. On the other hand, as mentioned above, the Tender Offeror intends to acquire all shares of the Target Company (excluding those shares owned by the Tender Offeror or the Target Company's treasury shares, but including those shares delivered upon the exercise of the new stock acquisition rights) as well as all of the new stock acquisition rights, hence there is no upper limit set for the number of shares to be purchased. If the total number of Tendered Shares is greater than or equal to the minimum number to be purchased (4,297,400 shares), the Tender Offeror will proceed to purchase all of the Tendered Shares.

The minimum number of shares to be purchased (4,297,400 shares) is derived from the requirement that, in the event the Tender Offer is successful, the total number of voting rights that the Tender Offeror would hold in the Target Company must exceed two-thirds of the total voting rights of the Target Company. This number is calculated by multiplying the number of voting rights associated with the basic number of shares (47,865,586 shares) by two-thirds (319,104 rights, rounded up) and subtracting the number of voting rights corresponding to the shares owned by the Tender Offeror as of today (27,613,050 shares, or 276,130 rights), resulting in 42,974 rights. This figure is then multiplied by the number of shares per unit, which is 100 shares. The reason for setting this minimum number to be purchased is that the Tender Offeror intends to have the Tender Offeror as the sole shareholder of the Target Company. If the offer succeeds but the Tender Offeror does not acquire all of the shares (excluding those delivered upon the exercise of the new stock acquisition rights, as well as those owned by the Tender Offeror and the Target Company's treasury shares), a series of procedures (the "the Squeeze-Out Procedures") pursuant to the process of stock consolidation would require a special resolution at a shareholders' meeting as stipulated in Article 309, Paragraph 2 of the Companies Act (Act No. 86 of 2005, including subsequent amendments). This is to ensure that the Tender Offeror can meet the necessary conditions.

As mentioned above, as of today, the Tender Offeror owns 27,613,050 shares (Ownership ratio: 57.69%) in the Target Company. If a minimum number for the so-called "Majority of Minority" is set for the Tender Offer, it may destabilize the success of the Tender Offer and potentially harm the interests of minority shareholders who wish to participate in this Tender Offer. Therefore, no minimum number for the "Majority of Minority" is set.

In the event that the Tender Offer succeeds but the Tender Offeror fails to acquire all shares of the Target Company (including those delivered upon the exercise of the new stock acquisition rights, as well as those owned by the Tender Offeror and the Target Company's treasury shares), the Squeeze-Out Procedures are planned.

According to the "Announcement of Support Opinion and Recommendation to apply for the Public Tender Offer for the Target Company's Shares by its Parent Company, AEON CO., LTD." (the "Target Company Press Release") published by the Target Company on February 28, 2025. Additionally, regarding the stock acquisition rights, since the purchase price of the new stock acquisition rights is set at 1 yen, it has been resolved to leave it to the discretion of the holders of the new stock acquisition rights (the "Rights Holders") whether or not to recommend their participation in this tender offer.

For further details regarding the Target Company's decision-making process, please refer to the Target Company Press

Release and the sections titled "(i) Background of the Tender Offer" and "(ii) Background and Purpose of the Tender Offeror's Decision to Implement this Public Tender Offer" in “(2) Background, Purpose, and Decision-making Process Leading to Decision to Implement Tender Offer as well as the business policy after the Tender Offer.”

(2) Background, Purpose, and Decision-making Process Leading to the Decision to Implement Tender Offer as well as the business policy after the Tender Offer

(i) Background of the Tender Offer

Tender Offeror was originally established as Okadaya in 1758 and was incorporated as Okadaya Gofukuten, Co., Ltd. in September 1926. In November 1959, it changed its company name to Okadaya, Co., Ltd. In March 1970, it merged with four companies—Futagi Co., Ltd., Okadaya Chain, Co., Ltd., and Kawamura Co., Ltd.—as well as Jusco Co., Ltd., and in April of the same year, it changed its name to Jusco Co., Ltd. Since then, the company has experienced growth by developing suburban shopping centers in anticipation of the emergence of a motorized society and by launching financial service businesses, all while repeatedly collaborating with various retail businesses across Japan. In the mid-1980s, the company began expanding into Malaysia, Hong Kong, and Thailand, laying the foundation for its global expansion. In September 1989, to pursue further growth and development, the company changed its name from the Jusco Group to the AEON Group. In August 2001, it changed its name to AEON CO., LTD., adopting the AEON Group name. In August 2008, it transitioned from a holding company for business operations to a pure holding company (retail operations were succeeded by AEON Retail Co., Ltd.). Additionally, the Tender Offeror’s shares were first listed on the Second Section of the TSE in September 1974 and were designated to the First Section in August 1976. Following a review of market classifications on the TSE in April 2022, the company is currently listed on the Prime Market of the TSE.

The Tender Offeror Group consists of the Tender Offeror itself, along with 312 consolidated subsidiaries and 24 equity-method affiliates as of November 30, 2024 (collectively referred to as the "Tender Offeror Group"). This Group is primarily focused on retail business, and its unique business model is constructed around a synergistic through collaboration among various sectors including Financial Services, Shopping Center Development, and Services and Specialty Store Businesses, as well as functional companies that support these operations through business outsourcing. The Tender Offeror Group operates under the fundamental principle of “Pursuing peace, respecting humans, and contributing to local communities, always with customers as our starting point.” It views retail as a “peace industry,” “people industry,” and “community industry” centered on customers, and emphasizes maintaining flexibility and responsiveness to change as an organization that constantly innovates. The group practices the basic policy of "customer first" and aims for the enduring, healthy, and peaceful lives of its customers through its business activities. It is also committed to various environmental conservation and social contribution activities, promoting sustainable management to achieve both group growth and societal development, thereby contributing to the development of a sustainable society. Furthermore, in all its business activities related to products, services, and facilities, the Tender Offeror Group prioritizes customers’ safety and security while being rooted in and collaborating with local communities to promote various initiatives aimed at mutual growth and development.

On the other hand, according to the press release, the Target Company was established in November 1972 as Nichii Maintenance Co., Ltd., following the independence of the equipment management division of Nichii Co., Ltd. triggered by the Sennichi Department Store fire in May 1972. It merged with Nichii Japan Development Co., Ltd. in February 1976, changing its name to Japan Maintenance Co., Ltd. It then absorbed AEON Techno Service Co., Ltd. in September 2006, leading to the current name AEON DELIGHT CO., LTD.

Regarding the Target Company's shares, they were first listed on the Second Section of the Osaka Securities Exchange in September 1995, subsequently listed on the Second Section of the TSE in July 1999. In February 2000, the shares were designated to the First Section of both the TSE and Osaka Securities Exchange, and following a review of market classifications on the TSE in April 2022, they are currently listed on the Prime Market of the TSE.

The Target Company Group consists of 28 consolidated subsidiaries and 5 affiliates (the "Target Company Group") and operates a facility management business that provides optimal solutions to various challenges related to facilities as a strategic partner to its customers. The facility management business consists of seven sectors: facilities management, security services, cleaning services, construction work, materials/supplies sourcing services, vending machine services, and support services. The Target Company has adopted the management philosophy of “We pursue the creation of “Environmental Value” for our customers and for the local communities," expanding its facility management business primarily in Asia. The "environmental value creation" that the Target Company advocates involves creating an environment where people can enjoy peace and prosperity. The Target Company aims to continuously create environmental value through its business activities and contribute to the sustainable development of society, striving to be a company that continues to be needed by its customers and local communities.

According to the Target Company's press release, while the domestic building management market in the facility management industry is gradually expanding, challenges such as labor shortages, succession issues, and rising labor costs are forcing an increasing number of businesses to downsize or close, leading to industry consolidation.

The capital relationship between the Tender Offeror and the Target Company began in November 2003 when the Tender Offeror fully acquired Mycal Co., Ltd., and indirectly held 11,911,350 shares (ownership ratio (Note 2): 57.54%) of Japan Maintenance Co., Ltd., which was the predecessor of the Target Company, thus making it a consolidated subsidiary. Japan Maintenance Co., Ltd. was established as Nichii Maintenance Co., Ltd. by Nichii Co., Ltd. (which changed its name to Mycal Co., Ltd. in 1996), and it later merged with Nichii Japan Development Co., Ltd. and changed its name to Japan Maintenance Co., Ltd. Subsequently, in September 2006, the Target Company absorbed AEON Techno Service Co., Ltd., which was a consolidated subsidiary of the Tender Offeror, and changed its name to AEON DELIGHT CO., LTD. Then, in December 2007, the Target Company conducted a stock split at a ratio of 1:2, and in September 2010, it absorbed Cherto Co., Ltd., which was a consolidated subsidiary of the Tender Offeror engaged in back office support services. Following these events, the number of shares of the Target Company owned by the Tender Offeror (including those held by joint shareholders) increased to 33,321,050 shares (ownership ratio: 61.51%) in September 2010. In February 2016, following an off-market sale (3,000,000 shares) by the Tender Offeror, the number of shares of the Target Company owned by the Tender Offeror (including those held by joint shareholders) was reduced to 30,321,050 shares (ownership ratio: 55.97%). In January 2019, the number was further adjusted to 27,621,050 shares (ownership ratio: 50.99%) due to the Tender Offeror's tender offer participation in the Target Company's public tender offer for its own shares (2,700,000 shares). Subsequently, from July 2020 to February 2021, the Tender Offeror acquired 460,000 shares through market transactions, increasing its holdings to 28,081,050 shares (ownership ratio: 51.84%). As of today, the Tender Offeror Group (excluding the Target Company Group) owns 28,081,050 shares of the Target Company (ownership ratio: 58.67%). Since November 2003, when the Tender Offeror made Japan Maintenance Co., Ltd. a consolidated subsidiary, it has continued to treat the Target Company as a consolidated subsidiary to this day.

（Note 2） In this paragraph, "ownership ratio" refers to the percentage of the outstanding shares of the Target Company at that time (rounded to the third decimal place). It is noted that due to the difficulty in determining the number of treasury shares at each time, the ownership ratio has not been adjusted to subtract treasury shares from the total number of outstanding shares.

（ii） Background and Purpose of the Tender Offeror's Decision to Implement this Public Tender Offer

As mentioned above, even after making the Target Company a consolidated subsidiary, the Tender Offeror has aimed to continuously enjoy the benefits of being a publicly listed company, such as the Target Company's recognition in the industry and the securing of talented personnel, while advancing management problem-solving and growth strategies in collaboration with the Target Company, based on the assumption of its organic growth.

However, the market environment surrounding the Target Company has recently changed significantly. Although the domestic facility management industry shows a gradual expansion trend, with sales growth rates of 102.6%, 105.7%, and 105.2% for the fiscal years 2021, 2022, and 2023, respectively (source: Yano Keizai). It is affected by rising personnel costs and raw material costs. Notably, the labor shortage has become a critical management issue. The working-age population in Japan is expected to continue to decline, and it is believed that the industry will be forced to transition from a traditional labor-intensive business model. On the other hand, client companies are increasingly aware of cost management amid a settling inflationary economy, while the needs for aging asset management, environmental considerations, and outsourcing of non-core operations are also on the rise.

In this business environment, the Tender Offeror believes that the Target Company can evolve from its traditional business model to discover new business opportunities. It is extremely important for the management of the Tender Offeror Group that the Target Company, which plays a key role in supporting much of the group's infrastructure such as store management operations, creates new business areas and opportunities, enhancing the value of service provision and achieving sustained growth. However, to ensure the realization of this potential, a simple reliance on existing organic growth strategies will not suffice in an environment where business transformation is required. It is necessary to maximize the economies of scale of the Tender Offeror Group.

As part of its efforts to enhance the enterprise value of the Target Company and the Tender Offeror Group, the Tender Offeror plans to make the Target Company a wholly-owned subsidiary and consolidate group demand within the Tender Offeror Group. By doing so, the Target Company will expand its revenue and enhance its competitiveness through large-scale R&D investment, which will also help increase orders from external customers.

Specifically, the Tender Offeror aims to implement the following initiatives: (a) Consolidation of Demand Related to Repairs, Maintenance, and Interior Construction in the Tender Offeror Group; (b) Expansion of Business Areas by Capturing Needs from the Tender Offeror Group; (c) Evolution of Facility Management through Labor-saving Initiatives Utilizing Digital Transformation (DX); (d) Consolidation of Back-office Operations within the Tender Offeror Group.

Through these initiatives, the operations of the Target Company will evolve into Integrated Facility Management (IFM) (Note 3).

（Note 3） IFM (Integrated Facility Management) refers to the comprehensive management and operation of outsourcing needs related to facilities

However, in the current situation where the Target Company and the Tender Offeror operate independently as publicly listed companies, when the Tender Offeror and the Target Company utilize the management resources (various human resources, financial infrastructure, information, know-how, etc.) of the Tender Offeror Group from the perspective of overall optimization that includes the Target Company, there exists a potential conflict of interest regarding the usefulness and fairness of such interactions between the Tender Offeror and the minority shareholders of the Target Company. Therefore, it is the fundamental policy of the Target Company 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 the Target Company, 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. 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 Tender Offeror Group, including the Target Company, 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 the Target Company, as a publicly listed company, has minority shareholders other than the Tender Offeror, if the Tender Offeror provides management resources that contribute to enhancing corporate value, there may be concerns raised by the Tender Offeror's shareholders that some of the benefits arising from the enhancement of corporate value could flow to the minority shareholders of the Target Company who are outside the Tender Offeror Group. This creates certain limitations on the implementation of agile and effective measures to maximize the corporate value of the Tender Offeror Group, including the Target Company. Additionally, due to the independence required of both the Target Company and the Tender Offeror as publicly listed companies, we also believe that there exists organizational redundancy within the entire Offeror Group, leading to inefficiencies in the utilization of management resources.

Therefore, the Tender Offeror concluded that for the sustainable growth of the Target Company, it is best to de-list the shares of the Target Company and making it a wholly-owned subsidiary of the Tender Offeror is necessary which would create a framework for the rapid and flexible mutual utilization of management resources between the Target Company and the Tender Offeror 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 both the Tender Offeror and the Target Company.

The Tender Offeror firmly believes that this transaction will not only enhance the enterprise value of the Target Company and the Tender Offeror Group but will also, through the initiatives described below in (a)~(d), will maximize value for all stakeholders, including customers, business partners, and employees. In particular, for employees, expanding opportunities will lead to growth prospects, invigorating the organization and fostering a sense of fulfillment among individuals.

Specifically, the Tender Offeror expects that by making the Target Company a wholly-owned subsidiary through this transaction and promoting closer collaboration between the Target Company and the entities within the Tender Offeror Group, they can anticipate the following initiatives and synergistic effects.

(a) Consolidation of Demand Related to Repairs, Maintenance, and Interior Construction in the Tender Offeror Group

In light of this transaction, the Tender Offeror, as the wholly owned parent company, will work towards consolidating the demand for repairs, maintenance, and interior construction within the group that has not been fully captured by the Target Company. By channeling this demand to the Target Company, we believe it will not only create direct opportunities for revenue growth but also allow for cost reductions through an increased scale. This will enable all group companies to benefit. Additionally, should the Target Company manage the facility information within the group in a unified manner during disasters such as earthquakes, it would play a central role in the group's Business Continuity Planning (BCP)(Note4). Furthermore, as the Target Company expands its operational scale and enhances its negotiating power, it will also be advantageous for the Target Company to offer services to external customers as a business entity.

(Note 4) BCP (Business Continuity Planning) refers to the plans and measures taken to minimize damage during an emergency and to restore and continue business operations as quickly as possible.

(b) Expansion of Business Areas by Capturing Needs from the Tender Offeror Group

The business areas within the Tender Offeror Group are expected to continue expanding. Currently, the Tender Offeror Group is engaged in energy-saving businesses (including the provision of power supply within the group incorporating renewable energy and the consolidation of demand for energy-saving equipment such as LEDs and cold cases) as well as circular economy businesses (such as the recycling of PET bottles and used oils). We believe that in the realm of the environmental business, it is crucial to consider advancing the Target Company's operations with the aim of comprehensively managing and operating all tasks and human resources related to facilities on behalf of customers. Moreover, if there are planned M&A targets in the future, by consolidating demand at the Target Company, we can further contribute to the Target Company's business expansion.

(c) Evolution of Facility Management through Labor-saving Initiatives Utilizing Digital Transformation (DX)

By consolidating demand, we anticipate that stable revenue expansion will allow for even greater promotion of digital transformation (DX). Enhanced collaboration with other entities within the Tender Offeror Group will facilitate the experimental implementation of FM (Note 5) services utilizing the latest technologies and the horizontal deployment of best practices. By swiftly advancing investments in labor-saving automation, such as DX and robotics—areas that the Target Company currently identifies as challenges—we can effectively address increasingly difficult labor shortages. In this way, by leveraging the entities within the Tender Offeror Group as a field for generating new case studies, we can propose enhanced services to external customers, thereby improving the Target Company's position and competitiveness within its industry.

(Note 5) FM (Facility Management) services refer to a business that aims to solve various challenges faced by customers by providing solutions related to the management and operation of facilities (including the facility itself and its surrounding environment). This includes operational services such as maintenance and repairs, as well as management services like facility budget management, energy management, and BCP (Business Continuity Planning) development.

(d) Consolidation of Back-office Operations within the Tender Offeror Group

As the next step following this transaction, we will consider consolidating back-office operations (such as accounting, human resources, general affairs, etc.) within the Target Company. If the Target Company can comprehensively handle the non-core operations of group companies, this could lead to the expansion of the Target Company's business as a "BPO (Business Process Outsourcing) service." (Note 6) Through the improvement of group companies, accumulated know-how and successful case studies can be offered to external customers, enhancing the Target Company's competitiveness. Simultaneously, the operational companies within the group would be able to focus on their core businesses, contributing to the strengthening of sales capabilities.

(Note 6) BPO (Business Process Outsourcing) services refer to services that support companies by outsourcing part or all of their back-office functions, such as general affairs, accounting, human resources, and IT services, allowing the outsourcing company to focus on its core business.

If this transaction is completed, the shares of the Target Company will be delisted. Typical disadvantages of delisting include the inability to raise funds from the capital markets and loss of social credibility and visibility derived from being a listed company, particularly among external parties such as business partners. However, we believe there will be no impact on delisting since the Tender Offeror Group's funds can be leveraged. Moreover, a certain level of trust has already been established between the Target Company and its business partners, and we do not anticipate that existing relationships will significantly diminish due to delisting. The social credibility and visibility accumulated through the Target Company's previous business operations will not be lost immediately due to the delisting; rather, it is expected that becoming a wholly owned subsidiary of the Tender Offeror will help maintain and enhance these factors. Therefore, we believe that any impact from the disadvantages of delisting will be minimal and will not outweigh the anticipated benefits associated with the enhancement of the Target Company's enterprise value.

In light of the aforementioned background, objectives, and anticipated synergistic effects, the Tender Offeror began preliminary discussions regarding the privatization of the Target Company's shares approximately since July 2024. The goal was to establish a framework for the swift and flexible mutual utilization of management resources, ultimately enhancing the enterprise value of both the Target Company and the Tender Offeror Group.

Subsequently, in late December 2024, the Tender Offeror appointed Nomura Securities Co., Ltd. (the "Nomura Securities") as a financial advisor and a third-party valuation institution, and Nishimura & Asahi Law Offices as legal advisors, creating a structure for discussions and negotiations pertaining to the privatization of the Target Company's shares.

On January 6, 2025, the Tender Offeror approached the Target Company to express interest in commencing discussions regarding the execution of this transaction, and on January 9, 2025, the Tender Offeror submitted an initial proposal (the "Letter of Intent") to the Target Company, outlining the background and objectives of the transaction, as well as the expected synergies.

Following this, the Tender Offeror and the Target Company initiated specific discussions regarding the transaction. Specifically, between mid-January and mid-February 2025, the Tender Offeror conducted due diligence on the Target Company to assess the feasibility of this public tender offer and the anticipated synergies. Concurrently, discussions were held between the Target Company and its Special Committee regarding the significance and objectives of the transaction, the synergies expected to be created by the transaction, and the management structure and business policies of the Target Company post-transaction. Specifically, on January 25, 2025, the Tender Offeror received a written inquiry from the Special Committee regarding the significance and purpose of this transaction, based on the Letter of Intent mentioned above. On January 30 of the same year, the Tender Offeror provided written responses to those inquiries. Furthermore, on February 8, the Tender Offeror received additional written questions from the Special Committee, primarily concerning the background and objectives of the transaction as well as growth strategies post-transaction. In response to those inquiries, the Tender Offeror submitted written answers on February 14 and engaged in a Q&A session and discussion about the significance and purpose of the transaction at the Special Committee meeting held on February 17. Additionally, on February 20, the Tender Offeror received further written questions from the Special Committee regarding the examination of alternative methods aside from the transaction, to which the Tender Offeror provided written responses on February 22.

Furthermore, starting from February 6, 2025, the Tender Offeror has engaged in multiple negotiations with the Target Company and the Special Committee regarding the tender offer price and the purchase price for the new stock acquisition rights. Specifically, the Tender Offeror comprehensively considered information obtained through due diligence conducted on the Target Company, initial valuation analyses of the Target Company's shares carried out by the financial advisor, Nomura Securities, based on that information, as well as preliminary valuation analyses conducted by the Tender Offeror. On February 6, 2025, the Tender Offeror proposed a tender offer price of 4,600 yen (representing a premium of 15.00% over the closing price of 4,000 yen for the Target Company's shares on the TSE Prime Market as of the previous trading day, rounding to the nearest third decimal place; the premium percentage will be treated in the same manner hereinafter), which reflects a premium of 10.71% over the simple average closing price of 4,155 yen over the past month, a premium of 7.03% over the simple average closing price of 4,298 yen over the past three months, and a premium of 9.47% over the simple average closing price of 4,202 yen over the past six months. Moreover, the proposal pertaining to this transaction (hereinafter referred to as "the First Proposal") included a purchase price for the new stock acquisition rights set at one yen. In response, on February 7 of the same month, the Tender Offeror was requested by the Special Committee to reconsider the tender offer price in the First Proposal, as it was deemed to be below the level at which the Target Company could recommend participation in the tender offer.

In response, on the 10th of the same month, the Tender Offeror made a revised proposal ("the Second Proposal") setting the tender offer price at 4,800 yen, which represented a premium of 20.60% over the closing price of 3,980 yen for the Target Company's shares on the TSE Prime Market on the previous trading day, a premium of 16.22% over the simple average closing price of 4,130 yen over the past month, a premium of 11.97% over the simple average closing price of 4,287 yen over the past three months, and a premium of 14.15% over the simple average closing price of 4,205 yen over the past six months. In response, on the 11th of the same month, the Tender Offeror was requested by the Special Committee to reconsider the tender offer price in the Second Proposal, as it continued to be below the level at which the Target Company could recommend participation in the tender offer.

Following this, on the 15th of the same month, the Tender Offeror submitted a revised proposal ("the Third Proposal") with a tender offer price of 4,900 yen, representing a premium of 21.44% over the closing price of 4,035 yen for the Target Company's shares on the TSE Prime Market on the previous trading day, a premium of 19.98% over the simple average closing price of 4,084 yen over the past month, a premium of 15.00% over the simple average closing price of 4,261 yen over the past three months, and a premium of 16.36% over the simple average closing price of 4,211 yen over the past six months. In response, on the 18th of the same month, the Tender Offeror was again requested by the Special Committee to reconsider the tender offer price in the Third Proposal, as it continued to be below the level at which the Target Company could recommend participation in the tender offer.

In response to this, on the 21st of the same month, the Tender Offeror submitted another revised proposal ("the Fourth Proposal") with a tender offer price of 5,000 yen. This represented a premium of 11.11% over the closing price of 4,500 yen for the Target Company's shares on the TSE Prime Market on the previous trading day, a premium of 21.07% over the simple average closing price of 4,130 yen over the past month, a premium of 17.26% over the simple average closing price of 4,264 yen over the past three months, and a premium of 18.23% over the simple average closing price of 4,229 yen over the past six months. In response, on the 25th of the same month, the Tender Offeror was advised by the Special Committee that the tender offer price in the Fourth Proposal continued to be below the level at which the Target Company could recommend participation in the tender offer, and a proposal was received to set the tender offer price at 5,900 yen.

In response to this, on the 26th of the same month, the Tender Offeror submitted a revised proposal (“the Fifth Proposal”) with a tender offer price of 5,350 yen. This represented a premium of 18.63% over the closing price of 4,510 yen for the Target Company's shares on the TSE Prime Market on the previous trading day, a premium of 28.36% over the simple average closing price of 4,168 yen over the past month, a premium of 25.38% over the simple average closing price of 4,267 yen over the past three months, and a premium of 26.24% over the simple average closing price of 4,238 yen over the past six months. In response, on the same day, the Tender Offeror was advised by the Special Committee that it should again request an upward adjustment of the tender offer price in the Fifth Proposal and received a proposal to set the tender offer price at 5,500 yen.

In response, on the 27th of the same month, the Tender Offeror submitted a revised proposal (“the Sixth Proposal”) to set the tender offer price at 5,400 yen, which represented a premium of 17.65% over the closing stock price of the Target Company's shares on the TSE Prime Market, 4,590 yen as of the previous trading day, a premium of 28.94% over the simple average closing price of 4,188 yen over the past month, a premium of 26.43% over the simple average closing price of 4,271 yen over the past three months, and a premium of 27.30% over the simple average closing price of 4,242 yen over the past six months. As a result, on the same day, the Tender Offeror received a response from the Special Committee agreeing to set the tender offer price at 5,400 yen, leading to an agreement.

2. Outline of Purchase

(1) Outline of the Target Company

(i) Name	AEON DELIGHT CO., LTD.

(ii)	Address	2-3-2 Minamisenba, Chuo-ku, Osaka City
(iii)	Name and Title of Representative	Representative Director, President and Chief Executive Officer, Group CEO: Kazunari Hamada
(iv)	Business	Facility Management Business
(v)	Amount of Stated Capital	3,238 million yen (as of August 31, 2024)
(vi)	Date of Incorporation	November 16, 1972
(vii)	Major Shareholders and Shareholdings Ratios (as of August 31, 2024)	AEON CO., LTD. 57.41% The Master Trust Bank of Japan, Ltd. (Trust Account) 6.42% AEON DELIGHT Business Partner Stockholding Association 2.81% Custody Bank of Japan, Ltd. (Trust Account) 2.49% Nomura Securities Co., Ltd. Self-Transfer Account 1.66% STATE STREET BANK AND TRUST COMPANY 505001 (Mizuho Bank, Settlement Division) 1.57% AEON DELIGHT CO., LTD. Employees 1.49% Nomura Securities Co., Ltd. 1.12% BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Mitsubishi UFJ Bank, Ltd.) 1.06% BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE CLEARANCE ACCOUNT FOR THIRD PARTY (Hongkong and Shanghai Banking Corporation, Tokyo Branch, Custody Division) 1.04%
(viii)	Relationship between the Tender Offeror and the Target Company	
	Capital Relationship	As of today, the Tender Offeror owns 27,613,050 shares of the Target Company (ownership ratio: 57.69%) and has made the Target Company a consolidated subsidiary. Additionally, the Tender Offeror's consolidated subsidiaries, AEON Financial Service Co., Ltd., FUJI CO., LTD., and AEON Mall Co., Ltd., own 195,000 shares (ownership ratio: 0.41%), 175,500 shares (ownership ratio: 0.37%), and 97,500 shares (ownership ratio: 0.20%), respectively, as of today.
	Personnel Relationship	Of the eight directors of the Target Company, one is the Executive Vice President of the Tender Offeror and concurrently serves as a director of AEON Financial Service Co., Ltd. and Inageya Co., Ltd., which are consolidated subsidiaries of the Tender Offeror. Additionally, two directors are former employees of the Tender Offeror. Among the three audit committee members, one serves as an advisor to the Tender Offeror and concurrently holds positions as an audit committee member of AEON Financial Service Co., Ltd. and AEON Retail Co., Ltd. Furthermore, as of today, 4 employees of the Target Company have been seconded to the Tender Offeror.
	Transactional Relationship	There are transactions related to the management of funds between the Tender Offeror and the Target Company. Additionally, there are transactions regarding the provision of services such as facility management between the Tender Offeror group (excluding the Target Company) and the Target Company.
	Circumstances Regarding Related Parties Status	The Target Company is a consolidated subsidiary of the Tender Offeror and qualifies as a related party of the Tender Offeror.

(Note) The “Major Shareholders and Ownership Ratios (as of August 31, 2024)” is based on the “Status of Major Shareholders” reported in the 52nd Semi-Annual Report submitted by the Target Company on October 11, 2024.

(2) Schedule

i. Schedule

Resolution of Board of Directors	February 28, 2025 (Friday)
Date of Public Notice of Commencement of Tender Offer	March 3, 2025 (Monday) Public notice will be made electronically, and a notice thereof will be published in the *Nikkei*. (Electronic public notice address https://disclosure2.edinet-fsa.go.jp/)
Filing Date of Tender Offer Registration Statement	March 3, 2025 (Monday)

ii. Period for Purchase as of the Time of Filing
From March 3, 2025 (Monday) to April 24, 2025 (Thursday) (38 business days)

iii. Possibility of Extension Based on the Target's Request
Not applicable.

(3) Price for Purchase

i. Common shares: 5,400 yen per share

ii. Share options

a Stock acquisition rights issued based on the resolution of the Target Company's shareholders meeting held on May 24, 2007, and the resolution of the Target Company's board of directors held on April 10, 2020 (the "13th Stock Acquisition Rights"). (The exercise period is from June 10, 2020, to June 10, 2035)
1 yen per unit

b Stock acquisition rights issued based on the resolution of the Target Company's shareholders meeting held on May 24, 2007, and the resolution of the Target Company's board of directors held on April 9, 2021 (the "14th Stock Acquisition Rights"). (The exercise period is from June 10, 2021, to June 10, 2036)
1 yen per unit

c Stock acquisition rights issued based on the resolution of the Target Company's shareholders meeting held on May 24, 2007, and the resolution of the Target Company's board of directors held on April 7, 2022 (the "15th Stock Acquisition Rights"). (The exercise period is from June 10, 2022, to June 10, 2037)
1 yen per unit

d Stock acquisition rights issued based on the resolution of the Target Company's shareholders meeting held on May 24, 2007, and the resolution of the Target Company's board of directors held on April 11, 2023 (the "16th Stock Acquisition Rights"). (The exercise period: from June 10, 2023, to June 10, 2038)
1 yen per unit

e Stock acquisition rights issued based on the resolution of the Target Company's shareholders meeting held on May 24, 2007, and the resolution of the Target Company's board of directors held on April 24, 2024 (the "17th Stock Acquisition Rights" and the 13th Stock Acquisition Rights, the 14th Stock Acquisition Rights, the 15th Stock Acquisition Rights, the 16th Stock Acquisition Rights, and the 17th Stock Acquisition Rights are collectively referred to as "the Stock Acquisition Rights.") (The exercise period is from June 10, 2024, to June 10, 2039)
1 yen per unit

(4) Basis of Calculation of Price for Purchase

i. Basis of Calculation

a Common Shares

The Tender Offeror requested Nomura Securities, its financial advisor, to conduct an assessment of the value of the

Target Company's shares to ensure the fairness of the Tender Offer Price. Nomura Securities considered the Target Company's financial situation, trends in the market price of the Target Company's shares, and concluded that a multifaceted evaluation was appropriate. They examined various valuation methods and determined the following methods to be used for valuing the Target Company's shares: the market price average method (given the existence of market prices), the comparable company analysis method (as there are publicly listed companies comparable to the Target Company, allowing for inferring the value of the Target Company's shares through peer comparisons), and the discounted cash flow (DCF) method to reflect the company's future business activities. Based on these methods, Nomura Securities arrived at an assessment of the Target Company's share value, and on February 28, 2025, the Tender Offeror obtained a valuation report from Nomura Securities (hereinafter referred to as "the Tender Offeror's Valuation Report"). It should be noted that Nomura Securities does not fall within the category of related parties of the Tender Offeror and the Target Company and has no significant interest in this tender offer. Additionally, the Tender Offeror believes that sufficient consideration has been given to the interests of the minority shareholders of the Target Company; therefore, the Tender Offeror has not obtained a fairness opinion from Nomura Securities regarding the fairness of the tender offer price.

The range of the value per share of the Target Company determined by Nomura Securities using the above methods is as follows:

Market price average method: 4,209 yen to 4,625 yen
Comparable company analysis method: 3,243 yen to 4,559 yen
DCF method: 4,478 yen to 6,303 yen

For the market price average method, using February 27, 2025, as the reference date, the closing price of the Target Company's shares on the TSE Prime Market on that date was 4,625 yen, with the simple average closing price over the last five trading days being 4,543 yen, over the last month being 4,209 yen, over the last three months being 4,276 yen, and over the last six months being 4,246 yen, leading to a calculated range of 4,209 yen to 4,625 yen per share. For the comparable company analysis method, the share value of the Target Company was determined by comparing it to publicly listed companies with similar business activities based on market prices and financial indicators reflecting their profitability, resulting in a calculated range of 3,243 yen to 4,559 yen per share. For the DCF method, the Tender Offeror considered the business plan provided by the Target Company for the six fiscal periods from February 2025 to February 2030, which had been confirmed by the Tender Offeror, including the projected revenues and investment plans derived from management interviews with the Target Company and publicly disclosed information. Based on future revenue forecasts for the Target Company from the fourth quarter of fiscal year ended February 2025 onward, the expected future free cash flows were discounted to present value using a certain discount rate to analyze the corporate value and share value of the Target Company, resulting in a calculated range of 4,478 yen to 6,303 yen per share. It should be noted that the fiscal years expected to involve significant increases or decreases in earnings were not included in the aforementioned business plan. Furthermore, this business plan does not presume the execution of this transaction, and the synergies expected to result from the execution of this transaction are not specifically estimated at this time and therefore are not included in the plan. The Tender Offeror, based on both the valuation results obtained from the Tender Offeror's Valuation Report, as well as the results of the due diligence conducted on the Target Company from mid-January to mid-February 2025, the evaluation of whether the Target Company's board of directors supports the tender offer, and the outlook for participation in the tender offer, considered the outcomes of negotiations and discussions with the Target Company, and ultimately decided the tender offer price at 5,400 yen on February 28, 2025.

The Tender Offer Price of 5,400 yen represents a premium of 16.76% over the closing price of 4,625 yen for the target company's shares on the TSE Prime Market on the business day preceding the announcement date of this public tender offer (February 27, 2025), as well as premiums of 28.30%, 26.29%, and 27.18% over the simple average closing prices of 4,209 yen, 4,276 yen, and 4,246 yen for the past one month, three months, and six months, respectively, ending on that date.

b The Stock Acquisition Rights

The new stock acquisition rights can only be exercised if, at the time of exercise, the rights holder is serving as a director, employee, or in an equivalent position within the Target Company or Target Company Group, or if they have resigned as a director or auditor of the Target Company within the past five years. Therefore, even if the Tender Offeror acquires the new stock acquisition rights through this Tender Offer, it is understood that they cannot exercise these rights. Consequently, the Tender Offeror has decided on February 28, 2025, to set the purchase price for the new stock acquisition rights at one yen each.

Since the Tender Offeror has determined the purchase price for the new stock acquisition rights as stated above, it has not obtained valuation reports or opinions (fairness opinions) from any third-party evaluation institutions.

(Note) Nomura Securities, in determining the value of the Target Company's shares, has based its calculations on the premise that all publicly available information and information provided to Nomura Securities is accurate and complete, and it does not independently verify the accuracy or completeness of such information. No independent appraisal, assessment, or evaluation of the assets or liabilities (including financial derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of the Target Company and its affiliates has been conducted, nor has it requested an appraisal or assessment from a third party. The financial forecasts of the Target Company (including profit plans and other information) have been prepared reasonably based on the best and most sincere predictions and judgments available to the Tender Offeror's management at this time. The valuations by Nomura Securities reflect the information and economic conditions obtained by Nomura Securities up to February 27, 2025. Furthermore, the valuation by Nomura Securities is solely to serve as a reference for the Tender Offeror's Board of Directors in considering the value of the Target Company's shares.

(5) Number of Shares, Etc. to Be Purchased

Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
20,252,536 shares	4,297,400 shares	- shares

(Note 1) If the aggregate number of the shares, etc. tendered in the Tender Offer (the "Tendered Shares, Etc.") is less than the minimum number of shares to be purchased (4,297,400 shares), the Tender Offeror will not purchase any of the Tendered Shares, Etc. If the aggregate number of the Tendered Shares, Etc. is equal to or greater than the minimum number of shares to be purchased, the Tender Offeror will purchase all of the Tendered Shares, Etc.

(Note 2) In this tender offer, no upper limit has been set for the number of shares to be purchased, so the number of shares to be purchased indicates the maximum number of shares of the Target Company that the Tender Offeror is expected to acquire through this tender offer. This maximum number is calculated by subtracting the number of shares held by the Tender Offeror as of today (27,613,050 shares) from the basic number of shares (47,865,586 shares), resulting in a total of 20,252,536 shares.

(Note 3) Shares of less than one unit are also included in this tender offer. Furthermore, if the right to request the purchase of shares less than one unit is exercised by shareholders in accordance with the Companies Act, the Target Company may, in accordance with statutory procedures, repurchase its own shares during the tender offer period.

(Note 4) Through this tender offer, there are no plans to acquire treasury shares held by the Target Company.

(Note 5) Shares of the Target Company that are issued or transferred through the exercise of the Stock Acquisition Rights before the end of the public tender offer period are also included in the public tender offer.

(6) Aggregate Tender Offer Price: 109,364 million yen

(Note) The aggregate tender offer price is calculated by multiplying the number of shares to be purchased in the Tender Offer (20,252,536 shares) by the Tender Offer Price (5,400 yen).

(7) Commencement Date of Settlement

Friday, May 2, 2025

(8) Tender Offer Agent

Nomura Securities Co., Ltd. 1-13-1 Nihonbashi, Chuo-ku, Tokyo