

Summary of Financial Results for the Second Quarter Ended August 31, 2020 [Japan GAAP] (Consolidated)

October 7, 2020

Company	AEON DELIGHT CO., LTD.	Listed on the TSE1
Stock Code	9787	URL: http://www.aeondelight.co.jp
Representative	Kazumasa Hamada, President	
Contact	Noriaki Ikuta, Managing Executive Officer, Head of Group Strategy, Digital Solution Division	T E L: +81-3-6840-5712
Expected date of filing of quarterly report: October 14, 2020		Expected starting date of dividend payment: November 9, 2020
Preparation of quarterly supplementary financial document: Yes		
Quarterly results briefing: Yes (for institutional investors and analysts)		

(Rounded down to million yen)

1. Consolidated business results for the six months ended August 2020 (March 1, 2020 through August 31, 2020)

(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	%
Six months ended Aug. 2020	149,734	-4.9	7,500	-12.7	7,496	-13.4	3,943	-23.9
Six months ended Aug. 2019	157,482	3.2	8,594	37.0	8,655	36.3	5,181	82.5

(Note) Comprehensive income

Six months ended August 2020: 3,815 million yen (-25.6%)
Six months ended August 2019: 5,127 million yen (87.9%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended Aug. 2020	78 90		78 81	
Six months ended Aug. 2019	103 78		103 57	

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Aug. 2020	129,398	81,574	62.2
As of Feb. 2020	136,917	81,286	57.6

(Reference) Shareholders' equity:

As of August 2020: 80,514 million yen
As of February 2020: 78,886 million yen

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
Year ended Feb. 2020	Yen -	Yen 32.00	Yen -	Yen 33.00	Yen 65.00
Year ending Feb. 2021	-	35.00			
Year ending Feb. 2021 (forecast)			-	35.00	70.00

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

3. Forecast of consolidated business results for the year ending February 2021

(March 1, 2020 through February 28, 2021) (% 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. 2021	315,000	2.1	16,500	3.1	16,500	3.4	10,000	7.0	200.13	

(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

① Changes in accounting policies associated with revision of accounting standards: : None

② Changes in accounting policies other than ① : None

③ Changes in accounting estimates : None

④ Restatement : None

(4) Shares outstanding (common stock)

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

As of August 2020 54,169,633 shares

As of February 2020 54,169,633 shares

② Treasury stock at the end of period

As of August 2020 4,184,918 shares

As of February 2020 4,202,659 shares

③ Average number of stock during period (quarterly cumulative period)

Six months ended August 2020 49,977,087 shares

Six months ended August 2019 49,923,615 shares

***Quarterly 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
(Quarterly Consolidated Balance Sheets)

(Million yen)

	Previous Fiscal Year (February 29, 2020)	Current Second Quarter (August 31, 2020)
Assets		
Current assets		
Cash and deposits	62,355	54,173
Notes and accounts receivable	39,535	38,831
Electronically recorded monetary claims	3,077	4,244
Inventories	1,822	2,267
Other	5,813	6,106
Allowance for doubtful accounts	-242	-221
Total current assets	112,362	105,401
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	1,458	1,416
Tools, furniture and fixtures, net	4,846	4,450
Land	2,032	2,032
Other, net	1,334	2,080
Total tangible fixed assets	9,671	9,980
Intangible fixed assets		
Goodwill	5,975	5,516
Other	1,209	1,398
Total intangible fixed assets	7,185	6,914
Investments and other assets		
Investment securities	3,623	3,280
Other	4,111	3,832
Allowance for doubtful accounts	-36	-11
Total investment and other assets	7,698	7,101
Total fixed assets	24,554	23,996
Total assets	136,917	129,398

(Million yen)

	Previous Fiscal Year (February 29, 2020)	Current Second Quarter (August 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	23,388	21,574
Electronically recorded obligations - operating	4,814	4,573
Short-term borrowings	249	431
Current portion of long-term loans payable	3	3
Income taxes payable	2,795	2,599
Provision for bonuses	1,333	1,799
Accrued directors' and corporate auditors' remuneration	91	37
Allowance for sales discounts	677	220
Other	15,509	11,951
Total current liabilities	48,864	43,191
Fixed liabilities		
Long-term debt	11	9
Provision for directors' retirement benefits	178	106
Obligations for retirement pay	1,930	1,868
Asset retirement obligations	60	64
Allowance for sales discounts	1,576	375
Other	3,010	2,208
Total fixed liabilities	6,767	4,631
Total liabilities	55,631	47,823
Net assets		
Shareholder's equity		
Capital stock	3,238	3,238
Capital surplus	13,880	13,223
Retained earnings	72,063	74,355
Treasury stock	-10,208	-10,165
Total shareholders' equity	78,972	80,651
Other accumulated comprehensive income		
Valuation difference on securities	487	587
Foreign currency translation adjustments	18	-181
Remeasurements of defined benefit plans	-592	-542
Total other accumulated comprehensive income	-86	-136
Share subscription rights	186	165
Non-controlling shareholders' equity	2,213	895
Total net assets	81,286	81,574
Total liabilities and net assets	136,917	129,398

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

(Million yen)

	Previous Second Quarter (March 1, 2019- August 31, 2019)	Current Second Quarter (March 1, 2020- August 31, 2020)
Net sales	157,482	149,734
Cost of sales	137,719	131,494
Gross profit	19,763	18,239
Selling, general and administrative expenses	11,168	10,738
Operating income	8,594	7,500
Non-operating income		
Interest income	21	11
Dividends income	55	43
Equity in income of affiliates	40	48
Other	57	59
Total non-operating income	175	162
Non-operating expenses		
Interest expenses	16	19
Other	98	146
Total non-operating expenses	114	166
Ordinary income	8,655	7,496
Extraordinary income		
Gain on sales of investment security	10	32
Subsidies for employment adjustment	-	216
Other	17	-
Total extraordinary income	28	248
Extraordinary loss		
Loss on valuation of investment security	3	443
Loss on sales of investment security	7	1
Impairment loss	-	13
Loss due to response to new infections	-	352
Loss on transfer of business	-	1,262
Other	261	191
Total extraordinary loss	272	2,266
Profit before income taxes	8,411	5,479
Income taxes	2,867	1,563
Income taxes-deferred	201	49
Total income taxes	3,068	1,613
Net income	5,342	3,865
Net income attributable to non-controlling interests	161	-77
Net income attributable to owners of parent	5,181	3,943

(Quarterly Consolidated Statement of Comprehensive Income)

(For the six months period)

(Million yen)

	Previous Second Quarter (March 1, 2019- August 31, 2019)	Current Second Quarter (March 1, 2020- August 31, 2020)
Net income	5,342	3,865
Other comprehensive income		
Valuation difference on securities	-158	101
Foreign currency translation adjustments	-98	-203
Remeasurements of defined benefit plans	41	51
Total other comprehensive income	-215	-50
Comprehensive income	5,127	3,815
(Breakdown)		
Comprehensive income attributable to owners of parent	4,966	3,893
Comprehensive income attributable to non-controlling interests	161	-78

Consolidated Statement of Cash Flows

(Million yen)

	Previous Second Quarter (March 1, 2019- August 31, 2019)	Current Second Quarter (March 1, 2020- August 31, 2020)
Cash flow from operating activities		
Profit before income taxes	8,411	5,479
Depreciation and amortization	1,135	1,171
Impairment loss	-	13
Amortization of goodwill	408	406
Increase (decrease) in allowance sales discount	-268	-254
Increase (decrease) in other allowances	733	386
Interest and dividend income	-76	-54
Interest expenses	16	19
Equity in loss (gain) of affiliates	-40	-48
Loss (gain) on sale of investment securities	3	443
Loss (gain) on transfer of business	-	1,262
Decrease (increase) in notes and accounts receivable-trade	-4,641	-574
Increase (decrease) in inventories	338	-446
Increase (decrease) in notes and accounts payable-trade	-1,561	-2,026
Increase (decrease) in accounts payable	40	-1,321
Increase (decrease) in accrued consumption taxes	411	-619
Decrease (increase) in accounts receivable-other	-198	-269
Increase (decrease) in advances received	-642	-243
Increase (decrease) in advance revenue	-280	-417
Other	516	-337
Subtotal	4,305	2,569
Interest and dividend received	106	128
Interest expenses paid	-17	-17
Income taxes paid	-3,457	-1,724
Cash flows from operating activities	937	956
Cash flow from investing activities		
Payments into time deposits	-180	-255
Proceeds from withdrawal of time deposits	180	680
Purchase of property, plant and equipment and intangible fixed assets	-1,214	-1,320
Proceeds from sale of tangible and intangible fixed assets	0	4
Purchase of investment securities	-13	-11
Proceeds from sales and redemption of short-term and long-term investment securities	140	62
Payments for deposit of consumption of subsidiaries and associates	-122,500	-31,000
Proceeds from refund of consumer deposits of subsidiaries and associates	121,500	31,000
Payments for transfer of business	-	-4,359
Other	374	30
Cash flow from investing activities	-1,714	-5,169
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings	7	189
Repayment of long-term loans payable	-1	-2
Cash dividends paid	-1,595	-1,648
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	-1,853
Other	-94	-85
Cash flow from financing activities	-1,683	-3,400
Effect of exchange rate change on cash and cash equivalents	-9	-144
Net increase (decrease) in cash and cash equivalents	-2,469	-7,757
Cash and cash equivalents at beginning of period	43,437	61,151
Cash and cash equivalents at end of period	40,967	53,394

(4) Notes on quarterly consolidated financial statements

(Notes on going concern assumption)

Current Second Quarter (March 1, 2020-August 31, 2020)

None

(Notes if there is a significant change in the amount of shareholders' equity)

Current Second Quarter (March 1, 2020-August 31, 2020)

During the first quarter of the current fiscal year, capital surplus decreased by 664 million yen due to the additional acquisition of shares of consolidated subsidiary A to Z Service Co., Ltd. from non-controlling interests.

As of the end of the second quarter of the current fiscal year, capital surplus amounted to 13,223 million yen.