

# Quarterly trends and results

Quarterly results (after application of the Accounting Standard for Revenue Recognition)

Cumulative (JPYmn)	FY02/22 (new accounting standards)				FY02/23 (new accounting standards)				FY02/24 (new accounting standards)				FY02/24	
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	% of Est.	FY Est.
Sales	71,146	146,580	215,261	283,787	71,786	147,660	226,833	303,776	79,118	161,511	241,911	324,820	104.8%	310,000
YoY	-	-	-	-5.4%	0.9%	0.7%	5.4%	7.0%	10.2%	9.4%	6.6%	6.9%		2.0%
Gross profit	9,765	20,462	29,832	39,498	9,745	19,606	30,291	41,437	10,226	20,811	31,162	42,613		
YoY	8.9%	12.2%	8.2%	6.2%	-0.2%	-4.2%	1.5%	4.9%	4.9%	6.1%	2.9%	2.8%		
Gross profit margin	13.7%	14.0%	13.9%	13.9%	13.6%	13.3%	13.4%	13.6%	12.9%	12.9%	12.9%	13.1%		
SG&A expenses	6,036	12,035	17,979	23,764	6,462	13,004	19,473	25,623	6,778	13,547	20,299	27,377		
YoY	9.6%	12.1%	10.0%	8.3%	7.1%	8.1%	8.3%	7.8%	4.9%	4.2%	4.2%	6.8%		
SG&A ratio	8.5%	8.2%	8.4%	8.4%	9.0%	8.8%	8.6%	8.4%	8.6%	8.4%	8.4%	8.4%		
Operating profit	3,728	8,427	11,852	15,733	3,282	6,602	10,818	15,814	3,447	7,263	10,862	15,235	95.2%	16,000
YoY	7.9%	12.4%	5.7%	3.3%	-12.0%	-21.7%	-8.7%	0.5%	5.0%	10.0%	0.4%	-3.7%		1.2%
Operating profit margin	5.2%	5.7%	5.5%	5.5%	4.6%	4.5%	4.8%	5.2%	4.4%	4.5%	4.7%	4.7%		5.2%
Recurring profit	3,751	8,489	11,943	15,789	3,300	6,602	11,001	16,006	3,487	7,401	11,072	15,482	96.8%	16,000
YoY	8.4%	13.2%	6.2%	3.4%	-12.0%	-22.2%	-7.9%	1.4%	5.7%	12.1%	0.6%	-3.3%		-0.0%
Recurring profit margin	5.3%	5.8%	5.5%	5.6%	4.6%	4.5%	4.8%	5.3%	4.4%	4.6%	4.6%	4.8%		5.2%
Net income	2,507	5,557	8,495	10,665	2,246	4,336	7,163	10,152	2,299	5,325	7,617	10,707	103.0%	10,400
YoY	-16.2%	40.9%	34.3%	-8.7%	-10.4%	-22.0%	-15.7%	-4.8%	2.4%	22.8%	6.3%	5.5%		2.4%
Net margin	3.5%	3.8%	3.9%	3.8%	3.1%	2.9%	3.2%	3.3%	2.9%	3.3%	3.1%	3.3%		3.4%

  

Quarterly (JPYmn)	FY02/22 (new accounting standards)				FY02/23 (new accounting standards)				FY02/24 (new accounting standards)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	71,146	75,434	68,681	68,526	71,786	75,874	79,173	76,943	79,118	82,393	80,400	82,909
YoY	-3.2%	-1.0%	-8.0%	-9.5%	0.9%	0.6%	15.3%	12.3%	10.2%	8.6%	1.5%	7.8%
Gross profit	9,765	10,697	9,370	9,666	9,745	9,861	10,685	11,146	10,226	10,585	10,351	11,451
YoY	8.9%	15.3%	0.5%	0.5%	-0.2%	-7.8%	14.0%	15.3%	4.9%	7.3%	-3.1%	2.7%
Gross profit margin	13.7%	14.2%	13.6%	14.1%	13.6%	13.0%	13.5%	14.5%	12.9%	12.9%	12.9%	13.8%
SG&A expenses	6,036	5,999	5,944	5,785	6,462	6,542	6,469	6,150	6,778	6,769	6,752	7,078
YoY	9.6%	14.7%	6.0%	3.3%	7.1%	9.1%	8.8%	6.3%	4.9%	3.5%	4.4%	15.1%
SG&A ratio	8.5%	8.0%	8.7%	8.4%	9.0%	8.6%	8.2%	8.0%	8.6%	8.2%	8.4%	8.5%
Operating profit	3,728	4,699	3,425	3,881	3,282	3,320	4,216	4,996	3,447	3,816	3,599	4,373
YoY	7.9%	16.2%	-7.8%	-3.4%	-12.0%	-29.3%	23.1%	28.7%	5.0%	14.9%	-14.6%	-12.5%
Operating profit margin	5.2%	6.2%	5.0%	5.7%	4.6%	4.4%	5.3%	6.5%	4.4%	4.6%	4.5%	5.3%
Recurring profit	3,751	4,738	3,454	3,846	3,300	3,302	4,399	5,005	3,487	3,914	3,671	4,410
YoY	8.4%	17.4%	-7.9%	-4.4%	-12.0%	-30.3%	27.4%	30.1%	5.7%	18.5%	-16.5%	-11.9%
Recurring profit margin	5.3%	6.3%	5.0%	5.6%	4.6%	4.4%	5.6%	6.5%	4.4%	4.8%	4.6%	5.3%
Net income	2,507	3,050	2,938	2,170	2,246	2,090	2,827	2,989	2,299	3,026	2,292	3,090
YoY	-16.2%	220.4%	23.3%	-59.5%	-10.4%	-31.5%	-3.8%	37.7%	2.4%	44.8%	-18.9%	3.4%
Net margin	3.5%	4.0%	4.3%	3.2%	3.1%	2.8%	3.6%	3.9%	2.9%	3.7%	2.9%	3.7%

Source: Shared Research based on company data

Notes: The company adopted the Accounting Standard for Revenue Recognition [ASB] Statement No. 29, March 31, 2020) from FY02/23.

YoY comparison for FY02/23 sales (based on the new accounting standards) was made against FY02/22 results retroactively adjusted to reflect the new accounting standards.

## Quarterly results by segment (after adoption of the Accounting Standard for Revenue Recognition)

Segment performance Cumulative (JPYmn)	FY02/22 (new accounting standards)				FY02/23 (new accounting standards)				FY02/24 (new accounting standards)			
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4
Sales	71,146	146,580	215,261	283,787	71,786	147,660	226,833	303,776	79,118	161,511	241,911	324,820
YoY	-	-	-	-4.1%	0.9%	0.7%	5.4%	7.0%	10.2%	9.4%	6.6%	6.9%
Facilities Management	15,511	31,011	46,492	61,533	16,131	32,251	49,003	64,794	17,086	34,555	52,404	69,509
YoY	-	-	-	-	4.0%	4.0%	5.4%	5.3%	5.9%	7.1%	6.9%	7.3%
Security Services	11,638	23,645	35,422	47,239	11,934	24,124	36,909	49,478	12,710	25,421	38,131	50,919
YoY	7.3%	9.0%	7.5%	6.4%	2.5%	2.0%	4.2%	4.7%	6.5%	5.4%	3.3%	2.9%
Cleaning Services	16,568	34,106	50,470	66,963	16,576	33,769	51,130	68,336	17,464	35,200	52,909	70,428
YoY	10.4%	12.1%	9.5%	7.2%	0.0%	-1.0%	1.3%	2.0%	5.4%	4.2%	3.5%	3.1%
Construction Work	11,205	24,776	33,697	43,015	10,282	23,350	38,207	52,084	13,388	28,811	42,101	59,219
YoY	-2.8%	12.0%	8.6%	5.8%	-8.2%	-5.8%	13.4%	21.1%	30.2%	23.4%	10.2%	13.7%
Materials and Supplies Sourcing	9,908	20,222	30,150	39,641	10,205	20,465	30,994	41,544	11,301	22,993	34,864	46,315
YoY	-	-	-	-	3.0%	1.2%	2.8%	4.8%	10.7%	12.4%	12.5%	11.5%
Vending Machine Services	2,201	4,766	6,952	9,345	2,199	4,780	7,084	9,466	2,316	4,904	7,263	9,616
YoY	-	-	-	-	-0.1%	0.3%	1.9%	1.3%	5.3%	2.6%	2.5%	1.6%
Support Services	4,113	8,055	12,090	16,049	4,456	8,918	13,503	18,070	4,850	9,624	14,236	18,810
YoY	3.8%	4.1%	2.6%	1.3%	8.3%	10.7%	11.7%	12.6%	8.8%	7.9%	5.4%	4.1%
Operating profit	3,728	8,427	11,852	15,733	3,282	6,602	10,818	15,814	3,447	7,263	10,862	15,235
YoY	-31.2%	12.4%	5.7%	3.3%	-12.0%	-21.7%	-8.7%	0.5%	5.0%	10.0%	0.4%	-3.7%
Operating profit margin	5.2%	5.7%	5.5%	5.5%	4.6%	4.5%	4.8%	5.2%	4.4%	4.5%	4.5%	4.7%
Facilities Management	1,275	2,622	4,038	5,495	1,372	2,825	4,269	5,810	1,335	2,866	4,432	5,913
YoY	1.5%	2.9%	3.1%	6.2%	7.6%	7.7%	5.7%	5.7%	-2.7%	1.5%	3.8%	1.8%
Operating profit margin	8.2%	8.5%	8.7%	8.9%	8.5%	8.8%	8.7%	9.0%	7.8%	8.3%	8.5%	8.5%
Security Services	796	1,702	2,596	3,435	733	1,443	2,307	3,279	833	1,584	2,366	3,108
YoY	4.3%	6.8%	8.8%	3.9%	-7.9%	-15.2%	-11.1%	-4.5%	13.6%	9.8%	2.6%	-5.2%
Operating profit margin	6.8%	7.2%	7.3%	7.3%	6.1%	6.0%	6.3%	6.6%	6.6%	6.2%	6.2%	6.1%
Cleaning Services	1,974	4,276	6,172	8,106	1,681	3,328	5,036	7,014	1,451	2,787	4,034	5,277
YoY	19.9%	24.7%	15.6%	10.7%	-14.8%	-22.2%	-18.4%	-13.5%	-13.7%	-16.3%	-19.9%	-24.8%
Operating profit margin	11.9%	12.5%	12.2%	12.1%	10.1%	9.9%	9.8%	10.3%	8.3%	7.9%	7.6%	7.5%
Construction Work	1,067	2,250	2,861	3,583	694	1,405	2,714	4,080	1,089	2,376	3,429	5,322

YoY	-6.3%	8.1%	-0.6%	-7.7%	-35.0%	-37.6%	-5.1%	13.9%	56.9%	69.1%	26.3%	30.4%		
	Operating profit margin	9.5%	9.1%	8.5%	8.3%	6.7%	6.0%	7.1%	7.8%	8.1%	8.2%	8.1%	9.0%	
	Materials and Supplies Sourcing	656	1,362	1,932	2,560	615	994	1,455	1,999	630	1,116	1,697	2,322	
	YoY	7.2%	6.1%	4.4%	3.8%	-6.3%	-27.0%	-24.7%	-21.9%	2.4%	12.3%	16.7%	16.2%	
	Operating profit margin	6.6%	6.7%	6.4%	6.5%	6.0%	4.9%	4.7%	4.8%	5.6%	4.9%	4.9%	5.0%	
	Vending Machine Services	116	353	414	608	208	556	791	1,083	258	650	982	1,290	
	YoY	-	-1.1%	-26.5%	-6.9%	79.3%	57.5%	91.1%	78.1%	24.0%	16.9%	24.1%	19.1%	
	Operating profit margin	5.3%	7.4%	6.0%	6.5%	9.5%	11.6%	11.2%	11.4%	11.1%	13.3%	13.5%	13.4%	
	Support Services	119	255	330	441	162	279	419	462	149	264	409	545	
	YoY	-	-	-	-	36.1%	9.4%	27.0%	4.8%	-8.0%	-5.4%	-2.3%	17.8%	
	Operating profit margin	2.9%	3.2%	2.7%	2.7%	3.6%	3.1%	3.1%	2.6%	3.1%	2.7%	2.9%	2.9%	
	Eliminations, goodwill, other	-2,277	-4,394	-6,491	-8,495	-2,183	-4,228	-6,173	-7,913	-2,298	-4,380	-6,487	-8,542	
<b>Segment performance</b>		<b>FY02/22 (new accounting standards)</b>				<b>FY02/23 (new accounting standards)</b>				<b>FY02/24 (new accounting standards)</b>				
<b>Quarterly (JPYmn)</b>		<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	
<b>Sales</b>		71,146	75,434	68,681	68,526	71,786	75,874	79,173	76,943	79,118	82,393	80,400	82,909	
	YoY	-	-1.0%	-8.0%	-9.5%	0.9%	0.6%	15.3%	12.3%	10.2%	8.6%	1.5%	7.8%	
	Facilities Management	15,511	15,500	15,482	15,040	16,131	16,120	16,752	15,791	17,086	17,469	17,849	17,105	
	YoY	-	-	-	-	4.0%	4.0%	8.2%	5.0%	5.9%	8.4%	6.5%	8.3%	
	Security Services	11,638	12,007	11,777	11,817	11,934	12,190	12,785	12,569	12,710	12,711	12,710	12,788	
	YoY	7.3%	10.6%	4.5%	3.4%	2.5%	1.5%	8.6%	6.4%	6.5%	4.3%	-0.6%	1.7%	
	Cleaning Services	16,568	17,538	16,364	16,493	16,576	17,193	17,361	17,206	17,464	17,736	17,709	17,519	
	YoY	10.4%	13.7%	4.5%	0.7%	0.0%	-2.0%	6.1%	4.3%	5.4%	3.2%	2.0%	1.8%	
	Construction Work	11,205	13,571	8,921	9,318	10,282	13,068	14,857	13,877	13,388	15,423	13,290	17,118	
	YoY	-2.8%	28.1%	0.2%	-3.2%	-8.2%	-3.7%	66.5%	48.9%	30.2%	18.0%	-10.5%	23.4%	
	Materials and Supplies Sourcing	9,908	10,314	9,927	9,491	10,205	10,260	10,529	10,550	11,301	11,692	11,871	11,451	
	YoY	-	-	-	-	3.0%	-0.5%	6.1%	11.2%	10.7%	14.0%	12.7%	8.5%	
	Vending Machine Services	2,201	2,565	2,186	2,393	2,199	2,581	2,304	2,382	2,316	2,588	2,359	2,353	
	YoY	-	-	-	-	-0.1%	0.6%	5.4%	0.3%	-0.4%	5.3%	2.4%	-1.2%	
	Support Services	4,113	3,942	4,035	3,959	4,456	4,462	4,585	4,567	4,850	4,774	4,612	4,574	
	YoY	3.8%	4.4%	-0.2%	-2.3%	8.3%	13.2%	13.6%	15.4%	8.8%	7.0%	0.6%	0.2%	
	Operating profit	3,728	4,699	3,425	3,881	3,282	3,320	4,216	4,996	3,447	3,816	3,599	4,373	
	YoY	-31.2%	125.6%	-7.8%	-3.4%	-12.0%	-29.3%	23.1%	28.7%	5.0%	14.9%	-14.6%	-12.5%	
	Operating profit margin	5.2%	6.2%	5.0%	5.7%	4.6%	4.4%	5.3%	6.5%	4.4%	4.6%	4.5%	5.3%	
	Facilities Management	1,275	1,347	1,416	1,457	1,372	1,453	1,444	1,541	1,335	1,531	1,566	1,481	
	YoY	1.5%	4.2%	3.6%	15.7%	7.6%	7.9%	2.0%	5.8%	-2.7%	5.4%	8.4%	-3.9%	
	Operating profit margin	8.2%	8.7%	9.1%	9.7%	8.5%	9.0%	8.6%	9.8%	7.8%	8.8%	8.8%	8.7%	
	Security Services	796	906	894	839	733	710	864	972	833	751	782	742	
	YoY	4.3%	9.0%	12.7%	-8.8%	-7.9%	-21.6%	-3.4%	15.9%	13.6%	5.8%	-9.5%	-23.7%	
	Operating profit margin	6.8%	7.5%	7.6%	7.1%	6.1%	5.8%	6.8%	7.7%	6.6%	5.9%	6.2%	5.8%	
	Cleaning Services	1,974	2,302	1,896	1,934	1,681	1,647	1,708	1,978	1,451	1,336	1,247	1,243	
	YoY	19.9%	29.0%	-0.7%	-2.5%	-14.8%	-28.5%	-9.9%	2.3%	-13.7%	-18.9%	-27.0%	-37.2%	
	Operating profit margin	11.9%	13.1%	11.6%	11.7%	10.1%	9.6%	9.8%	11.5%	8.3%	7.5%	7.0%	7.1%	
	Construction Work	1,067	1,183	611	722	694	711	1,309	1,366	1,089	1,287	1,053	1,893	
	YoY	-6.3%	25.6%	-23.4%	-27.9%	-35.0%	-39.9%	114.2%	89.2%	56.9%	81.0%	-19.6%	38.6%	
	Operating profit margin	9.5%	8.7%	6.8%	7.7%	6.7%	5.4%	8.8%	9.8%	8.1%	8.3%	7.9%	11.1%	
	Materials and Supplies Sourcing	656	706	570	628	615	379	461	544	630	486	581	625	
	YoY	7.2%	5.1%	0.5%	1.9%	-6.3%	-46.3%	-19.1%	-13.4%	2.4%	28.2%	26.0%	14.9%	
	Operating profit margin	6.6%	6.8%	5.7%	6.6%	6.0%	3.7%	4.4%	5.2%	5.6%	4.2%	4.9%	5.5%	
	Vending Machine Services	116	237	61	194	208	348	235	292	258	392	332	308	
	YoY	-	-35.4%	-70.4%	115.6%	79.3%	46.8%	285.2%	50.5%	24.0%	12.6%	41.3%	5.5%	
	Operating profit margin	5.3%	9.2%	2.8%	8.1%	9.5%	13.5%	10.2%	12.3%	11.1%	15.1%	14.1%	13.1%	
	Support Services	119	136	75	111	162	117	140	43	149	115	145	136	
	YoY	-	-	-	15.6%	36.1%	-14.0%	86.7%	-61.3%	-8.0%	-1.7%	3.6%	216.3%	
	Operating profit margin	2.9%	3.5%	1.9%	2.8%	3.6%	2.6%	3.1%	0.9%	3.1%	2.4%	3.1%	3.0%	
	Eliminations, goodwill, other	-2,277	-2,118	-2,098	-2,004	-2,183	-2,045	-1,945	-1,740	-2,298	-2,082	-2,107	-2,055	

Source: Shared Research based on company data

Notes: The company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from FY02/23.

Consolidated, Facilities Management, Materials and Supplies Sourcing Services, and Vending Machine Services sales for FY02/22 were retroactively adjusted to reflect the new accounting standards.

## Full-year FY02/24 results

- Sales: JPY324.8bn (+6.9% YoY)
- Operating profit: JPY15.2bn (-3.7% YoY)
- Recurring profit: JPY15.5bn (-3.3% YoY)
- Net income attributable to owners of the parent: JPY10.7bn (+5.5% YoY)

### Summary

Sales were 104.8% of the full-year FY02/24 forecast, operating profit 95.2%, recurring profit 96.8%, and net income attributable to owners of the parent 103.0%.

Sales grew YoY to exceed the initial forecast, fueled by growth in the share of existing customer wallets (in and outside the Aeon group) and in the number of newly contracted facilities. The company's enhanced sales activities, as well as its track record and expertise, led to an increase in the number of contracts from non-group companies and organizations. Sales increased YoY in all seven segments. Sales growth was particularly notable in Construction Work and Materials and Supplies Sourcing Services. In Construction Work, the company expanded contracts for energy-saving and renovation/repair work. Meanwhile, it increased orders for various materials in Materials and Supplies Sourcing Services.

Operating profit fell YoY as segment profit growth was not enough to offset an increase in SG&A expenses. Sales weighting of group and non-group companies was 62.2% and 37.8%, respectively (Sales weighting of non-group companies rose 1.2pp

YoY).

- ▶ Aeon Delight accelerated its area management strategy by integrating operations into customer support centers equipped with remote monitoring functions and using digital devices to streamline on-site work. The company realized labor savings and unmanned operation at a total of 47 facilities (cumulative total of 320 facilities), cutting the equivalent of about 52 resident facility management jobs (cumulative total of 219 jobs).
- ▶ The company implemented the following measures aimed at customer-oriented management.
  - Expand market share by stepping up sales activities: The company pushed forward with expanding its service offerings and contracting management of other facilities of existing customers by targeting specific customers from its local branches and offices, thereby increasing its share of customer wallets. It also started serving a wider range of facilities, leveraging its track record and expertise to offer customized proposals, including for energy conservation and pandemic countermeasures.
  - Have on-site workers actively make small-scale repair proposals: In order to make/keep facilities under management safe/secure, functional, and aesthetically pleasing, the company had its on-site workers at all of its eight branches in Japan actively make small-scale repair proposals. As a result, it expanded sales and profits at branches.
  - Respond to soaring energy costs: Amid rising energy costs facing companies and organizations, the company accelerated its efforts to help large electricity consumers make energy-saving improvements to their facilities, such as installing LED lighting and updating air conditioning and heating equipment. By doing so, the company helped save energy at facilities, while sharply growing orders for related construction work.
- ▶ In efforts to promote digitalization, the company added additional functions to Aeon Delight Platform, a data integration platform, namely a tool for analyzing transactions by customer industry and building use and a tool for visualizing progress of planned maintenance and repair work. This has enabled the company to increase efficiency of its sales activities, prevent opportunity losses, and improve quality by appropriately managing construction progress.

## Segment trends

### Facilities Management

- Sales: JPY69.5bn (+7.3% YoY)
- Operating profit: JPY5.9bn (+1.8% YoY)

Sales and operating profit grew YoY as the company won new orders for contract management and expanded the number of contracts for various maintenance services. It promoted labor savings in facility management to enhance its competitiveness.

### Security Services

- Sales: JPY50.9bn (+2.9% YoY)
- Operating profit: JPY3.1bn (-5.2% YoY)

Sales increased YoY as the company acquired new contracts for security services. However, operating profit declined YoY due to rising personnel and outsourcing expenses. It worked on the systematization of store entry and exit management and closing operations to improve profitability.

### Cleaning Services

- Sales: JPY70.4bn (+3.1% YoY)
- Operating profit: JPY5.3bn (-24.8% YoY)

Sales rose YoY due to growth in renewal contracts and contribution from askmaintenance, a wholly owned subsidiary acquired in April 2023. Operating profit fell YoY due to lower profitability caused by rising personnel costs. The company negotiated with customers for more flexible work schedules, while working to raise contract prices for FY02/25 and later.

### Construction Work

- Sales: JPY59.2bn (+13.7% YoY)
- Operating profit: JPY5.3bn (+30.4% YoY)

The company strengthened its framework by streamlining operations under the area management strategy. This led to growth in contracts for energy-saving and other works. Further, it improved profitability by optimizing operations and processes. As a

result, sales and profit grew substantially.

#### Materials and Supplies Sourcing Services

- Sales: JPY46.3bn (+11.5% YoY)
- Operating profit: JPY2.3bn (+16.2% YoY)

Sales and operating profit increased YoY despite rising raw materials and logistics costs. The company worked to increase orders from in and outside the Aeon group, while passing on material cost increases to selling prices as appropriate.

#### Vending Machine Services

- Sales: JPY9.6bn (+1.6% YoY)
- Operating profit: JPY1.3bn (+19.1% YoY)

Sales and operating profit rose YoY. The company revised product prices, and secured new sites for installation of vending machines as a result of enhanced sales activities. It focused on marketing new vending machine models, including frozen food vending machines, in pursuit of further business opportunities.

#### Support Services

- Sales: JPY18.8bn (+4.1% YoY)
- Operating profit: JPY545mn (+17.8% YoY)

The company worked on expanding its services to meet outsourcing needs to manage and operate customer facilities and their surrounding environment. Performance of the travel-related service also contributed to sales and profit growth.

#### Overseas business (within each segment)

- Sales: JPY35.7bn (+7.6% YoY)
- Operating profit: JPY1.5bn (-20.3% YoY)

Sales grew but profit fell in China and the ASEAN region. Earnings from the overseas business are included within each segment.

- ▶ Aeon Delight sees the greatest growth potential in the Chinese market. The company steadily grew the China business as its core business company expanded the share of customer wallets and increased newly acquired facilities centered on medium- to high-end facilities. The subsidiary also participated in the urban development project, resulting in concentrated contracts for facilities management operations. However, operating profit fell YoY despite sales growth, due to higher SG&A expenses. With the aim of further promoting group management, the company redefined the role of Aeon Delight (China), positioning the subsidiary to oversee operations in China.
- ▶ Sales were up YoY in all ASEAN countries in which the company operates. Operating profit in the ASEAN business as a whole declined YoY due in part to higher personnel costs in Indonesia and Malaysia resulting from the January 2023 revision of employment laws.

#### Others

At the time of its earnings results announcement, the company disclosed its plan to acquire treasury shares. The total number of shares to be acquired is 700,000 (1.44% of total issued shares), and the total acquisition value is JPY3.1bn.

# FY02/25 company forecast

## Full-year company forecast

(JPYmn)	FY02/23			FY02/24			FY02/25
	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	FY Est.
<b>Sales</b>	<b>147,660</b>	<b>156,116</b>	<b>303,776</b>	<b>161,511</b>	<b>163,309</b>	<b>324,820</b>	<b>340,000</b>
YoY	-	-	-	9.4%	4.6%	6.9%	4.7%
Cost of sales	128,054	134,284	262,338	140,700	141,507	282,207	
<b>Gross profit</b>	<b>19,606</b>	<b>21,831</b>	<b>41,437</b>	<b>20,811</b>	<b>21,802</b>	<b>42,613</b>	
YoY	-4.2%	14.7%	4.9%	6.1%	-0.1%	2.8%	
Gross profit margin	13.3%	14.0%	13.6%	12.9%	13.4%	13.1%	
SG&A expenses	13,004	12,619	25,623	13,547	13,830	27,377	
YoY	8.1%	7.6%	7.8%	4.2%	9.6%	6.8%	
SG&A ratio	8.8%	8.1%	8.4%	8.4%	8.5%	8.4%	
<b>Operating profit</b>	<b>6,602</b>	<b>9,212</b>	<b>15,814</b>	<b>7,263</b>	<b>7,972</b>	<b>15,235</b>	<b>16,000</b>
YoY	-21.7%	26.1%	0.5%	10.0%	-13.5%	-3.7%	5.0%
Operating profit margin	4.5%	5.9%	5.2%	4.5%	4.9%	4.7%	4.7%
<b>Recurring profit</b>	<b>6,602</b>	<b>9,404</b>	<b>16,006</b>	<b>7,401</b>	<b>8,081</b>	<b>15,482</b>	<b>16,000</b>
YoY	-22.2%	28.8%	1.4%	12.1%	-14.1%	-3.3%	3.3%
Recurring profit margin	4.5%	6.0%	5.3%	4.6%	4.9%	4.8%	4.7%
<b>Net income</b>	<b>4,336</b>	<b>5,816</b>	<b>10,152</b>	<b>5,325</b>	<b>5,382</b>	<b>10,707</b>	<b>10,400</b>
YoY	-22.0%	13.9%	-4.8%	22.8%	-7.5%	5.5%	-2.9%

Source: Shared Research based on company data

Note: From FY02/23, the company has adopted the new Accounting Standard for Revenue Recognition, which will affect the way sales are recorded. Operating profit and line items below are not affected.

## Company forecast for FY02/25

- Sales: JPY340.0bn (+4.7% YoY)
- Operating profit: JPY16.0bn (+5.0% YoY)
- Recurring profit: JPY16.0bn (+3.3% YoY)
- Net income attributable to owners of the parent: JPY10.4bn (-2.9% YoY)
- EPS: JPY216.07
- Annual dividends per share: JPY87 (payout ratio: 40.3%)

The company expects sales and operating profit to grow 4.7% and 5.0% YoY, respectively, with an OPM of 4.7% (flat YoY). It intends to further expand its market share, while accelerating the transformation into a business model that enables sustainable growth.

## Dividend payout ratio

For FY02/25, the company anticipates a payout ratio of 40.3%. It plans to increase the dividend YoY for the twentieth consecutive year (+JPY1 YoY).

## Initiatives for FY02/25

Major initiatives for FY02/25 are as follows.

- Accelerate the transformation into a sustainable business model by digitalizing operations and services
- Invest resources in strengthening HR, DX, and IT to support a sustainable business model
- Improve profitability to offset increases in outsourcing and personnel costs, thereby further expanding its market share
- Continue to expand operations in Asia. Improve profitability to achieve sales and profit growth in FY2024

# About Shared Research Inc.

We offer corporate clients comprehensive report coverage, a service that allows them to better inform investors and other stakeholders by presenting a continuously updated third-party view of business fundamentals, independent of investment biases. Shared Research can be found on the web at <https://sharedresearch.jp>.

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