Supplementary Information on the Financial Results for the Three Months Ended May 31, 2015

ÆON DELIGHT CO., LTD.

July 8, 2015

FY2/16 1Q Financial Highlights

Changes in the business environment

- Among major medical institutions, universities and some major manufacturers, there are increasing trends toward revamp of installation management from the standpoints of quality and cost, and greater demand for comprehensive facility management (FM) services.
- Employee supply-demand is tightening, and for definite acceptance of new inquiry properties, securing human resources and reinforcement of education and training systems are matters of urgency.
- For FM services, demand continues to be exceeding the supply in China and ASEAN countries

Financial summary

- Sales and earnings increased and achieved the highest income backed by increasing needs for FM services (Net sales 70.5 billion yen, 106.1% YoY / Operating income 3.6 billion yen, 102.4% YoY)
- Acquired new customers outside the AEON group including 21 medical-related facilities etc. (doubled the number of hospital bed YoY)
- To further bolster competitive advantages in the hygiene control segment, implemented measure to make cleaning quality more visible. In the energy solutions segment, measures are going forward to bring in and develop remote control systems using IoT.
- For overseas business, expand customer base by providing services to 155 facilities in China, 122 facilities in Malaysia and 171 facilities in Vietnam mainly for individual orders

FY2/15 1Q Financial Summary

Sales and earnings increased and were all-time highs due to steady increase of orders for large facilities and business growth of subsidiaries including overseas subsidiaries.

100 million yen

	FY2/16 1Q			FY2/15 1Q	
	Amount	Pct. to net sales (%)	YoY (%)	Amount (actual)	Pct. to net sales (%)
Net sales	705	100.0	106.1	664	100.0
Operating income	36	5.1	102.4	35	5.3
Ordinary income	36	5.2	102.6	35	5.4
Net income	20	2.9	103.1	20	3.0

Net Sales by Segment

Net sales of each six businesses increased YoY. Double increase in construction work business and support business. Vending machine business implemented the measures for provision of new value, while the sales volume in the whole industry is decreasing.

100 million yen

	FY2/16 1Q actual			FY2/15 1Q actual	
	Net sales	Composition ratio (%)	YoY (%)	Net sales	Composition ratio (%)
Facilities management	121	17.2	107.8	112	16.9
Cleaning services	116	16.5	106.5	109	16.5
Security services	93	13.2	104.2	89	13.4
Construction work	130	18.5	110.1	118	17.8
Materials/supplies sourcing services	120	17.1	103.1	117	17.6
Vending machine services	81	11.5	97.3	83	12.5
Support services	42	6.0	121.6	34	5.2

Initiatives Results by Segment

Facilities management	In addition to new consignments, those for Freon control agency work under the "Law Related to Freon Control" expanded in and after April. Energy management system development is going forward.
Cleaning services	Increased shares in the hospital nursing market by providing the unique hygiene control services for medical-related facilities. Implemented the continuous quality improvement of cleaning services
Security services	Contracts for permanent and temporary security at newly opened facilities expanded, as did attendee welcoming services within facility security. 35 shops have brought in the latter.
Construction work	To increase customer drawing power, promoted proposals to corporations looking to invest in commercial facilities. Contracts are expanding well, centering on invigoration of existing shops and on maintenance and repair construction
Materials/supplies sourcing services	Orders from both new and existing customers are increased. Continued to promote the initiatives for profitability improvement by reducing procurement and distribution costs with using electronic negotiation systems
Vending machine services	While the YoY sales volume in the whole industry is decreasing, established new division specialized in customer cultivation. Developed and expanded the sales of private brand beverages for bending machine. Advertised digital signage vending machines.
Support services	Expanded sales of housework services "KAJICloud" by KAJITAKU Co., Ltd. (Up 148.2% YoY) Expansion of living support services contributed to the sales growth.

Consolidated Balance Sheet: FY2/16 1Q

100 million yen

	February 28, 2015 End of FY2/15	May 31, 2015 1Q	Difference		February 28, 2015 End of FY2/15	May 31, 2015 1Q	Difference
Current assets	1,044	1,047	2	Current liabilities	466	462	△4
Fixed assets	215	216	0	Fixed liabilities	19	18	△0
Tangible fixed assets	43	44	0	Total liabilities	485	480	△5
Intangible fixed assets	109	108	△0				
Investments, etc	62	63	0	Total net assets	774	783	8
Total assets	1,260	1,263	3	Total liabilities and net assets	1,260	1,263	3

Consolidated Cash Flow Statement: FY2/16 1Q

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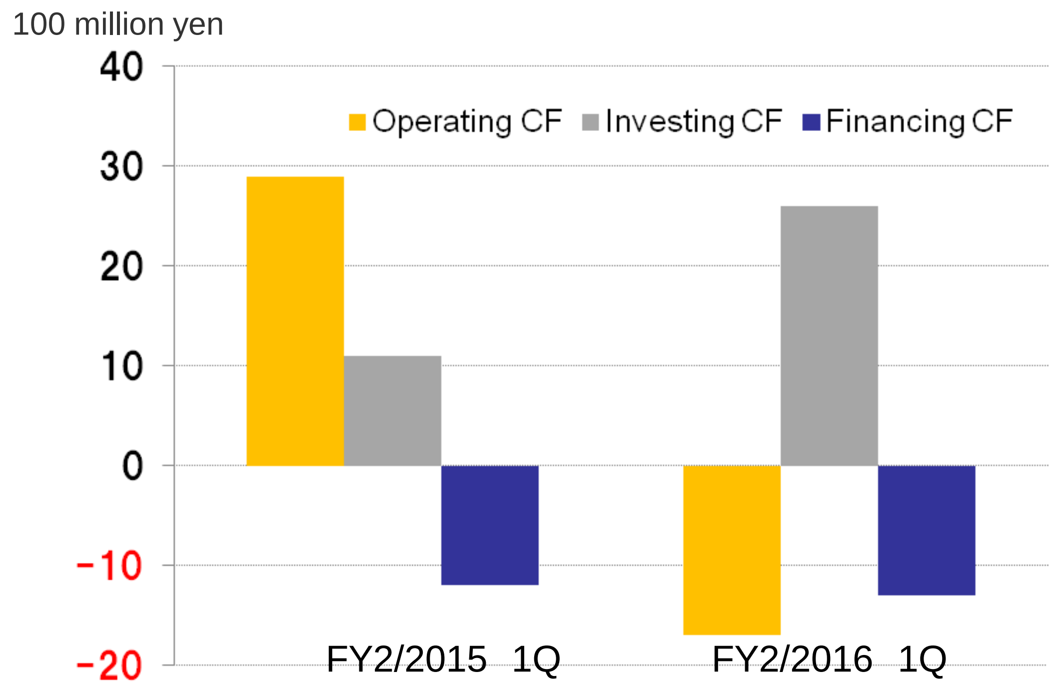


	FY2/2015 1Q	FY2/2016 1Q	Change
Cash flows from operating activities	29	△17	△47
Cash flows from investing activities	11	26	14
Cash flows from financing activities	△12	△13	△0
Cash and cash equivalents at the end of year	148	149	0

Major factors for increase/decrease(100 million yen)

【 Operating cash flows 】 △17

Income before income taxes	36
Decrease (increase) in accounts receivable	△37
Increase (decrease) in accounts payable	26
Decrease (increase) in consumption tax payable	△11

【 Investing cash flows 】 26

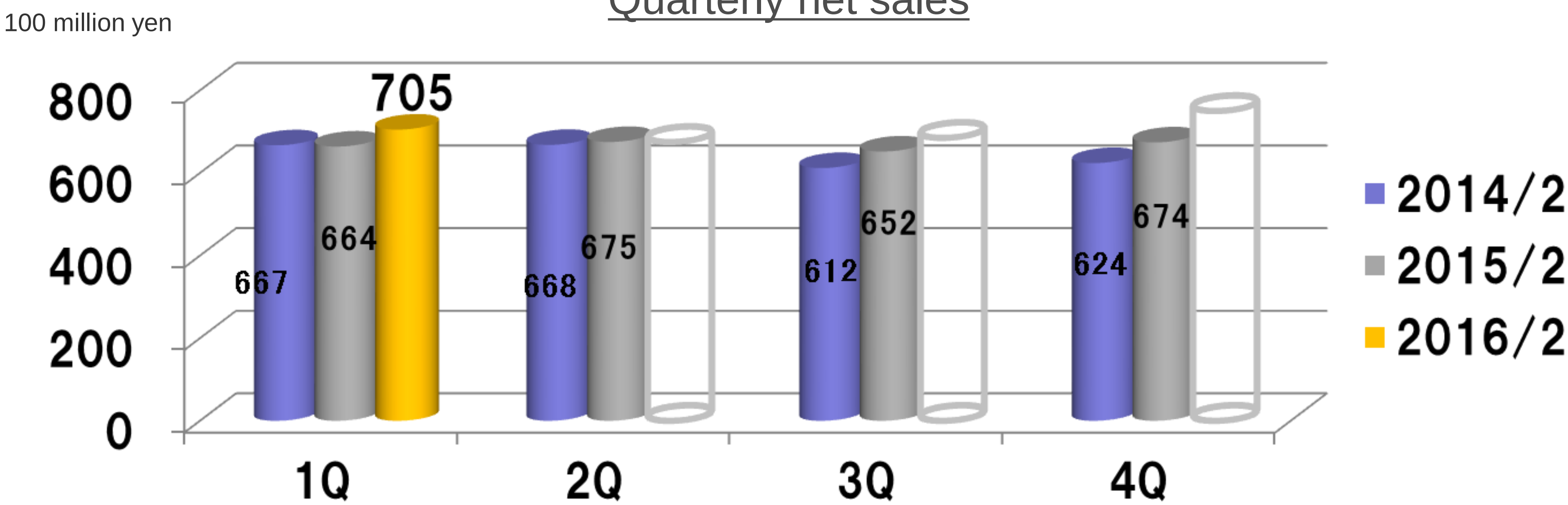
Increase (decrease) in deposit of subsidiaries and affiliates for consumption	34

【Financing cash flows】 △13

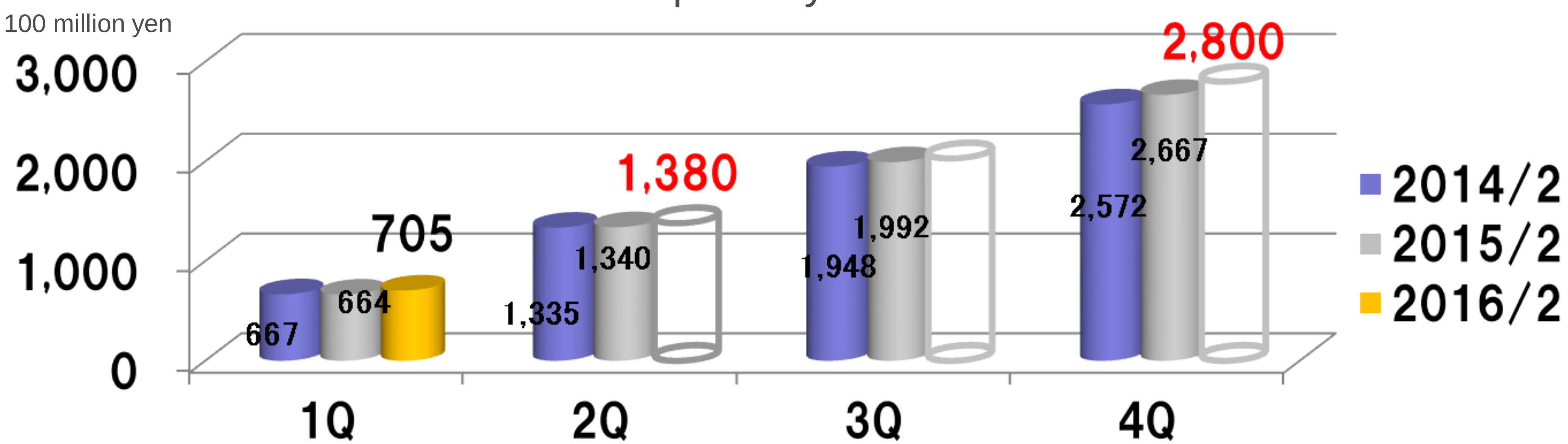
Dividend payment	△13

Quarterly Net Sales for the Past Three Years

Quarterly net sales

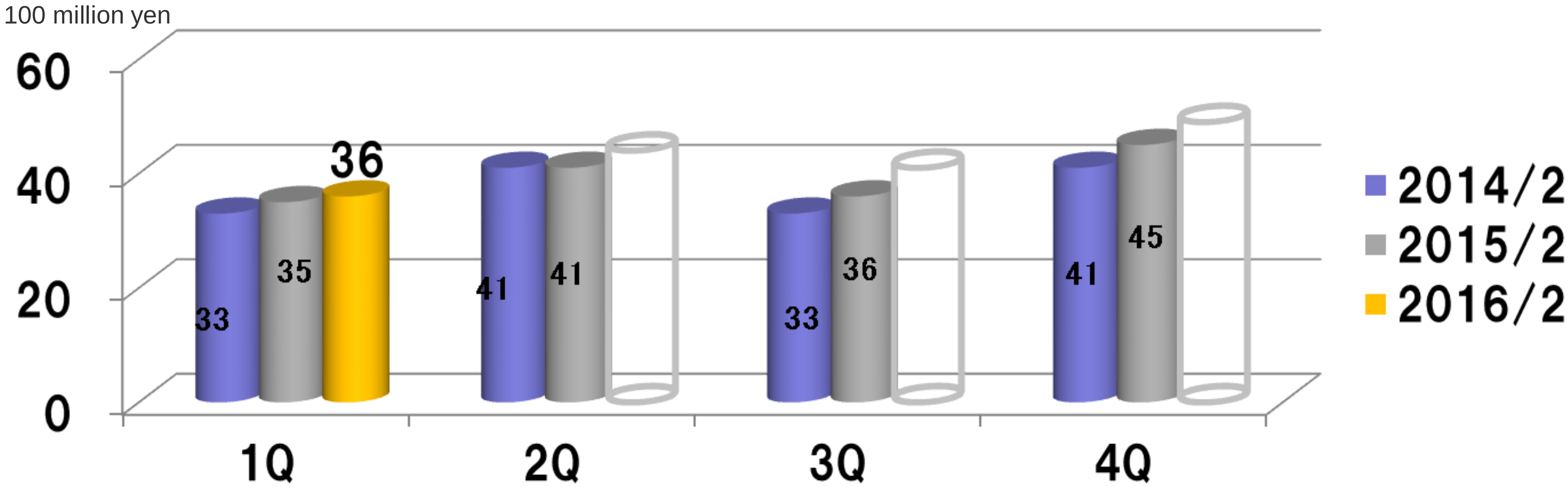


Total quarterly net sales

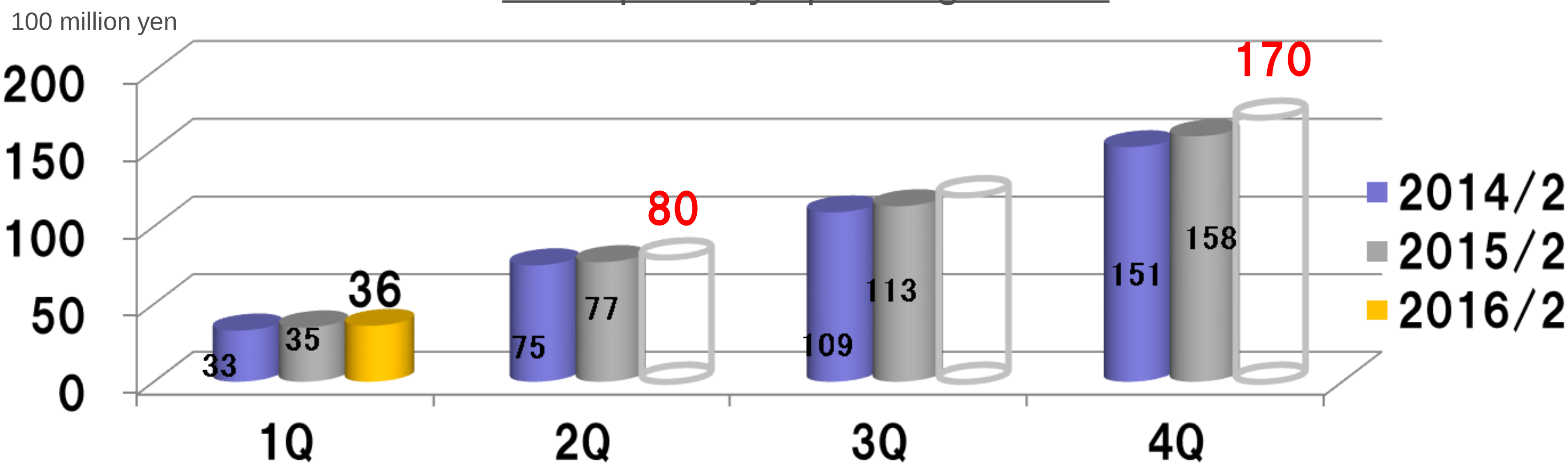


Quarterly Operating Income for the Past Three Years

Quarterly operating income



Total quarterly operating income



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■ Strengthen business competitiveness

Hygiene control	・Make cleaning quality more visible. Building evaluation standards for infection control at medical facilities ・Implement on-site quality improvement continuously ・Challenge for innovation in the cleaning industry：Develop cleaning robots
Energy solution	・Introduce and operate unique telecontrol system capable realizing energy and cost saving through comprehensive management of various equipments introducing IoT (Internet of Things)
Asia	China：Enhance the local management structure . In Jiangsu, aim to expand customers outside the AEON group driven by offering services to increasing AEON stores. Malaysia：Accelerate the efforts to further increase contracts by AEON group. To meet the needs for energy saving, promote the facility management-integrated energy saving services Vietnam：Expand the business area by establishing new office (Hanoi office)

■ Enhance the organizational framework

Recruit more people, strengthen education and training system	・Strengthen recruiting activity for securing human resources. Established “Education Division” (as of June 1) to enhance the development and training system as a source of competitiveness
Improve the service quality	・Established “Quality Assurance Division” (as of June 1) to maintain and improve service quality and prepare for introducing IOS to FM

(Reference)Initiatives for FY2/16

Positioning of FY2/16

"Favorable conditions and great opportunities"-- Following wind for AEON delight in a management environment

FY2/16 is year to decide the match: Capture market share in Japan and Asia

≪Perceptions of the domestic management environment≫

(1) Inflationary trends will change the management environment. Though pressure will come from cost increases and hiring difficulties, there are opportunities in our competitive environment. Oligopolization in the market will enhance.

(2) At large facilities, tendencies toward bundled entrusting of facility management services are notable, increasing switching of outsourcers (many inquiries from hospitals, universities, large corporations)

(3) Greater consciousness of emergency responses and safety in abnormal weather and natural disasters

(4) Retail industry is experiencing a difficult struggle since last year's consumption tax rate hike. Increase in investment interest at commercial facilities.

(5) Full scale invasion of the industry by foreign major companies and companies in other industries is nearing. Competition will soon be characterized by facility management by international standard specifications and by reform-driven innovation.

≪Perceptions of the management environment in China≫

(1) Real estate market shifts point to waning condominium demand, particularly in the major cities. The priority trend is away from expansion and toward quality. In commercial facilities, energy conservation is inevitable.

(2) Business areas will be expanded centering on companies that join our Group by means of joint venture strategies. We are searching for new energy conservation partners. The pace of China's commercialization is extremely high.

≪Perceptions of the ASEAN management environment≫

(1) The stages of FM business development vary by country. Singapore and Malaysia are advanced countries in FM operations, and foreign companies in Europe and the U.S. have made advances there, but no company is overwhelmingly prominent.

(2) The business is undeveloped, and it is necessary to build an industry top class business foundation before a competitive landscape is fixed up.

FY2/16 Priority Measures

① Expand customers outside the AEON Group

① Supplement the new sales force ② M&A (facilities management subsidiaries of major companies)

③ Focus on capture of hospital nursing facilities ④ Reinforce the sales of patrol centers

⑤ Develop continuous sales ⑥ Expand the route of customer introductions from consulting companies

② Establish competitive advantages

① Secure labor power and cooperating companies

② Added value creation, innovation

Hygiene control business：Develop cleaning robots and put it into practical use

Energy solution business：R&D of next-generation facility management

③ Expand the business in Asia

① China：Expand the business area, reorganization, create product models for energy conservation packages by means of alliances

② Malaysia：Cultivate customers with ESCO business. Promote to change the outsourcing contractor of facilities, operated by AEON group, to AEON delight. Increase contracts outside the AEON group.

③ Vietnam：M&A, Accelerate the growth by means of alliances, Establish Honoi Office

Business Forecast for FY2/16

(100 million yen)

	Full-year forecast for FY2/16			FY2/15 actual	
	Amount	Pct. to net sales (%)	YoY (%)	Amount (Actual)	Pct. to net sales (%)
Net sales	2,800	100.0	105.0	2,667	100.0
Operating income	170	6.1	107.2	158	5.9
Ordinary income	170	6.1	106.6	159	6.0
Net income	94	3.4	107.7	87	3.3

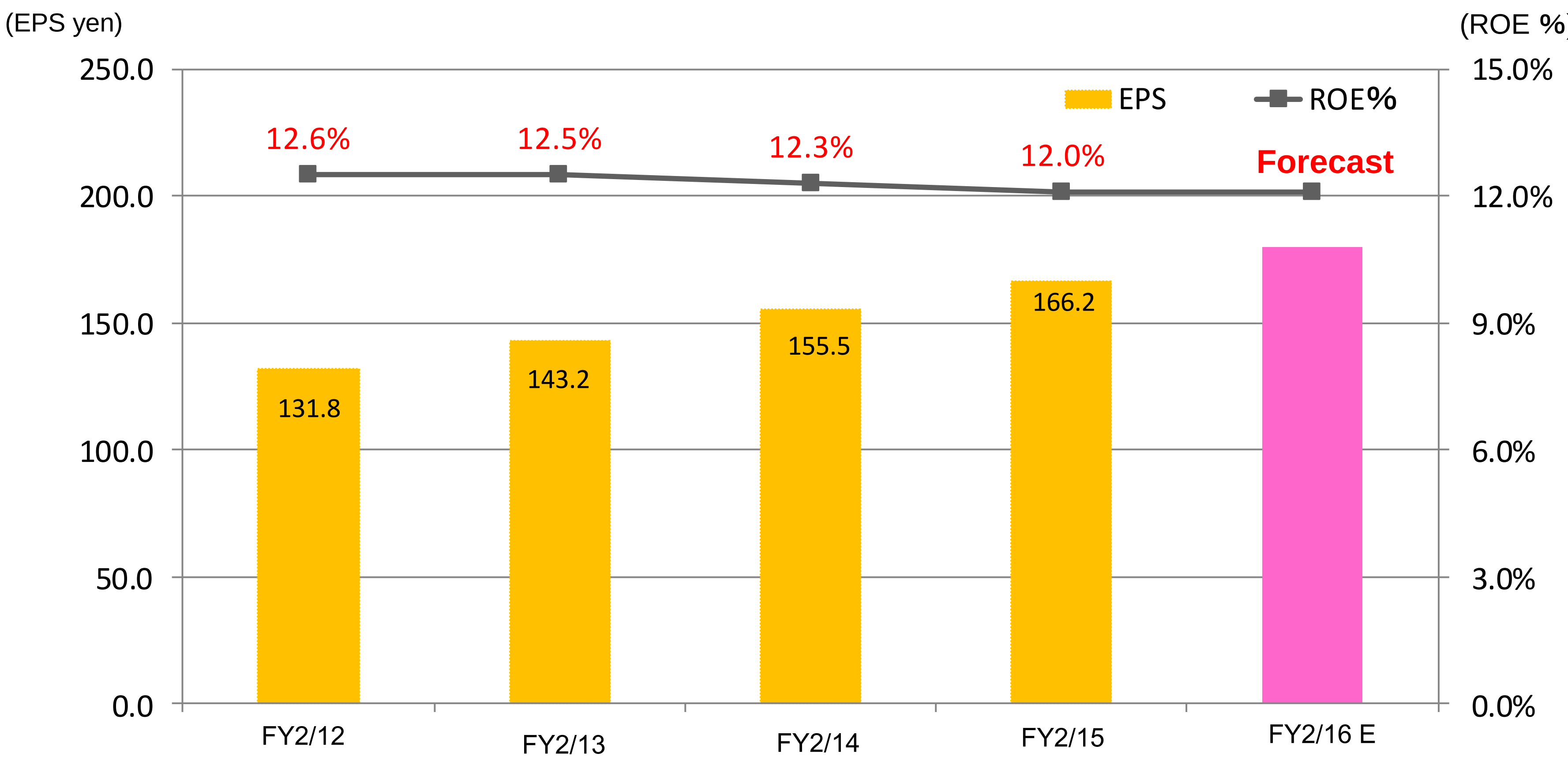
Measures for Operating Income Expansion

FY2/16 Operating income ¥17billion YoY +¥1.2billion

Measures	YoY change（billion）
Measure 1：Expand customers outside the AEON Group	¥1-1.5 billion
Measure 2：Improve profitability of each business	¥1-1.5 billion
Measure 3：Grow the subsidiaries' businesses	¥0.5 billion
Measure 4：Expand contract of AEON Group	¥0.5 billion
1-4 Total: Increase in gross profit margin	¥3-4 billion
YoY Increase in SG&A	▲¥2 billion
YoY Increase in operating income	¥1-2 billion

Regard **ROE** as an important indicator, and maintain **12%** level

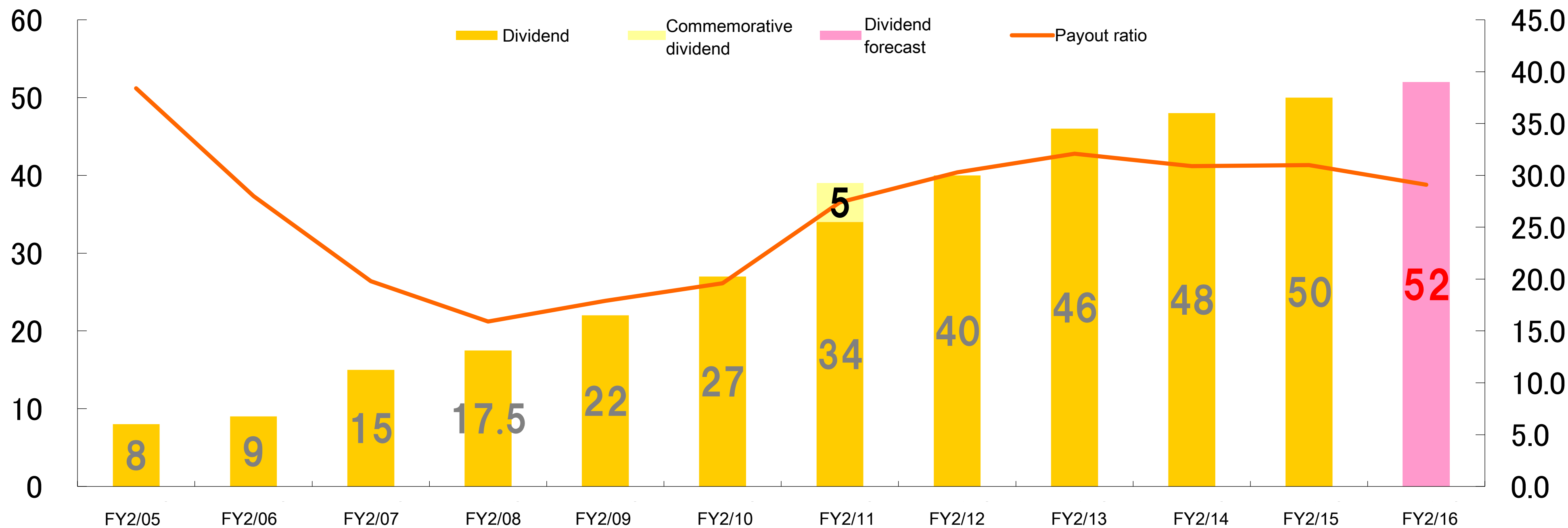
- ROE : Emphasize the ROE as a management discipline for shareholders, with aiming point of 12% level
- Dividend ratio : Place the most importance on stable dividend, maintain 30% level of payout ratio for recent five years



Shareholder Return

Aim for eleven consecutive years of increased dividends since FY2/05

	FY2/04	FY2/05	FY2/06	FY2/07	FY2/08	FY2/09	FY2/10	FY2/11	FY2/12	FY2/13	FY2/14	FY2/15
Dividend	¥8.0	¥9.0	¥15.0	¥17.5	¥22.0	¥27.0	¥39.0	¥40.0	¥46.0	¥48.0	¥50.0	¥52.0
Payout ratio	38.4%	28.0%	19.8%	15.9%	17.9%	19.6%	27.4%	30.3%	32.1%	30.9%	30.1%	29.1%



*On December 1, 2007, the company conducted a two-for-one stock split. The dividend amount assumes that the stock split was conducted at the beginning of FY2/05.

*A commemorative dividend of 5.00 yen is included in the year-end dividend for FY2/11.

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

◇ Percentages have been rounded off to one decimal place

AEON DELIGHT CO., LTD.

(Stock code: 9787)

IR Contact　Yoshiaki Kyomoto
Group Strategy Div.
TEL **043-351-2563**

Or visit our website at:
http://www. aeondelight. co. jp

This presentation has been prepared based on the information available as of the date of the presentation (July 8, 2015). The business forecasts may be revised due to various factors that may arise in the future.