

Financial Results for the Three Months Ended May 31, 2021

AEON DELIGHT CO., LTD.

July 7, 2021

1 Financial Report for 1Q of FY2/22

2 Medium-term Management Plan (FY2/22-FY2/24) Progress against KPI

Consolidated Statement of Income

Net sales, operating income and ordinary income increased owing to the reactionary rise from the decline in the same period of last year due to the State of Emergency.

Net sales increased compared with the 1Q of FY02/19. (before the pandemic)

(100 million yen)

	FY2/21 1Q (Ratio to sales)	FY2/22 1Q (Ratio to sales)	Difference	Percentage change	Comparison with 1Q of FY02/19
Net sales	735 (100.0%)	796 (100.0%)	61	108.4%	100.8%
Gross profit	89 (12.2%)	97 (12.3%)	8	109.0%	101.4%
SG&A expenses	55 (7.5%)	60 (7.6%)	5	109.6%	103.5%
Operating income	34 (4.7%)	37 (4.7%)	2	107.9%	98.1%
Ordinary income	34 (4.7%)	37 (4.7%)	2	108.4%	98.1%
Net income attributable to owners of parent	29 (4.1%)	25 (3.1%)	▲4	83.8%	121.1%

Impact of COVID-19 on operating income for the first quarter was within the initial projection

Due to the impact of shortened operating hours of facilities and self-restraint from going outside amid the continued spread of infections, we estimate the -500 million yen impact on full-year operating income

**The impact of COVID-19 on operating income for 1Q was
About -170 million yen**

Sales by Segment

Sales increased in six businesses, excluding construction work where some construction were delayed

	FY2/21 1Q	FY2/22 1Q	Percentage change	Comparison with 1Q of FY02/19	(100 million yen)
Facilities management	145	155	106.9%	103.9%	
Security services	108	116	107.3%	104.4%	
Cleaning services	150	165	110.4%	107.6%	
Construction work	115	112	97.2%	93.3%	
Materials/supplies sourcing services	129	141	109.0%	108.8%	
Vending machine services	47	65	138.2%	84.8%	
Support services	39	41	103.8%	84.4%	
Total	735	796	108.4%	100.8%	

Profit by Segment

Profits increased in six businesses. Our COVID-19 response contributed to the performance of the cleaning services.

	FY2/21 1Q	FY2/22 1Q	Percentage change	Comparison with 1Q of FY02/19	(100 million yen)
Facilities management	12.5	12.7	101.5%	89.0%	
Security services	7.6	7.9	104.3%	109.1%	
Cleaning services	16.4	19.7	119.9%	114.5%	
Construction work	11.3	10.6	93.7%	97.6%	
Materials/supplies sourcing services	6.1	6.5	107.2%	92.2%	
Vending machine services	▲0.1	1.1	-	45.2%	
Support services	0.0	1.1	1480.1%	-	
Total	54.1	60.0	110.9%	103.1%	

※Operating loss of the support services in 1Q FY02/19 was 120 million yen.

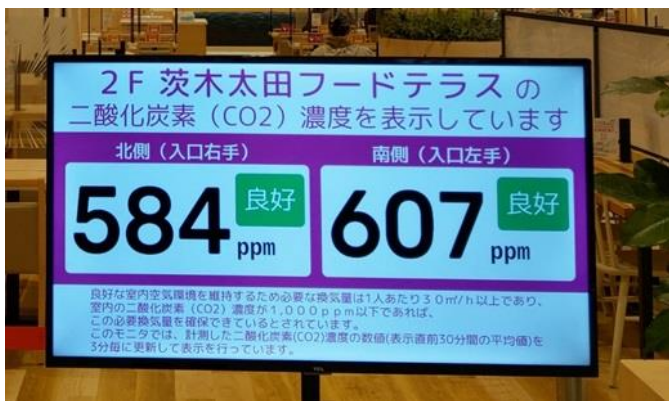
Consolidated Balance Sheet

(100 million yen)

Assets	FY2/21	FY2/22 1Q	Difference	Liabilities and net assets	FY2/21	FY2/22 1Q	Difference
Current assets	1,100	1,098	▲ 1	Current liabilities	441	430	▲ 10
Tangible fixed assets	94	93	▲ 1	Fixed liabilities	41	38	▲ 3
Intangible fixed assets	55	54	▲ 0	Total liabilities	482	469	▲ 13
Investments, etc.	115	111	▲ 4	Shareholder's equity	866	868	1
Fixed assets	265	258	▲ 6	Total net assets	882	888	5
Total assets	1,365	1,357	▲ 7	Total liabilities and net assets	1,365	1,357	▲ 7

Major Initiatives in FY2/22 1Q ① Response to COVID-19 Infections

Aiming to create a society in which epidemic prevention is a part of daily habit, we will continue to take various epidemic prevention measures, such as preventing contact and droplet infections.



Installed carbon dioxide meter at more than **400** Aeon stores to date to improve ventilation system

Jointly develop a network-type carbon dioxide monitoring system with a manufacturer to further promote ventilation

Introduced to a total of **42** Aeon stores and stadiums

<Customer-oriented Management>

**Provide market-oriented services to solve customers' problems
under the supervision of Marketing DX**

● Targeting

- Analyze existing customers outside the Aeon Group
- Select target companies to expand market share within existing customers and cultivate new customers

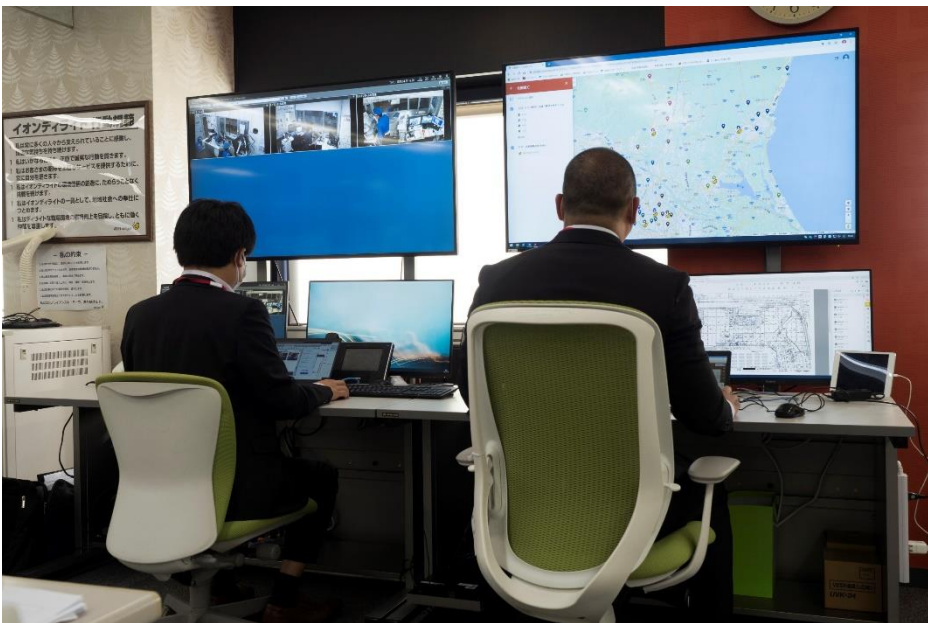
● Strengthen account sales

- Establish account manager position to promote understanding of customers and industries
- Increase market share for current key customers by improving customer satisfaction.

Major Initiatives in FY2/22 1Q ③ Development of Area Management

<Promotion of DX>

Customer Support Center (CSC) started operation nationwide from March
Accelerate development of new facility management model "Area Management"



Branch CSC, which began operations in March

- Collecting customer information and voices
- Remote control/centralized monitoring of movement of people within the facility

Achieved labor saving and unmanned operation at a total of **95** facilities through remote support by CSC and labor-saving on-site operations utilizing various systems and sensors

Approximately **70** specialists were reassigned to new consignment properties and sales centers in conjunction with the reduction of on-site staffs

Accelerate the development of **area management**, which involves managing multiple facilities in areas, mainly patrols, switching from on-site type facility management

Major Initiatives in FY2/22 1Q ④-1 Business Expansion in Asia

<Group Management>

**Accelerate business expansion through group management
focusing on business development throughout China**

**Regional
headquarter**



**With the establishment of AD China
(April 2021)**

- **Strengthen group governance**
- **Maximize synergies among operating companies**
- **Establish the Aeon Delight brand in China through integrated management of service quality**

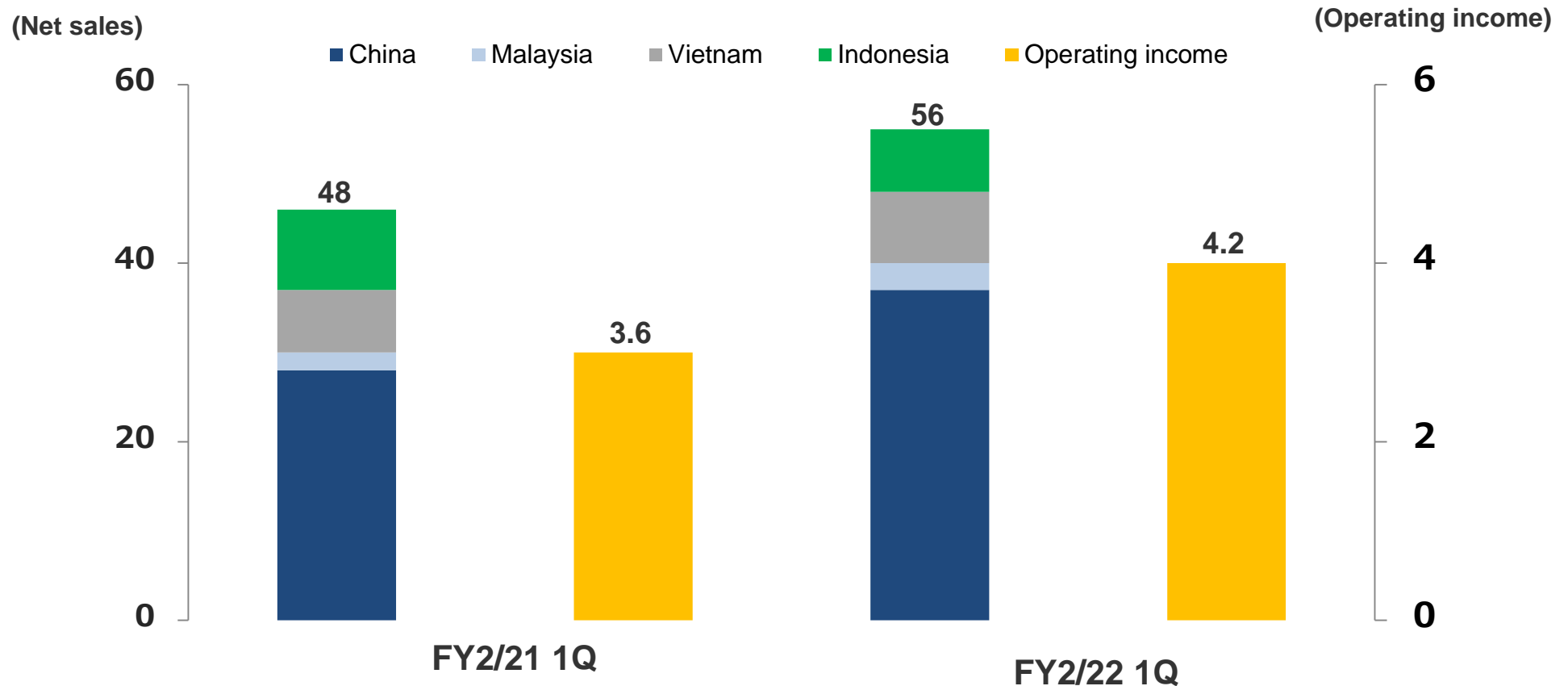
**Accelerate business expansion in Eastern
China and Central China
With a view to expanding business in
Northern and Southern China**

Major Initiatives in FY2/22 1Q ④-2 Business Expansion in Asia

Steady business expansion in China. In the continuing harsh business environment in ASEAN countries due to the measures against COVID-19, we continued to provide services to support facilities which is one of infrastructure for local communities

Net sales were 117.0% YoY and operating income was 116.4% YoY* in overseas

Overseas Business: Net Sales / Operating Income (100 million yen)



* Figures are simple totals of results of operating companies.

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2 Medium-term Management Plan (FY2/22-FY2/24) Progress against KPI

Mid-term Management Plan Progress against KPI (Key Performance Indicator)

Steadily promote key measures by monitoring KPIs

Basic Policy	KPI (at the end of FY02/24)	Progress rate	At the end of FY02/21
Customer-oriented management	Ratio of sales inside/outside the AEON Group 60%:40%	64.6% : 35.4%	64.3% : 35.7%
Promotion of DX	Operating income ratio of 6.0%, sustaining the standard of ROE 12% through increasing operating income	Operating income margin: 4.7% ROE: —※	Operating income margin: 5.1% ROE: 14.1%
	Number of facilities introducing area management: 360	95 facilities	—
	Reduction in number of on-site staff through area management: 180	About 70 staffs	—
	Allocation of 20% of staffs in the headquarters to front office by consolidating head office functions	—※	—
Group management	Net sales of 65.0billion yen consolidated with group companies in Japan	—※	52.8billion yen
	Overseas sales ratio: over 8%	7.1 %	6.7%
	Shift to shared services for domestic group finance and accounting departments	—※	—

Improved items with blue color

※Some indicators are to update yearly.

(Ref.) Planned figures for FY2/22

Enhancing the foundation for profit increase
by investing to DX and human resource fields aggressively

(100 million yen)	FY2/21 Result (Ratio to sales)		FY2/22 Forecast (Ratio to sales)		Percentage change
Net sales	3,000	(100.0%)	3,250	(100.0%)	108.3%
Operating income	152	(5.1%)	165	(5.2%)	108.3%
Ordinary income	152	(5.1%)	165	(5.2%)	108.1%
Net income attributable to owners of parents	116	(3.9%)	105	(3.2%)	89.9%

● Expected impact of COVID-19 and former KAJITAKU on operating income for FY2/22

- COVID-19: -0.5 billion yen (FY2/21: -1.5 billion yen)
- Former KAJITAKU: -0.3 billion yen (FY2/21: -1.0 billion yen)

If you have any questions or comments, please contact us below.

- These materials contain statements about forecasts and estimates relating to the future plans, strategies, and performance of AEON DELIGHT.

These statements are based not only on past performance, but also on assumptions based on information currently available to the company. For this reason, please note that the actual performance may differ from our estimates.

- The information contained in these materials has been prepared by the following methods if not specifically stated otherwise.

- ◇ All statements are based on consolidated results
- ◇ All figures of less than 100 million yen have been rounded down
 - ※Round to the nearest 100 million yen only in page 6
- ◇ Percentages have been rounded off to one decimal place

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Please contact us on our website.
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Based on information available up to the date of publication (July 7, 2021)
These forecasts have been prepared and are subject to change due to various factors going forward.