

**Supplementary Information on the Financial Results
for the Nine Months Ended November 30, 2019**

AEON DELIGHT CO., LTD.

January 10, 2020

Consolidated Statement of Income

(100 million yen)

	FY2/19		FY2/20		Difference	Year-on-year
	3Q (Ratio to sales)		3Q (Ratio to sales)			
Net sales	2,267	(100.0%)	2,326	(100.0%)	58	102.6%
Gross profit	258	(11.4%)	290	(12.5%)	31	112.3%
SG&A expenses	169	(7.5%)	169	(7.3%)	▲0	99.9%
Operating income	89	(3.9%)	121	(5.2%)	31	135.8%
Ordinary income	93	(4.1%)	121	(5.2%)	28	131.0%
Net income attributable to owners of parent	38	(1.7%)	73	(3.2%)	34	189.3%

[Reference] Income Statement excluding KAJITAKU (Same Scale Comparison)

Net sales increased due to the expansion of new customers and the growth of overseas subsidiaries.

(100 million yen)

[Reference]	FY2/19 3Q (Ratio to sales)	FY2/20 3Q (Ratio to sales)	Difference	Year-on-year
Net sales	2,231 (100.0%)	2,289 (100.0%)	57	102.6%
Gross profit	288 (12.9%)	293 (12.8%)	4	101.6%
SG&A expenses	161 (7.2%)	163 (7.1%)	1	100.9%
Operating income	127 (5.7%)	130 (5.7%)	3	102.5%

*For more details of recurrence prevention measures:

"Measures to Prevent Recurrence of Inappropriate Accounting at Our Consolidated Subsidiary KAJITAKU CO., Ltd."
at July. 22, 2019

In response to the recommendations from the Special Investigation Committee, we began implementing the preventive measures thoroughly in accordance with the schedule to ensure prevention of recurrence.

[Measures already implemented or in progress]

Recurrence Prevention Measures by KAJITAKU

● Renewal and reinforcement of management, compliance training for all management and employees, building systems to foster a sound corporate culture (selection of compliance committee members with other subsidiaries, establishing a whistle-blowing system) , clear statement of work flows, etc.

Recurrence Prevention Measures by the Company

● Enhancement of subsidiary management system (management of subsidiaries including providing support for development of compliance, audits, internal controls, legal systems and growth strategies), review of board of directors meetings of each subsidiary, preparation for the launch of a shared finance & accounting division, etc.

*For details on recurrence prevention measures, please see the “Measures to Prevent Recurrence of Inappropriate Accounting at Our Consolidated Subsidiary KAJITAKU CO., Ltd.” dated July 22, 2019.

*For the schedule for the implementation of preventive measures, please see the “Supplementary Information on the Financial Results for the Six Months Ended August 31, 2019.” dated Oct.9,2019.

Spin off the housework support business (incorporation-type split) and transferr it to a new company.

● Store Support Business

Temporarily stop selling and placing new equipment, and focus on improving existing contracts

● Housekeeping Support Business

The market is expected to expand in the future.

In the newly established companies, **establishing Core Competencies by concentrating management resources.**

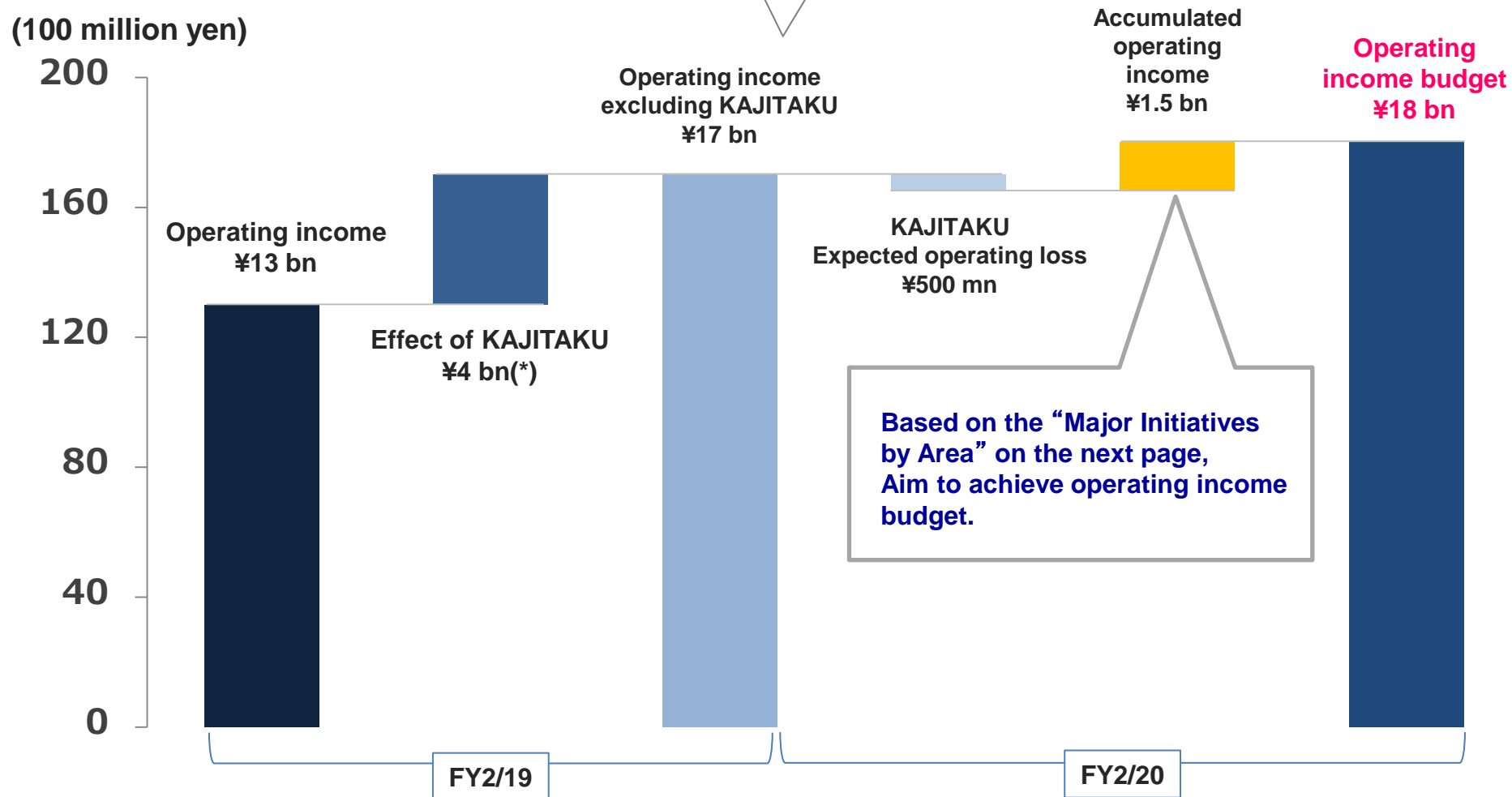
▶ **Moving to the next growth stage
as a housekeeping support company**

FY2/20 Business Forecasts

(100 million yen)	FY2/19 Results (Ratio to sales)	FY2/20 Forecasts (Ratio to sales)	Percentage change
Net sales	3,029 (100.0%)	3,150 (100.0%)	104.0%
Operating income	130 (4.3%)	180 (5.7%)	138.1%
Ordinary income	133 (4.4%)	180 (5.7%)	134.7%
Net income attributable to owners of parent	64 (2.1%)	108 (3.4%)	168.4%

Scenario for achieving operating income budget

Aim to achieve the operating income budget
with growth of the parent company and domestic and overseas subsidiaries



*Provisions are posted for future losses on past transactions of KAJITAKU.

Maintained favorable trend and steadily expanded FM business in Japan, China, and ASEAN

Japan

- Regional management led by branch offices to help resolve the 3 society issues of “Safety,” “Labor shortage,” and “Environment“.

China

- Accelerate business expansion through "One Aeon Delight Strategy"

ASEAN

- Expand of business in Indonesia through SJS, which was acquired in the previous fiscal year

Major initiatives for the Nine months

1 Safety

- In response to natural disasters such as typhoons No. 15 and No. 19, support activities were conducted in cooperation with Aeon Group companies.
- Aeon Delight Security offered Transportation Security Services during the Rugby World Cup 2019 Japan Tournament (Oita and Shizuoka Prefecture)
- Aiming to become a group of experts in facility management, the “1st AEON delight Skill Contest ” was held.

2 Labor shortage

- Introduced integrated facility management services using open network system to Aeon Fujiidera SC in order to build AD Platform
- Started a new project with SECOM CO., LTD to strengthen non-onsite management to expand service provision to small and medium-sized offices

3 Environment

- Demonstration of renewable energy power supply utilizing blockchain technology started in October toward the establishment of energy management services.

Safety: 1st Aeon Delight Technology Competition

To become the group of facility management experts
Held technical contests by business type (Facilities Management, Security, and Cleaning)

[Contest photos]



(Photo from the left) November 7 @Tokyo Big Sight 5th Work-friendly Activity Presentation Meeting (Cleaning)

November 11 @Aeon Delight Academy Nagahama "1st Technology and Safety Improvement Contest" (Facilities Management)

December 9 @Tokyo Big Sight "Enhancing Job Satisfaction Project ~ "Thanks" for Growth!" (Security)

Approximately 250 people from domestic and overseas group companies and cooperating companies (security) participated in the event.

We competed by presenting each other's technology efforts, achievements, and sharing good examples.

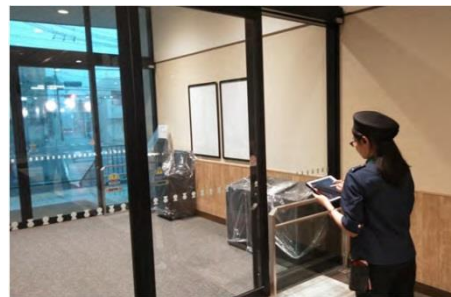
Technological capabilities × Human resources = Specialists

Achieved energy saving of facilities, reduction of operation costs,
and labor saving of FM operations

Development and launch of new services as the foundation of AD platform

[Integrated facility management services]

- Networking/Integrated control of facilities through an open system
- Remote operations with mobile devices and wearable cameras
- Use IoT garbage box, automated-driving cleaning robots



品名	種類	数量	状態	場所	備考
資源物	資源物	100	OK	資源物	
資源物	資源物	200	OK	資源物	
資源物	資源物	300	OK	資源物	
資源物	資源物	400	OK	資源物	
資源物	資源物	500	OK	資源物	
資源物	資源物	600	OK	資源物	
資源物	資源物	700	OK	資源物	
資源物	資源物	800	OK	資源物	
資源物	資源物	900	OK	資源物	
資源物	資源物	1000	OK	資源物	



日	月	日	時間	状態	備考
1	2	3	4	5	6
7	8	9	10	11	12
13	14	15	16	17	18
19	20	21	22	23	24
25	26	27	28	29	30
31					



- Controlling all kinds of facilities **anywhere** with mobile terminals
Realized a Moving Disaster Prevention Center

Labor Shortages: Strengthening non-on-site management

Promote initiatives to eliminate labor shortages in collaboration with Secom Co., Ltd. Expanding service provision to small and medium-sized offices by strengthening non-on-site management

信頼される安心を、社会へ。

SECOM



AEON delight 

Collaboration began in April 2018. Building a labor-saving model for security services in FY2/19.

Continue to verify further labor saving in facility management operations

Strengthen nonresident management with using strengths of both companies (SECOM: Security, Aeon Delight: Facility Management) and expand services to small and medium-sized offices. Promoted this project in the Kanto region.

Environment:

Won the “Award from the Chairman of the Energy Conservation Center” at the 2019 Energy Saving Grand Prize

Evaluated for its 30% reduction in electricity consumption over 4 years achieved with LED-lighting ^{*2} and air-conditioning systems in large commercial facilities



unimo Chiharadai Shopping Center



[Company Initiatives]

Under the Customer Sustainability Guidelines, we proposed and introduced an air-conditioning control system.

High energy-saving effects

Promote introduction to other properties ^{*3}

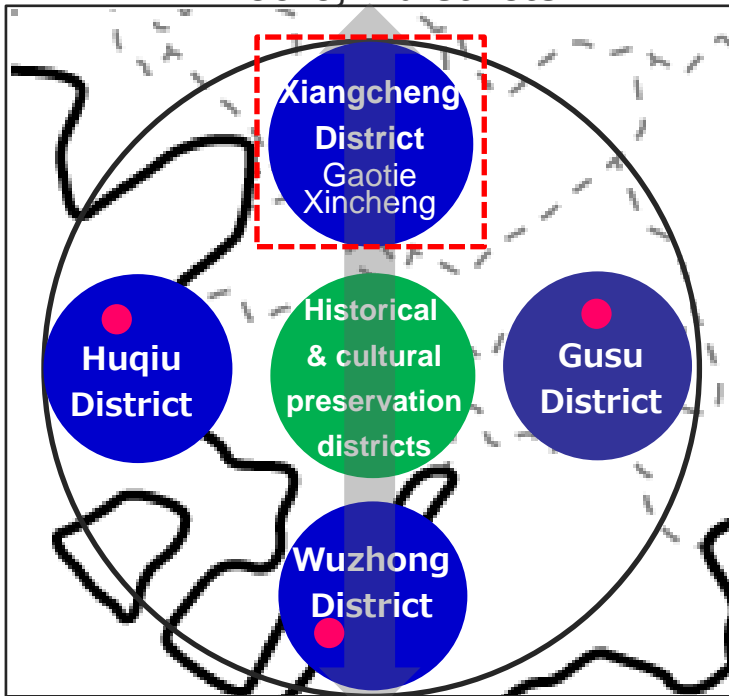
^{*1} We jointly won the award for "Reducing Power Consumption of Air-Conditioning and Lighting Utilizing Radio Communication in Shopping Centers" in cooperation with LaSalle Real Estate Investment Advisors Co., Ltd. and JLL Mall Management Co., Ltd.

^{*2} Introduce 2 LED lighting by other companies

^{*3} Introducing at Aeon Mall stores sequentially and achieved energy savings

Expand facility management from points (properties) to plane (cities)

Suzhou urban development strategy “1 core, 4 districts”



- Redevelopment area
- Aeon store location

May 2016 -

Established a JV company with local top class real estate investment & development company.
Participated in Gaotie Xincheng Project, spanning 28 square kilometers in northern Suzhou

Focused on FM management contracts for properties within the area, contributing to business results

2020 -

Based on the above know-hows, we will explore participation in new urban development projects

Promote FM on a city basis (rather than by property) to form a regional economic zone including Aeon stores

Expand business in Indonesia, ASEAN's largest market



Converted the business of PT Sinar Jernih Sarana from cleaning business to FM business through comprehensive facility management at local Aeon malls

Made contract with the 2nd local Aeon Mall store from October 2019

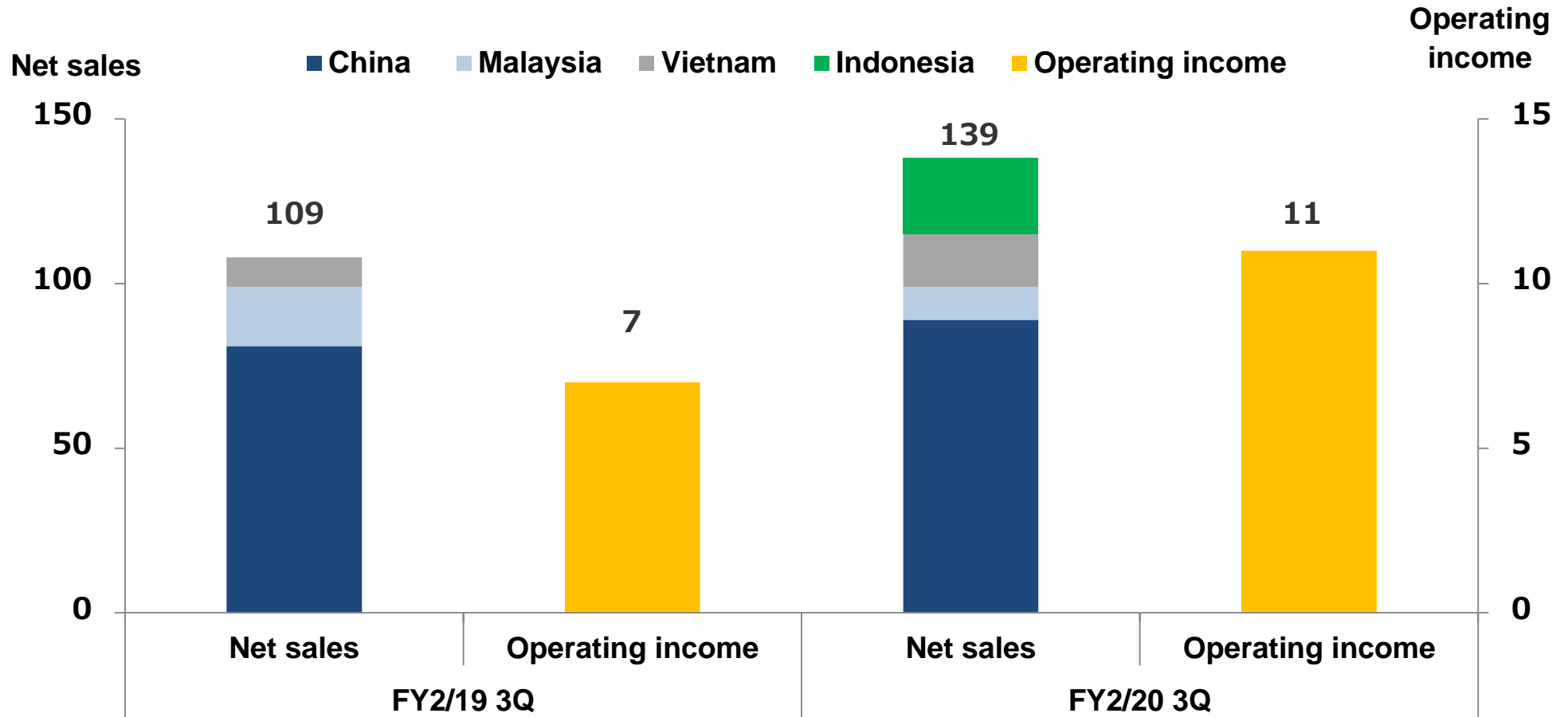
Started offering comprehensive facility management services, including facility management and security services



Business expansion in Asia

Double-digit growth in both sales and operating income in the Overseas Business (*)

Overseas Business: Sales and Operating Income (100 million yen)



* Figures are simple totals of results of operating companies.

Sales by Segment

Sales increased in 5 businesses.

Cleaning services: Indonesia's SJS acquired in the previous fiscal year contributed to the growth.

(100 million yen)

	FY2/19 3Q	FY2/20 3Q	Year-on-year
Facilities management	425	442	104.0%
Security services	332	333	100.1%
Cleaning services	430	465	108.0%
Construction work	309	320	103.4%
Materials/supplies sourcing services	387	385	99.4%
Vending machine services	240	237	99.0%
Support services	140	142	101.2%
(Reference) Excluding KAJITAKU	104	105	100.1%
Total	2,267	2,326	102.6%
(Reference) Excluding KAJITAKU	2,231	2,289	102.6%

Profit by Segment

Increased profits in 3 businesses. Increased sales contributed to increased profit in cleaning services. Security services improved profitability. Vending machines services completed changeover of revenue model. Decreased profit in facilities management due to higher purchasing costs. Promoted fundamental reform of work process (Refer to Page 11).

Decreased profit in construction work affected by projects related to recovery from natural disasters that occurred in the 1st half and inadequate performance by subsidiaries.

(100 million yen)

	FY2/19 3Q	FY2/20 3Q	Year-on-year
Facilities management	42.5	40.3	95.0%
Security services	21.1	22.0	104.2%
Cleaning services	50.0	52.9	105.8%
Construction work	28.8	28.4	98.7%
Materials/supplies sourcing services	21.3	19.4	91.1%
Vending machine services	7.6	9.4	124.0%
Support services	▲23.3	4.4	-
(Reference) Excluding KAJITAKU	14.7	13.8	93.4%
Total	148.1	177.1	119.6%
(Reference) Excluding KAJITAKU	186.3	186.5	100.1%

Initiatives by Segment

Facilities management

In addition to new contracts, we expanded contracts for renovation and repair of elevators and escalators that are deteriorating over time.
In addition, we will continue to focus on supporting our customers in developing disaster prevention and mitigation systems during emergencies.

Security services

Amid a growing sense of tightening labor supply and demand, we are striving to optimize unit prices and improve profitability through price negotiations, and at the same time promoting the systemization of entrance/exit management and operations for closing stores.

Cleaning services

In addition to new orders, results from Indonesian cleaning company SJS, which became a consolidated subsidiary in the previous fiscal year, contributed to the growth.
In addition, we are promoting the introduction of automated driving cleaning robots to save labor.

Construction work

In addition to increase orders by strengthening the system in the design field in the previous fiscal year, we expanded the number of orders for renovation work by building a system for providing services closely linked to local communities.

Materials/supplies sourcing services

Expanded contracts for packaging materials of Aeon PB products "TOPVALU." Focused on reducing logistics cost to improve profitability.

Vending machine services

Focused on increasing the installation of our own vending machines with each beverage manufacturer's products. The useful lives of the machines are reviewed after comprehensively taking into account the actual replacement period and the physical life of the machine.

Support services

Expanded the provision of outsourcing services related to the management and operation of facilities and their surroundings, including business by consolidated subsidiaries

Consolidated Balance Sheet

(100 million yen)

Assets	FY2/19	FY2/20 3Q	Difference	Liabilities and net assets	FY2/19	FY2/20 3Q	Difference
Current assets	1,072	1,087	14	Current liabilities	514	478	▲35
Tangible fixed assets	101	97	▲4	Fixed liabilities	71	67	▲3
Intangible fixed assets	81	74	▲6	Total liabilities	585	546	▲39
Investments, etc.	85	83	▲1	Shareholder's equity	727	769	42
Fixed assets	267	255	▲12	Total net assets	755	796	41
Total assets	1,340	1,342	1	Total liabilities and net assets	1,340	1,342	1

Dividends have increased for 14 consecutive years since FY2/06.
15 Consecutive Years of Dividend Increase

For FY2/19, we increased the dividend by 2 yen from the previous fiscal year, to **63 yen**

For FY2/20, based on the assumption that the performance forecasts will be achieved,

Plan to pay dividends of **65 yen,**

up 2 yen from FY2/19 with consolidated dividend payout ratio of 30% (*)

* Net income attributable to owners of parent: 10.8 billion yen

If you have any questions or comments, please contact us below.

- These materials contain statements about forecasts and estimates relating to the future plans, strategies, and performance of AEON DELIGHT.

These statements are based not only on past performance, but also on assumptions based on information currently available to the company. For this reason, please note that the actual performance may differ from our estimates.

- The information contained in these materials has been prepared by the following methods if not specifically stated otherwise.

- ◇ All statements are based on consolidated results
- ◇ All figures of less than 100 million yen have been rounded down
- ◇ Percentages have been rounded off to one decimal place

AEON DELIGHT CO., LTD.
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Based on information available up to the date of publication (January 10, 2020)
These forecasts have been prepared and are subject to change due to various factors going forward.