

**Financial Results for the Nine Months Ended
November 30, 2021**

AEON DELIGHT CO., LTD.

January 12, 2022

1 Financial Report for Q3 of FY2/22

2 Initiatives for Q4 of FY2/22

Consolidated Statement of Income

Sales and profits increased compared to Q3 of FY2/21, and sales increased compared to Q3 of FY2/20.

Impact of COVID-19 on operating income: -0.4 billion yen in the current Q3 period (September 1, 2021 to November 30, 2021)

The decline in orders for disinfection cleaning with alcohol due to a decrease in the number of infected people in Japan; in addition, some downward trends remained such as delays in some construction projects in the construction work business and the downward trend in sales of beverages in the vending machine business due to changes in consumer behavior.

	FY2/21 Q3 (Ratio to sales)		FY2/22 Q3 (Ratio to sales)		Difference	Percentage change	(100 million yen) Vs. FY2/20 Q3
Net sales	2,243	(100.0%)	2,407	(100.0%)	163	107.3%	103.5%
Gross profit	275	(12.3%)	298	(12.4%)	22	108.2%	102.8%
SG&A expenses	163	(7.3%)	179	(7.4%)	16	110.0%	106.3%
Operating income	112	(5.0%)	118	(4.9%)	6	105.7%	97.9%
Ordinary income	112	(5.0%)	119	(4.9%)	6	106.2%	98.0%
Net income attributable to owners of parent	63	(2.8%)	84	(3.5%)	21	134.3%	115.3%

Sales by Segment

Sales increased in all 7 businesses YoY; compared to Q3 of FY2/20, sales increased in 5 businesses excluding vending machine services and support services businesses. (100 million yen)

	FY2/21 Q3	FY2/22 Q3	Percentage change	Vs. FY2/20 Q3
Facilities management	438	464	106.0%	105.0%
Security services	329	354	107.5%	106.4%
Cleaning services	460	504	109.5%	108.5%
Construction work	310	336	108.6%	105.2%
Materials/supplies sourcing services	396	427	107.9%	110.9%
Vending machine services	190	197	103.8%	83.3%
Support services	117	120	102.6%	85.1%
Total	2,243	2,407	107.3%	103.5%

Profit by Segment

Profits increased in 4 businesses owing to sales expansion.
Impacted by delays in some construction projects in construction work business and lower sales of beverages in vending machine services business.

(100 million yen)

	FY2/21 Q3	FY2/22 Q3	Percentage change	Vs. FY2/20 Q3
Facilities management	39.1	40.3	103.1%	100.0%
Security services	23.8	25.9	108.8%	117.6%
Cleaning services	53.4	61.7	115.6%	116.6%
Construction work	28.7	28.6	99.4%	100.6%
Materials/supplies sourcing services	18.5	19.3	104.4%	99.3%
Vending machine services	5.6	4.1	73.6%	43.7%
Support services	▲1.7	3.3	-	74.9%
Total	167.6	183.4	109.4%	103.5%

Consolidated Balance Sheet

(100 million yen)

Assets	FY2/21	FY2/22 Q3	Difference	Liabilities and net assets	FY2/21	FY2/22 Q3	Difference
Current assets	1,100	1,177	77	Current liabilities	441	447	6
Tangible fixed assets	94	83	▲11	Fixed liabilities	41	36	▲5
Intangible fixed assets	55	54	▲1	Total liabilities	482	483	1
Investments, etc.	115	98	▲17	Shareholder's equity	866	907	40
Fixed assets	265	235	▲29	Total net assets	882	929	46
Total assets	1,365	1,413	47	Total liabilities and net assets	1,365	1,413	47

**Aggressive development and proposal of industry-specific solutions
to increase market share**

Take a market-oriented approach based on customer feedback

- **Account managers collect customer information and promote understanding of customers and their industries.**
- **The customer support center collects information on facilities.
(Installed equipment, information on equipment failure history and deterioration, repair plans, etc.)**

▶ Analyze the aggregated information and promote the development of industry-specific solutions

Major Initiatives in FY2/22 Q3 ② Promotion of DX

Promoting the development of "area management," a new facility management model that combines "human technologies" and "pure technologies".



Through remote support by customer support center (CSC) and labor-saving on-site operations utilizing various systems and sensors,

Achieved labor saving and unmanned operation at a total of **133** facilities

114 specialists were reassigned to new consignment properties, sales and construction centers

● Tohoku Regional Office CSC

From resident-based individual management to "area management" that manages multiple facilities in an area mainly through patrols

Securing resources to ensure "safety and security" amid the labor shortage

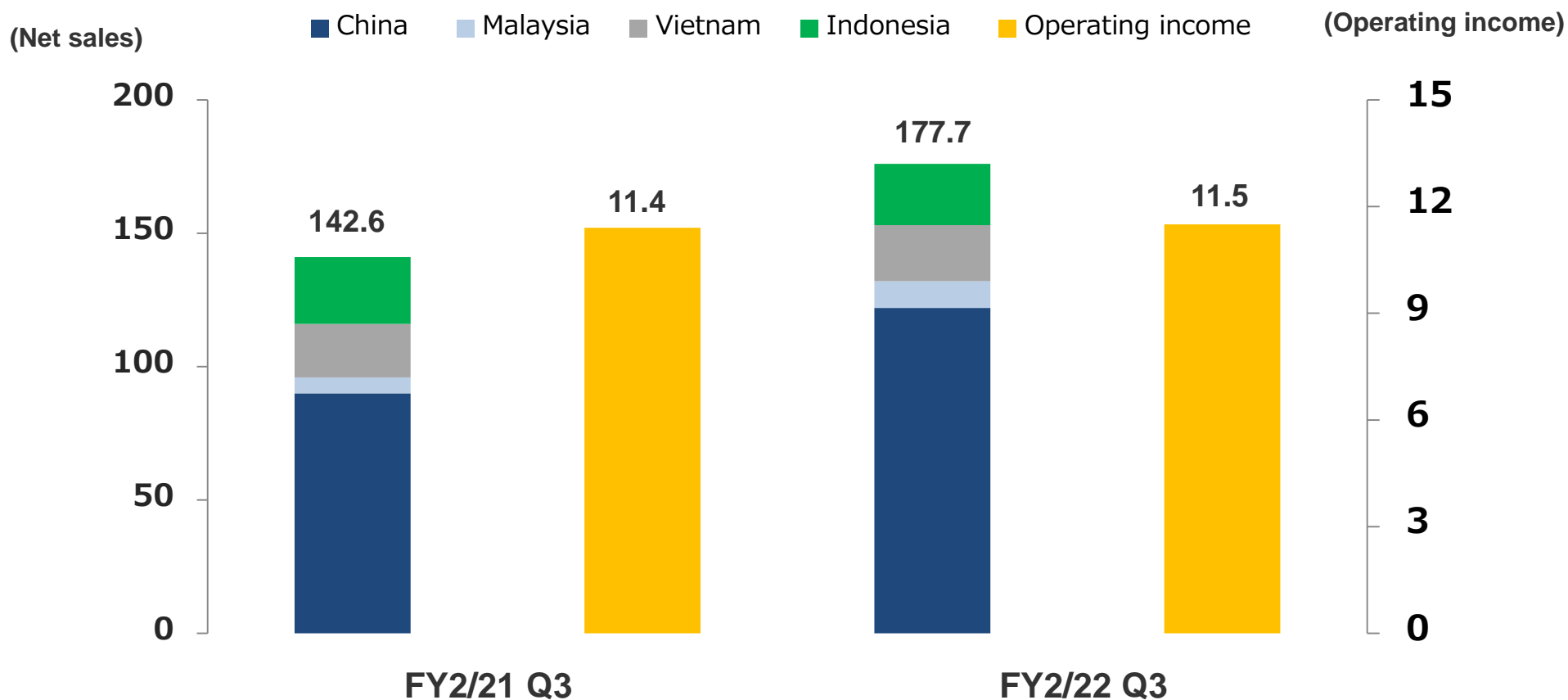
Major Initiatives in FY2/22 Q3 ③ Group Management (Business Expansion in Asia)

We have steadily expanded our business in China.

In the ASEAN region, we will continue to provide a variety of services to support facilities, which are the infrastructure for local communities, while the business environment remains severe due to measures against COVID-19 in each country.

In overseas, net sales were 124.5% YoY and Operating income was 101.2% YoY*

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



* Figures are simple totals of results of operating companies.

Major Initiatives in FY2/22 Q3 ④ Skill Contests

Becoming a group of experts in facility management with partner companies.
We held the Third AEON Delight Skill Contest.

[Photos of contests]



From left: The facilities management contest, The cleaning services contest, The security services contest

These events allowed AEON Delight companies as well as partner companies (cleaning, security) in Japan and other countries to share their skills and their successful activities.

Skills x Human capabilities = Specialists

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Progress against planned figures for FY2/22

(100 million yen)	FY2/22 Q3 Result (Ratio to sales)		FY2/22 Forecast (Ratio to sales)		Progress rate
Net sales	2,407	(100.0%)	3,250	(100.0%)	74.1%
Operating income	118	(4.9%)	165	(5.2%)	71.5%
Ordinary income	119	(4.9%)	165	(5.2%)	72.1%
Net income attributable to owners of parent	84	(3.5%)	105	(3.2%)	80.0%

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

- COVID-19: -0.5 billion yen (FY2/21: -1.5 billion yen)
- Former KAJITAKU: -0.3 billion yen (FY2/21: -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 Q3	End-FY2/21
Customer-oriented management	Ratio of sales inside/outside the AEON Group 60%:40%	65.1% : 34.9%	64.3% : 35.7%
Promotion of DX	Operating income margin of 6.0% (5.1% in FY2/21), sustaining the standard of ROE 12% (full-year) through increasing operating income	Operating income margin: 4.9% ROE: —※	Operating income margin: 5.1% ROE: 14.1%
	Number of facilities introducing area management: 360	133 facilities	—
	Reduction in number of on-site staff through area management: 180	114 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%	7.4%	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, 9 are rounded down to the nearest 10 million yen.
- ◇ 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 (January 12, 2022)
These forecasts have been prepared and are subject to change due to various factors going forward.