

**Financial Results for the Three Months Ended
May 31, 2023**

AEON DELIGHT CO., LTD.

July 11, 2023

1 Financial Report for Q1 of FY2/24

2 Initiatives for Q2 Onward to Achieve the Full-year Target

Consolidated Statement of Income

Sales and profits increased due to expansion of market share within existing customers and new customer acquisition.

On the other hand, profitability declined due to the impact of rising labor costs, raw materials, and logistics costs, leading to the lag behind the profit plan.

	FY2/23 1Q		FY2/24 1Q		Difference	Percentage change
	(Ratio to sales)		(Ratio to sales)			
Net sales	717	(100.0%)	791	(100.0%)	73	110.2%
Gross profit	97	(13.6%)	102	(12.9%)	4	104.9%
SG&A expenses	64	(9.0%)	67	(8.6%)	3	104.9%
Operating income	32	(4.6%)	34	(4.4%)	1	105.0%
Ordinary income	33	(4.6%)	34	(4.4%)	1	105.7%
Net income attributable to owners of parent	22	(3.1%)	22	(2.9%)	0	102.4%

Sales by Segment

Sales increased in all 7 businesses YoY. In the Construction work, sales increased substantially due to an increase in contracts for various types of construction, including energy-saving construction work associated with rising energy costs.

	FY2/23 1Q	FY2/24 1Q	Percentage change (100 million yen)
Facilities management	161	170	105.9%
Security services	119	127	106.5%
Cleaning services	165	174	105.4%
Construction work	102	133	130.2%
Materials/supplies sourcing services	102	113	110.7%
Vending machine services	21	23	105.3%
Support services	44	48	108.8%
Total	717	791	110.2%

Profit by Segment

Profits increased in 4 businesses and decreased in 3 businesses.

Profits declined in Facilities management, Cleaning services, and Support services, mainly due to lower profitability from higher labor and subcontracting costs.

	FY2/23 1Q	FY2/24 1Q	Percentage change	(100 million yen)
Facilities management	13.7	13.3	97.3%	
Security services	7.3	8.3	113.5%	
Cleaning services	16.8	14.5	86.3%	
Construction work	6.9	10.8	156.9%	
Materials/supplies sourcing services	6.1	6.3	102.5%	
Vending machine services	2.0	2.5	124.1%	
Support services	1.6	1.4	91.7%	
Total	54.6	57.4	105.1%	

Consolidated Balance Sheet

(100 million yen)

Assets	2023/2	2023/5	Difference	Liabilities and net assets	2023/2	2023/5	Difference
Current assets	1,295	1,277	▲17	Current liabilities	484	486	2
Tangible fixed assets	64	68	3	Fixed liabilities	28	27	▲0
Intangible fixed assets	63	65	2	Total liabilities	512	513	1
Investments, etc.	82	87	5	Shareholder's equity	959	947	▲11
Fixed assets	210	221	10	Total net assets	993	985	▲8
Total assets	1,506	1,499	▲7	Total liabilities and net assets	1,506	1,499	▲7

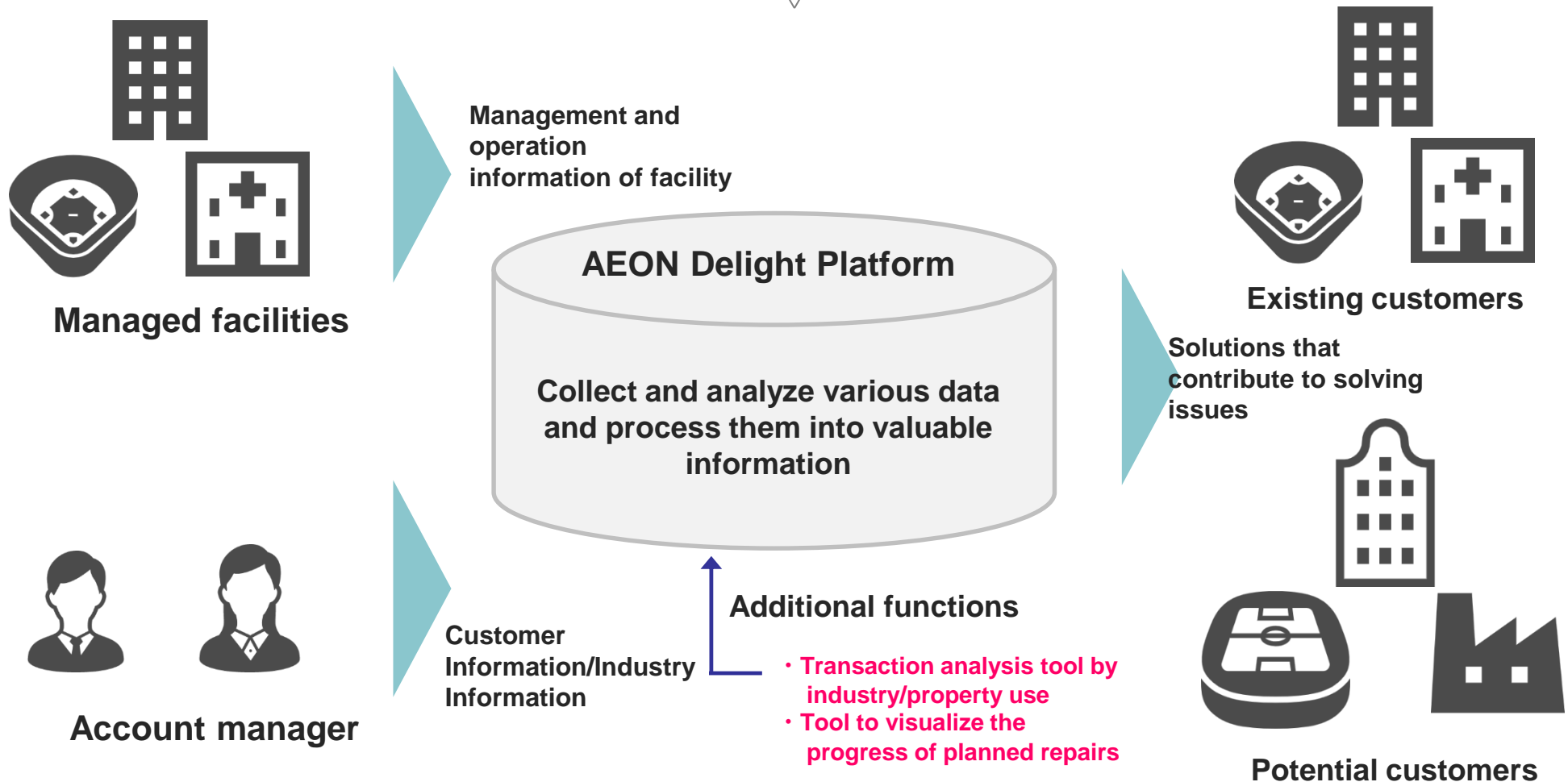
Major Initiatives in FY2/24 Q1 ① Customer-oriented management

Promoted various initiatives set at the beginning of the period to expand market share.

Initiatives	Results
Further strengthen account sales	<ul style="list-style-type: none">• Through strengthening relationships with customers through account management, increased market share among customers by expanding the services provided and by contracting with the same customer to provide services to properties at other locations.• Launched new services in a wide range of facilities, thanks to recognition of past performance and expertise.
Strengthen construction works	<ul style="list-style-type: none">• Orders increased for energy-saving-related construction projects, where demand is rising in line with higher energy costs.• Expanded orders for various types of work through aggressive proposal of renovation and repair work for management properties.

Major Initiatives in FY2/24 Q1 ② Promotion of DX- 1

Added new functions to update the Aeon Delight Platform, a data linkage platform.
Streamlining sales activities and preventing opportunity losses.



Developed the Area Management system and promoted transforming facility management operations to build a sustainable business model.



- DX of facility administration operations through use of cameras (top) and sensors (bottom)

- Development of "area management"
Labor-saving at **16 new facilities**
(289 facilities in total)
Reallocated more than **16 specialist personnel**
(cumulative total of 183)

*Area Management

A facility management model in which multiple facilities are managed on an area-by-area basis, mainly through remote control and patrol services.

- Reform of facility management operations
Utilization of digital devices enables automation of routine operations (facility inspections, preparation of reports, etc.) and visualization of power consumption
Introduced at **80 new facilities** (251 facilities in total)

Major Initiatives in FY2/24 Q1 ③ Group Management-1

Sales and profits increased for all domestic group companies due to the recovery in performance of AEON DELIGHT CONNECT, a core company in the management of small and medium-sized facilities, and AEON COMPASS, a travel-related business.

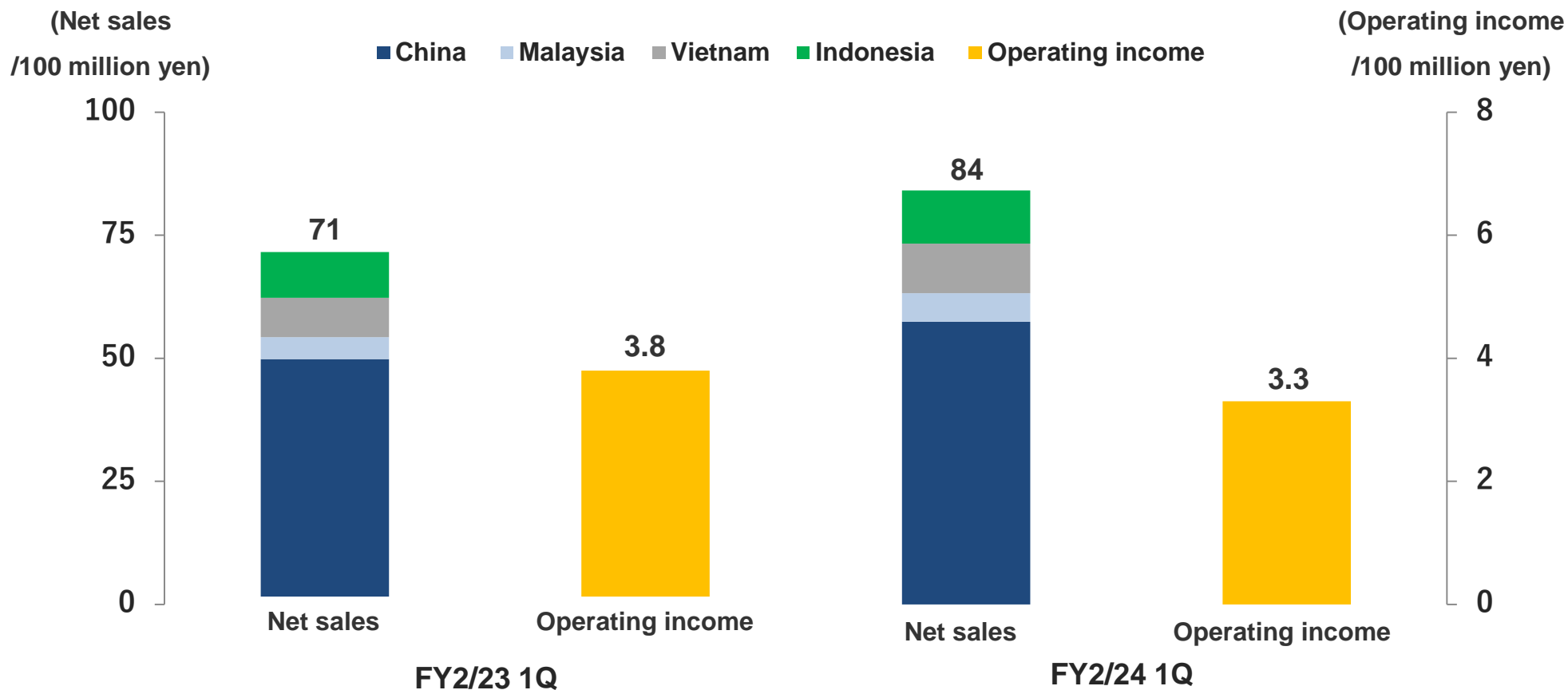
Company name	Outline
AEON DELIGHT CONNECT	Significant increases in sales and profits due to the expansion of contracts for daily cleaning and maintenance operations and construction works by apparel chains, restaurant chains, and convenience stores.
AEON COMPASS	Recovered performance by capturing the recovery in demand, such as business trips and physical events.
Ask Maintenance	In April, we made Ask Maintenance, which mainly operates a cleaning business in Kyushu, into a wholly owned subsidiary to expand the business base in Kyushu and promote quality improvement and management efficiency in the future.

Major Initiatives in FY2/24 Q1 ③ Group Management-2

Overseas, sales increased to 117.4% YoY, and operating income decreased to 86.4% YoY.

China: Sales increased as the business expanded steadily by expanding market share within customers and developing new customers. On the other hand, profit decreased due to the impact of rising personnel costs and other factors.

ASEAN: Higher sales in countries where we operate. On the other hand, profit decreased due to the impact of the rise in labor costs associated with the revision of the Employment Law in Malaysia.



* Fiscal year of overseas businesses ends in December. Figures are simple totals of operating companies.

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2 Initiatives for Q2 Onward to Achieve the Full-year Target

Initiatives for Q2 Onward to Achieve the Full-year Target

Continue to work on measures to improve profitability amid ongoing pressure to strengthen costs, while working to secure sales above target by strengthening sales

Items	Major initiatives
Increase sales	<ul style="list-style-type: none">• Further increase orders for energy conservation-related work, such as LED lighting and replacement of air conditioning and heat source equipment.• Steadily implement planned repairs to maintain "safety and security" and "aesthetics" of facilities, and strengthen proposals for small-scale repairs.• Execution of contracted large projects• Expand share within existing customers and cultivate new customers through account management.
Improve profitability	<ul style="list-style-type: none">• Facilities management: Improve on-site efficiency• Security services: Promote rationalization of unit prices through labor saving and price negotiations through entry and closure management and systemization of store closure operations.• Cleaning services: Promote rationalization of unit prices by changing specifications, etc.• Materials/supplies sourcing services: Promote appropriate reflection of cost increases in various materials in selling prices.

Business Forecasts for FY2/24

(100 million yen)	FY2/23 Results (Ratio to sales)		FY2/24 Forecasts (Ratio to sales)		Percentage change
Net sales	3,037	(100.0%)	3,100	(100.0%)	102.0%
Operating income	158	(5.2%)	160	(5.2%)	101.2%
Ordinary income	160	(5.3%)	160	(5.2%)	100.0%
Net income attributable to owners of parents	101	(3.3%)	104	(3.3%)	102.4%

Progress in KPIs (Key Performance Indicators) of the Medium-Term Management Plan

Basic Policy	KPI (End-FY2/24)	FY2/24 Q1	End-FY2/22
Customer-oriented management	Ratio of sales inside/outside the AEON Group 60%:40% (total)	62.6% : 37.4%	64.4% : 35.6%
Promotion of DX	Operating income margin of 6.0%*1, sustaining the standard of ROE 12% (full-year) through increasing operating income	Operating income margin: 3.9%*1 ROE: - %*2	Operating income margin: 5.0%*1 ROE 11.7%
	Number of facilities introducing area management: 360 (total)	289 facilities	178 facilities
	Reduction in number of on-site staff through area management: 180 (total)	183 staffs	115 staffs
	Allocation of 20% of staffs in the headquarters to front office by consolidating head office functions	—*2	Started improvement of business processes in the head office divisions
Group management	Net sales of 65.0 billion yen consolidated with group companies in Japan	—*2	52.1 billion yen
	Net sales ratio of Asia businesses over 8.0%*1 (Former Revenue Recognition Standard)	9.5%*1	7.8%*1
	Shift to shared services for domestic group finance and accounting departments (full-year)	—*2	Started support from our financial and accounting department for all domestic group companies

Items in blue indicate improvements.

*1 Calculation based on the former revenue recognition standard

*2 Renewed for the full year

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
- ◇ Figures are rounded down to the nearest 100 million yen.
 - *Figures on page 5, 11 are rounded down to the nearest 10 million yen.
- ◇ Percentages have been rounded off to one decimal place

AEON DELIGHT CO., LTD.
(Securities Code: 9787)

IR Contact : PR and IR Group
TEL 03-6895-3892

Please contact us on our website.
<https://www.aeondelight.co.jp>

Based on information available up to the date of publication (July 11, 2023)
These forecasts have been prepared and are subject to change due to various factors going forward.