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April 9, 2024

Consolidated Financial Results for the Fiscal Year Ended February 29, 2024 (Under Japanese GAAP)

Company name: AEON DELIGHT Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 9787
 URL: <https://www.aeondelight.co.jp>
 Representative: Kazumasa Hamada, President and CEO, Group CEO
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 Telephone: +81-3-6895-3892
 Scheduled date of annual general meeting of shareholders: May 17, 2024
 Scheduled date to commence dividend payments: May 7, 2024
 Scheduled date to file annual securities report: May 20, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended February 29, 2024 (from March 1, 2023 to February 29, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 29, 2024	324,820	6.9	15,235	-3.7	15,482	-3.3	10,707	5.5
February 28, 2023	303,776	-	15,814	-	16,006	-	10,152	-

Note: Comprehensive income For the fiscal year ended February 29, 2024: ¥11,591 million [5.3%]
 For the fiscal year ended February 28, 2023: ¥11,003 million [-%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
February 29, 2024	219.70	219.57	10.6	10.0	4.7
February 28, 2023	203.54	203.40	10.5	10.9	5.2

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended February 29, 2024: ¥127 million
 For the fiscal year ended February 28, 2023: ¥94 million

Note: The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others have applied since the beginning of the fiscal year ended February 2023. 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.

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
February 29, 2024	160,257	104,212	64.3	2,124.04
February 28, 2023	150,628	99,391	65.3	1,991.86

Reference: Equity
 As of February 29, 2024: ¥103,090 million
 As of February 28, 2023: ¥98,396 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 29, 2024	18,518	-4,319	-6,922	67,714
February 28, 2023	8,895	-10,715	-6,181	59,996

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended February 28, 2023	-	42.00	-	43.00	85.00	4,225	41.8	4.4
Fiscal year ended February 29, 2024	-	43.00	-	43.00	86.00	4,173	39.1	4.2
Fiscal year ending February 28, 2025 (Forecast)	-	43.00	-	44.00	87.00		40.3	

3. Forecast of consolidated financial results for the year ending February 28, 2025 (from March 1, 2024 to February 28, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	340,000	4.7	16,000	5.0	16,000	3.3	10,400	-2.9	216.07

*** Notes**

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

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of February 29, 2024	49,169,633 shares
As of February 28, 2023	50,669,633 shares

(ii) Number of treasury shares at the end of the period

As of February 29, 2024	634,347 shares
As of February 28, 2023	1,270,047 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended February 29, 2024	48,738,436 shares
Fiscal year ended February 28, 2023	49,876,526 shares

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements 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. Therefore, the Company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.

Consolidated Financial Statements and Significant Notes

(1) (Consolidated Balance Sheets)

(Million yen)

	Previous Fiscal Year (February 28, 2023)	Current Fiscal Year (February 29, 2024)
Assets		
Current assets		
Cash and deposits	57,600	68,350
Notes and accounts receivable - trade, and contract assets	47,065	51,519
Electronically recorded monetary claims	8,825	5,237
Securities	7,008	7,903
Inventories	2,363	2,858
Other	6,766	4,274
Allowance for doubtful accounts	-95	-164
Total current assets	129,534	139,980
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	1,494	1,358
Tools, furniture and fixtures, net	2,967	2,948
Land	434	193
Other, net	1,604	1,984
Total Property, plant and equipment	6,499	6,484
Intangible assets		
Goodwill	3,046	2,203
Other	3,324	3,894
Total intangible assets	6,371	6,098
Investments and other assets		
Investment securities	4,021	4,123
Deferred tax assets	1,841	1,210
Other	2,378	2,380
Allowance for doubtful accounts	-19	-19
Total investment and other assets	8,222	7,693
Total noncurrent assets	21,093	20,277
Total assets	150,628	160,257

(Million yen)

	Previous Fiscal Year (February 28, 2023)	Current Fiscal Year (February 29, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	25,901	29,292
Electronically recorded obligations - operating	5,116	5,667
Short-term borrowings	182	378
Accounts payable	7,265	7,525
Income taxes payable	2,571	2,572
Provision for bonuses	1,389	1,459
Accrued directors' and corporate auditors' remuneration	52	67
Allowance for sales discounts	86	10
Other	5,840	6,470
Total current liabilities	48,406	53,445
Noncurrent liabilities		
Deferred tax liabilities	1,019	900
Provision for directors' retirement benefits	74	57
Retirement benefit liability	1,187	753
Asset retirement obligations	419	418
Allowance for sales discounts	11	0
Other	117	468
Total noncurrent liabilities	2,830	2,599
Total liabilities	51,237	56,044
Net assets		
Shareholder's equity		
Capital stock	3,238	3,238
Capital surplus	4,739	532
Retained earnings	91,421	97,918
Treasury stock	-3,415	-1,779
Total shareholders' equity	95,983	99,909
Other accumulated comprehensive income		
Valuation difference on securities	1,130	1,212
Foreign currency translation adjustments	1,435	1,951
Remeasurements of defined benefit plans	-153	17
Total other accumulated comprehensive income	2,413	3,181
Share subscription rights	86	68
Non-controlling shareholders' equity	908	1,054
Total net assets	99,391	104,212
Total liabilities and net assets	150,628	160,257

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

(Million yen)

	Previous Fiscal Year (March 1, 2022- February 28, 2023)	Current Fiscal Year (March 1, 2023- February 29, 2024)
Net sales	303,776	324,820
Cost of sales	262,338	282,207
Gross profit	41,437	42,613
Selling, general and administrative expenses	25,623	27,377
Operating income	15,814	15,235
Non-operating income		
Interest income	42	94
Dividends income	77	81
Equity in income of affiliates	94	127
Other	231	147
Total non-operating income	446	450
Non-operating expenses		
Interest expenses	43	27
Other	210	175
Total non-operating expenses	253	203
Ordinary income	16,006	15,482
Extraordinary income		
Gain on sale of noncurrent assets	-	466
Gain on sales of investment security	19	-
Subsidies for employment adjustment	34	-
Total extraordinary income	53	466
Extraordinary loss		
Impairment loss	77	316
Loss on valuation of investment security	-	53
Loss due to response to new infections	93	-
Expenses for 50th anniversary	312	-
Total extraordinary loss	483	370
Profit before income taxes	15,577	15,579
Income taxes-current	3,879	4,321
Income taxes-deferred	1,496	451
Total income taxes	5,376	4,773
Net income	10,201	10,805
Net income attributable to non-controlling interests	49	97
Net income attributable to owners of parent	10,152	10,707

(Consolidated Statement of Comprehensive Income)

(Million yen)

	Previous Fiscal Year (March 1, 2022- February 28, 2023)	Current Fiscal Year (March 1, 2023- February 29, 2024)
Net income	10,201	10,805
Other comprehensive income		
Valuation difference on securities	209	82
Foreign currency translation adjustments	475	527
Remeasurements of defined benefit plans, net of tax	117	176
Total other comprehensive income	802	786
Comprehensive income	11,003	11,591
(Breakdown)		
Comprehensive income attributable to owners of parent	10,945	11,476
Comprehensive income attributable to non-controlling interests	57	115

Consolidated Statement of Cash Flows

(Million yen)

	Previous Fiscal Year (March 1, 2022- February 28, 2023)	Current Fiscal Year (March 1, 2023- February 29, 2024)
Net cash provided by (used in) operating activities		
Income before income taxes	15,577	15,579
Depreciation and amortization	2,483	2,918
Impairment loss	77	316
Amortization of goodwill	808	880
Increase (decrease) in accrued bonuses	20	72
Increase (decrease) in allowance sales discount	-102	-86
Increase (decrease) in provision for directors' retirement	-9	-17
Increase (decrease) in liabilities relating to retirement benefits	-191	-266
Interest and dividend income	-120	-176
Interest expenses	43	27
Loss (gain) on sale of noncurrent assets	-0	-467
Equity in loss (gain) of affiliates	-93	-127
Loss (gain) on valuation of investment securities	-	53
Loss (gain) on sale of investment securities	-19	-
Decrease (increase) in notes and accounts receivable- trade	-10,823	-379
Decrease (increase) in inventories	-286	-502
Increase (decrease) in notes and accounts payable-trade	4,419	3,873
Increase (decrease) in accounts payable	50	309
Other	177	149
Sub-total	12,010	22,157
Interest and dividend received	177	277
Interest expenses paid	-43	-27
Income taxes paid	-3,248	-3,890
Net cash provided by (used in) operating activities	8,895	18,518
Net cash provided by (used in) investing activities		
Payments into time deposits	-165	-76
Proceeds from withdrawal of time deposits	279	97
Purchase of short-term and long-term investment securities	-12,191	-14,431
Proceeds from sales and redemption of short-term and long-term investment securities	5,072	13,503
Purchase of property, plant and equipment and intangible assets	-3,009	-3,613
Proceeds from sale of property, plant and equipment and intangible assets	1	692
Increase in subsidiaries arising from change in scope of consolidation	-489	-283
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	-	-143
Other	-212	-63
Net cash provided by (used in) investing activities	-10,715	-4,319
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings	-85	40
Cash dividends paid	-4,200	-4,213
Purchase of treasury shares	-1,850	-2,602
Other	-45	-146
Cash flow from financing activities	-6,181	-6,922
Effect of exchange rate change on cash and cash equivalents	477	441
Net increase (decrease) in cash and cash equivalents	-7,523	7,717
Cash and cash equivalents at beginning of period	67,520	59,996
Cash and cash equivalents at end of period	59,996	67,714

(5) Notes on consolidated financial statements

(Notes ongoing concern assumption)

Not applicable

(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 business segments: Facilities management, Security services, Cleaning 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 or 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, 2022 - February 28, 2023)

(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	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	19,722	305,634
Segment income	5,810	3,279	7,014	4,080	1,999	1,083	462	23,731

Current fiscal year (March 1, 2023 - February 29, 2024)

(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	69,509	50,919	70,428	59,219	46,315	9,616	18,810	324,820
Inter-segment sales and transfers	0	142	-	-	62	-	1,631	1,836
Total	69,509	51,062	70,428	59,219	46,378	9,616	20,442	326,657
Segment income	5,913	3,108	5,277	5,322	2,322	1,290	545	23,781

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
Total of reportable segments	305,634	326,657
Elimination of inter-segment transactions	-1,858	-1,836
Net sales in financial statement	303,776	324,820

(Million yen)

Income	Previous Fiscal Year	Current Fiscal Year
Total of reportable segments	23,731	23,781
Elimination of inter-segment transactions	-308	-353
Amortization of goodwill	-808	-880
Company-wide expenses*	-6,799	-7,312
Operating income in financial statement	15,814	15,235

(Note) "Company-wide expenses" are mainly general administrative expenses that do not belong to any reportable segment.

(Per-stock Information)

Previous Fiscal Year (March 1, 2022 -February 28, 2023)		Current Fiscal Year (March 1, 2023 -February 29, 2024)	
Net assets per share	1,991.86 yen	Net assets per share	2,124.04 yen
Net income per share	203.54 yen	Net income per share	219.70 yen
Diluted net income per share	203.40 yen	Diluted net income per share	219.57 yen

(Note 1) Basis for calculating net assets per share

Item	Previous Fiscal Year (February 28, 2023)	Current Fiscal Year (February 29, 2024)
Total net assets (million yen)	99,391	104,212
Net assets related to common stock (million yen)	98,396	103,090
Major breakdown of difference (million yen)		
Share subscription rights	86	68
Non-controlling shareholders' equity	908	1,054
Number of shares of common stock outstanding (thousand shares)	50,669	49,169
Number of treasury shares of common stock (thousand shares)	1,270	634
Number of common shares used to calculate net assets per share (thousand shares)	49,399	48,535

(Note 2) The basis of calculation for net income per share and diluted net income per share

Item	Previous Fiscal Year (March 1, 2022- February 28, 2023)	Current Fiscal Year (March 1, 2023- February 29, 2024)
Net income attributable to owners of parent (million yen)	10,152	10,707

Item	Previous Fiscal Year (March 1, 2022- February 28, 2023)	Current Fiscal Year (March 1, 2023- February 29, 2024)
Net income attributable to owners of parent related to common stock (million yen)	10,152	10,707
Average number of shares during period (thousand shares)	49,876	48,738
Major components of increase in common stock used in the calculation of diluted net income per share (thousand shares)		
Share subscription rights	34	29

(Significant subsequent events)

Not applicable