

Summary of Financial Results for the Year Ended February 28, 2023 [Japan GAAP] (Consolidated)

April 11, 2023

Company AEON DELIGHT Co., Ltd. Listed on the TSE
 Stock Code 9787 URL: <https://www.aeondelight.co.jp>
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 Planned date for annual shareholders' meeting: May 19, 2023 Planned date for commencement of dividend payment: May 8, 2023
 Planned date for filing of annual securities report: May 22, 2023
 Preparation of supplementary financial document: Yes
 Results briefing: Yes (for institutional investors and analysts)

(Rounded down to million yen)

1. Consolidated business results for the fiscal year ended February 2023 (March 1, 2022 through February 28, 2023)

(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	%
Year ended Feb. 2023	303,776	-	15,814	-	16,006	-	10,152	-
Year ended Feb. 2022	317,657	5.9	15,733	3.3	15,789	3.4	10,665	-8.7

(Note) Comprehensive income:

Year ended February 2023: 11,003 million yen (-%)

Year ended February 2022: 11,529 million yen (-6.5%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended Feb. 2023	203.54	203.40	10.5	10.9	5.2
Year ended Feb. 2022	213.26	213.12	11.7	11.3	5.0

(Reference) Investment earnings/loss on equity-method:

Year ended February 2023: 94 million yen

Year ended February 2022: 85 million yen

(Note) The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others are applied since the beginning of the fiscal year under review. The figures for the fiscal year ended February 2023 are after the application of these accounting standards, and the year-on-year percentage changes are not presented. Applying these accounting standards, net sales for the fiscal year ended February 2022 would be 283,787 million yen, and the year-on-year percentage change in 303,776 million yen of net sales for the fiscal year ended February 2023 would be 7.0%.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 2023	150,628	99,391	65.3	1,991.86
As of Feb. 2022	142,859	95,421	66.2	1,890.76

(Reference) Shareholders' equity:

As of February 2023: 98,396 million yen

As of February 2022: 94,577 million yen

(3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Year ended Feb. 2023	8,895	-10,715	-6,181	59,996
Year ended Feb. 2022	12,598	-386	-4,572	67,520

2. Dividends

	Annual dividend					Total dividend (Total)	Dividend payout ratio (Consolidated)	Rate of total dividend to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended Feb. 2022								
Ordinary dividend	-	37.00	-	37.00	74.00	3,701	34.7	
Commemorative dividend*	-	5.00	-	5.00	10.00	500	4.7	
Total	-	42.00	-	42.00	84.00	4,201	39.4	4.6
Year ended Feb. 2023	-	42.00	-	43.00	85.00	4,225	41.8	4.4
Year ending Feb. 2024 (forecast)		43.00		43.00	86.00		40.1	

* 15th anniversary of AEON delight

3. Forecast of consolidated business results for the fiscal year ending February 2024 (March 1, 2023 through February 29, 2024)

	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. 2024	310,000	2.0	16,000	1.2	16,000	0.0	10,400	2.4	214.32

(Note) At the meeting of the Board of Directors held on October 4, 2022, the Company resolved to acquire treasury stock. "Net income per share" in the consolidated business forecasts for the fiscal year ended March 2023 is based on the impact of the acquisition of treasury stock.

*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None

(2) Changes in accounting policies, accounting estimates and restatement

- ① Changes in accounting policies associated with revision of accounting standards: : Yes
- ② Changes in accounting policies other than ① : None
- ③ Changes in accounting estimates : None
- ④ Restatement : None

(Note) For further details, see "Notes on consolidated financial statements (changes in accounting policies)" on p. 8 of the attached document.

(3) Shares outstanding (common stock)

① Number of shares outstanding at the end of period (treasury stock included)

As of February 2023 50,669,633 shares

As of February 2022 54,169,633 shares

② Treasury stock at the end of period:

As of February 2023 1,270,047 shares

As of February 2022 4,148,409 shares

③ Average number of stock during period

Year ended February 2023 49,876,526 shares

Year ended February 2022 50,010,395 shares

***Financial summary is not subject to auditing 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.

Consolidated Financial Statements
(Consolidated Balance Sheet)

(Million yen)

	Previous Fiscal Year (February 28, 2022)	Current Fiscal Year (February 28, 2023)
Assets		
Current assets		
Cash and deposits	68,282	57,600
Notes and accounts receivable	40,708	-
Notes and accounts receivable - trade, and contract assets	-	47,065
Electronically recorded monetary claims	4,220	8,825
Securities	-	7,008
Inventories	2,074	2,363
Other	5,861	6,766
Allowance for doubtful accounts	-134	-95
Total current assets	121,013	129,534
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	1,629	1,494
Tools, furniture and fixtures, net	3,589	2,967
Land	466	434
Other, net	1,394	1,604
Total tangible fixed assets	7,080	6,499
Intangible fixed assets		
Goodwill	3,360	3,046
Other	2,293	3,324
Total intangible fixed assets	5,653	6,371
Investments and other assets		
Investment securities	3,720	4,021
Deferred tax assets	2,951	1,841
Other	2,470	2,378
Allowance for doubtful accounts	-30	-19
Total investment and other assets	9,111	8,222
Total fixed assets	21,845	21,093
Total assets	142,859	150,628

(Million yen)

	Previous Fiscal Year (February 28, 2022)	Current Fiscal Year (February 28, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	22,070	25,901
Electronically recorded obligations - operating	4,415	5,116
Short-term borrowings	247	182
Accounts payable	7,126	7,265
Income taxes payable	2,326	2,571
Provision for bonuses	1,363	1,389
Accrued directors' and corporate auditors' remuneration	84	52
Asset retirement obligations	6	-
Allowance for sales discounts	120	86
Other	6,131	5,840
Total current liabilities	43,892	48,406
Fixed liabilities		
Deferred tax liabilities	946	1,019
Provision for directors' retirement benefits	84	74
Retirement benefit liability	1,486	1,187
Asset retirement obligations	416	419
Allowance for sales discounts	80	11
Other	531	117
Total fixed liabilities	3,544	2,830
Total liabilities	47,437	51,237
Net assets		
Shareholder's equity		
Capital stock	3,238	3,238
Capital surplus	13,239	4,739
Retained earnings	86,559	91,421
Treasury stock	-10,077	-3,415
Total shareholders' equity	92,958	95,983
Other accumulated comprehensive income		
Valuation difference on securities	921	1,130
Foreign currency translation adjustments	961	1,435
Remeasurements of defined benefit plans	-263	-153
Total other accumulated comprehensive income	1,619	2,413
Share subscription rights	86	86
Non-controlling shareholders' equity	757	908
Total net assets	95,421	99,391
Total liabilities and net assets	142,859	150,628

Consolidated Statement of Income and Statement of Comprehensive Income
(Consolidated Statement of Income)

(Million yen)

	Previous fiscal year (March 1, 2021- February 28, 2022)	Current fiscal year (March 1, 2022 - February 28, 2023)
Net sales	317,657	303,776
Cost of sales	278,158	262,338
Gross profit	39,498	41,437
Selling, general and administrative expenses	23,764	25,623
Operating income	15,733	15,814
Non-operating income		
Interest income	32	42
Dividends income	73	77
Equity in income of affiliates	85	94
Subsidy income	14	126
Other	242	104
Total non-operating income	448	446
Non-operating expenses		
Interest expenses	29	43
Other	362	210
Total non-operating expenses	392	253
Ordinary income	15,789	16,006
Extraordinary income		
Gain on sale of fixed assets	1,223	-
Gain on sales of investment security	-	19
Subsidies for employment adjustment	199	34
Total extraordinary income	1,422	53
Extraordinary loss		
Impairment loss	441	77
Loss due to response to new infections	172	93
Expenses for 50th anniversary	-	312
Other	242	-
Total extraordinary loss	856	483
Income before income taxes	16,355	15,577
Income taxes	3,787	3,879
Income taxes-deferred	2,003	1,496
Total income taxes	5,790	5,376
Net income	10,565	10,201
Net income (loss) attributable to non-controlling interests	-99	49
Net income attributable to owners of parent	10,665	10,152

(Consolidated Statement of Comprehensive Income)

(Million yen)

	Previous fiscal year (March 1, 2021- February 28, 2022)	Current fiscal year (March 1, 2022- February 28, 2023)
Net income	10,565	10,201
Other comprehensive income		
Valuation difference on securities	-121	209
Foreign currency translation adjustments	996	475
Remeasurements of defined benefit plans	88	117
Total other comprehensive income	963	802
Comprehensive income	11,529	11,003
(Breakdown)		
Comprehensive income attributable to owners of parent	11,622	10,945
Comprehensive income attributable to non- controlling interests	-92	57

Consolidated Statement of Cash Flows

(Million yen)

	Previous fiscal year (March 1, 2021 - February 28, 2022)	Current fiscal year (March 1, 2022 - February 28, 2023)
Net cash provided by (used in) operating activities		
Income before income taxes	16,355	15,577
Depreciation and amortization	2,755	2,483
Impairment loss	441	77
Amortization of goodwill	722	808
Increase (decrease) in accrued bonuses	32	20
Increase (decrease) in allowance sales discount	-122	-102
Increase (decrease) in provision for directors' retirement	-29	-9
Increase (decrease) in liabilities relating to retirement benefits	-29	-191
Interest and dividend income	-106	-120
Interest expenses	29	43
Loss (gain) on sale of non-current assets	-1,225	-0
Equity in loss (gain) of affiliates	-74	-93
Loss (gain) on sale of investment securities	1	-
Loss (gain) on sale of investment securities	0	-19
Decrease (increase) in notes and accounts receivable- trade	-2,186	-10,823
Decrease (increase) in inventories	-59	-286
Increase (decrease) in notes and accounts payable-trade	-66	4,419
Increase (decrease) in accounts payable	-357	50
Increase (decrease) in accrued consumption taxes	-931	-146
Decrease (increase) in accounts receivable-other	502	-18
Increase (decrease) in advances received	164	-103
Increase (decrease) in advance revenue	-588	-435
Other	-215	881
Sub-total	15,013	12,010
Interest and dividend received	207	177
Interest expenses paid	-29	-43
Income taxes paid	-2,592	-3,248
Net cash provided by (used in) operating activities	12,598	8,895
Net cash provided by (used in) investing activities		
Payments into time deposits	-780	-165
Proceeds from withdrawal of time deposits	869	279
Purchase of short-term and long-term investment securities	-21	-12,191
Proceeds from sales and redemption of short-term and long-term investment securities	69	5,072
Purchase of property, plant and equipment and intangible fixed assets	-3,478	-3,009
Proceeds from sale of tangible and intangible fixed assets	3,254	1
Increase in subsidiaries arising from change in scope of consolidation	-117	-489
Other	-181	-212
Net cash provided by (used in) investing activities	-386	-10,715
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings	-74	-85
Cash dividends paid	-4,450	-4,200
Purchase of treasury shares	-0	-1,850
Other	-46	-45
Cash flow from financing activities	-4,572	-6,181
Effect of exchange rate change on cash and cash equivalents	925	477
Net increase (decrease) in cash and cash equivalents	8,564	-7,523
Cash and cash equivalents at beginning of period	58,937	67,520
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	18	-
Cash and cash equivalents at end of period	67,520	59,996

Notes on consolidated financial statements

(Notes on going concern assumption) None

(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 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 current consolidated accounting period has been adjusted to retained earnings at the beginning 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 current 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 current consolidated accounting period. The cumulative effect has been adjusted to retained earnings at the beginning of the current consolidated accounting period.

As a result, net sales for the current fiscal year decreased 35,459 million yen, cost of sales decreased 35,470 million yen, and operating income, ordinary income and net income before income taxes increased 11 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 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 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.

(Segment Information)

[Segment Information]

1. Outline of reportable segments

As a strategic partner of our customers, we are engaged in the Facilities management business, which provides optimal solutions for solving problems through a variety of services related to facilities. The Facilities management business comprises 7 services: Facilities management, Security services, Construction work, Materials/supplies sourcing services, Vending machine services, and Support services. Each business unit develops and promotes its own business strategy.

Accordingly, we have 7 business segments in the Facility management business as reportable segments. The main contents of each business are as follows.

- ① Facilities management: Maintenance, inspection and care of building facilities
- ② Security services: Provision of general security services, including facility security, crowd and traffic control, and security for transporting valuables.
- ③ Cleaning services: Cleaning of buildings and facilities
- ④ Construction work: Planning, design and construction of large-scale repairs and shop interiors; proposals and construction related to energy conservation and CO2 reduction; energy data management services.
- ⑤ Materials/supplies sourcing services: Purchasing agent for indirect materials and procurement of materials, etc.
- ⑥ Vending machine services: Operation of beverage vending machines, ornamental plants and smoking machines
- ⑦ Support services: Travel agency, housework support services, education and human resources services

2. Calculation method for net sales, income or loss, assets and other items by reportable segment

Segment income is based on operating income.

Transaction prices and transfer prices among segments are based on prevailing market prices.

3. Information on net sales, income or loss, assets and other items by reportable segment

Previous fiscal year (March 1, 2021 - February 28, 2022)

(Million yen)

	Reportable segment (Facilities Management Business)							
	Facilities management	Security services	Cleaning services	Construction work	Materials/supplies sourcing services	Vending machine services	Support services	Total
Net sales								
Sales from external customers	61,538	47,239	66,963	43,015	56,497	26,353	16,049	317,657
Inter-segment sales and transfers	27	150	-	-	30	-	1,409	1,616
Total	61,565	47,389	66,963	43,015	56,527	26,353	17,458	319,274
Segment income	5,495	3,435	8,106	3,583	2,560	608	441	24,232

Current fiscal year (March 1, 2022 - February 28, 2023)

(Million yen)

	Reportable segment (Facilities Management Business)							
	Facilities management business	Security services business	Cleaning services business	Construction work business	Materials/supplies sourcing services business	Vending machine services business	Support services business	Total
Net sales								
Revenue arising from contracts with customers	64,794	49,478	68,336	52,084	41,544	9,466	18,070	303,776
Sales from external customers	64,794	49,478	68,336	52,084	41,544	9,466	18,070	303,776
Inter-segment sales and transfers	-	162	-	-	43	-	1,651	1,858
Total	64,794	49,641	68,336	52,084	41,588	9,466	19,772	305,634
Segment income	5,810	3,279	7,014	4,080	1,999	1,083	462	23,731

4. The difference between Total of reportable segments and amount recorded in financial statement (items in relation to adjustment of differences)

(Million yen)

Net sales	Previous fiscal year	Current fiscal year
Reportable segments	319,274	305,634
Elimination of inter-segment transactions	-1,616	-1,858
Net sales in financial statement	317,657	303,776

(Million yen)

Income	Previous fiscal year	Current fiscal year
Total of reportable segments	24,232	23,731
Elimination of inter-segment transactions	-319	-308
Amortization of goodwill	-722	-808
Companywide expenses	-7456	-6799
	15,733	15,814

(Note 1) "Companywide expenses" are mainly general administrative expenses that do not belong to any reportable segment.

(Per-stock Information)

Previous Fiscal Year (March 1, 2021- February 28, 2022)		Current Fiscal Year (March 1, 2022- February 28, 2023)	
Net assets per share	1,890.76 yen	Net assets per share	1,991.86 yen
Net income per share	213.26 yen	Net income per share	203.54 yen
Diluted net income per share	213.12 yen	Diluted net income per share	203.40 yen

(Note 1) Basis for calculating net assets per share

Item	Previous Fiscal Year (February 28, 2022)	Current Fiscal Year (February 28, 2023)
Total net assets (million yen)	95,421	99,391
Net assets related to common stock (million yen)	94,577	98,396
Major breakdown of difference (million yen)		
Share subscription rights	86	86
Non-controlling shareholders' equity	757	908
Number of shares of common stock outstanding (thousand yen)	54,169	50,669
Number of treasury shares of common stock (thousand shares)	4,148	1,270
Number of common shares used to calculate net assets per share (thousand shares)	50,021	49,399

2. The basis of calculation for net income per share and diluted net income per share

Item	Previous Fiscal Year (March 1, 2021- February 28, 2022)	Current Fiscal Year (March 1, 2022- February 28, 2023)
Net income attributable to owners of parent (million yen)	10,665	10,152
Net income attributable to owners of parent related to common stock (million yen)	10,665	10,152
Average number of shares during period (thousand shares)	50,010	49,876
Major components of increase in common stock used in the calculation of diluted net income per share (thousand shares)		
Share subscription rights	33	34

(Significant subsequent events)

(Business Combination through Acquisition of Shares)

At a Board of Directors meeting held on March 28, 2023, we resolved to acquire all shares of Ask Maintenance Co., Ltd. and make it a subsidiary. On the same date, we concluded a share transfer agreement.

(1) Outline of the business combination

① Name and business of the acquired company

Name of the acquired company: Ask Maintenance Co., Ltd.

Business: Cleaning, facility management, condominium management, construction, etc.

② Main reasons for the business combination

The consolidation of Ask Maintenance Co., Ltd. is intended to accelerate the formation of a regional economic zone for facility management in the Kyushu area.

③ Date of business combination (planned):

April 27, 2023

④ Number of shares acquired and shareholding ratio

after acquisition Number of shares acquired: 340 shares

Shareholding ratio after acquisition :100%