

Summary of Financial Results for the First Quarter Ended May 31, 2022

[Japan GAAP] (Consolidated)

July 5, 2022

Company AEON DELIGHT Co., Ltd. Listed on the TSE1
 Stock Code 9787 URL: <https://www.aeondelight.co.jp>
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 Expected date of filing of quarterly report: July 14, 2022 Expected starting date of dividend payment: -
 Preparation of quarterly supplementary financial document: Yes
 Quarterly results briefing: None

(Rounded down to million yen)

1. Consolidated business results for the three months ended May 2022 (March 1, 2022 through May 31, 2022)

(1) Consolidated results of operations

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended May 2022	71,786	-	3,282	-	3,300	-	2,246	-
Three months ended May 2021	79,688	8.4	3,728	7.9	3,751	8.4	2,507	-16.2

(Note) Comprehensive income

Three months ended May 2022: 2,910 million yen (-%)

Three months ended May 2021: 2,912 million yen (19.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended May 2022	44.91	44.88
Three months ended May 2021	50.15	50.10

(Note) The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others are applied since the beginning of the first quarter of the fiscal year under review. As for the figures related to the first quarter of the fiscal year ending February 2023, these standards have been applied, and the year-on-year percentage changes are not presented. Applying this accounting standard to net sales, net sales would be 71,146 million yen for the first quarter of the fiscal year ended February 2022, and the year-on-year percentage change for the first quarter of the fiscal year ending February 2023 would be 0.9% with 71,786 million yen of net sales.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of May 2022	141,693	95,200	66.5
As of Feb. 2022	142,859	95,421	66.2

(Reference) Shareholders' equity

As of May 2022: 94,287 million yen

As of February 2022: 94,577 million yen

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Feb. 2022					
Ordinary dividend	-	37.00	-	37.00	74.00
Commemorative dividend	-	5.00	-	5.00	10.00
Total	-	42.00	-	42.00	84.00
Year ending Feb. 2023 (forecast)		42.00	-	43.00	85.00

(Note) Revisions to dividend forecast for the current quarter: None

The commemorative dividend is paid in commemoration of the 15th anniversary of AEON DELIGHT.

3. Forecast of consolidated business results for the fiscal year ending February 2023 (March 1, 2022 through February 28, 2023)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Feb. 2023	310,000	-2.4	17,000	8.1	17,000	7.7	10,700	0.3	213.91

(Note) Revisions to business forecast for the current quarter: None

***Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None
- (2) Application of accounting procedures specific to preparation of the consolidated quarterly financial statements: None
- (3) Changes in accounting policies, accounting estimates and restatement
- | | |
|---|--------|
| ①Changes in accounting policies associated with revision of accounting standards: | : Yes |
| ②Changes in accounting policies other than ① | : None |
| ③Changes in accounting estimates | : None |
| ④Restatement | : None |

(Note) For details, please see the accompanying material “Quarterly Consolidated Financial Statements and Significant Notes (3) Notes on quarterly consolidated financial statements (Changes in accounting policies)” on P.7.

(4) Shares outstanding (common stock)

- | | |
|--|-------------------|
| ①Number of shares outstanding at the end of period (treasury stock included) | |
| As of May 2022 | 50,669,633 shares |
| As of February 2022 | 54,169,633 shares |
| ②Treasury stock at the end of period | |
| As of May 2022 | 648,447 shares |
| As of February 2022 | 4,148,409 shares |
| ③Average number of stock during period (quarterly cumulative period) | |
| Three months ended May 2022 | 50,021,215 shares |
| Three months ended May 2021 | 50,005,610 shares |

***Financial summary is not subject to the quarterly review procedures by certified public accountants or auditing firms.**

***Explanation regarding appropriate use of business forecasts and other special instructions**

(Precautions regarding forward-looking statements)

Forecasts regarding future performance in this material are based on information currently available to the company and certain assumptions that the company deems to be reasonable at the time this report was prepared. The company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.

Quarterly Consolidated Financial Statements and Significant Notes
(Quarterly Consolidated Balance Sheets)

(Million yen)

	Previous Fiscal Year (February 28, 2022)	Current First Quarter (May 31, 2022)
Assets		
Current assets		
Cash and deposits	68,282	65,959
Notes and accounts receivable	40,708	-
Notes and accounts receivable - trade, and contract assets	-	41,932
Electronically recorded monetary claims	4,220	4,387
Inventories	2,074	2,739
Other	5,861	4,541
Allowance for doubtful accounts	-134	-150
Total current assets	121,013	119,409
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	1,629	1,640
Tools, furniture and fixtures, net	3,589	3,394
Land	466	466
Other, net	1,394	1,476
Total tangible fixed assets	7,080	6,977
Intangible fixed assets		
Goodwill	3,360	3,713
Other	2,293	2,488
Total intangible fixed assets	5,653	6,201
Investments and other assets		
Investment securities	3,720	3,827
Other	5,421	5,307
Allowance for doubtful accounts	-30	-30
Total investment and other assets	9,111	9,104
Total fixed assets	21,845	22,284
Total assets	142,859	141,693

(Million yen)

	Previous Fiscal Year (February 28, 2022)	Current First Quarter (May 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	22,070	22,930
Electronically recorded obligations - operating	4,415	3,797
Short-term borrowings	247	285
Income taxes payable	2,326	636
Provision for bonuses	1,363	2,408
Accrued directors' and corporate auditors' remuneration	84	16
Asset retirement obligations	6	-
Allowance for sales discounts	120	124
Other	13,257	13,032
Total current liabilities	43,892	43,232
Fixed liabilities		
Provision for directors' retirement benefits	84	66
Retirement benefit liability	1,486	1,463
Asset retirement obligations	416	416
Allowance for sales discounts	80	59
Other	1,477	1,254
Total fixed liabilities	3,544	3,260
Total liabilities	47,437	46,493
Net assets		
Shareholder's equity		
Capital stock	3,238	3,238
Capital surplus	13,239	4,736
Retained earnings	86,559	85,616
Treasury stock	-10,077	-1,575
Total shareholders' equity	92,958	92,016
Other accumulated comprehensive income		
Valuation difference on securities	921	976
Foreign currency translation adjustments	961	1,543
Remeasurements of defined benefit plans	-263	-249
Total other accumulated comprehensive income	1,619	2,270
Share subscription rights	86	98
Non-controlling shareholders' equity	757	814
Total net assets	95,421	95,200
Total liabilities and net assets	142,859	141,693

Quarterly Consolidated Statement of Income and Quarterly Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
(For the three months period)

(Million yen)

	Previous First Quarter (March 1, 2021– May 31, 2021)	Current First Quarter (March 1, 2022– May 31, 2022)
Net sales	79,688	71,786
Cost of sales	69,922	62,041
Gross profit	9,765	9,745
Selling, general and administrative expenses	6,036	6,462
Operating income	3,728	3,282
Non-operating income		
Interest income	4	6
Dividends income	33	35
Equity in income of affiliates	18	20
Other	24	33
Total non-operating income	80	96
Non-operating expenses		
Interest expenses	8	4
Other	49	74
Total non-operating expenses	57	78
Ordinary income	3,751	3,300
Extraordinary income		
Gain on sales of investment security	-	6
Subsidies for employment adjustment	74	-
Total extraordinary income	74	6
Extraordinary loss		
Loss due to response to new infections	52	-
Other	0	-
Total extraordinary loss	52	-
Profit before income taxes	3,773	3,306
Income taxes	870	422
Income taxes-deferred	395	626
Total income taxes	1,266	1,049
Net income	2,507	2,257
Net income (loss) attributable to non-controlling interests	-0	11
Net income attributable to owners of parent	2,507	2,246

(Quarterly Consolidated Statement of Comprehensive Income)

(For the three months period)

(Million yen)

	Previous First Quarter (March 1, 2021– May 31, 2021)	Current First Quarter (March 1, 2022– May 31, 2022)
Net income	2,507	2,257
Other comprehensive income		
Valuation difference on securities	-69	55
Foreign currency translation adjustments	455	583
Remeasurements of defined benefit plans	19	14
Total other comprehensive income	405	653
Comprehensive income	2,912	2,910
(Breakdown)		
Comprehensive income attributable to owners of parent	2,910	2,897
Comprehensive income attributable to non-controlling interests	1	12

(3) Notes on quarterly consolidated financial statements
(Notes on going concern assumption)
None

(Notes if there is a significant change in the amount of shareholders' equity)The Company adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the first quarter of the fiscal year under review. The effects of this change are described in "2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)."

In addition, on April 7, 2022, the Board of Directors resolved to cancel treasury stock in accordance with Article 178 of the Companies Act. Of the 4,148,409 shares of treasury stock held by the Company, 3,500,000 shares of common stock were cancelled on April 28, 2022. As a result, capital surplus and treasury stock decreased by 8,502 million yen each during the first quarter, resulting in a capital surplus of 4,736 million yen and treasury stock of -1,575 million yen at the end of the first quarter of the current fiscal year.

(Changes in accounting policies)
(Applications of Accounting Standard for Revenue Recognition, etc.)

The Company adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020. Hereafter "Accounting Standard for Revenue Recognition."), etc. from the beginning of the first quarter of the current consolidated accounting period and recognized revenue when control of promised goods or services is transferred to customers at an amount that it expects to receive in exchange for those goods or services.

As a result, for a part of the materials-related business and the vending machine business, the Company has changed from recognizing revenue in the total amount of consideration received from customers to recognizing revenue in the net amount calculated by subtracting the amount paid to suppliers from the total amount. In addition, for a part of the facilities management business, we have changed the method of recognizing revenue at one point of service provision from what we recognized revenue over a certain period of time based on the contract. Accordingly, the corresponding cost of sales is also systematized from the previous simplified accounting treatment, which is in line with the accounting treatment of recognizing revenue at a point in time when services are rendered.

The applications of the Accounting Standard for Revenue Recognition, etc., are conformable to the transitional treatment stipulated in the provisions of P.84 of the Accounting Standard for Revenue Recognition, and the cumulative effect of retrospectively applying a new accounting policy prior to the beginning of the first quarter of the current consolidated accounting period has been adjusted to retained earnings at the beginning of the first quarter of the current consolidated accounting period, and the new accounting policy has been applied from the beginning balance of the current fiscal year.

However, the new accounting policy has not been retroactively applied to contracts that apply the methods set forth in P.86 of the Accounting Standard for Revenue Recognition and that recognize almost all proceeds in accordance with previous treatment prior to the beginning of the first quarter of the consolidated accounting period. Moreover, the method stipulated in P.86 (1) of the Accounting Standard for Revenue Recognition has been applied and accounting is done based on the terms and conditions of the contract after reflecting all contract changes for the contract changes made prior to the beginning of the first quarter of the current consolidated accounting period. The cumulative effect has been adjusted to retained earnings at the beginning of the first quarter of the current consolidated accounting period.

As a result, net sales for the current consolidated cumulative first quarter decreased 8,396 million yen, cost of sales decreased 8,406 million yen, and operating income, ordinary income and net income before income taxes increased 10 million yen, respectively. The balance of retained earnings at the beginning of the current fiscal year decreased 1,087 million yen.

Due to the applications of the Accounting Standard for Revenue Recognition, etc., "notes and accounts receivable – trade" indicated in the "current assets" in the consolidated balance sheet in the previous consolidated fiscal year has been included in the "notes receivable, accounts receivable and contract assets" from the current first quarter of the current consolidated accounting period. In accordance with the transitional treatment stipulated in P.89-2 of the Accounting Standard for Revenue Recognition, the previous consolidated fiscal year has not been reclassified under the new indication method.

(Application of Accounting Standard for Calculation of Fair Market Value)

The Company has applied the "Accounting Standard for Calculation of Fair Market Value" (ASBJ Statement No. 30, July 4, 2019.) from the beginning of the first quarter of the fiscal year under review, and have decided to apply the new accounting policy established by the Accounting Standard for Calculation of Fair Market Value, etc., in accordance with the transitional treatment specified in paragraph 19 of the Accounting Standard for Calculation of Fair Market Value and paragraph 44-2 of the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10 July 4, 2019). The adoption of the Accounting Standard for Calculation of Fair Market Value and other standards did not have a material impact on the quarterly consolidated financial statements.