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Aeon Delight

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Executive summary

Aeon Delight Co., Ltd. is Japan's largest facilities management company, providing various solutions for customer facilities and their surrounding environments. The company provides services for integrated facilities management and ancillary work that is non-core for the customer. These services improve overall facility costs and streamline the customer's operations. Aeon Delight is more than 50% owned by Aeon Co., Ltd. (TSE Prime: 8267). Aeon is a large retailing group, comprising more than 300 Japanese and overseas companies and generating group sales of more than JPY9tn. In FY02/24, Aeon Delight derived 62.2% of its sales from transactions within the group.

Looking at performance by segment, in FY02/24 Facilities Management accounted for 21.4% of total sales and 24.9% of operating profit. The corresponding figures were 15.7% and 13.1% for Security Services, 21.7% and 22.2% for Cleaning Services, 18.2% and 22.4% for Construction Work, 14.3% and 9.8% for Materials and Supplies Sourcing Services, 3.0% and 5.4% for Vending Machine Services, and 5.8% and 2.3% for Support Services. Customers from outside the Aeon group are wide-ranging, including commercial facilities, office buildings and offices, hotels and accommodation facilities, medical and welfare facilities, education facilities, factories and workshops, warehouses and distribution centers, government offices, and events. There are many single-year contracts, but the cancellation rate is low. The company's businesses generate recurring revenue.

Aeon Delight has established account managers for its major customers, and manages customer information in a unified manner across businesses. Account managers gain a better understanding of their customers and their respective industries, which leads to improved customer satisfaction and expanded business by sending customers to other businesses. In addition, the company is able to collectively contract services that span multiple divisions (for example, Construction Work is contracted to provide services related to the Facilities Management business), and to provide the same services across Japan to customers who operate nationwide, contributing to an increase in its share of customer wallets.

In the facilities management industry, labor shortage has become an industry-wide issue. In this situation, the company has established customer service centers at all eight branches in Japan to create a system for remote support for customer facilities. At the same time, it has been promoting automation and labor-saving in on-site management operations by installing cameras and sensors at site facilities. The company has also been promoting the introduction of "area management" in which facility managers are shared in a certain area, taking into account customer needs and facility and regional characteristics. This has led to a decrease in the number of facility managers and an increase in unmanned facilities, which in turn has led to cost reduction and has helped to address the labor shortage.

Overseas, the company is active in China, Malaysia, Vietnam, and Indonesia, operating in the Facilities Management, Security Services, Cleaning Services, and Support Services segments. Around half of overseas customers are Aeon group companies. Overseas operations accounted for 9.9% of sales in FY02/24. The company uses a three-pronged growth strategy that addresses safety and security, manpower shortage, and the environment, and aims to expand its contracted facilities management services throughout the Asian region. In China, the strategy is to provide quality facilities management centered on North, East, Central, and South China to boost the Aeon Delight brand profile.

Trends and outlook

In FY02/24, Aeon Delight reported sales of JPY324.8bn (+6.9% YoY), operating profit of JPY15.2bn (-3.7% YoY), recurring profit of JPY15.5bn (-3.3% YoY), and net income attributable to owners of the parent of JPY10.7bn (+5.5% YoY). The company paid an annual dividend of JPY86 per share, with a payout ratio of 39.1%. Sales grew YoY to exceed the initial target, fueled by a higher share of existing customer wallets in and outside the Aeon group and an increase in new contracts. The company's enhanced sales activities, as well as its track record and expertise, led to an increase in the number of contracts from non-group companies and organizations. Sales increased YoY in all seven segments. Sales growth was particularly notable in Construction Work and Materials and Supplies Sourcing Services. In Construction Work, the company expanded contracts for energy-saving and renovation/repair work. Meanwhile, it increased orders for various materials in Materials and Supplies Sourcing Services. However, operating profit fell YoY as segment profit growth was not enough to offset an increase in SG&A expenses.

For FY02/25, Aeon Delight forecasts sales of JPY340.0bn (+4.7% YoY), operating profit of JPY16.0bn (+5.0% YoY), recurring profit of JPY16.0bn (3.3% YoY), and net income attributable to owners of the parent of JPY10.4bn (-2.9% YoY). The company intends to further expand its market share, while accelerating the transformation into a business model that enables sustainable growth. It forecasts EPS of JPY216.07. It plans to pay an annual dividend of JPY87 per share (payout ratio: 40.3%; +JPY1 YoY), increasing dividends YoY for the twentieth consecutive year.

At the time of its 1H FY02/25 results announcement, Aeon Delight unveiled a new medium-term management plan covering FY2024 through FY2026. Over these three years, the company aims to fully transform its business model to drive future growth, laying the groundwork for sustained growth through bold investments. For FY02/27, it targets sales of JPY400.0bn (+23.1% versus FY02/24) and operating profit of JPY17.0bn (+11.6% YoY).
As its financial policy, the company will make bold investments to drive sustainable growth, while maintaining financial soundness. For shareholder returns, it aims to continuously increase dividends and will flexibly consider and implement share buybacks.

Strengths and weaknesses

Shared Research believes the company's strengths are 1) strong ties with the Aeon group, 2) industry leader in facilities management, and 3) the ability to generate stable cash flows. Weaknesses include its 1) limited organic growth, 2) heavy dependence on the Aeon group, and 3) mature property management market (see Strengths and weaknesses section for details).

Key financial indicators

Income statement	FY02/15	FY02/16	FY02/17	FY02/18	FY02/19	FY02/20	FY02/21	FY02/22	FY02/23	FY02/24	FY02/25
(JPYmn)	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Company forecast
Sales	**265,572**	**277,926**	**292,607**	**292,396**	**302,915**	**308,582**	**300,085**	**317,657**	**303,776**	**324,820**	**340,000**
YoY	3.5%	4.7%	5.3%	-0.1%	3.6%	1.9%	-2.8%	5.9%	-4.4%	6.9%	4.7%
Gross profit	34,290	34,836	35,736	34,871	35,452	38,570	37,175	39,498	41,437	42,613	
YoY	3.1%	1.6%	2.6%	-2.4%	1.7%	8.8%	-3.6%	6.2%	4.9%	2.8%	
Gross profit margin	12.9%	12.5%	12.2%	11.9%	11.7%	12.5%	12.4%	12.4%	13.6%	13.1%	
Operating profit	15,390	14,556	14,139	12,909	13,030	16,001	15,230	15,733	15,814	15,235	16,000
YoY	5.3%	-5.4%	-2.9%	-8.7%	0.9%	22.8%	-4.8%	3.3%	0.5%	-3.7%	5.0%
Operating profit margin	5.8%	5.2%	4.8%	4.4%	4.3%	5.2%	5.1%	5.0%	5.2%	4.7%	4.7%
Recurring profit	15,472	14,534	14,263	13,381	13,362	15,949	15,268	15,789	16,006	15,482	16,000
YoY	6.0%	-6.1%	-1.9%	-6.2%	-0.1%	19.4%	-4.3%	3.4%	1.4%	-3.3%	3.3%
Recurring profit margin	5.8%	5.2%	4.9%	4.6%	4.4%	5.2%	5.1%	5.0%	5.3%	4.8%	4.7%
Net income	**7,965**	**7,247**	**7,093**	**6,397**	**6,415**	**9,348**	**11,680**	**10,665**	**10,152**	**10,707**	**10,400**
YoY	13.2%	-9.0%	-2.1%	-9.8%	0.3%	45.7%	24.9%	-8.7%	-4.8%	5.5%	-2.9%
Net margin	3.0%	2.6%	2.4%	2.2%	2.1%	3.0%	3.9%	3.4%	3.3%	3.3%	3.1%
Per-share data											
Shares issued at year-end(000 shares)	54,170	54,170	54,170	54,170	54,170	54,170	54,170	54,170	50,670	49,170	
EPS	151.7	138.0	135.0	121.7	122.9	187.2	233.7	213.3	203.5	219.7	216.1
EPS (fully diluted)	151.3	137.6	134.6	121.3	122.6	186.9	233.5	213.1	203.4	219.6	
Dividend per share	50	52	55	61	63	65	82	84	85	86	87
Book value per share	1,400	1,471	1,559	1,637	1,466	1,579	1,747	1,891	1,992	2,124	
Balance sheet (JPYmn)											
Cash and deposits	15,580	20,386	31,717	39,536	44,233	62,355	59,773	68,282	57,600	68,350	
Total current assets	**103,634**	**104,190**	**111,098**	**118,311**	**108,771**	**112,362**	**110,008**	**121,013**	**129,534**	**139,980**	
Tangible fixed assets	4,361	7,061	9,064	10,041	10,161	9,671	9,481	7,080	6,499	6,484	
Investments and other assets	6,268	8,176	8,904	8,512	7,578	7,698	11,557	9,111	8,222	7,693	
Intangible assets	10,320	10,006	8,802	7,813	8,103	7,185	5,518	5,653	6,371	6,098	
Total assets	**124,584**	**129,434**	**137,870**	**144,678**	**134,614**	**136,917**	**136,565**	**142,859**	**150,628**	**160,257**	
Accounts payable	24,934	28,457	25,114	25,820	25,967	23,388	22,170	22,070	25,901	29,292	
Short-term debt	-	-	271	225	394	252	299	247	182	378	
Total current liabilities	**46,639**	**45,834**	**47,051**	**49,060**	**51,408**	**48,864**	**44,123**	**43,892**	**48,406**	**53,445**	
Long-term debt	-	-	293	-	15	11	-	-	-	-	
Total fixed liabilities	**2,387**	**3,925**	**6,214**	**6,474**	**7,667**	**6,767**	**4,160**	**3,544**	**2,830**	**2,599**	
Total liabilities	**49,026**	**49,760**	**53,266**	**55,535**	**59,075**	**55,631**	**48,283**	**47,437**	**51,237**	**56,044**	
Total net assets	**75,558**	**79,674**	**84,604**	**89,143**	**75,539**	**81,286**	**88,281**	**95,421**	**99,391**	**104,212**	
Cash flow statement(JPYmn)											
Cash flows from operating activities	17,234	10,303	11,703	13,568	12,373	7,371	10,403	12,598	8,895	18,518	
Cash flows from investing activities	-11,365	-3,255	2,233	-2,666	12,256	13,838	-7,325	-386	-10,715	-4,319	
Cash flows from financing activities	-2,594	-2,821	-2,400	-3,264	-19,686	-3,392	-5,324	-4,572	-6,181	-6,922	
Financial ratios											
Total interest-bearing debt	-	-	564	225	409	263	299	247	182	378	
Net cash	56,906	57,748	62,866	71,311	59,824	62,092	59,474	68,035	57,418	67,972	
ROA (RP-based)	13.1%	11.4%	10.7%	9.5%	9.6%	11.7%	11.2%	11.3%	10.9%	10.0%	
ROE	11.2%	9.6%	8.9%	7.6%	8.1%	12.3%	14.1%	11.7%	10.5%	10.6%	
Equity ratio	59.0%	59.7%	59.4%	59.5%	54.4%	57.6%	64.0%	66.2%	65.3%	64.3%	

Source: Shared Research based on company data

Note: From FY02/23, the company has adopted the new Accounting Standard for Revenue Recognition, which will affect the way sales are recorded. Operating profit and line items below are not affected.

Note: Accounts payable-trade figures do not include electronically recorded obligations-operating.

Recent updates

Achieved the use of renewable energy equivalents at all offices

2024-12-03

Aeon Delight Co., Ltd. announced that, as part of its efforts to realize a carbon-neutral society, the company has effectively transitioned to renewable energy for all electricity used at its head office and branch offices from November 2024, essentially achieving net-zero emissions from electricity consumption. The company has accomplished this by using non-fossil certificates procured and sold by Marubeni Power Retail Corporation.

Since 2023, the company had been promoting the transition to renewable energy equivalents by purchasing FIT non-fossil certificates corresponding to the amount of electricity consumed at locations such as its head office in Tokyo. It has expanded this initiative to cover all electricity used at its head office and branch offices, effectively switching to renewable energy. The company estimates that this will reduce CO2 emissions (Scope 2) by approximately 600 tons of CO2-equivalent per year.

Trends and outlook

Quarterly trends and results

Quarterly results

Cumulative		FY02/23				FY02/24				FY02/25				FY02/25
(JPYmn)	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	% of Est.	FY Est.
Sales	71,786	147,660	226,833	303,776	79,118	161,511	241,911	324,820	81,121	166,984	253,390		74.5%	340,000
YoY	0.9%	0.7%	5.4%	7.0%	10.2%	9.4%	6.6%	6.9%	2.5%	3.4%	4.7%			4.7%
Gross profit	9,745	19,606	30,291	41,437	10,226	20,811	31,162	42,613	10,402	21,916	33,532			
YoY	-0.2%	-4.2%	1.5%	4.9%	4.9%	6.1%	2.9%	2.8%	1.7%	5.3%	7.6%			
Gross profit margin	13.6%	13.3%	13.4%	13.6%	12.9%	12.9%	12.9%	13.1%	12.8%	13.1%	13.2%			
SG&A expenses	6,462	13,004	19,473	25,623	6,778	13,547	20,299	27,377	7,134	14,300	21,674			
YoY	7.1%	8.1%	8.3%	7.8%	4.9%	4.2%	4.2%	6.8%	5.3%	5.6%	6.8%			
SG&A ratio	9.0%	8.8%	8.6%	8.4%	8.6%	8.4%	8.4%	8.4%	8.8%	8.6%	8.6%			
Operating profit	3,282	6,602	10,818	15,814	3,447	7,263	10,862	15,235	3,267	7,615	11,857		74.1%	16,000
YoY	-12.0%	-21.7%	-8.7%	0.5%	5.0%	10.0%	0.4%	-3.7%	-5.2%	4.8%	9.2%			5.0%
Operating profit margin	4.6%	4.5%	4.8%	5.2%	4.4%	4.5%	4.5%	4.7%	4.0%	4.6%	4.7%			4.7%
Recurring profit	3,300	6,602	11,001	16,006	3,487	7,401	11,072	15,482	3,350	7,751	12,109		75.7%	16,000
YoY	-12.0%	-22.2%	-7.9%	1.4%	5.7%	12.1%	0.6%	-3.3%	-3.9%	4.7%	9.4%			3.3%
Recurring profit margin	4.6%	4.5%	4.8%	5.3%	4.4%	4.6%	4.6%	4.8%	4.1%	4.6%	4.8%			4.7%
Net income	2,246	4,336	7,163	10,152	2,299	5,325	7,617	10,707	2,597	5,419	8,264		79.5%	10,400
YoY	-10.4%	-22.0%	-15.7%	-4.8%	2.4%	22.8%	6.3%	5.5%	13.0%	1.8%	8.5%			-2.9%
Net margin	3.1%	2.9%	3.2%	3.3%	2.9%	3.3%	3.1%	3.3%	3.2%	3.2%	3.3%			3.1%
Quarterly		FY02/23				FY02/24				FY02/25				
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales	71,786	75,874	79,173	76,943	79,118	82,393	80,400	82,909	81,121	85,863	86,406			
YoY	0.9%	0.6%	15.3%	12.3%	10.2%	8.6%	1.5%	7.8%	2.5%	4.2%	7.5%			
Gross profit	9,745	9,861	10,685	11,146	10,226	10,585	10,351	11,451	10,402	11,514	11,616			
YoY	-0.2%	-7.8%	14.0%	15.3%	4.9%	7.3%	-3.1%	2.7%	1.7%	8.8%	12.2%			
Gross profit margin	13.6%	13.0%	13.5%	14.5%	12.9%	12.8%	12.9%	13.8%	12.8%	13.4%	13.4%			
SG&A expenses	6,462	6,542	6,469	6,150	6,778	6,769	6,752	7,078	7,134	7,166	7,374			
YoY	7.1%	9.1%	8.8%	6.3%	4.9%	3.5%	4.4%	15.1%	5.3%	5.9%	9.2%			
SG&A ratio	9.0%	8.6%	8.2%	8.0%	8.6%	8.2%	8.4%	8.5%	8.8%	8.3%	8.5%			
Operating profit	3,282	3,320	4,216	4,996	3,447	3,816	3,599	4,373	3,267	4,348	4,242			
YoY	-12.0%	-29.3%	23.1%	28.7%	5.0%	14.9%	-14.6%	-12.5%	-5.2%	13.9%	17.9%			
Operating profit margin	4.6%	4.4%	5.3%	6.5%	4.4%	4.6%	4.5%	5.3%	4.0%	5.1%	4.9%			
Recurring profit	3,300	3,302	4,399	5,005	3,487	3,914	3,671	4,410	3,350	4,401	4,358			
YoY	-12.0%	-30.3%	27.4%	30.1%	5.7%	18.5%	-16.5%	-11.9%	-3.9%	12.4%	18.7%			
Recurring profit margin	4.6%	4.4%	5.6%	6.5%	4.4%	4.8%	4.6%	5.3%	4.1%	5.1%	5.0%			
Net income	2,246	2,090	2,827	2,989	2,299	3,026	2,292	3,090	2,597	2,822	2,845			
YoY	-10.4%	-31.5%	-3.8%	37.7%	2.4%	44.8%	-18.9%	3.4%	13.0%	-6.7%	24.1%			
Net margin	3.1%	2.8%	3.6%	3.9%	2.9%	3.7%	2.9%	3.7%	3.2%	3.3%	3.3%			

Source: Shared Research based on company data

Quarterly results by segment

Segment performance		FY02/23				FY02/24				FY02/25		
Cumulative (JPYmn)	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4
Sales	71,786	147,660	226,833	303,776	79,118	161,511	241,911	324,820	81,121	166,984	253,390	
YoY	0.9%	0.7%	5.4%	7.0%	10.2%	9.4%	6.6%	6.9%	2.5%	3.4%	4.7%	
Facilities Management	16,131	32,251	49,003	64,794	17,086	34,555	52,404	69,509	18,201	37,183	56,802	
YoY	4.0%	4.0%	5.4%	5.3%	5.9%	7.1%	6.9%	7.3%	6.5%	7.6%	8.4%	
Security Services	11,934	24,124	36,909	49,478	12,710	25,421	38,131	50,919	12,905	26,451	40,086	
YoY	2.5%	2.0%	4.2%	4.7%	6.5%	5.4%	3.3%	2.9%	1.5%	4.0%	5.1%	
Cleaning Services	16,576	33,769	51,130	68,336	17,464	35,200	52,909	70,428	18,051	36,416	54,935	
YoY	0.0%	-1.0%	1.3%	2.0%	5.4%	4.2%	3.5%	3.1%	3.4%	3.5%	3.8%	
Construction Work	10,282	23,350	38,207	52,084	13,388	28,811	42,101	59,219	13,072	28,542	43,555	
YoY	-8.2%	-5.8%	13.4%	21.1%	30.2%	23.4%	10.2%	13.7%	-2.4%	-0.9%	3.5%	
Materials and Supplies Sourcing	10,205	20,465	30,994	41,544	11,301	22,993	34,864	46,315	11,983	24,145	36,473	
YoY	3.0%	1.2%	2.8%	4.8%	10.7%	12.4%	12.5%	11.5%	6.0%	5.0%	4.6%	
Vending Machine Services	2,199	4,780	7,084	9,466	2,316	4,904	7,263	9,616	2,218	4,722	7,040	
YoY	-0.1%	0.3%	1.9%	1.3%	5.3%	2.6%	2.5%	1.6%	-4.2%	-3.7%	-3.1%	
Support Services	4,456	8,918	13,503	18,070	4,850	9,624	14,236	18,810	4,689	9,523	14,496	
YoY	8.3%	10.7%	11.7%	12.6%	8.8%	7.9%	5.4%	4.1%	-3.3%	-1.0%	1.8%	
Operating profit	3,282	6,602	10,818	15,814	3,447	7,263	10,862	15,235	3,267	7,615	11,857	
YoY	-12.0%	-21.7%	-8.7%	0.5%	5.0%	10.0%	0.4%	-3.7%	-5.2%	4.8%	9.2%	
Operating profit margin	4.6%	4.5%	4.8%	5.2%	4.4%	4.5%	4.5%	4.7%	4.0%	4.6%	4.7%	
Facilities Management	1,372	2,825	4,269	5,810	1,335	2,866	4,432	5,913	1,463	3,104	4,666	
YoY	7.6%	7.7%	5.7%	5.7%	-2.7%	1.5%	3.8%	1.8%	9.6%	8.3%	5.3%	
Operating profit margin	8.5%	8.8%	8.7%	9.0%	7.8%	8.3%	8.5%	8.5%	8.0%	8.3%	8.2%	
Security Services	733	1,443	2,307	3,279	833	1,584	2,366	3,108	756	1,523	2,328	
YoY	-7.9%	-15.2%	-11.1%	-4.5%	13.6%	9.8%	2.6%	-5.2%	-9.2%	-3.9%	-1.6%	
Operating profit margin	6.1%	6.0%	6.3%	6.6%	6.6%	6.2%	6.2%	6.1%	5.9%	5.8%	5.8%	
Cleaning Services	1,681	3,328	5,036	7,014	1,451	2,787	4,034	5,277	1,362	2,722	4,069	
YoY	-14.8%	-22.2%	-18.4%	-13.5%	-13.7%	-16.3%	-19.9%	-24.8%	-6.1%	-2.3%	0.9%	
Operating profit margin	10.1%	9.9%	9.8%	10.3%	8.3%	7.9%	7.6%	7.5%	7.5%	7.5%	7.4%	
Construction Work	694	1,405	2,714	4,080	1,089	2,376	3,429	5,322	1,095	2,368	3,735	
YoY	-35.0%	-37.6%	-5.1%	13.9%	56.9%	69.1%	26.3%	30.4%	0.6%	-0.3%	8.9%	
Operating profit margin	6.7%	6.0%	7.1%	7.8%	8.1%	8.2%	8.1%	9.0%	8.4%	8.3%	8.6%	
Materials and Supplies Sourcing	615	994	1,455	1,999	630	1,116	1,697	2,322	660	1,316	1,985	
YoY	-6.3%	-27.0%	-24.7%	-21.9%	2.4%	12.3%	16.6%	16.2%	4.7%	17.9%	17.0%	
Operating profit margin	6.0%	4.9%	4.7%	4.8%	5.6%	4.9%	4.9%	5.0%	5.5%	5.5%	5.4%	
Vending Machine Services	208	556	791	1,083	258	650	982	1,290	269	624	940	
YoY	79.3%	57.5%	91.1%	78.1%	24.0%	16.9%	24.1%	19.1%	4.3%	-4.1%	-4.3%	
Operating profit margin	9.5%	11.6%	11.2%	11.4%	11.1%	13.3%	13.5%	13.4%	12.1%	13.2%	13.4%	
Support Services	162	279	419	462	149	264	409	545	306	631	1,236	

YoY	36.1%	9.4%	27.0%	4.8%	-8.0%	-5.4%	-2.4%	17.8%	104.8%	138.8%	202.2%	
Operating profit margin	3.6%	3.1%	3.1%	2.6%	3.1%	2.7%	2.9%	2.9%	6.5%	6.6%	8.5%	
Eliminations, goodwill, other	-2,183	-4,228	-6,173	-7,913	-2,298	-4,380	-6,487	-8,542	-2,644	-4,673	-7,102	

Segment performance	FY02/23				FY02/24				FY02/25			
Quarterly (JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	71,786	75,874	79,173	76,943	79,118	82,393	80,400	82,909	81,121	85,863	86,406	
YoY	0.9%	0.6%	15.3%	12.3%	10.2%	8.6%	1.5%	7.8%	2.5%	4.2%	7.5%	
Facilities Management	16,131	16,120	16,752	15,791	17,086	17,469	17,849	17,105	18,201	18,982	19,619	
YoY	4.0%	4.0%	8.2%	5.0%	5.9%	8.4%	6.5%	8.3%	6.5%	8.7%	9.9%	
Security Services	11,934	12,190	12,785	12,569	12,710	12,711	12,710	12,788	12,905	13,546	13,635	
YoY	2.5%	1.5%	8.6%	6.4%	6.5%	4.3%	-0.6%	1.7%	1.5%	6.6%	7.3%	
Cleaning Services	16,576	17,193	17,361	17,206	17,464	17,736	17,709	17,519	18,051	18,365	18,519	
YoY	0.0%	-2.0%	6.1%	4.3%	5.4%	3.2%	2.0%	1.8%	3.4%	3.5%	4.6%	
Construction Work	10,282	13,068	14,857	13,877	13,388	15,423	13,290	17,118	13,072	15,470	15,013	
YoY	-8.2%	-3.7%	66.5%	48.9%	30.2%	18.0%	-10.5%	23.4%	-2.4%	0.3%	13.0%	
Materials and Supplies Sourcing	10,205	10,260	10,529	10,550	11,301	11,692	11,871	11,451	11,983	12,162	12,328	
YoY	3.0%	-0.5%	6.1%	11.2%	10.7%	14.0%	12.7%	8.5%	6.0%	4.0%	3.8%	
Vending Machine Services	2,199	2,581	2,304	2,382	2,316	2,588	2,359	2,353	2,218	2,504	2,318	
YoY	-0.1%	0.6%	5.4%	-0.4%	5.3%	0.3%	2.4%	-1.2%	-4.2%	-3.2%	-1.7%	
Support Services	4,456	4,462	4,585	4,567	4,850	4,774	4,612	4,574	4,689	4,834	4,973	
YoY	8.3%	13.2%	13.6%	15.4%	8.8%	7.0%	0.6%	0.2%	-3.3%	1.3%	7.8%	
Operating profit	3,282	3,320	4,216	4,996	3,447	3,816	3,599	4,373	3,267	4,348	4,242	
YoY	-12.0%	-29.3%	23.1%	28.7%	5.0%	14.9%	-14.6%	-12.5%	-5.2%	13.9%	17.9%	
Operating profit margin	4.6%	4.4%	5.3%	6.5%	4.4%	4.6%	4.5%	5.3%	4.0%	5.1%	4.9%	
Facilities Management	1,372	1,453	1,444	1,541	1,335	1,531	1,566	1,481	1,463	1,641	1,562	
YoY	7.6%	7.9%	2.0%	5.8%	-2.7%	5.4%	8.4%	-3.9%	9.6%	7.2%	-0.3%	
Operating profit margin	8.5%	9.0%	8.6%	9.8%	7.8%	8.8%	8.8%	8.7%	8.0%	8.6%	8.0%	
Security Services	733	710	864	972	833	751	782	742	756	767	805	
YoY	-7.9%	-21.6%	-3.4%	15.9%	13.6%	5.8%	-9.5%	-23.7%	-9.2%	2.1%	2.9%	
Operating profit margin	6.1%	5.8%	6.8%	7.7%	6.6%	5.9%	6.2%	5.8%	5.9%	5.7%	5.9%	
Cleaning Services	1,681	1,647	1,708	1,978	1,451	1,336	1,247	1,243	1,362	1,360	1,347	
YoY	-14.8%	-28.5%	-9.9%	2.3%	-13.7%	-18.9%	-27.0%	-37.2%	-6.1%	1.8%	8.0%	
Operating profit margin	10.1%	9.6%	9.8%	11.5%	8.3%	7.5%	7.0%	7.1%	7.5%	7.4%	7.3%	
Construction Work	694	711	1,309	1,366	1,089	1,287	1,053	1,893	1,095	1,273	1,367	
YoY	-35.0%	-39.9%	114.2%	89.2%	56.9%	81.0%	-19.6%	38.6%	0.6%	-1.1%	29.8%	
Operating profit margin	6.7%	5.4%	8.8%	9.8%	8.1%	8.3%	7.9%	11.1%	8.4%	8.2%	9.1%	
Materials and Supplies Sourcing	615	379	461	544	630	486	581	625	660	656	669	
YoY	-6.3%	-46.3%	-19.1%	-13.4%	2.4%	28.2%	26.0%	14.9%	4.8%	35.0%	15.1%	
Operating profit margin	6.0%	3.7%	4.4%	5.2%	5.6%	4.2%	4.9%	5.5%	5.5%	5.4%	5.4%	
Vending Machine Services	208	348	235	292	258	392	332	308	269	355	316	
YoY	79.3%	46.8%	285.2%	50.5%	24.0%	12.6%	41.3%	5.5%	4.3%	-9.4%	-4.8%	
Operating profit margin	9.5%	13.5%	10.2%	12.3%	11.1%	15.1%	14.1%	13.1%	12.1%	14.2%	13.6%	
Support Services	162	117	140	43	149	115	145	136	306	325	605	
YoY	36.1%	-14.0%	86.7%	-61.3%	-8.0%	-1.7%	3.6%	216.3%	105.4%	182.6%	317.2%	
Operating profit margin	3.6%	2.6%	3.1%	0.9%	3.1%	2.4%	3.1%	3.0%	6.5%	6.7%	12.2%	
Eliminations, goodwill, other	-2,183	-2,045	-1,945	-1,740	-2,298	-2,082	-2,107	-2,055	-2,644	-2,029	-2,429	

Source: Shared Research based on company data

Cumulative Q3 FY02/25 results

- Sales: JPY253.4bn (+4.7% YoY)
- Operating profit: JPY11.9bn (+9.2% YoY)
- Recurring profit: JPY12.1bn (+9.4% YoY)
- Net income attributable to owners of the parent: JPY8.3bn (+8.5% YoY)

Summary

In cumulative Q3 FY02/25, sales were 74.5% of the full-year forecast, operating profit 74.1%, recurring profit 75.7%, and net income attributable to owners of the parent 79.5%.

Sales grew YoY, fueled by a higher share of existing customer wallets within and outside the Aeon Group and an increase in new contracts. The company revised contract prices to offset rising costs, including personnel, outsourcing, and raw material costs, which also contributed to sales growth. Sales increased YoY across all segments except Vending Machine Services.

Profit growth exceeded sales growth, owing to higher sales, improved GPM, and lower SG&A expenses. Profits rose YoY across five segments: Facilities Management, Cleaning Services, Construction Work, Materials and Supplies Sourcing Services, and Support Services.

Segment trends

Facilities Management

- Sales: JPY56.8bn (+8.4% YoY)
- Operating profit: JPY4.7bn (+5.3% YoY)

Sales and operating profit grew YoY as the company won new renewal contracts and expanded contracts for various maintenance services for facilities under management. These gains offset rising costs driven by higher outsourcing expenses outpacing contract price revisions, along with efforts to secure personnel in response to increased customer inquiries.

Security Services

- Sales: JPY40.1bn (+5.1% YoY)
- Operating profit: JPY2.3bn (-1.6% YoY)

The company contracted new facilities and received more orders for security cameras, resulting in higher sales. However, such efforts were not enough to offset rising outsourcing expenses, causing profit to decline YoY.

Cleaning Services

- Sales: JPY55.0bn (+3.8% YoY)
- Operating profit: JPY4.1bn (+0.9% YoY)

Higher personnel costs, which outpaced contract price revisions, weighed on profitability. However, contributions from new renewal contracts offset these cost increases, driving YoY growth in sales and operating profit.

Construction Work

- Sales: JPY43.6bn (+3.5% YoY)
- Operating profit: JPY3.7bn (+8.9% YoY)

The company secured more orders for various renovation projects and improved profitability by optimizing operations and processes, boosting sales and operating profit YoY. It also reinforced construction work capabilities at its branches to further expand contracts.

Materials and Supplies Sourcing Services

- Sales: JPY36.5bn (+4.6% YoY)
- Operating profit: JPY2.0bn (+17.0% YoY)

The company worked to expand orders for various materials, achieving YoY sales growth. Amid rising raw material and logistics costs, it adjusted selling prices to reflect higher material prices and cut logistics costs by improving delivery efficiency. These efforts improved profitability, resulting in significant YoY profit growth.

Vending Machine Services

- Sales: JPY7.0bn (-3.1% YoY)
- Operating profit: JPY940mn (-4.3% YoY)

While the company worked to remove unprofitable machines, a decline in transaction volume drove down sales and operating profit YoY.

Support Services

- Sales: JPY14.5bn (+1.8% YoY)
- Operating profit: JPY1.2bn (+202.2% YoY)

Sales increased YoY as the company worked on expanding its services to meet outsourcing needs of customers. Profit grew sharply YoY, driven mainly by changes in the contract terms for the re-leasing of copiers, a business acquired from KJS Co., Ltd. (formerly Kajitaku) in February 2021.

Overseas business (within each segment)

- Sales: JPY30.3bn (+14.9% YoY)
- Operating profit: JPY1.3bn (+16.8% YoY)

The company steadily grew the China business by expanding the share of customer wallets and cultivating new customers, achieving YoY growth in sales and operating profit. Sales and profits also rose YoY in the ASEAN countries where the company operates. Earnings from the overseas business are included within each segment.

Other

On the same day as the cumulative Q3 earnings announcement, the company announced the cancellation of 700,000 treasury shares (1.42% of the total outstanding shares before the cancellation).

FY02/25 company forecast

Full-year company forecast

	FY02/23			FY02/24			FY02/25		
(JPYmn)	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	1H Act.	2H Est.	FY Est.
Sales	**147,660**	**156,116**	**303,776**	**161,511**	**163,309**	**324,820**	**166,984**	**173,016**	**340,000**
YoY	-	-	-	9.4%	4.6%	6.9%	3.4%	5.9%	4.7%
Cost of sales	128,054	134,284	262,338	140,700	141,507	282,207	145,067		
Gross profit	**19,606**	**21,831**	**41,437**	**20,811**	**21,802**	**42,613**	**21,916**		
YoY	-4.2%	14.7%	4.9%	6.1%	-0.1%	2.8%	5.3%		
Gross profit margin	13.3%	14.0%	13.6%	12.9%	13.4%	13.1%	13.1%		
SG&A expenses	13,004	12,619	25,623	13,547	13,830	27,377	14,300		
YoY	8.1%	7.6%	7.8%	4.2%	9.6%	6.8%	5.6%		
SG&A ratio	8.8%	8.1%	8.4%	8.4%	8.5%	8.4%	8.6%		
Operating profit	**6,602**	**9,212**	**15,814**	**7,263**	**7,972**	**15,235**	**7,615**	**8,385**	**16,000**
YoY	-21.7%	26.1%	0.5%	10.0%	-13.5%	-3.7%	4.8%	5.2%	5.0%
Operating profit margin	4.5%	5.9%	5.2%	4.5%	4.9%	4.7%	4.6%	4.8%	4.7%
Recurring profit	**6,602**	**9,404**	**16,006**	**7,401**	**8,081**	**15,482**	**7,751**	**8,249**	**16,000**
YoY	-22.2%	28.8%	1.4%	12.1%	-14.1%	-3.3%	4.7%	2.1%	3.3%
Recurring profit margin	4.5%	6.0%	5.3%	4.6%	4.9%	4.8%	4.6%	4.8%	4.7%
Net income	**4,336**	**5,816**	**10,152**	**5,325**	**5,382**	**10,707**	**5,419**	**4,981**	**10,400**
YoY	-22.0%	13.9%	-4.8%	22.8%	-7.5%	5.5%	1.8%	-7.5%	-2.9%

Source: Shared Research based on company data
Note: From FY02/23, the company has adopted the new Accounting Standard for Revenue Recognition, which will affect the way sales are recorded. Operating profit and line items below are not affected.

Company forecast for FY02/25

- Sales: JPY340.0bn (+4.7% YoY)
- Operating profit: JPY16.0bn (+5.0% YoY)
- Recurring profit: JPY16.0bn (+3.3% YoY)
- Net income attributable to owners of the parent: JPY10.4bn (-2.9% YoY)
- EPS: JPY216.07
- Annual dividends per share: JPY87 (payout ratio: 40.3%)

The company expects sales and operating profit to grow 4.7% and 5.0% YoY, respectively, with an OPM of 4.7% (flat YoY). It intends to further expand its market share, while accelerating the transformation into a business model that enables sustainable growth.

Dividend payout ratio

For FY02/25, the company expects to pay an annual dividend of JPY87 per share (+JPY1 YoY), with a payout ratio of 40.3%. It plans to increase dividends YoY for the twentieth consecutive year. At the beginning of the year (April 2024), the company announced the acquisition of treasury shares. It expects to buy back shares worth JPY3.1bn by December 30, 2024.

Initiatives for FY02/25

Major initiatives for FY02/25 are as follows.

Accelerate transition to a sustainable business model

Aeon Delight aims to promote the digitalization of operational processes and services, thereby accelerating the shift toward sustainable business.

The company believes that human resources, digital transformation (DX), and IT drive a sustainable business, and will allocate resources in these areas. In terms of human resources, it will focus on developing management talent and expanding the global workforce. The company aims to provide high-value-added services by making its workforce more sophisticated and diversified. In terms of DX and IT, it will focus on accelerating the digitalization of operational processes and strengthening data management functions. The company believes the digitalization can drastically change workstyles of one-site workers and create a system where they can spend more time with customers and make data-based proposals.

Expand market share and improve profitability

Aeon Delight will work on improving profitability to offset cost increases, including outsourcing and personnel costs, while further expanding its market share.

The company will expand sales by strengthening its account management strategy to increase its share of customer wallets (expand service offerings and win new contracts to manage facilities and supply materials), expanding proposals for small repair work, cultivating new customers, and growing orders for energy-saving and other construction work. The company expects the order value of energy-saving work to remain unchanged from the previous year, when such orders expanded. It expects to receive bulk contracts for management of hotels, hospitals, and other facilities nationwide. Further, Aeon Delight indicated it may be commissioned to provide comprehensive management services (from consulting to building maintenance) for a large urban development project. For subsidiaries, Aeon Delight Connect intends to improve operational efficiency by focusing resources on its main services for small to medium-sized facilities, while Aeon Compass expects higher sales as demand continues to recover. With the aim of improving profitability, Aeon Delight will continue working on revising contract prices, as in FY02/24, and improve the accuracy of estimates and its negotiation capability in contracting construction work.

Expand operations in Asia

Aeon Delight will continue expanding operations in Asia, where it expects sales growth. For FY2024, the company targets sales and profit growth, driven by improved profitability.

China

In China, the company will strengthen group management, centered on Aeon Delight (Jiangsu) Comprehensive Facility Management Service Co., Ltd. (former Aeon Delight Jiangsu), which oversees operations in the country. Aeon Delight will deploy the business expertise of Aeon Delight (Jiangsu) Comprehensive Facility Management Service across all subsidiaries, with the aim of expanding operations and improving profitability. It will also actively invest in DX, energy saving, and other focus areas.

ASEAN regions

In Malaysia, the company will use service level agreements (SLA; a contract form based on the agreed service outcomes between the service provider and the customer) to improve service quality and productivity. In Vietnam, it will continue solidifying business foundation and develop business in line with the expansion of Aeon group facilities. In Indonesia, it will increase its share within the Aeon group for growth, while promoting service quality and productivity improvement.

Historical forecast accuracy

Results vs. Initial Est.	FY02/15	FY02/16	FY02/17	FY02/18	FY02/19	FY02/20	FY02/21	FY02/22	FY02/23	FY02/24
(JPYmn)	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Sales (Initial Est.)	270,000	280,000	305,000	305,000	305,000	315,000	315,000	325,000	310,000	310,000
Sales (Results)	265,572	277,926	292,607	292,396	302,915	308,582	300,085	317,657	303,776	324,820
Results vs. Initial Est.	**-1.6%**	**-0.7%**	**-4.1%**	**-4.1%**	**-0.7%**	**-2.0%**	**-4.7%**	**-2.3%**	**-2.0%**	**4.8%**
Operating profit (Initial Est.)	16,000	17,000	17,500	18,000	18,500	18,000	16,500	16,500	17,000	16,000
Operating profit (Results)	15,390	14,556	14,139	12,909	13,030	16,001	15,230	15,733	15,814	15,235
Results vs. Initial Est.	**-3.8%**	**-14.4%**	**-19.2%**	**-28.3%**	**-29.6%**	**-11.1%**	**-7.7%**	**-4.6%**	**-7.0%**	**-4.8%**
Recurring profit (Initial Est.)	16,000	17,000	17,500	18,000	18,500	18,000	16,500	16,500	17,000	16,000
Recurring profit (Results)	15,472	14,534	14,263	13,381	13,362	15,949	15,268	15,789	16,006	15,482
Results vs. Initial Est.	**-3.3%**	**-14.5%**	**-18.5%**	**-25.7%**	**-27.8%**	**-11.4%**	**-7.5%**	**-4.3%**	**-5.8%**	**-3.2%**
Net income (Initial Est.)	8,600	9,400	10,000	10,700	11,000	10,800	10,000	10,500	10,700	10,400
Net income (Results)	7,965	7,247	7,093	6,397	6,415	9,348	11,680	10,665	10,152	10,707
Results vs. Initial Est.	**-7.4%**	**-22.9%**	**-29.1%**	**-40.2%**	**-41.7%**	**-13.4%**	**16.8%**	**1.6%**	**-5.1%**	**3.0%**

Source: Shared Research based on company data.
Note: Results through FY02/18 have not been retrospectively adjusted.

Medium- and long-term outlook

Review of the previous medium-term management plan (FY2021–FY2023)

The company implemented various initiatives based on the three basic policies of its medium-term management plan: "customer-oriented management," "promotion of digital transformation (DX)," and "group management."

Sales grew from JPY300.0bn in FY02/21 to JPY362.0bn in FY02/24 (both based on the previous accounting standard). Under a new facility management model called "area management," the company focused on meeting evolving customer needs by utilizing specialized personnel effectively amid labor shortages. It also bolstered marketing activities targeting specific customers. These efforts helped expand the company's market share and achieve its sales target. Operating profit remained flat at JPY15.2bn in FY02/21 and FY02/24, reaching only about 70% of the target. Although the company worked to reduce on-site operations, higher-than-expected personnel and outsourcing costs offset the positive impact, resulting in lower profitability.

Medium-term management plan (FY2024—FY2026)

At the time of its 1H FY02/25 results announcement, Aeon Delight unveiled a new medium-term management plan covering FY2024 through FY2026.

Business environment outlook (FY2024—FY2030)

The company expects continued strong demand in its business domain, but also projects a declining market workforce due to labor shortages. Its forecasts include the following:

- Japan's building maintenance market (about JPY4.5tn) will expand slowly.
- Risks associated with urbanization (increased natural disaster risks and aging infrastructure) will emerge in the Tokyo Metropolitan Area and other urban centers.
- The construction industry market size (over JPY60tn) will remain flat. The share of renovation, repair, and maintenance work will increase to address issues such as aging facilities and environmental concerns.
- Labor shortages will drive demand for outsourcing non-core business functions.
- In the facility management industry, labor shortages, a lack of successors, and rising personnel costs will result in reduced business operations, more business closures, and growing momentum for industry restructuring.

Positioning of the medium-term management plan (FY2024—FY2026)

Over the three years of the new medium-term plan period, the company aims to fully transform its business model to drive future growth, laying the groundwork for sustained growth through bold investments.

The company has outlined three key changes.

- Drastically improve efficiency in facility management operations and adopt a business model that leverages economies of scale:
  The company views labor shortages and rising personnel costs as management challenges. Inquiries from new customers have increased as competitors face difficulties in service continuity and declining quality. The company believes maintaining a system for consistently providing highly specialized services will be a key to further expanding its market share.
- Strengthen facility management consulting capabilities:
  The company aims to establish a system for expanding comprehensive facility management contracts within and outside the Aeon group by strengthening facility management consulting capabilities.
- Enhance framework to expand the Construction Work business:
  The company will work to enhance the framework of the Construction Work business as it expects demand for repair work to remain robust.

Growth investment

The company will proactively invest in three key areas: improving productivity, developing new services, and strengthening human capital. It expects to invest JPY20.0bn in total, comprising JPY12.0bn for growth and JPY8.0bn for the maintenance and upgrade of existing systems and facilities.

- Improve productivity: Accelerate digitalization (e.g., the use of IoT, robots, and AI) to drastically improve efficiency in facility management operations
- Develop new services: Build a data-driven framework to develop new offerings by strengthening data management capabilities
- Strengthen human capital: Enhance and diversify the workforce, secure talent in growth areas, and boost employee engagement

- Enhance and diversify the workforce: Select and train future leadership candidates aligned with the company's management strategy; focus on developing specialists with both technical and interpersonal skills; promote the active participation of foreign employees, primarily through the Specified Skilled Worker Program

- Secure talent in growth areas: Recruit and train highly specialized personnel for facility management consulting; acquire and develop skilled personnel essential for expanding the Construction Work business; expand the pool of global talent by strengthening personnel exchanges within and outside Japan

- Boost employee engagement: Enhance talent management (including understanding each employee's abilities and skills, assigning them to appropriate positions for growth, and matching them with suitable training programs); foster an organizational culture that encourages taking on challenges and promotes practical application; implement motivation-boosting initiatives to enhance job satisfaction and the work environment

Numerical targets

(JPYbn)	FY02/24 results	FY02/27 targets	Rate of change
Sales	3,248	4,000	+23.1%
Gross profit	426	532	+24.8%
Operating profit	152	170	+11.6%

Shared Research based on the company's earnings presentation materials

The company aims to increase sales by expanding its share of customer wallets and its customer base. It also seeks to prevent a drop in GPM by continuously revising contract prices and streamlining operations through digital transformation. The company will actively invest in growth to transform its business model. The company expects this investment to increase depreciation and personnel costs, leading to operating profit growth outpaced by expansion in gross profit.

Additional KPIs are as follows.

- Improve productivity: Increase operating profit per employee to 1.2x the FY02/24 level (1.5x by FY02/31) in Facilities Management, Security Services, and Cleaning Services
- Secure talent in growth areas: Increase headcount by 200 versus FY02/24
- Boost employee engagement: Conduct annual employee satisfaction (ES) surveys and improve the score each year

Financial policy

While maintaining financial soundness, the company will make bold investments to drive sustained growth. For shareholder returns, it aims to continuously increase dividends and will flexibly consider and implement share buybacks.

The financial policy is based on the following background and considerations.

- The company has a strong ability to generate stable cash flow, with cumulative operating cash flow of JPY42.0bn over the three years of the medium-term plan period. This ability ensures sufficient liquidity on hand and a high equity ratio.
- To maintain and improve capital efficiency, the company needs to expand its revenue base to an extent commensurate with growth in cash reserves and shareholder equity. The company will make bold investments (investment amount: JPY20.0bn) to achieve this goal.
- The company will consider external financing when making large investments such as acquisitions.

The JPY20.0bn investment comprises PY8.0bn for maintenance and upgrades including updates and installations of existing systems, and JPY12.0bn for growth.

- Improve productivity: Accelerate digitalization to drastically improve efficiency in facility management operations
- Develop new services: Build a data-driven framework to develop new offerings by strengthening data management capabilities
- Strengthen human capital: Enhance and diversify the workforce, secure talent in growth areas, and boost employee engagement

Capital policy

The company's ROE has yet to reach its target of 12%, despite exceeding the cost of capital. Accordingly, the company will work to improve shareholder value by investing in growth and enhancing business profitability and shareholder returns. Under the three-year medium-term plan, it targets a dividend payout ratio of 50%.

Business

Business description

Aeon Delight provides maintenance services for retail facilities and office buildings. The company, formerly known as Japan Maintenance (a subsidiary of MyCal Corp.), was established mainly to undertake maintenance at Mycal stores in November 1972.

Mycal filed for bankruptcy in September 2001 and became a subsidiary of Aeon in 2003. Japan Maintenance merged with Aeon Techno Service and the name was changed to Aeon Delight in September 2006. In FY02/24, the company derived 62.2% of sales from Aeon Retail Co., Ltd. and other Aeon group companies. Aeon Delight handles between 60% and 90% of the facilities management work required by Aeon group customers such as Aeon Retail, Aeon Mall, and MaxValue.

Aeon Delight is active in acquisitions. It has purchased companies in cleaning, building management, and store interior construction. It has also purchased domestic and overseas companies in businesses ancillary to facilities management, and been proactive in seeking out alliances in other formats.

Business model

Aeon Delight became a leading integrated facilities management operator through its relationship with the Aeon group. The company derives its earnings by providing an integrated, all-in-one package of facilities management services to large retail and commercial properties. It was able to differentiate itself from competitors by its expertise and costs competitiveness. Competitors included Tokyu Community Corp. (unlisted), Biru Daiko Co., Ltd., Nihon Housing Co., Ltd. (TSE Standard: 4781), and Nippon Kanzai Holdings Co., Ltd. (TSE Prime: 9347).

There are three type of property management, residential, commercial, and office buildings. Most of these competitors were mainly involved in residential management of condominiums. Few other large companies were focused on commercial facilities and building management due the high costs involved. The company was able to gain expertise in commercial property management through servicing large retail facilities such as shopping malls and supermarkets. The property maintenance industry includes over 5,000 companies, most of which are small and medium-sized businesses.

The structure of the building maintenance industry resembles that of the construction industry, with second- and third-tier subcontractors working under prime contractors. Aeon Delight, a prime contractor, uses a number of subcontractors. Most of its contracts are signed on an annual basis, which are almost always renewed. In other words, it has a recurring-revenue structure.

The company renegotiates contracts once a year, a process that regularly challenges its pricing, quality, and ability to offer clients attractive packages. For example, the parent company Aeon conducts a competitive bidding to keep the process fair and open. However, Aeon Delight is able to provide competitive bids given its knowledge of the client's needs, and know-how. Its superior position as a large company with comprehensive reliable services will be further enhanced as the size of buildings expands. The company is able to handle large facilities maintenance given its size and economy of scale, which further reinforces its strength and position. Thus, Shared Research believes that Aeon Delight's position within the commercial facilities industry is likely to improve, as the company has know-how and expertise.

Business overview

Aeon Delight operates seven main business segments: Facilities Management, Security Services, Cleaning Services, Construction Work, Materials and Supplies Sourcing Services, Vending Machines, and Support Services.

Customers outside the Aeon group include commercial facilities, office buildings and offices, hotels and lodging facilities, medical and welfare facilities, school facilities, factories and workshops, warehouses and logistics centers, public facilities, various events, and others.

Main business fields

Office buildings / public facilities	Provides unique solutions to a variety of issues. Helps customer companies prepare for large-scale disasters, address labor shortages, reduce environmental impact, and implement pandemic countermeasures. Supports the realization of a sustainable business model and further business growth.
Commercial facilities	Supports the establishment of facilities and systems that allow visitors to enjoy shopping in a safe, secure, and comfortable environment. Helps facility operators prepare a business continuity plan (BCP), address labor shortages, and reduce environmental impact.
Hospitals / research facilities	Hospitals and research facilities require a higher level of hygiene. Creates a hygienic environment through infection control and realizes a thoroughly protected environment with advanced disaster prevention equipment. Provides optimal solutions tailored to the unique needs of each facility.
Factories / warehouses	Serves customers who wish to outsource facility management. Supports energy conservation, efficient facility management, and other efforts. Proposes measures that enable customers to keep producing and supplying in the event of large-scale disasters, supporting business continuity and rapid recovery.

Source: Company materials

Main service offerings

Management services	Facility budget management	Centrally manages facility costs (land, building, equipment, security, and cleaning). Plans and implements customer companies' budgets.
	Energy management	Comprehensively manages and optimizes facility energy use. Optimizes lifecycle costs by introducing energy-saving equipment to reduce electricity use.
	Workplace management	Proposes soft and hard measures to transform office environment, business habits, and operational processes.
	BCP formulation	Develops plans that allow customer companies to continue operations and quickly restore facilities in the event of a disaster.
	Repair plan formulation and management	Develops and executes repair plans tailored to individual buildings to extend service life while reducing costs.
	Business partner management (evaluation/instruction)	Maximizes the performance of customer companies' operational partners by supporting the implementation and improvement of systematic management methods.
Operational services	Facilities Management	Provides optimal operation, inspection, maintenance, and improvement services for customer facilities. Offers an open network system to reduce facility management costs.
	Construction Work	Supports planning, design, and construction supervision for restoration, renovation, interior, and large-scale repair work.
	Security Services	Provides facility security, traffic control, and event security services. Offers unique plans that incorporate cutting-edge equipment.
	Vending Machine Services	Helps customer companies improve profitability and end-user satisfaction by providing high value-added vending machines tailored to the needs of installation locations.
	Materials and Supplies Sourcing Services	Sells packaging, sanitary, and other materials for stores. Offers environmentally conscious materials, while helping customer companies reduce total costs and streamline material ordering processes.
	Support Services	Provides various services ancillary to facility management to customers who wish to outsource facility management and related operations. These services include planting, catering, cafeteria operation, business trip support, and meeting room leasing.
	Cleaning Services	Offers cleaning services that improve facilities' aesthetic quality and lifespan. Provides hygienic cleaning and New Standard Cleaning services to support infection control.

Source: Company materials

- Facilities Management, Security Services, and Cleaning Services are recurring revenue businesses. Many contracts in these businesses are automatically renewed. The company often provides a contracted facility with all three services.

HR and location

The group employs over 20,000 qualified personnel, from facility maintenance staff to those with knowledge and skills in reducing environmental impact. The employees include licensed building environment and sanitation management technicians, chief electricity engineers (levels 1, 2, and 3), energy managers (heat and electricity managers), class 1 refrigerant CFC handling technicians, and Eco-tuning engineers. The group also has a proprietary training facility, Aeon Delight Academy Nagahama, where employees receive practical training that replicates on-site facility environments and lectures to acquire necessary knowledge and skills. The training facility aims to develop professionals with technical capabilities offering customer-centric hospitality services.

The company has a network of over 500 service locations throughout Japan. Further, it provides high-quality, uniform services nationwide by partnering with around 5,000 external companies.

Account management

The company is stepping up its initiatives in the area of account management. In the past, the company communicated with customers at the segment level. Now, it is assigning account managers to major customers and creating a system to manage customer information centrally. By better understanding customers and their industries, the company aims to increase customer satisfaction and expand its own business through customer referrals to other segments. Through account management, the company proposes that services covering multiple departments be provided collectively (for instance, operations related to Facilities Management could be handled by Construction Work) and that the same services are provided throughout the country to customers that are operating on a nationwide basis.

The company is also promoting industry-specific proposals. The company is analyzing the information it collects on customers and industries through account management, and has brought in personnel with expertise in the industries it targets.

Facilities Management

Segment performance	FY02/15	FY02/16	FY02/17	FY02/18	FY02/19	FY02/20	FY02/21	FY02/22	FY02/23	FY02/24
(JPYmn)	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.
Sales	45,839	48,962	50,551	52,699	56,364	58,289	58,223	61,538	64,794	69,509
YoY	5.5%	6.8%	3.2%	4.2%	7.0%	3.4%	-0.1%	5.7%	5.3%	7.3%
Operating profit	4,217	4,206	4,350	4,644	5,558	5,293	5,175	5,495	5,810	5,913
YoY	-10.8%	-0.3%	3.4%	6.8%	19.7%	-4.8%	-2.2%	6.2%	5.7%	1.8%
Operating profit margin	9.2%	8.6%	8.6%	8.8%	9.9%	9.1%	8.9%	8.9%	9.0%	8.5%

Source: Shared Research based on company materials
Note: The company adopted the Accounting Standard for Revenue Recognition from Q1 FY02/23. The figures for YoY comparisons for FY02/23 are based on FY02/22 figures retroactively adjusted under the new accounting standard.

In this segment, the company carries out maintenance, inspection, and servicing of building facilities.

This segment is involved in inspection, protection, and maintenance of facilities, providing monitoring support 24 hours a day, 365 days a year. Specific services are tailored to meet the needs of individual clients. This is a staple business for Aeon Delight with few contract cancellations. Licensed technicians (such as electricians) are on standby at all times in large shopping centers. Specifically, the company manages utilities such as electricity, water, and gas, HVAC (operations, repairs, construction, and required inspections), exit and entrance management, anti-theft measures, and automobile parking. Operating profit margin is about 9%. Required facilities are purchased by the client (property owner), and primarily costs incurred by the company are personnel costs and facilities management costs (water and utilities costs and depreciation). The company puts personnel on-site at large retail facilities, while smaller facilities are visited periodically and monitored remotely.

Aeon Delight provide services for Aeon group commercial facilities, as well as stores for retailers, manufacturers, and other non-group companies with multiple locations, factories, and offices.

The facilities management industry is facing a shortage of legally qualified personnel. Aeon Delight is ahead of its competitors in securing such personnel, as the introduction of area management has enabled labor savings. Further, as the company operates nationwide, it is able to recruit legally qualified personnel from all over Japan. Against such background, the company has been receiving an increasing number of new contracts from customers who have switched from other companies.

Area management

Under the new area management approach, the company manages multiple facilities by area. The facilities are monitored remotely at customer support centers, using cameras and sensors, to reduce on-site operations and visited regularly.

In March 2021, Aeon Delight set up customer service centers at all eight branches in Japan and rolled out remote support systems for customer facilities. The company also installed security cameras and sensors at facilities under management to automate on-site management tasks and save labor. In addition to setting up such a system, the company adopted an area management strategy, which involves the sharing of facilities management personnel in a given area with reference to customers' needs and attributes of each facility and region, and this led to cost reductions through labor savings and automation. The company first introduced the strategy primarily for Aeon Retail stores among the several thousand facilities under contract.

As of February 2024, the company had introduced the area management approach to a total of 320 facilities, and reduced the number of full-time facility management staff by about 219. The company reassigned these specialized personnel to newly contracted facilities, sales and construction departments, and other departments so that they can use their expertise cultivated on-site to further expand earnings opportunities.

Data integration platform, Aeon Delight Platform

Aeon Delight Platform collects, analyzes, and processes information from inside and outside facilities to increase its value. In FY02/23, the company developed a framework to centrally manage major internal systems and link them to data visualization tools. The framework has enabled the company to extract, analyze, and process any data from various systems. The company started using output data.

The system gathers information on facility management and customers and industries, from customer support centers and account managers, respectively. It then analyzes the data to offer optimal solutions to issues faced by customers. Further, it shares the data across the service network, including group companies and business partners. The system has been updated to include new features. For instance, it analyzes transactions by industry and facility type and visualizes repair work progress. These enhancements have helped the company enhance the efficiency of business activities, prevent opportunity losses, and appropriately manage construction progress to improve service quality.

Specific examples are as follows.

- Equipment repair proposals: Previously, facility managers presented customers with equipment repair proposals based on their expertise. However, the new system identifies equipment in need of repair based on data (evidence), such as manufacturer, model number, installation date, and malfunction history. As a result, customers benefit from more accurate and planned repair proposals.

- Energy-saving proposals: The system compares and analyzes the energy usage in real time between facilities of the same use and size. Customers can choose an energy-saving plan that best fits their individual facilities as they face rising energy costs.

Utilization of technology: Next-generation facilities management model

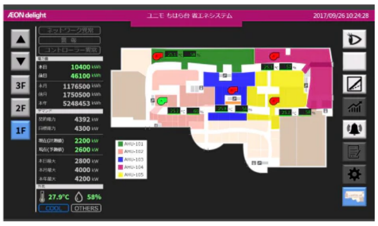
The next-generation facilities management model uses an open facilities management network system the company has developed. This system introduces IoT into facilities management. Data are measured automatically by sensors installed throughout customers' facilities. These data are consolidated in the cloud, reducing manpower and time while allowing all data to be managed at once.

Using IoT, the system performs remote monitoring and automatic control of air conditioning and lighting. It is an open network utilizing existing control equipment and IoT; it has a low installation cost (in some cases, it can reduce costs by half through multiple vendors); enables lower operation costs by reducing necessary manpower through remote monitoring; and saves energy. The company is watching out for replacement demand for central monitors (every 15–20 years) to capture replacement orders with its accumulated commercial facilities management know-how.

While leveraging its track record for large commercial facilities, its specialty, the company is also rolling out the system in other areas including drug stores to secure market share. In Asia ex. Japan, new purchases account for most market demand while in Japan most demand is replacement demand. The company intends to make its services the de facto industry standard in conventional facilities management.

The company appears to be considering several business models such as one that generates more sales and profits at installation, one that generates sales and profit through operation, and one that generates profit when energy savings or other measures exceed a certain level. The company's next-generation facilities management system, one of its value-added services, leads to less manpower required for commercial facilities. As such, profitability is expected to rise with sales.

Monitoring screens displayed at a large facility in Chiba



Source: Shared Research based on company data

Security Services

Segment performance (JPYmn)	FY02/15 Act.	FY02/16 Act.	FY02/17 Act.	FY02/18 Act.	FY02/19 Act.	FY02/20 Act.	FY02/21 Act.	FY02/22 Act.	FY02/23 Act.	FY02/24 Act.
Sales	36,622	38,456	41,068	43,290	44,492	44,647	44,393	47,239	49,478	50,919
YoY	7.0%	5.0%	6.8%	5.4%	2.8%	0.3%	-0.6%	6.4%	4.7%	2.9%
Operating profit	3,102	3,032	3,110	2,857	2,881	3,038	3,307	3,435	3,279	3,108
YoY	8.3%	-2.3%	2.6%	-8.1%	0.8%	5.4%	8.9%	3.9%	-4.5%	-5.2%
Operating profit margin	8.5%	7.9%	7.6%	6.6%	6.5%	6.8%	7.4%	7.3%	6.6%	6.1%

Source: Shared Research based on company data

This segment provides comprehensive security services (i.e., security for facilities, security to handle crowds and traffic, and protection of valuable goods). By combining manual labor and the latest advances in technology, the company provides customized security solutions to clients.

It places security guards at client facilities, and recurring revenue business with ongoing security services is common. This segment outsources most of its work to Aeon Delight Security, a subsidiary. Due to heavy personnel costs for security guards, the operating profit margin is stuck at about 7%. The industry is experiencing a rise in personnel expenses due to chronic labor shortages. However, the company is promoting the systematization of store entry and exit management and opening and closing operations to improve profitability.

The company also offers an attendant security service, which is similar in nature to a concierge service. Attendants are female security guards that also provide information services to patrons. This service was started in an effort to shed the old "security guard" image and provide a more hospitable environment. Although costs will arise from staff training, this business provides high added value.

In Japan, in addition to Aeon group commercial facilities, Aeon Delight provides services to facilities outside the group (automakers, hospitals, hotels, commercial complexes, and business centers of financial institutions), and in China, to government-affiliated properties, commercial complexes, and condominiums.

Cleaning Services

Segment performance (JPYmn)	FY02/15 Act.	FY02/16 Act.	FY02/17 Act.	FY02/18 Act.	FY02/19 Act.	FY02/20 Act.	FY02/21 Act.	FY02/22 Act.	FY02/23 Act.	FY02/24 Act.
Sales	44,287	47,870	53,365	55,297	58,185	62,362	62,459	66,963	68,336	70,428
YoY	4.6%	8.1%	11.5%	3.6%	5.2%	7.2%	0.2%	7.2%	2.1%	3.1%
Operating profit	6,289	6,031	6,012	6,228	6,694	6,967	7,324	8,106	7,014	5,277
YoY	10.0%	-4.1%	-0.3%	3.6%	7.5%	4.1%	5.1%	10.7%	-13.5%	-24.8%
Operating profit margin	14.2%	12.6%	11.3%	11.3%	11.5%	11.2%	11.7%	12.1%	10.3%	7.5%

Source: Shared Research based on company data

The company provides cleaning services, mainly in large shopping centers for the Aeon group. Because large commercial facilities tend to have a wide variety of people passing through and frequent layout changes, it is a relatively difficult area of the cleaning industry. Although it is a labor-intensive business, the company has implemented measures to increase efficiency of large machinery such as floor cleaners. These and other initiatives serve to standardize and increase the efficiency of work performed. This is a recurring revenue business and the company has built long-term relationships with about 80% of its customers in this segment.

On an orders-received basis, the business is composed of about 10–20% work performed directly by the parent company, and 80–90% work performed by outsourcing partners. Primary outsourcing partners are Aeon Delight Connect Co., Ltd. and Kankyouseibi Co., Ltd. Approximately 30,000 persons are involved in the cleaning services business.

Hygienic cleaning

The company leverages the track record and expertise it has built up through hospital-oriented hygienic cleaning and New Standard Cleaning, a cleaning method for maintaining a hygienic, attractive environment developed based on the company's proprietary cleaning services previously provided to hospitals. It focuses to offer high value-added services to raise facilities' hygiene levels. Since the outbreak of COVID-19, demand for disinfection cleaning, quarantine cleaning, and special cleaning to prevent the spread of infection has increased, and the company established a specialized organization in April 2022 to strengthen related proposals. This has led to development of new non-group customers, such as hospitals and hotels.

Contract renewal for hygienic cleaning services at hospitals typically happens every year, so it is difficult to turn it into a recurring revenue business. That said, a limited number of companies have the scale needed to provide bulk cleaning services for major groups with many medical facilities nationwide. Aeon Delight presents proposals capitalizing on its bases nationwide; its name recognition as a publicly traded company and as a member of the Aeon group; its track record with major medical institutions; and the visible quality of its cleaning services.

Construction Work

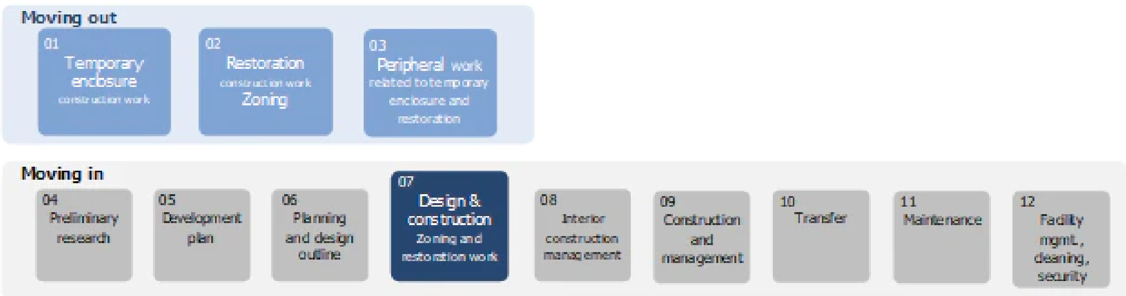
Segment performance	FY02/15	FY02/16	FY02/17	FY02/18	FY02/19	FY02/20	FY02/21	FY02/22	FY02/23	FY02/24
(JPYmn)	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.
Sales	41,972	43,855	45,814	40,897	41,470	41,844	40,657	43,015	52,084	59,219
YoY	-8.0%	4.5%	4.5%	-10.7%	1.4%	0.9%	-2.8%	5.8%	21.1%	13.7%
Operating profit	2,807	3,218	3,210	3,305	3,989	3,816	3,880	3,583	4,080	5,322
YoY	8.8%	14.6%	-0.2%	3.0%	20.7%	-4.3%	1.7%	-7.7%	13.9%	30.4%
Operating profit margin	6.7%	7.3%	7.0%	8.1%	9.6%	9.1%	9.5%	8.3%	7.8%	9.0%

Source: Shared Research based on company data

In this segment, the company conducts large-scale renovation, interior planning and design, and restoration. It also proposes energy-saving sand CO2 reduction solutions and installs related devices. In addition, it installs solar power systems and offer energy data management services. In this segment, the company generates roughly 60% of its sales from Aeon group companies. Renovation is remodeling (not designing) of Aeon retail locations, such as replacing signage, or modifying retail floor space. In recent years, there has been an increasing amount of work related to changeover of tenants inside Aeon Malls (restoration and new interiors). In March 2021, Aeon Delight absorbed store design specialist U-COM, and the upstream approach has enabled it to win an increasing number of contracts from outside the Aeon group.

With material prices on the rise, the company established a department specializing in estimating construction costs in FY02/23. It plans to improve profitability by increasing estimate accuracy and strengthening cost negotiations.

Construction work process for commercial facility tenant replacement



Source: Shared Research based on company data

Materials and Supplies Sourcing Services

Segment performance	FY02/15	FY02/16	FY02/17	FY02/18	FY02/19	FY02/20	FY02/21	FY02/22	FY02/23	FY02/24
(JPYmn)	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.
Sales	47,618	50,516	50,740	50,265	51,007	51,125	53,060	56,497	41,544	46,315
YoY	6.9%	6.1%	0.4%	-0.9%	1.5%	0.2%	3.8%	6.5%	-26.5%	11.5%
Operating profit	2,111	2,806	2,774	2,868	2,779	2,489	2,467	2,560	1,999	2,322
YoY	-9.5%	32.9%	-1.1%	3.4%	-3.1%	-10.4%	-0.9%	3.8%	-21.9%	16.2%
Operating profit margin	4.4%	5.6%	5.5%	5.7%	5.4%	4.9%	4.6%	4.5%	4.8%	5.0%

Source: Shared Research based on company data
Note: The company adopted the Accounting Standard for Revenue Recognition from Q1 FY02/23.

Through efficient logistics, the company in this business aims to reduce costs and improve operational efficiency at customer companies in procuring intermediate materials used in offices and retail stores. The company handles materials for sales at stores (plastic shopping bags and gift bags), uniforms, and other consumables (stationery for employees and cleaning materials). In recent years, the company has strengthened its handling of environmentally friendly packaging materials.

In this business, stores running out of inventories of materials is not an option. The company also performs logistics functions for customers. Through efficient logistics operations, it aims to reduce costs and improve operational efficiency related to the procurement of intermediate materials. Even though this is a business where adding value is difficult, the company maintains an OPM of around 5%. The rises in crude oil prices, raw materials, and distribution costs will increase the purchase costs of packaging materials. In addition to streamlining distribution costs, the company continues to make efforts to reflect rising costs in selling prices.

Collaborating with other businesses, the company sold cleaning and sanitation materials to customers in Cleaning Services, and materials and equipment to those in Facilities Management and Security Services. In FY02/23, sales declined YoY due to the application of the new Accounting Standard for Revenue Recognition (sales would have grown 5.6% YoY under the previous accounting standard).

Vending Machine Services

Segment performance	FY02/15	FY02/16	FY02/17	FY02/18	FY02/19	FY02/20	FY02/21	FY02/22	FY02/23	FY02/24
(JPYmn)	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.
Sales	34,825	32,741	32,879	32,834	31,955	31,544	25,453	26,353	9,466	9,616
YoY	4.5%	-6.0%	0.4%	-0.1%	-2.7%	-1.3%	-19.3%	3.5%	-64.1%	1.6%
Operating profit	2,965	2,846	2,812	2,105	1,164	1,396	653	608	1,083	1,290
YoY	-3.4%	-4.0%	-1.2%	-25.1%	-44.7%	19.9%	-53.2%	-6.9%	78.1%	19.1%
Operating profit margin	8.5%	8.7%	8.6%	6.4%	3.6%	4.4%	2.6%	2.3%	11.4%	13.4%

Source: Shared Research based on company data
Note: The company adopted the Accounting Standard for Revenue Recognition from Q1 FY02/23.

In this segment, the company operates soft drink vending machines. It also creates relaxation areas with foliage plants and air purification equipment.

The company's vending machines stock a variety of products from different manufacturers. About 80% of vending machine sales come from machine in supermarkets belonging to the Aeon group. The remaining 20% of sales come from machines in shopping malls operated by non-Aeon companies. The business started in September 2010, when Aeon Delight acquired vending machine operator Certo Corp., which spun off from the trading division of Aeon.

The company operates its own vending machines as well as those owned by partners such as beverage makers' sales companies. Beverage purchasing and vending machine restocking are outsourced to operators, while the company determines locations and coordinates the product lineup. The company's sales are roughly tied to beverage sales, with additional compensation from the manufacturers. Operating profit is the amount left after paying commissions to operators and installation sites. Sales tend to increase in Q2 (June—August) due to strong beverage sales in summer. In FY02/23, sales fell sharply YoY due to the application of the new Accounting Standard for Revenue Recognition (sales would have grown 2.2% YoY under the previous accounting standard).

Support Services

Segment performance	FY02/15	FY02/16	FY02/17	FY02/18	FY02/19	FY02/20	FY02/21	FY02/22	FY02/23	FY02/24
(JPYmn)	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.
Sales	14,406	15,524	18,188	17,325	19,439	18,768	15,837	16,049	18,070	18,810
YoY	9.7%	7.8%	17.2%	-4.7%	12.2%	-3.5%	-15.6%	1.3%	12.6%	4.1%
Operating profit	281	-580	-850	-1,466	-2,270	416	-75	441	462	545
YoY	-16.4%	-	-	-	-	-	-	-	4.8%	17.8%
Operating profit margin	2.0%	-3.7%	-4.7%	-8.5%	-11.7%	2.2%	-0.5%	2.7%	2.6%	2.9%

Source: Shared Research based on company data

In this segment, the company provides travel agency services, education and human resource services, business process outsourcing (BPO), housework support services, business travel services, training services, and staffing services. Much of these support services are conducted by companies acquired through M&A.

Development of BPO services began with the acquisition of General Services, Inc. Services that BPO undertake include cost management, salary calculations, administrative functions, social security and welfare, receipt of telephone calls, and system management.

The main subsidiary in this segment is Aeon Compass. It primarily offers B2B services including Business Travel Management (domestic business trips, support for overseas assignments) and MICE (planning and management of meetings, seminars, trainings). Aeon Delight Academy, Co., Ltd. operates the "Aeon Delight Academy Nagahama" in Shiga Prefecture to provide real-world training. It also operates a staffing service for technical professions.

The company provides a wide rage of services such as travel agency and event-related services for the Aeon group. It also offers on-site shipping services for Aeon Mall facilities. The company also addresses non-group customers' outsourcing needs associated with management and operation of contracted facilities and their surroundings. (e.g., operation of venues for new employee welcoming ceremonies and employee training, and operations peripheral to building maintenance). In China, it offers maintenance and peripheral services for government buildings and support services for new buildings.

Major domestic subsidiaries

The table below lists the company's major subsidiaries in Japan.

Name	Parent company's role
Aeon Delight Academy, Co., Ltd.	Custody and management of funds for outsourced education, training, and human resource services
Aeon Delight Security Co., Ltd.	Outsourcing of security services; lending of working capital
Kankyouseibi Co., Ltd.	Outsourcing of facility management, security, cleaning, and construction work services; custody and management of funds
Aeon Delight Connect Co., Ltd.	Outsourcing of facility management, cleaning, and construction work services; custody and management of funds
Hakuseisha Co., Ltd.	Outsourcing of facility management, security, cleaning, construction work, and support services; custody and management of funds
Aeon Compass Co., Ltd.	Outsourcing of business trip support services
askmaintenance Co., Ltd.	Outsourcing of facility management, cleaning, and construction work services

Source: Shared Research based on company data

Establishment of Aeon Delight Connect for management of small and medium facilities

In March 2021, the company merged A to Z Service Co., Ltd., an interior construction and maintenance services provider for mainly Kanto-area small and medium facilities, with Do Service Co., Ltd., a cleaning services provider for mainly Kansai-area small and medium facilities, to create Aeon Delight Connect Co., Ltd. The new company is set to become a core company within the group providing comprehensive facility management services for small and medium facilities throughout Japan. The reorganization allows the company to expand the service area of A to Z Service and Do Service and increase the services available to existing customers. Aeon Delight has mobilized its management team to join sales staff in marketing activities, targeting nationwide convenience store, restaurant, supermarket, and clothing store chains.

Overseas business

The company has expanded from Japan to China and ASEAN countries by leveraging its standardized technology and quality control capabilities cultivated over 50 years of operation in Japan. It aims to become the number one facility management company in Asia. Overseas, the company is active in China, Malaysia, Vietnam, Indonesia, and Cambodia, operating in the Facilities Management, Security Services, Cleaning Services, and Support Services segments. Around half of overseas customers are Aeon group companies. Overseas operations accounted for 9.9% of sales in FY02/24. The company uses a three-pronged growth strategy that addresses safety and security, manpower shortage, and the environment, and aims to expand its contracted facility management services throughout the Asian region. In China, the strategy is to provide quality facilities management centered on North, East, Central, and South China to boost the Aeon Delight brand profile.

Sales from overseas operations are included in each business.

China

In 2007, the company established a company in Beijing, China. It then built its business foundation and expanded its service network in China by adding local companies to the group: Aeon Delight (Jiangsu) Comprehensive Facility Management Service Co., Ltd. in 2012 and Wuhan Xiaozhu Comprehensive Facility Management Service Co., Ltd. in 2013. In April 2021, the company established Aeon Delight (China) Co., Ltd., which oversaw operations in China, and commenced business. In October 2022, the company changed its consolidated subsidiary, Aeon Delight (China) Co., Ltd., from a facilities management company to an investment company. Accordingly, it renamed the subsidiary Aeon Delight (China) Investment Holdings Co., Ltd. and increased its capital. In 2023, the company reorganized its business in China to further expand the areas of operation and enhance collaboration between operating companies. As part of this effort, it redefined the role of Aeon Delight (China) Service Management Group Co., Ltd., positioning it as the entity overseeing all operations in China.

In China, the company is expanding its business domain to include property management services (maintenance and operation of facilities), catering (peripheral operations for building management), cleaning services, and services for residents in nursing homes, centering on quality facilities management services.

The company operates in Beijing, Hebei, Tianjin, Shandong, Jiangsu, Shanghai, Zhejiang, Hubei, Guangdong, Hunan, and Hong Kong. It provides services to a variety of facilities, including large shopping centers, luxury residences, and transportation infrastructure facilities. It also participates in community redevelopment projects. In FY02/24, sales from the China business were JPY23.9bn.

M&A activities

In China, the company is actively utilizing acquisitions and business alliances to acquire expertise, expand its business domain, and strengthen its customer base. It plans to expand its business throughout China in the future. The company engages in facilities management operations in China. In addition, it aims to invest in local companies that have expertise and customer bases in energy, environment, and parking lot management, and companies that provide security and cleaning services for local hospitals and factories of Japanese companies.

Main subsidiaries

- Aeon Delight (China) Service Management Group Co., Ltd. (former Aeon Delight [Jiangsu]): Oversees the company's businesses in China. It provides security, cleaning, and support services for government-affiliated facilities, offices, and commercial facilities. It is working to contract new properties and increase its share of customer wallets. In June 2021, Aeon Delight Jiangsu acquired a 60% stake in Suzhou Nakamura Integrated Facility Management Service (making it a subsidiary), which has a high level of knowledge and success in contracting services for Japanese-owned factories, in order to expand market share in Suzhou where there is significant growth in factories owned by Japanese businesses. In 2023, the company reorganized its business to further expand the areas of operation and enhance collaboration between operating companies. As part of this effort, it redefined the role of Aeon Delight (China) Service Management Group, positioning the subsidiary to oversee operations in China.

- Wuhan Xiaozhu: One of the core operating companies. It became a subsidiary in 2013. It is a major property management company in Wuhan, Hubei Province, and holds a first-class license for property management.

- Aeon Delight (China) Investment Holdings: Aeon Delight (China) was established in 2021 to further grow businesses in China. (Its form was changed from a facilities management company to an investment company, and it was renamed to Aeon Delight (China) Investment Holdings Co., Ltd.) It is responsible for strengthening group governance, generating synergies among operating companies, and controlling the quality of services provided in China. As an investment company, it is able to invest in local companies in other industries.

- Zhejiang Metelan Property Management: Became a subsidiary in March 2022. It is a local company that manages and operates healthcare facilities in Zhejiang and Jiangxi provinces.

- Aeon Delight (Hong Kong): Established in March 2024. The subsidiary aims to expand facility management operations in Hong Kong, mainly for facilities owned by Japanese companies and local medium- to high-end facilities.

ASEAN

In the ASEAN region, the company has subsidiaries in Indonesia, Malaysia, and Vietnam.

The company is making preparations to establish a head office for the ASEAN business in Malaysia to reinforce group governance and develop a new growth strategy for the region as a whole. The company's ASEAN business has governance issues, more so than the China business, and so the company is dispatching personnel from Japan to address these issues and strengthen governance of the local business. In FYY02/24, sales from the ASEAN business were JPY11.8bn.

- Malaysia: The company provides facilities management, repair, and cleaning and disinfecting services for Aeon Malaysia facilities as well as non-group facilities.

- Vietnam: Target customers are commercial facilities in Vietnam and Cambodia. Aeon Mall is strengthening store openings in Vietnam and plans to accelerate further store openings from 2025 to 2026. Aeon Delight is also working to strengthen its system by increasing the personnel headcount.

- Indonesia: The company offers its expertise in facilities management. It also aims to win local contracts. Personnel costs are on an upward trend as the company works to improve working conditions following the revision of the law. Indonesia is a larger market within the ASEAN region, and the company has access to the customer base of a cleaning company it purchased in the country in 2018. It is building local infrastructure by dispatching staff from Japan with an eye toward expanding contracts with Aeon group facilities.

Strengths and weaknesses

Strengths

- Strong ties with the Aeon group: Aeon Delight is a subsidiary of Aeon Co., Ltd., and 62.2% of sales were generated from the Aeon group in FY02/24. This provides for stable sales, and the Aeon group's expansion into Asia is also proving to be a positive factor for Aeon Delight's growth. The company is able to leverage economies of scale from the Aeon group, and has accumulated expertise in facilities management from its transactions with Aeon. This provides for a stable recurring-revenue model.

- Industry leader in facilities management: Aeon Delight is the industry leader capable of providing integrated all-in-one building maintenance services such as facilities management, security, cleaning, and renovations that are non-core activities for many companies. Its competitors can only provide one to two of these services (i.e., security or cleaning). The number of companies that can provide one-stop services is limited.

- Ability to generate stable cash flows: Over the past five years, average operating cashflow has been JPY11.6bn per annum, and the company has spent JPY3.0bn per year on the acquisition of tangible fixed assets, generating total cashflow of about JPY8.6bn. The company is using stable cash flow to invest strategically in acquisitions and technological development based on its longer-term vision. If there are no investment outlets that meet its growth strategy, the cash flow funds shareholder returns. Over the past five years, Aeon Delight has spent an average of JPY3.9bn in dividend payments (cash flow basis) yearly. It has increased dividends YoY for the twentieth consecutive year through FY02/24. In FY02/19, the company spent JPY9.9bn on a share buyback. From October 2022 to October 2023, it bought back shares worth JPY4.5bn. (It also announced its plan to buy back shares worth JPY3.1bn in April 2024.)

Weaknesses

- Limited organic growth: Aeon Delight depends mainly on the domestic market; overseas sales accounted for just 9.9% of total sales in FY02/24. The markets for its existing businesses in Japan are mature, which is a weakness in terms of the company's growth potential. To sustain growth, Aeon Delight must rely on aggressive development overseas and winning contracts in ancillary businesses as a facilities management company and growing market share.

- Heavy dependence on the Aeon group: Aeon Delight is a consolidated subsidiary of Aeon, and the Aeon group accounted for 62.2% of sales in FY02/24. A drawback of such a strong relationship is that the parent company may ask for support in pursuing its agenda. Recently, Aeon acquired 50% of Tesco Japan, the U.K. supermarket chain operator's Japan retail business. A joint venture company, Aeon Every Co., Ltd. is in charge of supermarket operations. The parent Aeon could ask the company for support in future acquisitions.

- Mature property management market: The property management market is relatively mature. However, small retail stores in urban areas offer growth opportunities given the greater number of customer volume. Many small retailers are renovating their stores and upgrading facilities. Aeon Delight's expertise has been in large facilities, mainly supporting the Aeon group retail stores such as shopping centers and supermarkets. As smaller commercial facilities emerge in large urban areas, the question remains whether the company can successfully adapt its facilities maintenance know-how to this segment of the market. The company may need to look at this segment for growth.

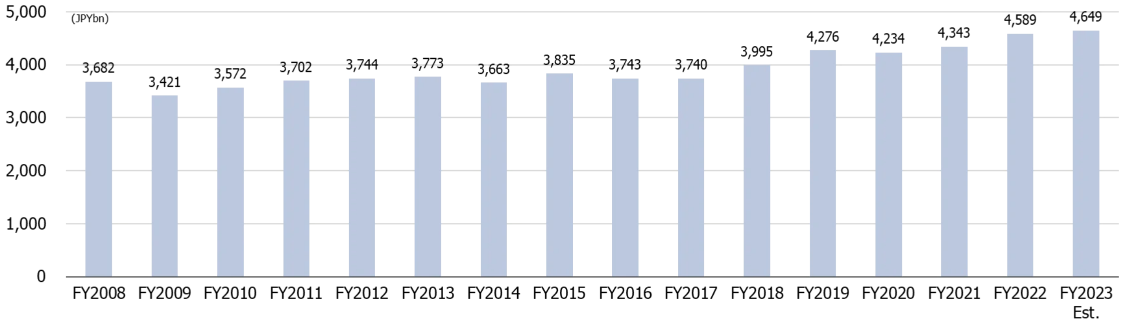
Market and value chain

Market overview

Japan's building maintenance market was worth roughly JPY4.6tn in FY2022, up 5.7% YoY, according to a survey released in October 2023 by Yano Research Institute Ltd.

Building maintenance market includes building cleaning, facilities maintenance, and security services. It also includes repair work, renovation work, and renewal work undertaken by building maintenance companies. But businesses unrelated to building maintenance are not included in the data even though they are undertaken by these companies.

Scale of the building management market (prime contractor basis)



Source: Shared Research based on Yano Research Institute Ltd. materials (October 2023)

Building maintenance services were mainly used by office buildings (21.7%), shops and commercial facilities (18.1%), medical and welfare facilities (10.2%), factories and workplaces (9.3%), and education facilities (9.3%). The company has a significant share of the shop and commercial facilities market, but low shares in office buildings, medical and welfare facilities, and factories and work places, leaving room for growth.

Sales growth rates by end user were up 5.1% YoY for office buildings, up 5.2% YoY for shops and commercial facilities, up 6.5% YoY for medical and welfare facilities, up 5.1% YoY for factories and workplaces, and up 3.4% YoY for education facilities.

Building maintenance market (by building use)

(JPYbn)	FY2018	FY2019	FY2020	FY2021	FY2022
Residential	134.7	151.5	153.6	157.9	177.3
YoY	7.4%	12.5%	1.4%	2.8%	12.3%
Non-residential	3,860.5	4,124.8	4,080.1	4,184.5	4,411.5
YoY	6.8%	6.8%	-1.1%	2.6%	5.4%
Office buildings	875.4	933.2	919.4	946.0	994.5
YoY	6.4%	6.6%	-1.5%	2.9%	5.1%
Stores and commercial facilities	736.8	783.2	772.2	788.4	829.7
YoY	6.5%	6.3%	-1.4%	2.1%	5.2%
Medical and welfare facilities	390.8	423.6	424.1	439.4	467.9
YoY	8.1%	8.4%	0.1%	3.6%	6.5%
Educational facilities	403.6	424.1	411.9	413.2	427.4
YoY	5.2%	5.1%	-2.9%	0.3%	3.4%
Factories and workshops	387.4	409.2	401.1	407.6	428.3
YoY	6.1%	5.6%	-2.0%	1.6%	5.1%

Source: Shared Research based on Yano Research Institute Ltd. materials (October 2023)

Aeon group stores by format (domestic and overseas)

	FY02/15	FY02/16	FY02/17	FY02/18	FY02/19	FY02/20	FY02/21	FY02/22	FY02/23	FY02/24
GMS	618	625	626	584	583	612	613	618	613	609
Supermarket	2,038	2,121	2,130	2,159	2,166	2,228	2,291	2,285	2,316	2,324
Discount store	381	530	566	568	587	592	599	605	605	587
DIY store	121	120	119	122	122	120	118	117	119	118
Supercenter	29	28	28	28	27	25	25	25	25	25
Department store	1	1	1	1	1	1	1	1	1	1
Specialty store	4,683	5,061	4,348	4,332	4,039	3,801	3,515	4,503	4,447	4,347
Convenience store	3,932	4,331	5,261	5,436	5,449	5,350	5,300	4,661	2,039	2,015
Drugstore and pharmacy	3,347	3,765	3,980	4,376	4,817	2,392	2,599	2,868	3,176	3,246
Other retail formats	884	803	856	907	1,015	1,150	1,252	1,341	1,405	1,486
Financial services	698	701	705	690	640	658	636	592	596	592
Services	1,640	1,934	2,013	2,045	2,070	2,016	1,999	1,978	2,049	2,108
Total	**18,382**	**20,020**	**20,633**	**21,248**	**21,516**	**18,945**	**18,948**	**19,594**	**17,391**	**17,458**
Aeon Mall	148	161	166	174	180	172	174	202	199	202
Aeon Town	130	134	138	139	140	145	147	150	151	155
Total	**278**	**295**	**304**	**313**	**320**	**317**	**321**	**352**	**350**	**357**

Source: Shared Research based on company data

Stores overseas by format

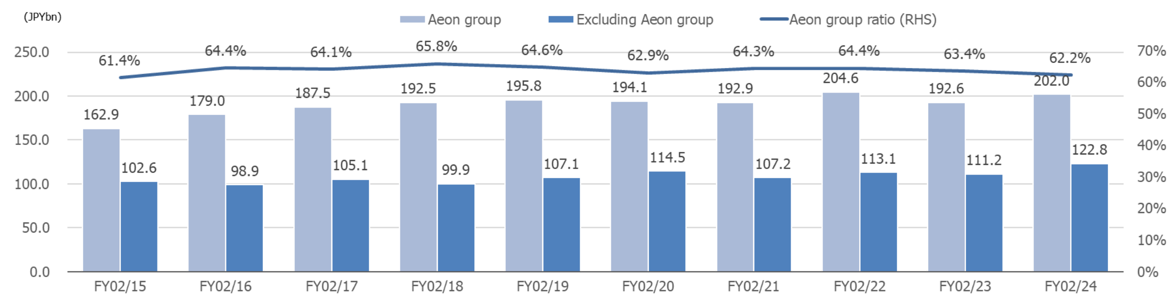
	FY02/15	FY02/16	FY02/17	FY02/18	FY02/19	FY02/20	FY02/21	FY02/22	FY02/23	FY02/24
GMS	77	84	87	94	96	101	103	103	94	92
Supermarket	101	115	173	150	150	125	125	131	144	137
Discount store	24	24	23	21	22	22	22	21	21	21
Convenience store	2,532	2,840	2,998	3,172	3,252	3,353	3,315	2,711	138	164
Drugstore	0	0	0	0	0	7	10	11	12	13
Specialty store	42	44	52	54	39	5	0	7	7	7
Other retail formats	30	79	97	115	124	148	147	153	153	155
Financial services	339	339	342	324	276	295	269	225	234	239
Services	180	282	335	390	426	446	431	425	435	464
Total	**3,325**	**3,845**	**4,107**	**4,320**	**4,385**	**4,502**	**4,422**	**3,787**	**1,238**	**1,292**

Source: Shared Research based on company data

Customers

In FY02/24, Aeon Delight generated almost 62.2% of its sales from the Aeon group companies, including Aeon Retail, Aeon Mall (TSE Prime: 8905), and MaxValu companies. The remainder comes from non-Aeon group customers that include commercial facilities, offices, hotels, medical facilities, schools, factories, warehouses, government offices, and event operators.

Sales composition by customer



Source: Shared Research based on company data

Aeon Mall raised funds in Japan and made investments overseas to drive profit growth through overseas expansion. At the time of its 1H FY2024 results announcement, however, it revised its overseas opening plans for FY02/26 from four malls (two in China; two in ASEAN) to one mall in China. This revision was due to changes in the external environment, such as the deterioration of the real estate market in China and delays in development approvals in Vietnam.

Plans for overseas openings of Aeon Malls

	FY02/24	FY02/25	FY02/26
Overseas (stores)	2	4	1
China (stores)	1	2	1
ASEAN (stores)	1	2	0

Source: Shared Research based on Aeon Mall data

Overseas businesses of the Aeon group

Overseas stores: Aeon Mall	FY02/15	FY02/16	FY02/17	FY02/18	FY02/19	FY02/20	FY02/21	FY02/22	FY02/23	FY02/24
Total number of stores	**9**	**17**	**19**	**24**	**27**	**30**	**32**	**34**	**37**	**37**
China	6	12	13	17	19	21	21	22	22	22
ASEAN	3	5	6	7	8	9	11	12	15	15
Vietnam	2	3	4	4	4	5	6	6	6	6
Cambodia	1	1	1	1	2	2	2	2	3	4
Indonesia, Cambodia		1	1	2	2	2	3	5	6	5

Source: Shared Research based on Aeon Mall data

Competition

Aeon Delight derives some 60–70% of its sales from the Aeon group. Within the group, Aeon Delight's share in Aeon Retail is about 80%. The company's share in Aeon Mall is about 60%, while its share in MaxValu companies is between 60% and 70%.

Aeon Delight's competitors include SECOM Co., Ltd. (TSE Prime: 9735) and Sohgo Security Services Co., Ltd. (TSE Prime: 2331) in security services. It competes with Azbil Corporation (TSE Prime: 6845), Nippon Kanzai Holdings Co., Ltd. (TSE Prime: 9347), and Tokyu Community Corporation (unlisted) in property management services. There are no major competitors that offer cleaning services; Aeon Delight competes with smaller, regional cleaning operators. In construction-related work, Aeon Delight competes with Azbil in the environmental solutions business, while in the energy-saving business, major rivals are NTT Facilities, Inc. (unlisted) and Hitachi, Ltd. (TSE Prime: 6501).

Barriers to entry

Property management for residential and small office buildings has relatively low barriers to entry. However, the barriers are high for large facilities given the comprehensive services required. Smaller residential or office building owners are less concerned about having total package of services and usually focus on cleaning or security. However, large facilities require comprehensive services such as maintenance, cleaning, and security, all-in-one. Instead of hiring a contractor for each service, large building owners prefer to contract out these services to one company that is able to provide all of these services in package. Consequently, this enables Aeon Delight to enjoy a relatively high barrier of entry in its market niche, namely servicing large retail stores and office buildings, due to its expertise in providing an all-in-one package of services.

The company's market share within the Aeon group is high. Being a group company, Aeon Delight is well aware of the business practices and facility characteristics that are common throughout the Aeon group and the risk of its competitors gaining a significant portion of the market share is fairly slim.

Financial Statements

Income statement

Income statement	FY02/15	FY02/16	FY02/17	FY02/18	FY02/19	FY02/20	FY02/21	FY02/22	FY02/23	FY02/24
(JPYmn)	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Sales	**265,572**	**277,926**	**292,607**	**292,396**	**302,915**	**308,582**	**300,085**	**317,657**	**303,776**	**324,820**
YoY	3.5%	4.7%	5.3%	-0.1%	3.6%	1.9%	-2.8%	5.9%	-	6.9%
Cost of sales	231,281	243,089	256,871	257,524	267,463	270,011	262,910	278,158	262,338	282,207
Gross profit	**34,290**	**34,836**	**35,736**	**34,871**	**35,452**	**38,570**	**37,175**	**39,498**	**41,437**	**42,613**
YoY	3.1%	1.6%	2.6%	-2.4%	1.7%	8.8%	-3.6%	6.2%	-	2.8%
Gross profit margin	12.9%	12.5%	12.2%	11.9%	11.7%	12.5%	12.4%	12.4%	13.6%	13.1%
SG&A expenses	18,900	20,280	21,596	21,961	22,421	22,569	21,945	23,764	25,623	27,377
YoY	1.5%	7.3%	6.5%	1.7%	2.1%	0.7%	-2.8%	8.3%	-	6.8%
SG&A ratio	7.1%	7.3%	7.4%	7.5%	7.4%	7.3%	7.3%	7.5%	8.4%	8.4%
Operating profit	**15,390**	**14,556**	**14,139**	**12,909**	**13,030**	**16,001**	**15,230**	**15,733**	**15,814**	**15,235**
YoY	5.3%	-5.4%	-2.9%	-8.7%	0.9%	22.8%	-4.8%	3.3%	0.5%	-3.7%
Operating profit margin	5.8%	5.2%	4.8%	4.4%	4.3%	5.2%	5.1%	5.0%	5.2%	4.7%
Non-operating income (expenses)	82	-22	124	472	332	-52	38	56	193	247
Recurring profit	**15,472**	**14,534**	**14,263**	**13,381**	**13,362**	**15,949**	**15,268**	**15,789**	**16,006**	**15,482**
YoY	6.0%	-6.1%	-1.9%	-6.2%	-0.1%	19.4%	-4.3%	3.4%	1.4%	-3.3%
Recurring profit margin	5.8%	5.2%	4.9%	4.6%	4.4%	5.2%	5.1%	5.0%	5.3%	4.8%
Extraordinary gains (losses)	-665	-408	-174	-1,135	-195	-401	-4,617	566	-430	96
Implied tax rate	44.1%	46.0%	45.9%	42.9%	46.2%	38.3%	-8.6%	35.4%	34.5%	30.6%
Net income attributable to non-controlling interests	310	386	533	598	664	245	-110	-99	49	97
Net income	**7,965**	**7,247**	**7,093**	**6,397**	**6,415**	**9,348**	**11,680**	**10,665**	**10,152**	**10,707**
YoY	13.2%	-9.0%	-2.1%	-9.8%	0.3%	45.7%	24.9%	-8.7%	-4.8%	5.5%
Net margin	3.0%	2.6%	2.4%	2.2%	2.1%	3.0%	3.9%	3.4%	3.3%	3.3%

Source: Shared Research based on company data

Note: The company restated prior-year results in June 2019.

Balance sheet

Balance sheet	FY02/15	FY02/16	FY02/17	FY02/18	FY02/19	FY02/20	FY02/21	FY02/22	FY02/23	FY02/24
(JPYmn)	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Assets										
Cash and deposits	15,580	20,386	31,717	39,536	44,233	62,355	59,773	68,282	57,600	68,350
Accounts receivable	35,757	34,328	35,360	35,739	40,089	42,612	39,176	40,708	47,065	51,519
Allowance for doubtful accounts	-168	-360	-202	-130	-167	-242	-212	-134	-95	-164
Inventories	2,663	2,840	3,218	2,623	2,211	1,822	2,006	2,074	2,363	2,858
Deposits for consumption to subsidiaries and affiliates	41,326	37,362	31,713	32,000	16,000	-	-	-	-	-
Other	8,476	9,634	9,292	8,543	6,405	5,815	9,265	10,083	22,599	17,414
Total current assets	**103,634**	**104,190**	**111,098**	**118,311**	**108,771**	**112,362**	**110,008**	**121,013**	**129,534**	**139,980**
Buildings	1,009	1,629	1,631	1,582	1,479	1,458	1,671	1,629	1,494	1,358
Facilities and equipment for area management	211	190	175	-	-	-	-	-	-	-
Tools, furniture, and fixtures	2,516	2,651	3,307	4,892	5,064	4,846	4,264	3,589	2,967	2,948
Land	278	1,978	1,975	1,975	2,032	2,032	2,000	466	434	193
Construction in progress	-	-	-	-	-	-	-	-	-	-
Other fixed assets	345	610	1,974	1,591	1,585	1,334	1,545	1,394	1,604	1,984
Total tangible fixed assets	**4,361**	**7,061**	**9,064**	**10,041**	**10,161**	**9,671**	**9,481**	**7,080**	**6,499**	**6,484**
Goodwill	8,452	7,654	6,813	6,113	6,865	5,975	3,938	3,360	3,046	2,203
Other	1,867	2,352	1,989	1,699	1,338	1,209	1,579	2,293	3,324	3,894
Total intangible assets	**10,320**	**10,006**	**8,802**	**7,813**	**8,103**	**7,185**	**5,518**	**5,653**	**6,371**	**6,098**
Investment securities	3,768	4,463	4,546	5,334	4,256	3,623	3,960	3,720	4,021	4,123
Deferred tax assets	284	310	551	330	412	1,763	4,840	2,951	1,841	1,210
Other	2,750	3,896	4,342	3,458	3,264	2,347	2,766	2,470	2,378	2,380
Allowance for doubtful accounts	-535	-494	-536	-610	-355	-36	-11	-30	-19	-19
Investments and other assets	**6,268**	**8,176**	**8,904**	**8,512**	**7,578**	**7,698**	**11,557**	**9,111**	**8,222**	**7,693**
Total fixed assets	**20,950**	**25,244**	**26,772**	**26,367**	**25,842**	**24,554**	**26,556**	**21,845**	**21,093**	**20,277**
Total assets	**124,584**	**129,434**	**137,870**	**144,678**	**134,614**	**136,917**	**136,565**	**142,859**	**150,628**	**160,257**
Liabilities										
Accounts payable	24,934	28,457	25,114	25,820	25,967	23,388	22,170	22,070	25,901	29,292
Short-term debt	-	-	271	225	394	252	299	247	182	378
Other	15,771	17,377	21,666	18,541	20,137	20,410	17,466	17,156	17,203	18,103
Total current liabilities	**46,639**	**45,834**	**47,051**	**49,060**	**51,408**	**48,864**	**44,123**	**43,892**	**48,406**	**53,445**
Long-term debt	-	-	293	-	15	11	-	-	-	-
Other	2,387	3,925	5,921	6,474	7,652	6,756	4,160	3,543	2,827	2,596
Total fixed liabilities	**2,387**	**3,925**	**6,214**	**6,474**	**7,667**	**6,767**	**4,160**	**3,544**	**2,830**	**2,599**
Total liabilities	**49,026**	**49,760**	**53,266**	**55,535**	**59,075**	**55,631**	**48,283**	**47,437**	**51,237**	**56,044**
Capital stock	3,238	3,238	3,238	3,238	3,238	3,238	3,238	3,238	3,238	3,238
Capital surplus	18,850	18,862	18,949	19,019	13,888	13,880	13,226	13,239	4,739	532
Retained earnings	50,505	55,099	59,355	62,756	65,910	72,063	80,344	86,559	91,421	97,918
Treasury stock	-443	-441	-436	-430	-10,327	-10,208	-10,123	-10,077	-3,415	-1,779
Other comprehensive income	1,373	525	799	1,484	466	-86	662	1,619	2,413	3,181
Share subscription rights	166	221	263	303	299	186	119	86	86	68
Non-controlling interests	1,869	2,168	2,434	2,773	2,062	2,213	814	757	908	1,054
Total net assets	**75,558**	**79,674**	**84,604**	**89,143**	**75,539**	**81,286**	**88,281**	**95,421**	**99,391**	**104,212**
Working capital	13,486	8,711	13,464	12,542	16,333	21,046	19,012	20,712	23,527	25,085
Total interest-bearing debt	-	-	564	225	409	263	299	247	182	378
Net cash	56,906	57,748	62,866	71,311	59,824	62,092	59,474	68,035	57,418	67,972
Shareholders' equity	73,523	77,285	81,907	86,067	73,178	78,887	87,348	94,578	98,397	103,090
Equity ratio	59.0%	59.7%	59.4%	59.5%	54.4%	57.6%	64.0%	66.2%	65.3%	64.3%

Source: Shared Research based on company data
Note: The company restated prior-year results in June 2019.

Assets

In order of value, the company's assets are cash and deposits, accounts receivable, tangible fixed assets, and intangible assets. In FY02/24, interest-bearing debt was JPY378mn. The company has a cash-rich balance sheet. Tangible fixed assets and intangible assets are small, as the company's business structure does not require a large balance sheet.

Majority of its investment securities are with Aeon Mall (TSE Prime: 8905), Aeon Hokkaido (TSE Standard: 7512), Aeon Kyushu (TSE Standrd: 2653), Aeon Fantasy (TSE Prime: 4343), and MaxValu companies.

Shareholders' equity

At end-FY02/24, the equity ratio was 64.3%. In recent years, this ratio has remained over 60%.

Profitability and financial ratios

Profit margins	FY02/15	FY02/16	FY02/17	FY02/18	FY02/19	FY02/20	FY02/21	FY02/22	FY02/23	FY02/24
(JPYmn)	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Gross profit	34,290	34,836	35,736	34,871	35,452	38,570	37,175	39,498	41,437	42,613
Gross profit margin	12.9%	12.5%	12.2%	11.9%	11.7%	12.5%	12.4%	12.4%	13.6%	13.1%
Operating profit	15,390	14,556	14,139	12,909	13,030	16,001	15,230	15,733	15,814	15,235
Operating profit margin	5.8%	5.2%	4.8%	4.4%	4.3%	5.2%	5.1%	5.0%	5.2%	4.7%
EBITDA	17,501	17,014	16,928	16,038	16,391	19,168	18,458	19,210	19,105	19,033
EBITDA margin	6.6%	6.1%	5.8%	5.5%	5.4%	6.2%	6.2%	6.0%	6.3%	5.9%
Net margin	3.0%	2.6%	2.4%	2.2%	2.1%	3.0%	3.9%	3.4%	3.3%	3.3%
Financial ratios										
ROA (RP-based)	13.1%	11.4%	10.7%	9.5%	9.6%	11.7%	11.2%	11.3%	10.9%	10.0%
ROE	11.2%	9.6%	8.9%	7.6%	8.1%	12.3%	14.1%	11.7%	10.5%	10.6%
Total asset turnover	2.3	2.2	2.2	2.1	2.2	2.3	2.2	2.3	2.1	2.1
Working capital (JPYmn)	13,486	8,711	13,464	12,542	16,333	21,046	19,012	20,712	23,527	25,085
Current ratio	222.2%	227.3%	236.1%	241.2%	211.6%	229.9%	249.3%	275.7%	267.6%	261.9%
Quick ratio	198.3%	200.1%	209.5%	218.4%	194.8%	214.3%	223.8%	248.0%	216.0%	224.0%
OCF / Current liabilities	40.1%	22.3%	25.2%	28.2%	24.6%	14.7%	22.4%	28.6%	19.3%	36.4%
OCF / Total liabilities	35.2%	20.7%	22.0%	24.4%	20.9%	13.2%	21.5%	26.6%	17.4%	33.0%
Cash conversion cycle (days)	15.4	10.1	9.7	12.4	13.6	18.3	20.8	19.5	22.4	23.1
Change in working capital	-1,661	-4,775	4,753	-922	3,791	4,713	-2,034	1,700	2,815	1,558

Source: Shared Research based on company data

Statement of cash flows

Cash flow statement	FY02/15	FY02/16	FY02/17	FY02/18	FY02/19	FY02/20	FY02/21	FY02/22	FY02/23	FY02/24
(JPYmn)	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Cash flows from operating activities (1)	17,234	10,303	11,703	13,568	12,373	7,371	10,403	12,598	8,895	18,518
Pre-tax profit	14,807	16,526	14,089	12,247	13,166	15,548	10,651	16,355	15,577	15,579
Depreciation	1,341	1,699	2,069	2,414	2,602	2,352	2,427	2,755	2,483	2,918
Impairment losses	578	250	122	39	123	175	1,659	441	77	316
Amortization of goodwill	770	759	720	715	759	815	801	722	808	880
Change in working capital	2,008	-552	449	1,035	-53	-4,745	-1,831	-2,311	-6,690	2,992
Income taxes	-6,615	-6,336	-6,602	-6,115	-5,188	-6,506	-4,838	-2,592	-3,248	-3,890
Other	4,345	-2,043	856	3,233	964	-268	1,534	-2,772	-112	-277
Cash flows from investing activities (2)	-11,365	-3,255	2,233	-2,666	12,256	13,838	-7,325	-386	-10,715	-4,319
Purchase of intangible/tangible fixed assets	-1,903	-2,414	-4,113	-3,228	-2,059	-2,361	-2,469	-3,478	-3,009	-3,613
Proceeds from sale of intangible/tangible fixed assets	18	116	24	14	15	-	39	3,254	1	692
Acquisition of shares in subsidiaries affecting the scope of consolidation	-	-4,771	-	-	-1,516	-	-	-117	-489	-283
Payments of deposit for consumption to subsidiaries and affiliates	-220,511	-218,798	-229,151	-250,400	-284,000	-192,500	-31,000	-	-	-
Collection of deposit for consumption from subsidiaries and affiliates	211,605	222,762	234,800	250,113	300,000	208,500	31,000	-	-	-
Other	-574	-150	673	835	-184	199	-4,895	-45	-7,218	-1,115
Free cash flow (1+2)	**5,869**	**7,048**	**13,936**	**10,902**	**24,629**	**21,209**	**3,078**	**12,212**	**-1,820**	**14,199**
Cash flows from financing activities	-2,594	-2,821	-2,400	-3,264	-19,686	-3,392	-5,324	-4,572	-6,181	-6,922
Net change in short-term borrowings	-	-	219	-28	179	-143	60	-74	-85	40
Net change in long-term borrowings	-	-	324	90	-2	-3	-14	-	-	-
Payment of dividends	-2,573	-2,676	-2,842	-2,996	-3,259	-3,195	-3,397	-4,450	-4,200	-4,213
Acquisition of treasury stock	37	14	28	41	-9,906	109	-	-	-1,850	-2,602
Acquisition of shares in subsidiaries not affecting the scope of consolidation	-	-	-57	-21	-6,458	-	-1,853	-	-	-
Other	-58	-159	-72	-350	-240	-160	-120	-48	-45	-147
Other	172	-229	-6	80	-228	-98	32	925	477	441
Change in cash and cash equivalent	3,447	3,997	11,530	7,718	4,715	17,719	-2,214	8,564	-7,523	7,717
Cash and cash equivalent (year-end)	15,476	19,473	31,004	38,722	43,437	61,151	58,937	67,520	59,996	67,714

Source: Shared Research based on company data
Note: The company restated prior-year results in June 2019.

Cash flows from operating activities

Cash flows from operating activities for the company are mainly from net income before tax, depreciation, goodwill amortization, and changes to working capital. Fluctuations are comparatively small as the company runs a large proportion of recurring revenue type businesses.

Cash flows from investing activities

Annual spending on acquiring tangible and intangible fixed assets is about JPY3.0bn, small compared to operating cash flow. Because the company is relatively aggressive in acquisitions, in some years there is a significant increase in share purchases.

Cash flows from financing activities

Previously, the main element in the company's financing cash flows was dividend payments. In recent years, however, it has also been reporting purchase of treasury shares.

Cash conversion cycle	FY02/15	FY02/16	FY02/17	FY02/18	FY02/19	FY02/20	FY02/21	FY02/22	FY02/23	FY02/24
Accounts receivable turnover	7.6	7.9	8.4	8.2	8.0	7.5	7.3	8.0	6.9	6.6
Days in accounts receivable	**48.2**	**46.0**	**43.5**	**44.4**	**45.7**	**48.9**	**49.7**	**45.9**	**52.7**	**55.4**
Inventory turnover	88.3	88.3	84.8	88.2	110.7	133.9	137.4	136.4	118.3	108.1
Days in inventory	**4.1**	**4.1**	**4.3**	**4.1**	**3.3**	**2.7**	**2.7**	**2.7**	**3.1**	**3.4**
Accounts payable turnover	9.9	9.1	9.6	10.1	10.3	10.9	11.5	12.6	10.9	10.2
Days in accounts payable	**36.9**	**40.1**	**38.1**	**36.1**	**35.3**	**33.4**	**31.6**	**29.0**	**33.4**	**35.7**
Cash conversion cycle (days)	**15.4**	**10.1**	**9.7**	**12.4**	**13.6**	**18.3**	**20.8**	**19.5**	**22.4**	**23.1**

Source: Shared Research based on company data

Days in accounts receivable are longer than days in accounts payable (including notes payable and electronically recorded obligations), which means that working capital will increase and operating cash flow will slow in the short term during the business expansion. Accounts receivable are mainly from Aeon group companies, while accounts payable are with various suppliers, such as soft drink beverage suppliers.

ROE and dividends

	FY02/15	FY02/16	FY02/17	FY02/18	FY02/19	FY02/20	FY02/21	FY02/22	FY02/23	FY02/24
(JPYmn)	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
ROE	**11.2%**	**9.6%**	**8.9%**	**7.6%**	**8.1%**	**12.3%**	**14.1%**	**11.7%**	**10.5%**	**10.6%**
Net margin	3.0%	2.6%	2.4%	2.2%	2.1%	3.0%	3.9%	3.4%	3.3%	3.3%
Total asset turnover	2.25	2.19	2.19	2.07	2.17	2.27	2.19	2.27	2.07	2.09
Financial leverage (equity multiplier)	1.66	1.68	1.68	1.68	1.75	1.79	1.65	1.54	1.52	1.54
ROA (RP-based)	**13.1%**	**11.4%**	**10.7%**	**9.5%**	**9.6%**	**11.7%**	**11.2%**	**11.3%**	**10.9%**	**10.0%**
ROIC	**13.1%**	**12.1%**	**11.5%**	**10.2%**	**10.9%**	**14.1%**	**12.4%**	**11.8%**	**11.2%**	**10.4%**
NOPAT	9,540	9,368	9,464	8,925	9,040	11,101	10,567	10,916	10,972	10,570
Interest-bearing deb + Net assets	72,854	77,616	82,421	87,268	82,658	78,749	85,065	92,124	97,621	102,082
ROIC (before tax)	21.1%	18.8%	17.2%	14.8%	15.8%	20.3%	17.9%	17.1%	16.2%	14.9%
Operating profit margin	5.8%	5.2%	4.8%	4.4%	4.3%	5.2%	5.1%	5.0%	5.2%	4.7%
Sales / Invested capital	3.65	3.58	3.55	3.35	3.66	3.92	3.53	3.45	3.11	3.18

Source: Shared Research based on company data

Dividends

		FY02/15	FY02/16	FY02/17	FY02/18	FY02/19	FY02/20	FY02/21	FY02/22	FY02/23	FY02/24
(JPYmn)		Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Total dividends	a)	2,625	2,731	2,890	3,207	3,114	3,246	4,099	4,201	4,225	4,173
Total treasury stock acquired	b)	1	-	-	1	9,906	-	-	-	1,850	2,602
Total returns to shareholders	c) = a) + b)	2,626	2,731	2,890	3,208	13,020	3,246	4,099	4,201	6,075	6,775
Net income attributable to parent company shareholders	d)	7,965	7,247	7,093	6,397	6,415	9,348	11,680	10,665	10,152	10,707
Dividend payout ratio	a) / d)	33.0%	37.7%	40.7%	50.1%	48.5%	34.7%	35.1%	39.4%	41.6%	39.0%
Total shareholder return ratio	c) / d)	33.0%	37.7%	40.7%	50.1%	203.0%	34.7%	35.1%	39.4%	59.8%	63.3%
EPS	(JPY)	151.7	138.0	135.0	121.7	122.9	187.2	233.7	213.3	203.5	219.7
Dividend per share	(JPY)	50.0	52.0	55.0	61.0	63.0	65.0	82.0	84.0	85.0	86.0
Dividend on equity ratio	a) / f)	3.7%	3.6%	3.6%	3.8%	3.9%	4.3%	4.9%	4.6%	4.4%	4.1%

Source: Shared Research based on company data

Shareholder returns

Aeon Delight's stance on capital policy

- The company will use proactive investments to achieve sustainable growth. It will work to boost shareholder value in the longer term and increase returns to shareholders as the company grows. Further, the company views return on equity (ROE) as an important benchmark of capital efficiency, with its ROE target set at around 12% for the time being.

- The company will place importance on the balance in the distribution of annual profit between growth investments and shareholder returns and has a standard stable dividend payout ratio of 40%.

In FY02/19, it spent JPY9.9bn to buy back its own shares. From October 2022 to October 2023, the company acquired JPY4.5bn worth of its own shares. In April 2024, it announced the plan to acquire treasury shares worth JPY3.1bn. It cancels the acquired shares as appropriate. The company will continue to consider buying back shares as a capital policy.

Other information

History

Date		Description
April	1973	Nichii Japan Development Co., Ltd. established in Higashi, Osaka
February	1976	Changed name to Japan Maintenance Co., Ltd., following absorption-type merger with Nichii Maintenance Co., Ltd.
September	2006	Following absorption-type merger with Aeon Techno Service Co., Ltd., Japan Maintenance changed name to Aeon Delight Co., Ltd.
November	2007	Wholly owned subsidiary Aeon Delight (Beijing) Co., Ltd. (now Aeon Delight (China) Co., Ltd.) established
October	2008	Acquires 40% of shares in Kankyouseibi Co., Ltd. (Utsunomiya, Tochigi) and made it affiliate
April	2009	Acquires 40% of shares in Do Service Co., Ltd. (Nishinari, Osaka) and made it affiliate
September	2010	Absorption-type merger with Certo Corp., supplier of vending services to business supply companies
April	2011	Acquires 90% of shares in Kajitaku Inc. (Chuo, Tokyo) and made it subsidiary
May		Acquired additional shares in A to Z Service Co., Ltd. (Shinjuku, Tokyo) and made it subsidiary
December		With 70% stake, established joint venture FMS Solution Co., Ltd. (Mihama, Chiba) with Vinculum Japan Corporation (now VINX Corp.)
March	2012	Established wholly owned subsidiary, Aeon Delight (Malaysia) Sdn. Bhd.
August		Aeon Delight (Beijing) Co., Ltd. (now Aeon Delight (China) Co., Ltd.) and Tianjin Teda Co., Ltd. established joint venture, Aeon Delight (Tianjin) Co., Ltd.
October		Acquired 53.7% of shares in General Services, Inc. (Chiyoda, Tokyo) and made it subsidiary
October		Acquired 54.9% of shares in Aeon Compass Co., Ltd. (Mihama, Chiba) via third-party allocation and made it subsidiary
December		Established A-Life Support Co., Ltd. (Chuo, Tokyo) a 85.8% owned joint venture with Familynet Japan Corporation
December		Acquired 51% of shares in Aeon Delight Sufang (Suzhou) Comprehensive Facility Management Service Co., Ltd. (now Aeon Delight (Jiangsu)) and made it subsidiary
January	2013	Established wholly owned subsidiary Aeon Delight (Vietnam) Co., Ltd.
July		Acquired 51% of shares in Wuhan Xiaozhu Comprehensive Facility Management Service Co., Ltd. and made it subsidiary
November		Established Kikugawa-Ishiyama Solar Co., Ltd. (Kikugawa, Shizuoka), a 37% owned joint venture with Recycle One Co., Ltd. (now Renova, Inc.) and one other partner; Kikugawa-Horinouchiya Solar Co., Ltd., a 37% owned joint venture with Recycle One and two other partners
December	2015	Acquired shares in Hakuseisha Co., Ltd. (Chiyoda, Tokyo) via tender offer and made it subsidiary
March	2016	Acquired remaining VINX Corp. stake in FMS Solution Co., Ltd. via tender offer and made it wholly owned subsidiary
December		Acquired remaining Familynet Japan Corporation stake in A-Life Support Co., Ltd. in September 2016, and conducted absorption-type merger
March	2017	Established wholly owned subsidiary Aeon Delight (Shanghai) Management Co., Ltd.
April		Wuhan Xiaozhu Comprehensive Facility Management Service Co., Ltd. established wholly owned subsidiary Wuhan Xiaozhu Hotel Management Service Co., Ltd.
June		Absorption-type mergers with FMS Solution Co., Ltd. and Aeon Delight Seres Co., Ltd.
April	2018	Established Aeon Delight DeepBlue Technology (Shanghai) Co., Ltd., a 65% owned joint venture with DeepBlue Technology Co., Ltd.
May		Acquired 100% of shares in U-COM Co., Ltd. (Minato, Tokyo) and made it subsidiary
November		Acquired additional shares in Aeon Delight (Jiangsu) Comprehensive Facility Management Service Co., Ltd. and Wuhan Xiaozhu Comprehensive Facility Management Service Co., Ltd., and made them wholly owned subsidiaries
December		Acquired 90% of shares in PT Sinar Jernih Sarana, and made it subsidiary
February	2020	Conducted incorporation-type company split of Kajitaku's housework support business, which was transferred to Aqutia Co., Ltd., a newly established wholly owned subsidiary
February	2021	Absorbed KJS Co., Ltd. (formerly Kajitaku Co., Ltd.)
March		Do Service Co., Ltd. was merged into A to Z Service Co., Ltd., and the name of the surviving company was changed to Aeon Delight Connect Co., Ltd.
		Merged with U-COM Co., Ltd. in an absorption-type merger
November		Transferred all stake in Aeon Delight Jiangsu, Wuhan Xiaozhu, and Aeon Delight (Shanghai) to Aeon Delight (China) as a contribution in kind
March	2022	Subsidiary Aeon Delight (China) (currently Aeon Delight [China] Investment Holdings) acquired a 51% stake in Zhejiang Metelan Property Management Co., Ltd., and made it a subsidiary
April		Switched stock listing from the First Section to the Prime Market of TSE following the exchange's market restructuring
April	2023	Acquired all shares in askmaintenance (Kumamoto, Kumamoto Prefecture) and made it a subsidiary
November		Changed the trade name of Aeon Delight (Jiangsu) to Aeon Delight (China) Service Management Group Co., Ltd.

Source: Shared Research based on company data

Major shareholders

Top shareholders	Shares held ('000)	Shareholding ratio
Aeon Co., Ltd.	27,613	57.41%
The Master Trust Bank of Japan, Ltd. (Trust account)	3,085	6.42%
Aeon Delight Business Partners Stockholding Association	1,351	2.81%
Custody Bank of Japan, Ltd. (Trust account)	1,196	2.49%
Nomura Securities Co., Ltd. Self-transfer account	800	1.66%
STATE STREET BANK AND TRUST COMPANY 505001	755	1.57%
Aeon Delight Employees Stockholding Association	714	1.49%
Nomura Securities Co., Ltd.	537	1.12%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	511	1.06%
BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE CLEARANCE ACC FOR THIRD PARTY	501	1.04%

Source: Shared Research based on company data
(As of end-August 2024)

Corporate governance

(As of May 2024)

Form of organization and capital structure	
Form of organization	Company with Audit & Supervisory Board
Parent company	Y
Parent company ticker	Aeon Co., Ltd. 8267
Directors	
Number of directors (per Articles of Incorporation)	20
Directors' term of office (per Articles of Incorporation)	1
Number of directors	8
Outside directors	4
Independent outside officers	4
Audit & Supervisory Board	
Existence of Audit & Supervisory Board	Y
Number of Audit & Supervisory Board members per Articles of Incorporation	5
Number of members of Audit & Supervisory Board	4
Outside members of Audit & Supervisory Board	3
Independent outside officers	2
General shareholders meeting	
Participation to electronic voting platform	Y
Preparation of convening notices in English	Y
Investor relations	
Corporate disclosure policy	Y
Regular briefings for individual investors	Y
Regular briefings for overseas investors	Y
Regular briefings for analysts and institutional investors	Y
Online access to IR documents	Y
Dedicated IR section and/or staff	President's Office, Public Relations & IR Group
Other current assets	
Foreign shareholding ratio	10–20%
Independent officers	6
Implementation of measures regarding director incentives	Stock option
Disclosure of individual director's compensation	N
Policy to determine amount and calculation method of remuneration	Y
Corporate takeover defenses	N

Source: Shared Research based on company data

Top management

President and CEO: Kazumasa Hamada (born in 1964)

President and CEO Kazumasa Hamada joined Jusco Co., Ltd. (currently Aeon Co., Ltd.) in 1987. Appointed as head of management planning department, Posful Corp. (currently Aeon Hokkaido Corp.) in 2006 and executive officer in 2007; regional office manager of Hokuriku, Shinetsu Regional Company in February 2011 and executive officer in March that year. In 2013 he was appointed director and control & accounting officer of Aeon Co., Ltd. In 2015, he was named regional office manager of Kitakanto and Niigata Company of Aeon Retail Co., Ltd. and director and senior managing officer of Aeon Retail. In 2017 he became senior managing executive officer at Aeon Retail. In March 2018 he was dispatched to Aeon Delight Co., Ltd. as an advisor, before being appointed to his current position as president and CEO of Aeon Delight in May 2018. In December 2018 he was appointed representative commissioner at PT Sinar Jernih Sarana. In June 2019 he was appointed chief administrative officer, head of business administration division, and head of finance division of Aeon Delight. He has held his current position since April 2020.

Employees

At end-FY02/24, Aeon Delight had 21,209 employees (21,719 at end-FY02/23) and an average of 7,883 temporary employees (7,440) on a consolidated basis. At the parent level, there were 4,326 employees (4,231) and 2,898 temporary employees (2,838).

In FY02/24, the average age, average length of employment, and average annual salary on a parent basis were as follows:

- Average age: 46.2 years
- Average length of employment: 11.2 years
- Average annual salary: JPY5.1mn

In the Aeon group, the Aeon Delight Union (5,310 members) has been organized and belongs to the Aeon Delight Labor Union and the Japanese Federation of Textile, Chemical, Food, Commercial, Service and General Workers' Unions (UA

ZENSEN. The Aeon group adopts a union shop system.

Union shop system: Under this system, an employer requires its employees to join a union within a certain period of employment. If an employee does not join the union, withdraws from the union, or is expelled from the union, the employer is obliged to dismiss the employee. Unlike a closed shop system that employs only union members, the union shop system does not require employees to join a union in order to be hired. On the other hand, an open shop system does not require union membership of employees, leaving it up to their free will.

Investor relations

Aeon Delight holds earnings briefings twice a year (following half-year and full-year business results).

By the way

Corporate social responsibility (CSR) activities

The company's management principle calls for the ongoing pursuit of "environmental value" for customers and local communities. In 2021, the company established its Basic Policies for Sustainability in accordance with this management principle. These policies stipulate that the company shall contribute to the achievement of a decarbonized society, support biodiversity conservation, and facilitate resource recycling.

Included below are some examples of efforts the company is performing to improve the global environment.

Proposals concerning energy conservation at facilities

The company offers proposals that it believes will reduce overall facility power consumption by combining its expertise with systems for conserving energy consumed through facility operations. These systems include LED and other lighting equipment capable of substantially reducing power usage, as well as energy-saving equipment such as air conditioning equipment, refrigerated display cases, etc. The company helps its customers reduce their CO2 emissions and energy costs while contributing to the decarbonization of society.

Renewable energy-related business development

Through its power supply services, the company provides commercial facilities, office buildings, medical institutions, and other extra-high and high-voltage facilities with inexpensive, high-quality, and stable electricity. At the same time, it is striving to prevent global warming by offering CO2 Emission Reduction Plan and 100% Renewable Energy Plan.

Environmentally-friendly product proposals in materials business

The company is promoting the use of biomass plastic, recycled plastic, and traceable paper.

Participation in Aeon 1% Club

Aeon 1% Club supports projects to protect the environment, boost international cultural and human exchange, promote regional cultural and social activities, and donate to welfare projects. It is an initiative under which group companies contribute 1% of their pretax profits so that these activities can be maintained regardless of the companies' business performances. In addition to providing children with opportunities to think about environmental issues, the company is involved in a number of social contribution activities, including support for school construction and teacher training in Southeast Asia and for the reconstruction of Shuri Castle in Okinawa.

Tree planting through Aeon Environmental Foundation

The Aeon Environmental Foundation, which celebrated its 30th anniversary in 2020, has been engaged in projects to address current global environmental issues. One representative example of the foundation's activities is the Aeon Forest Program, an ongoing tree-planting project. The foundation is also quite active outside of Japan, where it has conducted its Project to Revitalize the Forests at the Great Wall of China (a tree planting and growing activity) while also participating in tree planting activities in countries including Vietnam, Cambodia, and Malaysia.

"Clean Day" on the 11th Day of Each Month

On the 11th of every month, all of the company's employees conduct ecologically- and locally-themed community contribution activities (focused on improving environmental conditions and giving back to the community, respectively).

Acquisition of Eco Mark certification for Cleaning Services

In 2022, the Japan Environment Association (JEA) granted the company Eco Mark certification for its Cleaning Services. The Eco Mark is an environmental label issued by JEA that indicates products and services that have a low environmental impact throughout their life cycles (from production to disposal) and are useful in terms of environmental conservation.

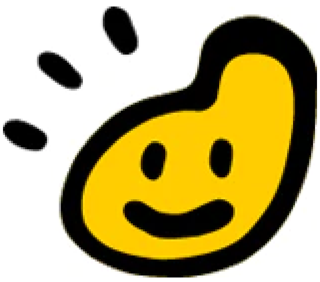
TCFD recommendations

The company has endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD promotes the understanding and disclosure of the impact of climate change on business activities. The company has also established strategies, indicators, and targets to address climate change. Further, it helps customer companies combat global warming by supporting energy-saving at their facilities, providing fluorocarbon management services, and promoting the use of environmentally friendly materials.

Multi-stakeholder policy

In April 2024, Aeon Delight established a multi-stakeholder policy as a guideline for co-creating value and building good relationships with various stakeholders. The company believes that co-creating value with various stakeholders, including shareholders, employees, business partners, customers, creditors, and the local community, is an important aspect of corporate management. Accordingly, it intends to effectively collaborate with these stakeholders. The company aims to appropriately distribute profits to stakeholders from earnings and results generated through value co-creation and improved productivity, thereby maintaining wage growth momentum and supporting sustainable economic development. Accordingly, it will push forward with related initiatives while rewarding employees and ensuring due consideration for business partners.

In addition, Aeon Delight's logo is a mascot named "Gu Jo-Kun," derived from "a good job!" and symbolizes that the company wishes to make all people happy.



Historical financial statements

1H FY02/25 results

- Sales: JPY167.0bn (+3.4% YoY)
- Operating profit: JPY7.6bn (+4.8% YoY)
- Recurring profit: JPY7.8bn (+4.7% YoY)
- Net income attributable to owners of the parent: JPY5.4bn (+1.8% YoY)

Summary

In 1H FY02/25, sales were 49.1% of the full-year forecast, operating profit 47.6%, recurring profit 48.4%, and net income attributable to owners of the parent 52.1%.

Sales grew YoY, fueled by growth in the share of existing customer wallets and in the number of newly contracted facilities. The company has been revising contract prices through negotiations with customers since FY02/24 amid rising personnel costs in facility management operations such as equipment management, security, and cleaning, which also contributed to sales growth. Sales increased YoY in Facilities Management, Security Services, Cleaning Services, and Materials and Supplies Sourcing Services.

Higher sales and the efforts to revise contract prices drove profit growth. Profits rose YoY in Facilities Management, Materials and Supplies Sourcing Services, and Support Services.

Segment trends

Facilities Management

- Sales: JPY37.2bn (+7.6% YoY)
- Operating profit: JPY3.1bn (+8.3% YoY)

The company worked to cut costs through digitalization, while expanding the share of existing customer wallet and winning new contracts, resulting in a significant increase in sales. Profit also rose YoY, driven by sales growth and the company's efforts to revise contract prices. Sales from in and outside the Aeon group increased, thanks partly to two large comprehensive contracts to provide facility management services (see "Major initiatives in 1H FY02/25" below for details).

Security Services

- Sales: JPY26.5bn (+4.0% YoY)
- Operating profit: JPY1.5bn (-3.9% YoY)

The company contracted new facilities and made progress in revising contract prices, resulting in higher sales. However, such efforts were not enough to offset rising personnel and outsourcing expenses, causing profit to decline YoY. Sales from within and outside the Aeon group increased, with the latter particularly strong, thanks partly to favorable performance in China and large comprehensive contracts to provide facility management services.

Cleaning Services

- Sales: JPY36.4bn (+3.5% YoY)
- Operating profit: JPY2.7bn (-2.3% YoY)

Sales increased YoY, driven by new renewal contracts and contributions from newly consolidated askmaintenance Co., Ltd. (April 2023). However, price revisions had yet to catch up with rising personnel and outsourcing costs. As a result, profit declined YoY. Sales from within and outside the Aeon group increased, with the latter particularly strong, thanks partly to favorable performance in China, new contracts at the parent company, and contributions from askmaintenance Co., Ltd.

Construction Work

- Sales: JPY28.5bn (-0.9% YoY)
- Operating profit: JPY2.4bn (-0.3% YoY)

Orders for energy-saving and renovation projects remained unchanged YoY, resulting in flat sales and operating profit YoY. Sales from group companies grew, thanks partly to orders for energy-saving work, store renovation and tenant transition work, and restoration work related to the Noto Peninsula earthquake. Sales from non-group companies decreased due partly to a decline following strong orders in 1H FY02/24.

Materials and Supplies Sourcing Services

- Sales: JPY24.1bn (+5.0% YoY)
- Operating profit: JPY1.3bn (+17.9% YoY)

The company worked to increase orders for various materials. At the same time, amid rising raw material and logistics costs, it adjusted selling prices to reflect higher material prices and cut logistics costs by improving delivery efficiency. As a result, sales and profit grew YoY. Strong sales from group companies drove overall sales growth.

Vending Machine Services

- Sales: JPY4.7bn (-3.7% YoY)
- Operating profit: JPY624mn (-4.1% YoY)

The number of vending machines installed declined due to facility closures and the removal of unprofitable machines. As a result, sales and profit declined YoY. Sales from within and outside the Aeon group slightly decreased.

Support Services

- Sales: JPY9.5bn (-1.0% YoY)
- Operating profit: JPY631mn (+138.8% YoY)

The company worked on expanding its services to meet outsourcing needs to manage and operate customer facilities and their surrounding environment. However, sales declined YoY due to the FY02/24 sale of its housework support business operated by Aqutia Co., Ltd. (formerly Kajitaku Co., Ltd.). Meanwhile, profit grew sharply YoY, driven by changes in the contract terms for the re-leasing of copiers, a business acquired from KJS Co., Ltd. (formerly Kajitaku) in February 2021.

Overseas business (within each segment)

- Sales: JPY19.8bn (+14.1% YoY)
- Operating profit: JPY810mn (+11.0% YoY)

The business steadily expanded in China. Profits grew sharply YoY in the ASEAN region, driven by improved performance. Earnings from the overseas business are included within each segment.

- Aeon Delight sees the greatest growth potential in the Chinese market. The company steadily grew the China business by expanding the share of customer wallets and increasing newly contracted facilities centered on medium- to high-end facilities. It also participated in urban development projects to secure bulk facility management contracts. However, Aeon Delight (China) Service Management Group Co., Ltd., which oversees operations in China, led system integration efforts and DX investments to strengthen group governance and the competitiveness of group companies, resulting in a temporary rise in SG&A expenses. As a result, sales grew but profit fell YoY.

- Aeon Delight expects the ASEAN market to expand further in the medium to long term. The company expanded operations steadily in each country. Despite rising personnel and material costs, it improved profitability by optimizing staff allocation and revising procurement. As a result, sales and profit grew sharply YoY.

Major initiatives in 1H FY02/25

In 1H FY02/25, the company signed comprehensive contracts with a customer to provide facility management services as their strategic partner. Specifically, it entered into a comprehensive agreement with a nationwide lodging facility operator to help improve management efficiency, managing all of its facilities under contract. Additionally, the company served as a facility management consultant during the construction of a large complex, scheduled to open in October, which includes a stadium, arena, hotel, office buildings, and commercial facilities. After signing a comprehensive contract with the operator, the company began managing the complex in August, ahead of its opening. The company expects these two comprehensive contracts to generate about sales of JPY4.0bn.

- In response to customer demand for the outsourcing of non-core business functions, the company will strengthen its facility management consulting capabilities. By doing so, it aims to establish a system for contracting comprehensive facility management services with group and non-group companies, positing itself as their strategic partner.

For 2H FY02/25

The company will focus on the following measures to guarantee the achievement of the full-year profit target. Gross profit forecast for each measure is also outlined below.

- Increase on-site proposals for small repairs and propose various ad-hoc contracts: gross profit of 1.5bn
- Expand orders for renovation work by reinforcing construction work capabilities at branches: gross profit of 800mn

With other measures included, the company projects gross profit to increase by 2.5bn versus 2H FY02/24.

Others

At the time of its 1H results announcement, the company unveiled a medium-term management plan covering FY2024 through FY2026.

At the beginning of the fiscal year, the company announced the acquisition of treasury shares worth JPY3.1bn. At end-September 2024, it bought back JPY1.9bn worth of its own shares in total.

Q1 FY02/25 results

- Sales: JPY81.1bn (+2.5% YoY)
- Operating profit: JPY3.3bn (-5.2% YoY)
- Recurring profit: JPY3.4bn (-3.9% YoY)
- Net income attributable to owners of the parent: JPY2.6bn (+12.9% YoY)

Summary

In Q1 FY02/25, sales were 23.9% of the full-year forecast, operating profit 20.4%, recurring profit 20.9%, and net income attributable to owners of the parent 25.0%.

Sales grew YoY, fueled by growth in the share of existing customer wallets (in and outside the Aeon group) and in the number of newly contracted facilities. The company has been revising contract prices through negotiations with customers since FY02/24 amid rising personnel costs in facility management operations such as equipment management, security, and cleaning, which also contributed to sales growth. Sales increased YoY in Facilities Management, Security Services, Cleaning Services, and Materials and Supplies Sourcing Services.

Profit grew YoY in Facilities Management, Construction Work, Materials and Supplies Sourcing Services, Vending Machine Services, and Support Services. As a result, total segment profit increased YoY. However, profit declined YoY in Security Services and Cleaning Services mainly due to rising personnel costs. Operating profit fell YoY despite segment profit growth, driven by higher SG&A expenses. Net income attributable to owners of the parent increased due to government tax measures promoting wage increases.

Segment trends

Facilities Management

- Sales: JPY18.2bn (+6.5% YoY)
- Operating profit: JPY1.5bn (+9.6% YoY)

In addition to revising contract prices, the company worked to improve profitability by digitalization operations to curtail costs, a strategy initiated in previous years. In Q1 FY02/25, sales and operating profit grew YoY as the company won new renewal contracts and expanded orders for various maintenance services. Sales from in and outside the Aeon group increased.

Security Services

- Sales: JPY12.9bn (+1.5% YoY)

- Operating profit: JPY756mn (-9.2% YoY)

Sales increased YoY as the company revised contract prices and acquired new contracts for security services. However, operating profit decreased YoY due to lower profitability resulting from rising personnel expenses. Sales from non-group customers increased (mainly at Chinese subsidiaries).

Cleaning Services

- Sales: JPY18.1bn (+3.4% YoY)
- Operating profit: JPY1.4bn (-6.1% YoY)

Sales rose YoY due to price revisions, growth in renewal contracts, and contribution from askmaintenance, a wholly owned subsidiary acquired in April 2023. Operating profit fell YoY due to lower profitability caused by rising personnel costs. Sales from outside the Aeon group increased (mainly overseas and at askmaintenance). The company aims to expand orders and improve operational efficiency by promoting customer-centric operations, including daytime cleaning, where it is easier to secure personnel.

Construction Work

- Sales: JPY13.1bn (-2.4% YoY)
- Operating profit: JPY1.1bn (+0.6% YoY)

The company undertook restoration work related to the Noto Peninsula earthquake in January 2024. It also focused on energy-saving and other works, as in FY02/24. However, sales declined YoY due to fewer renovation projects YoY and delays in some planned projects. Meanwhile, the company improved profitability by optimizing operations and processes, boosting operating profit YoY. Sales from Aeon group customers increased, while those from non-group customers decreased. The company expects to recover from some construction delays (in and outside the Aeon group) in Q2 and later.

Materials and Supplies Sourcing Services

- Sales: JPY12.0bn (+6.0% YoY)
- Operating profit: JPY660mn (+4.7% YoY)

Sales and operating profit increased YoY despite rising raw materials and logistics costs. The company worked to increase orders for various materials and supplies, while passing on material cost increases to selling prices as appropriate. Sales from Aeon group companies increased, driven by transactions with new customers that began in FY02/24.

Vending Machine Services

- Sales: JPY2.2bn (-4.2% YoY)
- Operating profit: JPY269mn (+4.3% YoY)

The number of vending machines installed declined due to facility closures and the removal of unprofitable machines. As a result, sales fell YoY. Meanwhile, operating profit grew YoY due to improved profitability resulting from the optimization of earnings structure, including the removal of unprofitable machines. Sales from Aeon group companies increased, but those from non-group companies decreased slightly.

Support Services

- Sales: JPY4.7bn (-3.3% YoY)
- Operating profit: JPY306mn (+104.8% YoY)

The company worked on expanding its services to meet outsourcing needs to manage and operate customer facilities and their surrounding environment. However, in Q1 FY02/25, sales dropped YoY due to a decline in contracted work. Meanwhile, operating profit grew sharply YoY as contracts expired in the copier business acquired from KJS Co., Ltd. (formerly Kajitaku Co., Ltd.) following the merger. Sales from in and outside the Aeon group decreased slightly.

Overseas business (within each segment)

- Sales: JPY9.4bn (+12.1% YoY)
- Operating profit: JPY340mn (+4.2% YoY)

Profit fell YoY despite sales growth in China, while sales and profit grew YoY in the ASEAN region. Earnings from the overseas business are included within each segment.

- Aeon Delight sees the greatest growth potential in the Chinese market. The company steadily grew the China business as its core business company expanded the share of customer wallets and cultivated new customers. However, profit declined YoY despite sales growth due to a temporary rise in SG&A expenses accompanying the business expansion. The economic downturn in China has had a limited impact on earnings. The company expects to grow the overseas business by winning new contracts and expanding its market share.

- Sales were up YoY in all ASEAN countries in which the company operates. Sales and profit grew YoY in the ASEAN region as the adoption of SLAs improved profitability in Malaysia and Vietnam.

Initiatives for Q2 and beyond

Amid rising costs, the company will continue working to expand its market share by stepping up sales efforts, while implementing measures to improve profitability. It will focus on the following initiatives to increase sales.

- Carry out contracted large projects and expand orders for related operations
- Increase the share of customer wallets based on the account management approach
- Steadily recover from construction delays seen in Q1
- Expand orders for energy-saving projects
- Employ specified skilled foreign workers to promote the resort strategy (bed-making)

- The Aeon group is promoting the employment of specified skilled workers, aiming to hire 4,000 workers by FY2030. Aeon Delight plans to hire several dozen workers this fiscal year.

The company will focus on the following initiatives to improve profitability.

- Actively engage in price negotiations with customer companies based on the account management approach
- Revise contract prices by reducing customers' facility management costs through DX
- Improve the accuracy of estimates and actively engage in negotiations for construction projects in Construction Work
- Improve operational efficiency of group companies in Japan based on the area strategy

Initiatives to optimize transaction prices

Based on Aeon Delight's price negotiation policy, the company has stepped up its efforts to optimize prices for transactions with business partners. To improve organizational response, Aeon Delight disseminated and implemented the price negotiation policy across the group, while clearly defining the person in charge and response systems for price negotiations for each transaction. The company designated the period from June 1 to August 31 as the price negotiation period, creating opportunities to negotiate prices at least once a year. During this period, it held negotiations with each business partner to revise prices at contract renewals, reflecting changes in personnel and other costs.

Others

In May 2024, the company announced that its subsidiary (second-tier subsidiary) Aeon Delight (China) Service Management Group Co., Ltd. would acquire a 60% stake in Zhejiang Wancai Logistics Co., Ltd. by purchasing existing shares and subscribing to newly issued shares. The company aims to expand the scope of logistics facility operations in China.

Full-year FY02/24 results

- Sales: JPY324.8bn (+6.9% YoY)
- Operating profit: JPY15.2bn (-3.7% YoY)
- Recurring profit: JPY15.5bn (-3.3% YoY)
- Net income attributable to owners of the parent: JPY10.7bn (+5.5% YoY)

Summary

Sales were 104.8% of the full-year FY02/24 forecast, operating profit 95.2%, recurring profit 96.8%, and net income attributable to owners of the parent 103.0%.

Sales grew YoY to exceed the initial forecast, fueled by growth in the share of customer wallets (in and outside the Aeon group) and in the number of newly contracted facilities. The company's enhanced sales activities, as well as its track record and expertise, led to an increase in the number of contracts with non-group companies and organizations. Sales increased YoY in all seven segments. Sales growth was particularly notable in Construction Work and Materials and Supplies Sourcing Services. In Construction Work, the company expanded contracts for energy-saving and renovation/repair work. Meanwhile, it expanded orders for various materials in Materials and Supplies Sourcing Services. Inquiries from customers in and outside the Aeon group held steady as the operating environment recovered from the COVID-19 pandemic.

Operating profit fell YoY as segment profit growth was not enough to offset an increase in SG&A expenses. Sales weighting of group and non-group companies was 62.2% and 37.8%, respectively (sales weighting of non-group companies rose 1.2pp versus end-FY02/23). Net income attributable to owners of the parent exceeded the forecast, driven by a lower tax rate following tax effect adjustments associated with business restructuring.

- Aeon Delight accelerated its area management strategy by integrating operations into customer support centers equipped with remote monitoring functions and using digital devices to streamline on-site work. The company realized labor savings and unmanned operation at a total of 47 facilities (cumulative total of 320 facilities), cutting the equivalent of about 52 resident facility management jobs (cumulative total of 219 jobs).

- The company implemented the following measures aimed at customer-oriented management.

  - Expand market share by stepping up sales activities: The company pushed forward with expanding its service offerings and contracting management of other facilities of existing customers by targeting specific customers from its local branches and offices, thereby increasing its share of customer wallets. It also started serving a wider range of facilities, leveraging its track record and expertise to offer customized proposals, including for energy conservation and pandemic countermeasures.
  - Have on-site workers actively make small-scale repair proposals: In order to make/keep facilities under management safe/secure, functional, and aesthetically pleasing, the company had its on-site workers at all of its eight branches in Japan actively make small-scale repair proposals. As a result, it expanded sales and profits. The company monitored the number of proposals made and projects contracted at each branch, boosting sales.
  - Respond to soaring energy costs: Amid rising energy costs facing companies and organizations, the company accelerated its efforts to help large electricity consumers make energy-saving improvements to their facilities, such as installing LED lighting and updating air conditioning and heating equipment. By doing so, the company helped save energy at facilities, while sharply growing orders for related construction work.

- In efforts to promote digitalization, the company added additional functions to Aeon Delight Platform, a data integration platform, namely a tool for analyzing transactions by customer industry and building use and a tool for visualizing progress of planned maintenance and repair work. This has enabled the company to increase efficiency of its sales activities, prevent opportunity losses, and improve quality by appropriately managing construction progress.

Segment trends

Facilities Management

- Sales: JPY69.5bn (+7.3% YoY)
- Operating profit: JPY5.9bn (+1.8% YoY)

Sales and operating profit grew YoY as the company won new orders for contract management and expanded the number of contracts for various maintenance services. The company reported higher sales from in and outside the Aeon group. It promoted labor savings in facility management to enhance its competitiveness. It also pushed forward with revising contract prices for FY02/25 to improve profitability.

Security Services

- Sales: JPY50.9bn (+2.9% YoY)
- Operating profit: JPY3.1bn (-5.2% YoY)

Sales increased YoY as the company acquired new contracts for security services. However, operating profit declined YoY due to rising personnel and outsourcing expenses. Sales from Aeon group companies (in Vietnam, Indonesia, and other countries) grew steadily. The company worked on the systematization of store entry and exit management and closing operations to improve profitability. It also pushed forward with revising contract prices for FY02/25 to improve profitability.

Cleaning Services

- Sales: JPY70.4bn (+3.1% YoY)
- Operating profit: JPY5.3bn (-24.8% YoY)

Sales rose YoY due to growth in renewal contracts and contribution from askmaintenance, a wholly owned subsidiary acquired in April 2023. At askmaintenance and overseas, sales from non-group companies increased. Sales from group companies were weak, but the company expects demand to recover somewhat as the flow of people returns. Operating profit fell YoY due to lower profitability caused by rising personnel costs (mainly overseas, including Malaysia and Indonesia). The company negotiated with customers for more flexible work schedules, while working to raise contract prices for FY02/25 and later.

Construction Work

- Sales: JPY59.2bn (+13.7% YoY)
- Operating profit: JPY5.3bn (+30.4% YoY)

The company strengthened its framework by streamlining operations under the area management strategy. This led to growth in contracts for energy-saving and other works. Further, it improved profitability by optimizing operations and processes. As a result, sales and profit grew substantially. Projects for Aeon group companies were strong. The company also won a large construction project from a non-group customer. It actively made renovation/repair proposals for facilities under management, thereby expanding orders for various construction work (including safety-related work). Orders for energy-saving work were largely as projected.

Materials and Supplies Sourcing Services

- Sales: JPY46.3bn (+11.5% YoY)
- Operating profit: JPY2.3bn (+16.2% YoY)

Sales and operating profit increased YoY despite rising raw materials and logistics costs. The company worked to increase orders from in and outside the Aeon group, while passing on material cost increases to selling prices as appropriate. Sales from in and outside the Aeon group grew, with the former particularly strong. Amid rising logistics costs, the company worked to improve loading efficiency and revise delivery terms for FY02/25.

Vending Machine Services

- Sales: JPY9.6bn (+1.6% YoY)
- Operating profit: JPY1.3bn (+19.1% YoY)

Sales and operating profit rose YoY. The company revised product prices, and secured new sites for installation of vending machines as a result of enhanced sales activities. Sales from Aeon group companies grew steadily. The company focused on marketing new vending machine models, including frozen food vending machines, in pursuit of further business opportunities. In terms of profit margins, the company revised product prices and cut costs (including depreciation), boosting profits.

Support Services

- Sales: JPY18.8bn (+4.1% YoY)
- Operating profit: JPY545mn (+17.8% YoY)

The company worked on expanding its services to meet outsourcing needs to manage and operate customer facilities and their surrounding environment. Performance of the travel-related service also contributed to sales and profit growth. Sales from non-group customers increased (sales were strong at subsidiaries and in Vietnam).

Overseas business (within each segment)

- Sales: JPY35.7bn (+7.6% YoY)
- Operating profit: JPY1.5bn (-20.3% YoY)

Sales grew but profit fell in China and the ASEAN region. Earnings from the overseas business are included within each segment. In FY02/24, the overseas sales ratio was 9.9%, above the 8% target.

- Aeon Delight sees the greatest growth potential in the Chinese market. The company steadily grew the China business as its core business company expanded the share of customer wallets and increased newly contracted facilities centered on

- medium- to high-end facilities. The subsidiary also participated in the urban development project, resulting in concentrated contracts for facilities management operations. However, operating profit fell YoY despite sales growth, due to higher SG&A expenses. With the aim of further promoting group management, the company redefined the role of Aeon Delight (Jiangsu)
  Comprehensive Facility Management Service Co., Ltd. (former Aeon Delight Jiangsu), positioning the subsidiary to oversee operations in China. In February 2024, the company established a new operating company in Hong Kong.

- Sales were up YoY in all ASEAN countries in which the company operates. Operating profit in the ASEAN business as a whole declined YoY despite sales growth, due in part to higher personnel costs in Indonesia and Malaysia resulting from the January 2023 revision of employment laws. In Malaysia, the company utilized service level agreements (SLA; a contract form based on the agreed service outcomes between the service provider and the customer) to improve profitability in 2H.

Subsidiary earnings

Sales grew but profit fell at subsidiaries in Japan. Aeon Compass earnings recovered, while the consolidation of askmaintenance boosted earnings. However, group building maintenance service providers struggled.

- Aeon Delight Connect: Sales increased as the subsidiary expanded maintenance and construction contracts for restaurant chains and convenience stores. However, profit decreased due to higher personnel expenses.
- Aeon Compass: Sales and profit rose. As the flow of people increased, earnings from business trip support services and corporate travel business remained robust.
- Kankyoseibi: Sales grew thanks to new renewal contracts and repair work orders. However, profit declined due to higher personnel expenses.
- Hakuseisha: Sales remained flat YoY, while profit fell due to an increase in personnel expenses.
- askmaintenance: The subsidiary provides cleaning services in the Kyushu area. Aeon Delight made it a wholly owned subsidiary in April 2023. Sales and profit grew, driven by growth in new contracts.

Others

At the time of its earnings results announcement, the company disclosed its plan to acquire treasury shares. The total number of shares to be acquired is 700,000 (1.44% of total issued shares), and the total acquisition value is JPY3.1bn.

In March 2024, Aeon Delight announced its initiatives to optimize contract prices. Specifically, the company is working on the following measures.

- Establish a price negotiation policy, train employees on the policy, and disseminate information across the group
- Conduct customer surveys and address customer feedback
- Communicate what makes a fair deal at technical competitions and study sessions with customers
- Promote the use of a customer support line

Going forward, Aeon Delight plans to clearly define the responsibilities and response systems for price negotiation by contract type, and set up opportunities to negotiate prices at least once a year (price negotiation month).

Cumulative Q3 FY02/24 results

- Sales: JPY241.9bn (+6.6% YoY)
- Operating profit: JPY10.9bn (+0.4% YoY)
- Recurring profit: JPY11.1bn (+0.6% YoY)
- Net income attributable to owners of the parent: JPY7.6bn (+6.3% YoY)

Summary

In cumulative Q3, sales reached 78.0% of the full-year FY02/24 forecast (74.7% a year ago of the full-year result), operating profit 67.9% (68.4%), recurring profit 69.2% (68.7%), and net income attributable to owners of the parent 73.2% (70.6%).

Sales increased in all seven segments due to growth in the share of existing customer wallets in and outside the Aeon group (the latter in particular) and in the number of newly contracted facilities. Results exceeded the initial forecast. The company's enhanced sales activities, as well as its track record and expertise, led to an increase in the number of contracts from non-group companies and organizations. By segment, sales growth in Construction Work and Materials and Supplies Sourcing Services was notable. In Construction Work, the company expanded contracts for energy-saving and renovation/repair work.

In Materials and Supplies Sourcing Services, it increased orders for various materials and made progress in passing on rising costs into selling prices.

GPM fell 0.5pp YoY to 12.9% as cost of sales increased due to rising personnel, raw materials, and logistics expenses. However, the company expanded sales and worked to curtail SG&A expenses as initially planned, resulting in YoY growth in operating profit. Nevertheless, operating profit fell short of the initial target as the company's measures to improve profitability were not enough to offset a rise in cost of sales. The progress rate versus the full-year forecast was higher for net income attributable to owners of the parent than for operating or recurring profits. The company attributed this to a decline in income taxes-deferred as a result of the group's restructuring.

- The company is working to pass on the rising cost of sales (personnel, raw materials, and logistics expenses) to selling prices in each segment. However, its operating environment remains harsh as it is required to continue raising wages. Accordingly, the company intends to improve profits by growing sales.

Profit increased in Facilities Management, Security Services, Construction Work, Materials and Supplies Sourcing Services, and Vending Machine Services, but decreased in Cleaning Services and Support Services. Profitability deteriorated at some of the group's building maintenance companies due to rising personnel, outsourcing, and other costs. Accordingly, in Japan, sales grew but profit fell for the group as a whole. Sales from outside the Aeon group showed strong growth. As a result, sales weighting of group and non-group companies was 62.1% and 37.9%, respectively (compared with end-FY02/23, sales weighting of non-group companies rose 2.3pp YoY).

- In facility management operations utilizing digital devices, the company automated routine tasks, such as facility inspection and report preparation, using cameras and sensors, and established a system for visualizing electricity consumption of each facility. The company's services were newly adopted by 92 facilities (cumulative total of 263 facilities).

- Under the area management model, the company manages multiple facilities by area. The facilities are monitored remotely and visited regularly. The company realized energy savings and unmanned operation at a total of 46 facilities (cumulative total of 319 facilities), cutting the equivalent of about 51 resident facility management jobs (cumulative total of 218 jobs). It also reassigned skilled personnel.

- The company has developed a proprietary interactive AI system, AI Manager, to improve operational efficiency. The idea of AI Manager emerged from discussions among younger employees. The system was released in October 2023. The company has trained the system on internal regulations and manuals to assist back-office operations. Further, it started using AI Manager on a trial basis to prepare estimates in Construction Work, with the aim of improving the accuracy of estimates and streamlining related operations. The system has been trained on order and estimate data from different construction work. The company intends to equip AI Manager with facility management expertise so that it can use the system for on-site operations.

- The company implemented the following measures aimed at customer-oriented management.

    - Further strengthen sales activities targeting specific customers: The company aims to expand its market share by stepping up sales activities. To this end, its branches and offices worked on strengthening their ties with customers to expand their customized service offerings and win contracts to manage other facilities of existing customers. As a result, it increased its share of customer wallets. The company also started serving a wider range of facilities, leveraging its track record and expertise.
    - Have on-site workers actively make small-scale repair proposals: In order to make/keep facilities under management safe/secure, functional, and aesthetically pleasing, the company had its on-site workers at all of its eight branches in Japan actively make small-scale repair proposals. It also had its on-site workers at different branches compete against each other in terms of the number of proposals and orders, thereby facilitating on-site efforts to make proposals. By doing so, it worked to expand sales at branches.
    - Strengthen Construction Work: Amid rising energy costs facing companies and organizations, the company saw growing demand for energy-saving work and accelerated its efforts to help its customers (mainly large electricity consumers) make energy-saving improvements to their facilities, such as installing LED lighting and updating air conditioning and heating equipment. Further, the company actively made renovation/repair proposals for facilities under management, expanding orders for different construction work.

Segment trends

Facilities Management

Sales: JPY52.4bn (+6.9% YoY)
- Operating profit: JPY4.4bn (+3.8% YoY)

Sales and profit grew as the company won new orders for contract management and expanded the number of contracts for various maintenance services. Sales from in and outside the group expanded. The parent company enhanced its efforts to make small-scale proposals, leading to growth in inspection and maintenance work. Sales growth at subsidiary Aeon Delight Connect contributed to earnings. The company worked to optimize personnel costs while streamlining facility management operations to improve profitability. Further, it started revising per-contract prices and bringing some maintenance work in-house to change its cost structure.

Security Services

- Sales: JPY38.1bn (+3.3% YoY)
- Operating profit: JPY2.4bn (+2.6% YoY)

Sales and profit were up as the company acquired new contracts for security services. Sales from in and outside the group increased. Sales from the Aeon group were particularly strong as the company contracted new facilities in line with group store openings. It worked on the systematization of store entry and exit management and closing operations to improve profitability.

Cleaning Services

- Sales: JPY52.9bn (+3.5% YoY)
- Operating profit: JPY4.0bn (-19.9% YoY)

Sales increased due to growth in renewal contracts. Sales from the Aeon group fell slightly due to sluggish results at the parent. However, sales from non-group companies expanded thanks to strong performance at the parent and overseas (Indonesia and China), as well as the consolidation of askmaintenance. Meanwhile, operating profit dropped due to lower profitability caused by rising personnel and outsourcing expenses. The company will revise per-contract prices to reflect increasing costs. It also plans a change in type of contract with customers (to service level agreement [SLA], a form of contract based on service outcomes agreed upon between the service provider and the customer) to improve profitability. Trials are currently underway at five commercial facilities.

- Specifically, under the SLA, the company cleaned facilities during the day to streamline hiring and personnel costs, while improving productivity by using cleaning chemicals and equipment designed for that purpose.

Construction Work

- Sales: JPY42.1bn (+10.2% YoY)
- Operating profit: JPY3.4bn (+26.3% YoY)

The company strengthened its framework by streamlining operations under the area management strategy. This led to growth in contracts for energy-saving and other works. Further, it improved profitability by optimizing operations and processes. As a result, sales and profit grew substantially. Sales from the Aeon group declined due to the absence of the year-ago large construction project. However, sales from outside the group grew sharply thanks to energy-saving work, large repair work, and sales growth at Aeon Delight Connect. The company worked to improve profitability by increasing the accuracy of estimates. For instance, it ensured that contract prices for each construction project reflected increased personnel costs. The company also increased small-scale repair proposals, leading to higher sales per customer.

Materials and Supplies Sourcing Services

- Sales: JPY34.9bn (+12.5% YoY)
- Operating profit: JPY1.7bn (+16.7% YoY)

Sales and operating profit increased despite rising raw materials and logistics costs. The company worked to increase its share within the Aeon group, while passing on material cost increases to selling prices as appropriate. Sales from in and outside the group expanded, with the former particularly strong. The company negotiated with customers to pass on rising procurement costs into prices.

Vending Machine Services

- Sales: JPY7.3bn (+2.5% YoY)
- Operating profit: JPY982mn (+24.1% YoY)

Sales and operating profit rose. The company revised product prices, and secured new sites for installation of vending machines as a result of enhanced sales activities. Sales from in and outside the group grew. Profitability improved substantially as the company worked to reflect costs in selling prices as appropriate, while revising fixed costs. The company focused on marketing new vending machine models, including frozen food vending machines, in pursuit of further business opportunities.

Support Services

- Sales: JPY14.2bn (+5.4% YoY)
- Operating profit: JPY409mn (-2.3% YoY)

The company worked on expanding its services to meet outsourcing needs to manage and operate customer facilities and their surrounding environment. Sales from outside the group drove segment sales growth. Performance of the travel-related service also contributed. Higher procurement and personnel costs, as well as inter-segment expense adjustments, depressed profit.

Overseas business (within each segment)

- Sales: JPY26.3bn (+9.2% YoY)
- Operating profit: JPY1.1bn (-9.6% YoY)

Sales grew but profit fell in China and the ASEAN region. Earnings from the overseas business are included within each segment.

- The company steadily grew the China business as its core business company expanded the share of customer wallets and increased newly contracted facilities centered on medium- to high-end facilities. The subsidiary also participated in the urban development project, resulting in concentrated contracts for facilities management operations. However, profitability declined due to higher personnel expenses. As a result, sales rose but profit dropped. In the China business, the company focuses on expanding sales and market share and actively engages in M&A activities. It intends to improve profitability by standardizing systems at newly acquired subsidiaries, implementing operational reforms based on its domestic business, and expanding into areas with growth potential, such as maintenance.

- Sales were up in all ASEAN countries in which the company operates. Operating profit in the ASEAN business as a whole declined due in part to higher personnel costs resulting from the January 2023 revision of employment laws in Malaysia and Indonesia. The company plans to lay a foundation for the ASEAN business centered on Vietnam, where the Aeon group sees growing demand for its stores.

Domestic subsidiaries

Sales from domestic subsidiaries grew, while profit fell due to sluggish performance of building maintenance companies. That said, Aeon Delight Connect (small to mid-size facility management) and Aeon Compass (travel support) saw their earnings recover.

- Aeon Delight Connect: Sales and profit increased. The subsidiary expanded maintenance and construction contracts for restaurant chains and convenience stores.

- Aeon Compass: Sales and profit rose. As the flow of people increased, earnings from business trip support services and corporate travel business remained robust.

- Kankyoseibi: Sales grew thanks to new renewal contracts and repair contracts. However, profit declined due to higher personnel expenses.

- Hakuseisha: Sales remained flat YoY, while profit fell due to an increase in personnel expenses.

- askmaintenance: Sales and profit increased thanks to growth in new contracts.

Other

Aeon Compass collaborated with an Indonesia-based company to develop a framework that supports foreign nationals' employment in Japan. The framework focuses on those who speak Japanese and have building cleaning skills. Aeon Compass has begun accepting specified skilled workers in the building cleaning area. It hired 11 such workers in November 2023, and plans to hire another 16 in 2024. Going forward, the subsidiary will expand the scope of hiring to include personnel specializing in other areas.

With the aim of improving capital efficiency and enhancing shareholder returns, the company acquired 150mn shares of its own stock from October 2022 to July 2023. It cancelled the acquired shares in October 2023.

Measures for Q4 onward

The company will promote the following measures to expand sales.

- Increase orders for energy conservation-related construction work, including the switch to LED lights to counter rising energy costs and replacement of air conditioning and heating equipment.
- Strengthen on-site sales efforts to win contracts for small-scale repair work, aiming to make/keep facilities safe/secure, functional, and aesthetically pleasing.

The company will roll out the following measures to improve profitability.

- Facilities Management: Improve efficiency of on-site operations to optimize personnel costs. Revise per-contract prices and bring some maintenance operations in-house to change the cost structure.
- Security Services: Achieve energy savings by systemizing entry and exit management and closing operations, and promote unite price optimization through price negotiations
- Materials and Supplies Sourcing Services: Appropriately reflect the increase in the cost of various materials and supplies in selling prices

Next medium-term management plan

According to the Aeon Delight Integrated Report 2023 published in October 2023, the company is currently preparing its new medium-term management plan for FY02/25 and beyond. Its basic financial strategy calls for investing decisively in sustainable growth while maintaining financial soundness. Based on this policy, the company aims to establish a competitive edge through aggressive growth investments underpinned by its strong financial base (growth investments planned in such areas as HR, DX, and M&A). The company expects FY02/24 ROE to fall short of its target. Accordingly, it recognizes improving profitability as the most pressing issue, and will include necessary strategies and specific measures in its next medium-term management plan.

News and topics

New medium-term management plan, launch of joint pilot experiment with Kindai University

2024-10-08

Aeon Delight Co., Ltd. unveiled a new medium-term management plan. The company also launched a joint pilot experiment with Kindai University.

Medium-term management plan (FY2024–FY2026)

At the time of its 1H FY02/25 results announcement, Aeon Delight unveiled a new medium-term management plan covering FY2024 through FY2026. Over these three years, the company aims to fully transform its business model to drive future growth, laying the groundwork for sustained growth through bold investments.

Three key changes

The company has outlined three key changes.

- Drastically improve efficiency in facility management operations and adopt a business model that leverages economies of scale
- Strengthen facility management consulting capabilities
- Enhance framework to expand the Construction Work business

Growth investment

The company will proactively invest in three key areas: improving productivity, developing new services, and strengthening human capital. It expects to invest JPY20.0bn in total, comprising JPY12.0bn for growth and JPY8.0bn for the maintenance and upgrade of existing systems and facilities.

- Improve productivity: Accelerate digitalization to drastically improve efficiency in facility management operations
- Develop new services: Build a data-driven framework to develop new offerings by strengthening data management capabilities
- Strengthen human capital: Enhance and diversify the workforce, secure talent in growth areas, and boost employee engagement

Numerical targets

(JPYbn)	FY02/24 results	FY02/27 targets	Rate of change
Sales	3,248	4,000	+23.1%
Gross profit	426	532	+24.8%
Operating profit	152	170	+11.6%

Shared Research based on the company's earnings presentation materials

Additional KPIs are as follows.

- Improve productivity: Increase operating profit per employee to 1.2x the FY02/24 level (1.5x by FY02/31) in Facilities Management, Security Services, and Cleaning Services
- Secure talent in growth areas: Increase headcount by 200 versus FY02/24
- Boost employee engagement: Conduct annual employee satisfaction (ES) surveys and improve the score each year

Financial policy

While maintaining financial soundness, the company will make bold investments to drive sustained growth. For shareholder returns, it aims to continuously increase dividends and will flexibly consider and implement share buybacks.

Capital policy

The company's ROE has yet to reach its target of 12%, despite exceeding the cost of capital. Accordingly, the company will work to improve shareholder value by investing in growth and enhancing shareholder returns. Under the three-year medium-term plan, it targets a dividend payout ratio of 50%.

Joint pilot experiment with Kindai University

Aeon Delight and Kindai University (Higashiosaka, Osaka) will conduct a joint pilot experiment concerning next-generation functional spaces from October 15 through November 18, 2024. Through the experiment, which will be conducted in connection with the university's Discussion Lab academic theater project, the two parties aim to develop spaces that enhance user productivity and comfort through multisensory stimulation.

Key takeaways

- Create next-generation functional spaces that boost user productivity and comfort
- Select the best ideas from students during the pre-demonstration phase and implement them in these spaces
- Assess how a space affects productivity and comfort based on feedback from people who experience it
- Design spaces that enhance productivity and comfort based on scientific evidence

Change in second-tier subsidiaries (share acquisition and subscription to new shares by overseas consolidated subsidiary)

2024-05-28

Aeon Delight Co., Ltd. has decided that its subsidiary (second-tier subsidiary), Aeon Delight (China) Service Management Group Co., Ltd., will acquire a 60% stake in Zhejiang Wancai Logistics Co., Ltd. by purchasing existing shares and subscribing to newly issued shares.

Wancai Logistics has extensive experience, track record, and expertise in logistics facility operations. The group will make Wancai Logistics a consolidated subsidiary to expand the scope of such operations in its China business. Aeon Delight (China) Service Management Group will acquire a 60% stake in Wancai Logistics by purchasing existing shares and subscribing to newly issued shares (scheduled contract signing date: June 2024). In FY12/23, Wancai Logistics reported revenue of CNY28.1mn, operating profit of CNY682,000, recurring profit of CNY1.2mn, and net income of CNY1.2mn.

The share transfer requires approval from relevant authorities. The company expects the change in second-tier subsidiaries to have a minor impact on its consolidated earnings.

Decision on matters relating to acquisition of treasury shares, and establishment of multi-stakeholder policy

2024-04-09

Aeon Delight Co., Ltd. has decided upon the specific details of an upcoming acquisition of treasury shares, established a multi-stakeholder policy, and determined candidates for positions as directors and auditors.

Share buyback

Aeon Delight has decided upon the specific details of an upcoming acquisition of treasury shares. Through this acquisition, the company aims to improve capital efficiency by flexibly executing its capital policy in response to changes in its operating environment while enhancing shareholder returns.

- Total number of shares to be acquired: Up to 700,000 shares (1.44% of total issued shares [excluding treasury stock])
- Total acquisition cost: Up to JPY3.1bn
- Acquisition period: April 22—December 30, 2024
- Acquisition method: Market purchase executed through the Tokyo Stock Exchange in accordance with a discretionary trading agreement

Multi-stakeholder policy

Aeon Delight has established a multi-stakeholder policy as a guideline for co-creating value and building good relationships with various stakeholders. The company believes that co-creating value with various stakeholders, including shareholders, employees, business partners, customers, creditors, and the local community, is an important aspect of corporate management. Accordingly, it intends to effectively collaborate with these stakeholders. The company aims to appropriately distribute profits to stakeholders from earnings and results generated through value co-creation and improved productivity, thereby maintaining wage growth momentum and supporting sustainable economic development. Accordingly, it will push forward with related initiatives while rewarding employees and ensuring due consideration for business partners.

Decision on candidates for executive positions

At a meeting held on April 9, 2024, Aeon Delight's Board of Directors decided on candidates for positions as directors and auditors. The company will propose their appointments during its 51st ordinary general meeting of shareholders scheduled for May 17, 2024.

Certified as Health & Productivity Management Outstanding Organization 2024

2024-03-12

Aeon Delight Co., Ltd. has been certified by the Nippon Kenko Kaigi as a Health & Productivity Management Outstanding Organization 2024 (large enterprise category).

Established by the Ministry of Economy, Trade and Industry (METI), the Certified Health & Productivity Management Outstanding Organization Recognition Program recognizes small, midsize, and large companies with outstanding initiatives promoting health and productivity management. These initiatives include those addressing regional health issues and health promotion measures supported by the Nippon Kenko Kaigi. The company has been certified as a Health & Productivity Management Outstanding Organization for the second consecutive year. Aeon Delight Academy Co., Ltd., Aeon Compass Co., Ltd. (large enterprise category), and Aeon Delight Security Co., Ltd. (SME category) have each received this certification.

As one of its key measures, Aeon Delight strives to reduce employee illness and create a comfortable working environment, thereby improving productivity, job satisfaction, and corporate value. The company is working to enhance employee's mental and physical health by partnering with health insurance associations and providing smoking cessation support, while striving to create a safe, secure, and vibrant workplace by optimizing working hours and holding seminars on mental health and other themes.

Establishment of a new operating company in Hong Kong and structural reforms

2024-02-29

Aeon Delight Co., Ltd. sees the Chinese market as a top growth area in Asia and aims to further expand its business in the country. Accordingly, the company decided to establish a new operating company in Hong Kong and launch operations in March 2024. It also announced structural reforms and changes in executive officers and executives.

Establishment of a new operating company in Hong Kong

Hong Kong has become a leading international financial center in Asia. Many Japanese companies, including the Aeon group, to which Aeon Delight belongs, have operations in the region. In recent years, with the opening of many large commercial facilities, there has been growing demand for facility management services. By setting up a new company in Hong Kong, Aeon Delight aims to expand contracts for managing facilities owned by Japanese companies and local mid- to high-end facilities.

The company was among the first in the industry to enter overseas markets. It operates primarily in Asia and aims to become a global facility management provider. In 2007, it established a company in Beijing, China, a top growth market in Asia. Suzhou Sufang Property Management (now Aeon Delight [China]) and Wuhan Xiaozhu Property Management, both industry leaders in China, joined the group in 2012 and 2023, respectively. Having built a business foundation through these efforts, Aeon Delight now has a network of service bases in many parts of the country, including Beijing, Hebei, Tianjin, Shandong, Jiangsu, Shanghai, Zhejiang, Hubei, Guangdong, Hunan, Jiangxi, and Liaoning.

Aeon Delight aims to provide services across China. To this end, it is working to strengthen its business foundation and investment functions in the country. In 2023, the company reorganized its business to further expand the areas of operation and enhance collaboration between operating companies. As part of this effort, it redefined the role of Aeon Delight (China), positioning the subsidiary to oversee operations in China. By setting up a new company in Hong Kong to expand the areas of operation, the company aims to make facilities in the area and their surrounding environment safe and secure. At the same time, it intends to further grow its business in China.

- Company name: Aeon Delight (Hong Kong)
- Representative: Chairman Chen Xiaokang
- Head office location: Hong Kong
- Date of establishment: March 2024
- Business: Facility management and other related services
- Capital: HKD3mn

Structural reforms and changes in executive officers and executives

Overview of structural reforms

The company decided to scrap the current management structure comprising 23 managerial positions and divisions and build a new structure led by 11 managers. By streamlining the organization, it aims to facilitate communication, consolidate departments to strengthen cooperation among them, improve operational efficiency, and standardize operations, thereby optimizing overall operations to improve productivity. With the aim of steadily implementing important measures, the company will delegate the authority to make decisions to respective officers in charge. Further, it will establish a dedicated department to facilitate coordination between the headquarters and branches and support the management of branches. The company will also address management issues by establishing a dedicated department, separate from the HR department, to develop HR strategies aimed at achieving management goals.

Details of structural reforms (as of March 1, 2024)

(1) Positions, divisions, and offices directly reporting to the president

- Eliminate the position of officer in charge of marketing DX
- Eliminate Quality Control Division, Aeon Group Sales Division, and Construction Work Division under officer in charge of marketing DX to consolidate their functions under the newly appointed officer in charge of business operations; eliminate IT Division and Sales Division to consolidate their functions to the newly appointed officers in charge of IT and sales
- Rename the position of officer in charge of Materials and Supplies Sourcing Services and Vending Machine Services to officer in charge of the Materials and Supplies Sourcing Services and Vending Machine Services businesses
- Establish the new positions of officer in charge of branches in Eastern Japan and officer in charge of branches in Western Japan
- Eliminate the position of officer in charge of China operations; transfer its function under the newly appointed officer in charge of overseas operations
- Rename the position of officer in charge of group strategies to officer in charge of group management planning
- Rename President's Office and ESG Promotion Office to President's Office
- Establish the new position of officer in charge of group HR strategies
- Eliminate Group Finance and Accounting Division, Group Control Division, Affiliated Companies Division, Group HR & General Affairs Division, Group Hiring and Training Division, and Group Governance Division to consolidate their functions under the newly appointed CFO

(2) Under officer in charge of business operations

- Establish Quality Control Department, Aeon Group Operations Department, and Construction Work Department

(3) Under officer in charge of sales

- Establish Customer Success Department
- Place Inspection Department

(4) Under officer in charge of the Materials and Supplies Sourcing Services and Vending Machine Services businesses

- Establish Materials and Supplies Sourcing Services Department and Vending Machine Services Department

(5) Under officer in charge of branches in Eastern Japan

- Place Hokkaido, Tohoku, Hokuriku Shinetsu, and Kanto branches

(6) Under officer in charge of branches in Western Japan

- Place Tokai, Kansai, Chugoku Shikoku, and Kyushu braches

(7) Under officer in charge of overseas operations

- Place COO of China operations and COO of ASEAN operations

(8) Under officer in charge of group management planning

- Establish Group Strategies Department
- Transfer AD Research Institute
- Place Business Planning Department

(9) Under CFO

- Establish Group Finance and Accounting Department, Group Business Management Department, and Group HR & General Affairs Department

See the company release (Japanese only) for changes in executive officers and other employees (as of March 1, 2024).

Credit rating unchanged

2024-02-28

Aeon Delight Co., Ltd. maintained its issuer credit rating of A- from Rating and Investment Information, Inc.

Details

- Rating agency: Rating and Investment Information, Inc.
- Name: Issuer credit rating
- Rating: A- (unchanged)
- Outlook: Stable

The credit rating was published on February 28, 2024. Aeon Delight aims to diversify and stabilize future financing sources by having its business and financial condition objectively evaluated by a third party.

Profile

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