

**Supplementary Information on the Financial
Results for the Three Months Ended May 31, 2019**

AEON DELIGHT CO., LTD.

July 5, 2019

Consolidated Income Statements

(100 million yen)

	FY2/18 1Q (Ration to sales)		FY2/19 1Q (Ration to sales)		Difference	Percentage change
Net sales	763	(100.0%)	790	(100.0%)	26	103.5%
Gross profit	93	(12.2%)	96	(12.2%)	2	103.1%
SG&A expenses	55	(7.3%)	58	(7.4%)	2	105.0%
Operating income	37	(5.0%)	38	(4.8%)	0	100.4%
Ordinary income	38	(5.0%)	38	(4.8%)	0	100.2%
Net income attributable to owners of parent	20	(2.7%)	20	(2.6%)	0	100.2%

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

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

Operating income decreased due to the impact of the delay in the reversal of allowances for personnel expenses.

〈Ref.〉	FY2/18 1Q		FY2/19 1Q		Difference	(100 million yen) Percentage change
	(Ration to sales)		(Ration to sales)			
Net sales	743	(100.0%)	775	(100.0%)	32	104.4%
Gross profit	97	(13.1%)	98	(12.7%)	1	101.3%
SG&A expenses	53	(7.2%)	55	(7.2%)	2	105.0%
Operating income	44	(6.0%)	43	(5.6%)	▲1	96.9%

*Please refer to the "Notice of Disclosure of Investigation Report by Special Investigation Committee and Future Response" dated June 28, 2019 for the matters regarding the accounting treatment by KAJITAKU, our consolidated subsidiary.

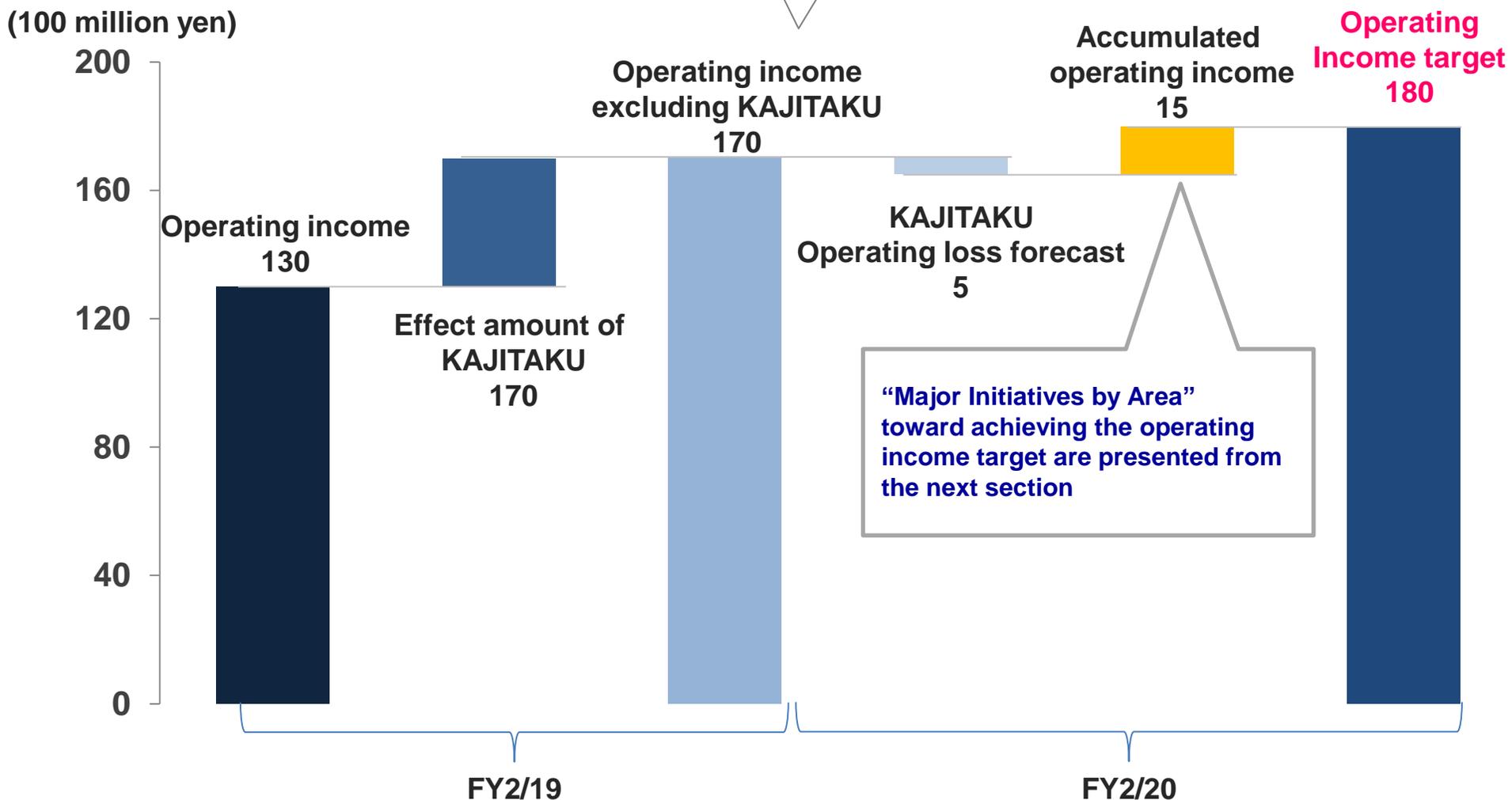
Target for FY2/20

(100 million yen)	FY2/19 Result		FY2/20 Forecast		Percentage change
	(Ratio to sales)		(Ratio to sales)		
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%

Target Achievement Scenario for Income

Aim to achieve the operating income target

by the growth of the parent company and domestic and overseas subsidiaries



*Provisions are provided for losses on past transactions of KAJITAKU.

Maintain strong trend and steadily expand FM business in Japan, China and ASEAN

Japan

- Establish Regional Economic Zones in each area to help solve the 3 society issues of safety, labor shortage, and the environment

China

- Accelerating business expansion through “One Aeon Delight Strategy”

ASEAN

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

Major Initiatives for the Three Months Ended March 31, 2019

1 Safety

- Promoted direct management of maintenance and inspection services to enhance technical capabilities as a group of specialists in facility management
- Research and development of power storage systems using renewable energy as part of BCP measures

2 Labor shortage

- Verification of open systems for equipment using building automation to build AD Platform
- Expanded orders by improving communication with customers in each region through management of branch offices
- 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

- Promoted demonstration of renewable energy power sharing using blockchain technology to establish energy management services

Realize management on a regional basis at the initiative of branch offices to create a Regional Economic Zones

**Redefine the role of Branch Managers
along with restructuring branch office functions**

- **Build a trusting relationships with customers, government, business community and organizations as a manager**
- **Create a regional economic zones and build a foundation for business growth in the region**

Established a branch office management structure by structural reform as of March 1, 2019

Domestic : Branch Management ① Expansion of Orders in Each Area through Improvement in Communication

Expansion of orders through improvement in communication with customers in each area

Activate communication with customers

And expand orders for building maintenance business through stronger relationships

(Example of Efforts in 2019) Organizational Restructuring of the Kyushu Branch

- Established a regional system by prefecture.

Kyushu-Minami Branch, which previously had jurisdiction over Kumamoto, Miyazaki, and Kagoshima, was dissolved and "Sales Offices" were newly established in each prefecture.

- Promoted young human resources who were in charge at work-sites as Sales Office Managers

Contact frequency increased and are well received by customers in each prefecture (also has positive impact numerically)

Raised the morale of young human resources and led to organizational activation.

We will strengthen relationships with local subcontractors

Expand to other branch offices as a good example

**Newly establish “Construction division” in Kanto and Kansai branch offices
Improve community-based contract system in cooperation with the existing eastern Japan and western Japan Construction divisions**

FY2/19 : Strengthened the structure of planning and designing field

▶ Accuracy of contract for work improved at the proposal of upstream. Orders for large scale constructions expanded from the 2nd half

FY2/20 : Improve the structure capable of undertaking various renovation works in close relation to the community

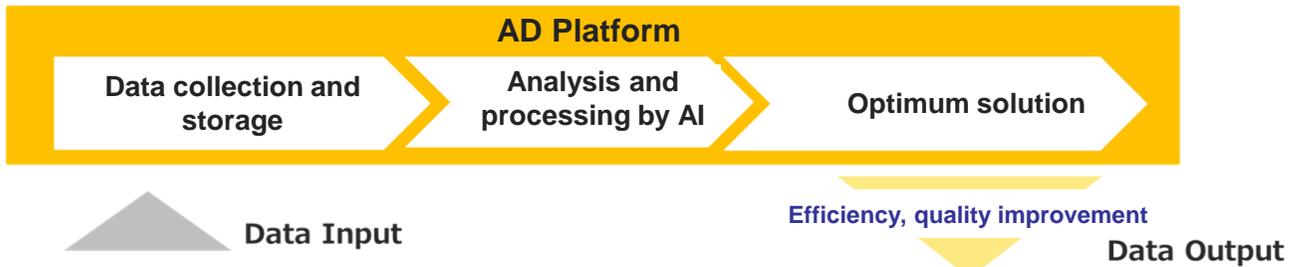
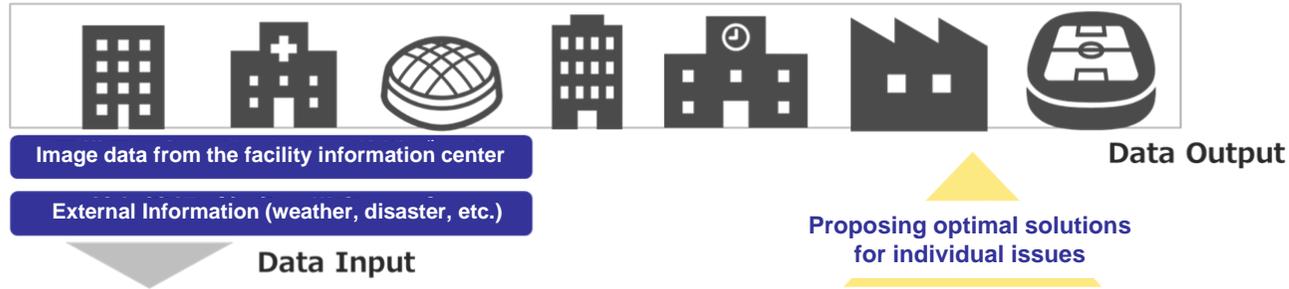
▶ Expand orders for various renovation works by strengthening relationships with local subcontractors

Making steady progress toward the creation of regional economic community in the Construction work

R&D aimed at building an AEON DELIGHT (AD) Platform

- System that enables experts in various fields to efficiently provide services

[Customer]



Verification of open systems for equipment utilizing building automation, which is the foundation of AD platform

Practical application
in FY2/20

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. Already started this project in the Kanto region.

Domestic: Initiatives to Reduce Safety and Environmental Impact

Contributing to the Achievement of the Aeon Group Vision as a company responsible for the “safety” and “environment” of facilities



Our Company

Sales and installation of LED lighting,
Energy-saving operation of facilities

- Verification of Establishment of Energy Management Services including the administration and retail of renewable energy
- Verification of power storage utilizing renewable energy as part of BCP

China: Accelerate business expansion through 1 Aeon Delight strategies

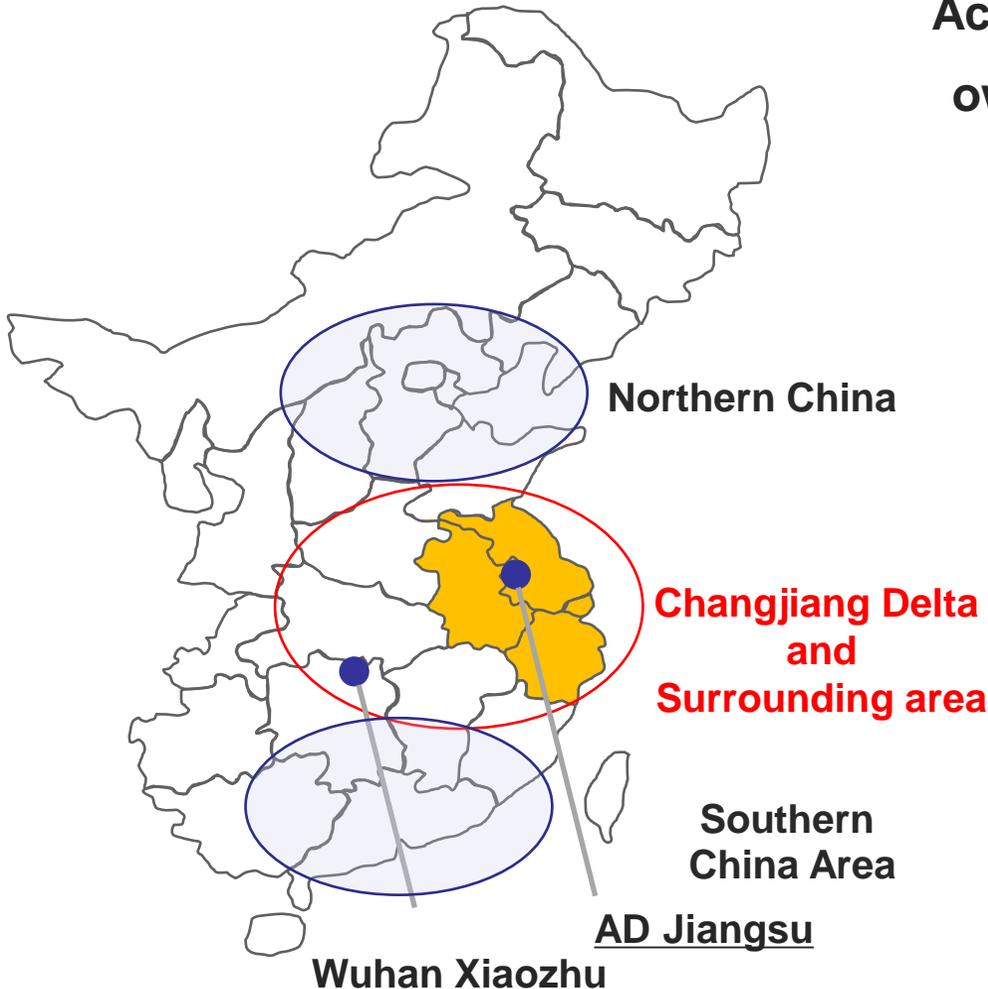
Expand contracts, mainly in the Yangtze River Delta region,
based on 1 Aeon Delight strategies

Acquired 2 core operating companies as wholly
owned subsidiaries in the previous fiscal year

- ① Aeon Delight brand Unifying Operations
- ② Enhancing Quality and Brand Power
- ③ In the Yangtze River delta and surrounding areas Expanding contracts for facilities targeted (*)

* Priority targets: Medium-to-high-end shopping centers, hospitals and nursing homes, Infrastructure and Development, etc.

**Expanding business to
northern and southern China**



Expand business in Indonesia, ASEAN's largest market



In the top class in the country's cleaning industry
in the previous fiscal year

PT Sinar Jernih Sarana

Was made into a consolidated subsidiary



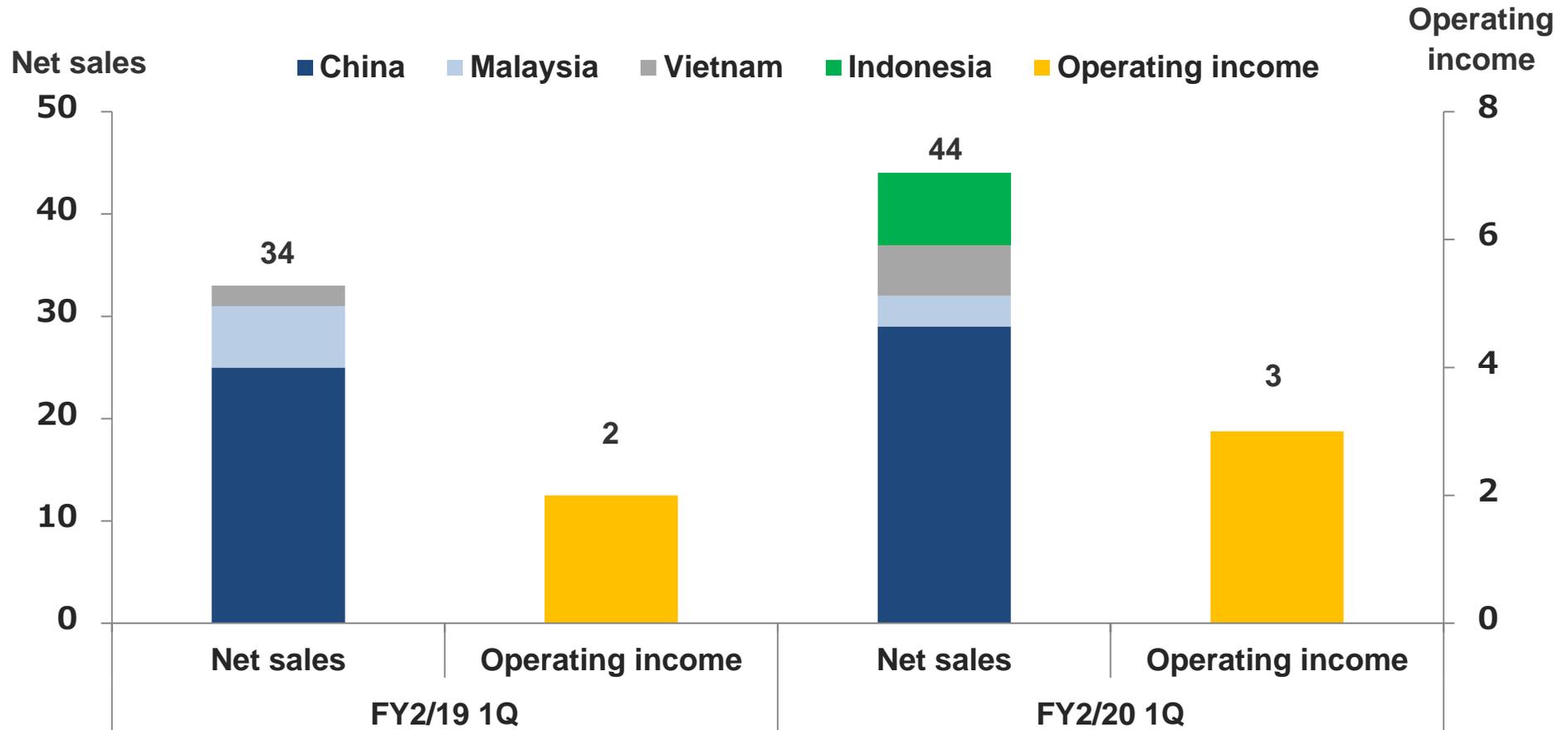
**Through the early realization of
synergies with us Accelerating
Business Expansion in Indonesia**



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 for group companies.

Sales by Segment

Increase sales in 5 businesses.

Double-digit growth in construction work due to increased renovation orders.

(100 million yen)

FY2/18 1Q

FY2/19 1Q

Percentage change

	FY2/18 1Q	FY2/19 1Q	Percentage change
Facilities management	141	149	105.9%
Security services	110	111	100.6%
Cleaning services	142	154	108.1%
Construction work	105	120	114.4%
Materials/supplies sourcing services	129	129	100.6%
Vending machine services	81	76	95.0%
Support services	54	48	89.7%
(Reference) Excluding KAJITAKU	33	34	101.4%
Total	763	790	103.5%
(Reference) Excluding KAJITAKU	743	775	104.4%

Profit by Segment

Increase sales in 3 businesses. Achieved double-digit growth in construction work.
Vending machines are undergoing a transition to a revenue model.

(100 million yen)

	FY2/18 1Q	FY2/19 1Q	Percentage change
Facilities management	14.7	14.3	97.0%
Security services	7.2	7.3	101.1%
Cleaning services	16.8	17.2	102.4%
Construction work	9.8	10.9	110.6%
Materials/supplies sourcing services	7.4	7.1	95.8%
Vending machine services	4.1	2.5	61.3%
Support services	▲2.7	▲1.2	-
(Reference) Excluding KAJITAKU	3.8	3.8	99.7%
Total	57.6	58.2	101.2%
(Reference) Excluding KAJITAKU	64.2	63.3	98.7%

Initiatives by Segment

Facilities management

In addition to new contracts, focused on supporting customers' disaster prevention and disaster mitigation systems, and expanded the implementation and contracts of periodic inspections for fire prevention equipment, emergency generator load tests.

Security services

Amid the tightening labor market, negotiated prices with customers to optimize unit prices and improve profitability.

Cleaning services

In addition to new contracts, performance of SJS, a cleaning business company in Indonesia that became a consolidated subsidiary in the previous fiscal year, contributed to overall results. Moreover, promoted the introduction of automated driving cleaning robots to save labor

Construction work

Significantly expanded the number of contracts for renovation work as we strengthened the structure in the planning and design fields to improve the possibility of contract in the previous fiscal year, and established a service provision system closely linked to local communities.

Materials/supplies sourcing services

Expanded contracts for packaging materials for AEON's PB products "TOPVALU. Focused on reducing logistics costs to improve profitability

Vending machine services

Focused on expanding the installation of in-house blenders to improve sales efficiency. Reviewed the service life of the blender after comprehensively considering the actual replacement period and physical life.

Support services

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

Consolidated Balance Sheet

(100 million yen)

Assets	FY2/19	FY2/20 1Q	Difference
Current assets	1,087	1,060	▲26
Tangible fixed assets	101	99	▲1
Intangible fixed assets	81	79	▲1
Investments, etc.	75	83	7
Fixed assets	258	262	4
Total assets	1,346	1,323	▲22

Liabilities and net assets	FY2/19	FY2/20 1Q	Difference
Current liabilities	495	479	▲15
Fixed liabilities	95	84	▲10
Total liabilities	590	564	▲26
Shareholder's equity	727	731	4
Total net assets	755	759	3
Total liabilities and net assets	1,346	1,323	▲22

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

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Please contact us on our website.
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Based on information available up to the date of publication (July 5, 2019)
These forecasts have been prepared and are subject to change due to various factors going forward.