

# **Financial Results for the Six Months Ended August 31, 2021**

**AEON DELIGHT CO., LTD.**

**Kazumasa Hamada,  
President and CEO, Group CEO**

**October 6, 2021**

## **1** Financial Report for Q2 of FY2/22

## **2** Initiatives for 2H of FY2/22

# Consolidated Statement of Income

Sales and profits increased and progressed well against the plan aided by new customer development and market share expansion among existing customers.

Compared to the same period of FY2/20, sales also increased and operating profit reached almost the same level.

The positive impact of COVID-19 on disinfection cleaning and quarantine related materials offset the negative impact on operating income in 1H, resulting in break even.

	FY2/21 Q2		FY2/22 Q2		Difference	Percentage change	(100 million yen)
	(Ratio to sales)		(Ratio to sales)				Vs. FY2/20 Q2
<b>Net sales</b>	<b>1,497</b>	<b>(100.0%)</b>	<b>1,639</b>	<b>(100.0%)</b>	<b>141</b>	<b>109.5%</b>	<b>104.1%</b>
<b>Gross profit</b>	<b>182</b>	<b>(12.2%)</b>	<b>204</b>	<b>(12.5%)</b>	<b>22</b>	<b>112.2%</b>	<b>103.5%</b>
<b>SG&amp;A expenses</b>	<b>107</b>	<b>(7.2%)</b>	<b>120</b>	<b>(7.3%)</b>	<b>12</b>	<b>112.1%</b>	<b>107.8%</b>
<b>Operating income</b>	<b>75</b>	<b>(5.0%)</b>	<b>84</b>	<b>(5.1%)</b>	<b>9</b>	<b>112.4%</b>	<b>98.1%</b>
<b>Ordinary income</b>	<b>74</b>	<b>(5.0%)</b>	<b>84</b>	<b>(5.2%)</b>	<b>9</b>	<b>113.2%</b>	<b>98.1%</b>
<b>Net income attributable to owners of parent</b>	<b>39</b>	<b>(2.6%)</b>	<b>55</b>	<b>(3.4%)</b>	<b>16</b>	<b>140.9%</b>	<b>107.3%</b>

## Sales by Segment

Sales increased in all seven businesses; compared to the same period in FY2/20, sales increased in five businesses excluding the Vending machine services and the Support services.

(100 million yen)

	FY2/21 Q2	FY2/22 Q2	Percentage change	Vs. FY2/20 Q2
Facilities management	290	310	106.6%	104.7%
Security services	216	236	109.0%	106.6%
Cleaning services	304	341	112.1%	110.3%
Construction work	221	247	112.0%	107.2%
Materials/supplies sourcing services	266	287	108.2%	111.1%
Vending machine services	120	135	112.3%	84.2%
Support services	77	80	104.1%	83.5%
<b>Total</b>	<b>1,497</b>	<b>1,639</b>	<b>109.5%</b>	<b>104.1%</b>

## Profit by Segment

Profits increased in six businesses excluding the Vending machine services.  
Cleaning services contributed to the growth through its COVID-19-related services.

(100 million yen)

	FY2/21 Q2	FY2/22 Q2	Percentage change	Vs. FY2/20 Q2
Facilities management	25.4	26.2	102.9%	94.0%
Security services	15.9	17.0	106.8%	120.5%
Cleaning services	34.3	42.7	124.7%	121.8%
Construction work	20.8	22.5	108.1%	103.5%
Materials/supplies sourcing services	12.8	13.6	106.1%	100.5%
Vending machine services	3.5	3.5	98.8%	50.1%
Support services	▲ 1.0	2.5	-	100.4%
<b>Total</b>	<b>111.9</b>	<b>128.2</b>	<b>114.5%</b>	<b>105.1%</b>

# Consolidated Balance Sheet

(100 million yen)

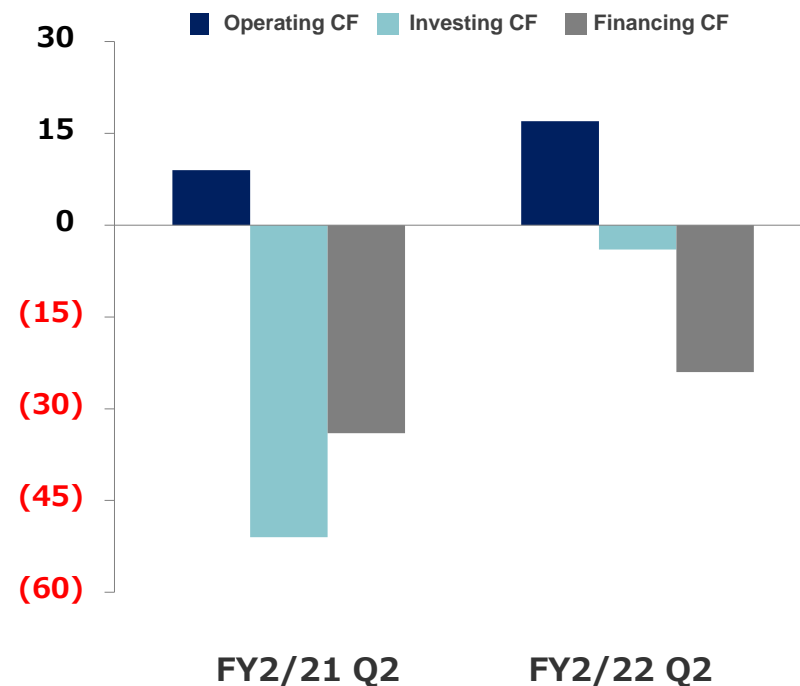
Assets	FY2/21	FY2/22 Q2	Difference	Liabilities and net assets	FY2/21	FY2/22 Q2	Difference
Current assets	1,100	1,178	78	Current liabilities	441	463	22
Tangible fixed assets	94	84	▲10	Fixed liabilities	41	36	▲4
Intangible fixed assets	55	54	▲0	Total liabilities	482	500	17
Investments, etc.	115	101	▲14	Shareholder's equity	866	899	32
Fixed assets	265	240	▲25	Total net assets	882	919	36
Total assets	1,365	1,419	53	Total liabilities and net assets	1,365	1,419	53

# Consolidated Statement of Cash Flows

(100 million yen)

	FY2/21 Q2	FY2/22 Q2	Difference
Cash flows from operating activities	9	17	8
Cash flows from investing activities	▲51	▲4	47
Cash flows from financing activities	▲34	▲24	9
Cash and cash equivalents at the end of year	533	583	49

(100 million yen)



# Major Initiatives in FY2/22 Q2 ① Response to COVID-19 Infections

Aiming to create a society in which epidemic prevention is a part of daily habit, we will continue to take various epidemic prevention measures, such as preventing contact and droplet infections.



Installed carbon dioxide meter at more than **400** Aeon stores to date to improve ventilation system

Jointly develop a network-type carbon dioxide monitoring system with a manufacturer to further promote ventilation



Introduced to a total of **58** Aeon stores and stadiums



<Customer-oriented Management>

## Expand market share by strengthening organizational sales force

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### ● Strengthen account sales

- Promote understanding of customers and target industries by account managers
- Increase market share among existing customers by improving customer satisfaction

### ● Visualize and strengthen sales activities

- Visualize the sales activities of each sales staff
- Improve organizational sales force by analyzing the process of closing deals

# Major Initiatives in FY2/22 Q2 ③ Selected as a DX-certified operator

<Promotion of DX>

**Selected as a DX-certified operator  
by the Ministry of Economy, Trade and Industry in June 2021**



**DX認定**



**Digital Transformation  
Certification**

We have received the "Digital Transformation Certification" by the Ministry of Economy, Trade and Industry as a company ready to promote DX in response to the basic matters of the Digital Governance Code

Amid the labor shortages, **we will continue to provide "safety and security" through services that integrate "human technologies" and "pure technologies" and utilize our expertise through DX.**

# Major Initiatives in FY2/22 Q2 ④ Development of Area Management

## <Promotion of DX>

Accelerating the development of a new facility management model, "Area Management," to efficiently provide services that leverage the expertise in facility management



### Kanto Branch CSC

- Collecting customer information and voices
- Remote control/centralized monitoring of movement of people within the facility

- Achieved labor saving and unmanned operation at a total of **123** facilities through remote support by customer support center (CSC) and labor-saving on-site operations utilizing various systems and sensors
- Approximately **100** specialists were reassigned to new consignment properties, sales and construction centers

Amid labor shortages, we have expanded the provision of "safety and security" to more customers by securing human resources through area management

<Promotion of DX>



Centralized the headquarters functions to improve productivity through improving the efficiency of headquarters operations and implementing work style reforms.

The operations at the headquarters started on September 1, 2021.

Renovation by the company's interior design department to create a smart office based on the concept of "Active Work Design" to maximize the capabilities of each employee.





<Promotion of DX>



Kanto Branch CSC on the 3rd floor, which functions as an alternative base for the Crisis Management Center in the event of a disaster

Constantly connected to all eight domestic branches. Established a network environment to enable immediate communication with Group companies in Japan and overseas.

Established a network environment to enable immediate communication with Group companies in Japan and overseas.

▶ The head office shares real-time information in each region and supports problem solving as needed.



Distribution studio (left)

Webinar room (right)

Becoming an information base for facility management

# Major Initiatives in FY2/22 Q2 ⑥ Business Expansion in Asia

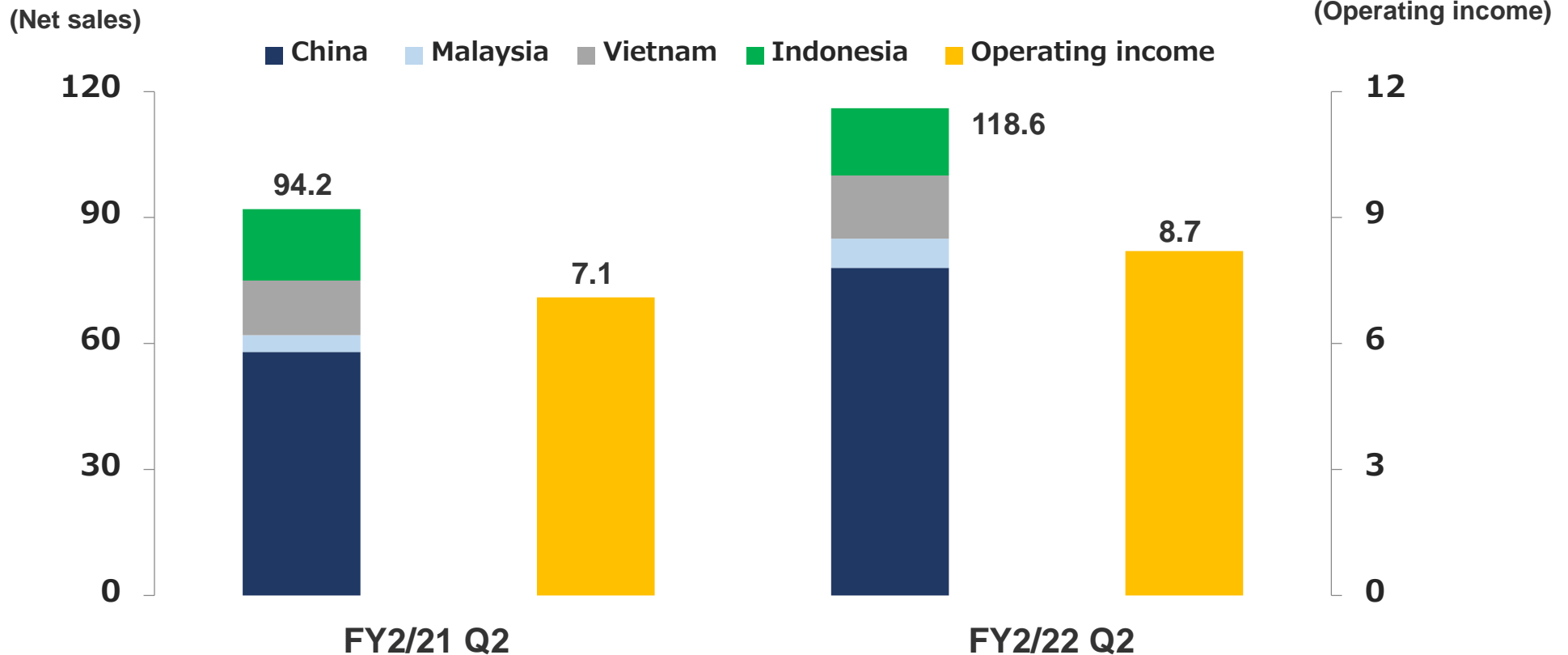
## <Group management>

We have steadily expanded our business in China. To expand contracts with Japanese factories, AD Jiangsu made a leading local company its subsidiary.

In the ASEAN region, we support customers' business continuity in the midst of a severe business environment caused by the impacts of COVID-19 in many countries.

In overseas, net sales were 125.9% YoY and Operating income was 121.4% YoY\*

## Overseas Business: Net Sales / Operating Income (100 million yen)



\* Figures are simple totals of results of operating companies.

**Aiming to realize Vision 2025, we will enhance the driving force to resolve social through ESG management based on both business, and the environment and society.**

### Basic Sustainability Policy

AEON Delight's management philosophy is "We will continue to create "environmental value" for our customers and local communities." Based on this management philosophy, together with our many stakeholders, we will contribute to the resolution of social issues and the realization of a sustainable society by creating "environmental value" in all situations.

- We will strive to create a safe, secure, hygienic, and healthy user environment in and around our facilities.
- By providing solutions that meet society's expectations, we will contribute to the realization of a carbon-free society, the conservation of biodiversity, and the promotion of resource recycling.
- We will comply with laws and social norms, build relationships of mutual trust with our business partners, and conduct fair business activities throughout the supply chain.
- We will respect the human rights of each individual and create a vibrant organizational culture in which diverse human resources can demonstrate their abilities.
- As a corporate citizen, we will engage in social contribution activities aimed at a better environment and society.

**In accordance with this policy, we will implement initiatives with an awareness of sustainability in all of our business models, growth strategies, and business activities.**

## **1** Financial Report for Q2 of FY2/22

## **2** Initiatives for 2H of FY2/22



## Progress against planned figures for FY2/22

Progress against the operating income plan is 50%.

Aim to achieve the planned figures by implementing various measures (see next section)

(100 million yen)	FY2/22 1H Result (Ratio to sales)		FY2/22 Forecast (Ratio to sales)		Progress rate
<b>Net sales</b>	<b>1,639</b>	<b>(100.0%)</b>	<b>3,250</b>	<b>(100.0%)</b>	<b>50.4%</b>
<b>Operating income</b>	<b>84</b>	<b>(5.1%)</b>	<b>165</b>	<b>(5.2%)</b>	<b>50.9%</b>
<b>Ordinary income</b>	<b>84</b>	<b>(5.2%)</b>	<b>165</b>	<b>(5.2%)</b>	<b>50.9%</b>
<b>Net income attributable to owners of parent</b>	<b>55</b>	<b>(3.4%)</b>	<b>105</b>	<b>(3.2%)</b>	<b>52.4%</b>

\*Estimated impact of COVID-19 and the former KAJITAKU Business on operating income in FY2/22

- COVID-19: -500 million yen (FY2/21: -1.5 billion yen)
- Former KAJITAKU: -300 million yen (FY2/22: -1.0 billion yen)

### Issues

# Sales expansion

### Measures

#### ● Expand market share outside the AEON Group

- Expand market share among existing customers through account sales that have already started to produce positive results in 1H.
- Promote new customer development by strengthening industry-specific sales.

#### ● Construction business

- Increase the number of contracts for renovation work by improving the certainty of contracts through strengthening sales and optimizing construction specifications and processes.

#### ● Materials-related business

- Strengthen sales and marketing to become a top supplier of a comprehensive range of materials handled by the AEON Group.

### Issues

# Improvement of profitability

### Measures

#### ● Building Maintenance Business Division

##### (Facilities management)

- Improvement of productivity of facility staff through area management and utilization of CSC.
- Review of outsourcing costs by consolidating contractors.

##### (Security services)

- Continue to optimize unit prices by introducing systems for laborsaving and through price negotiations.

##### (Cleaning services)

- Strengthen cooperation with partner companies to build an economic zone.

#### ● Staff Division

- Improve productivity by streamlining the head office functions and promoting new work styles such as remote work and online meetings.

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

### Steadily promote key measures by monitoring KPIs

Basic Policy	KPI (End-FY2/24)	Progress in FY2/22 Q2	End-FY2/21
Customer-oriented management	Ratio of sales inside/outside the AEON Group 60%:40%	65.8% : 34.2%	64.3% : 35.7%
Promotion of DX	Operating income margin of 6.0% , sustaining the standard of ROE 12% (full-year) through increasing operating income	Operating income margin: 5.1% ROE: —※	Operating income margin: 5.1% ROE: 14.1%
	Number of facilities introducing area management: 360	<b>123 facilities</b>	—
	Reduction in number of on-site staff through area management: 180	About <b>100</b> staffs	—
	Allocation of 20% of staffs in the headquarters to front office by consolidating head office functions	—※	—
Group management	Net sales of 65.0 billion yen consolidated with group companies in Japan	—※	52.8 billion yen
	Net sales ratio of Asia businesses over 8%	<b>7.2%</b>	6.7%
	Shift to shared services for domestic group finance and accounting departments (full-year)	—※	—

Items in blue indicate improvements.

\*Some indicators were updated on a full-year basis.

## 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, 14 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)**

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Please contact us on our website.  
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Based on information available up to the date of publication (October 6, 2021)  
These forecasts have been prepared and are subject to change due to various factors going forward.