

# **Financial Results for the Fiscal Year Ended February 29, 2024**

**AEON DELIGHT CO., LTD.**

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

**April 9, 2024**

## **1** Financial Report for FY2/24

## **2** Initiatives for FY2/25

# Consolidated Statements of Income

Sales increased due to market share expansion among existing customers and the new customer acquisition. However, operating income and ordinary income declined, as the increase in gross profit was not enough to absorb the rise in SG&A expenses, mainly due to the impact of the Cleaning business, whose profitability declined significantly due to higher labor costs.

	FY2/23		FY2/24		Difference	(100 million yen) Percentage change
	(Ratio to sales)		(Ratio to sales)			
<b>Net sales</b>	<b>3,037</b>	<b>(100.0%)</b>	<b>3,248</b>	<b>(100.0%)</b>	<b>210</b>	<b>106.9%</b>
<b>Gross profit</b>	<b>414</b>	<b>(13.6%)</b>	<b>426</b>	<b>(13.1%)</b>	<b>11</b>	<b>102.8%</b>
<b>SG&amp;A expenses</b>	<b>256</b>	<b>(8.4%)</b>	<b>273</b>	<b>(8.4%)</b>	<b>17</b>	<b>106.8%</b>
<b>Operating income</b>	<b>158</b>	<b>(5.2%)</b>	<b>152</b>	<b>(4.7%)</b>	<b>▲5</b>	<b>96.3%</b>
<b>Ordinary income</b>	<b>160</b>	<b>(5.3%)</b>	<b>154</b>	<b>(4.8%)</b>	<b>▲5</b>	<b>96.7%</b>
<b>Net income attributable to owners of parent</b>	<b>101</b>	<b>(3.3%)</b>	<b>107</b>	<b>(3.3%)</b>	<b>5</b>	<b>105.5%</b>

# Sales by Segment

Sales increased in all 7 segments. Double-digit growth in the Construction work segment, which expanded contracting for energy-saving-related construction, and the Materials/supplies sourcing services segment, which expanded orders for various materials.

(100 million yen)

	FY2/23	FY2/24	Percentage change
Facilities management	647	695	107.3%
Security services	494	509	102.9%
Cleaning services	683	704	103.1%
Construction work	520	592	113.7%
Materials/supplies sourcing services	415	463	111.5%
Vending machine services	94	96	101.6%
Support services	180	188	104.1%
<b>Total</b>	<b>3,037</b>	<b>3,248</b>	<b>106.9%</b>

# Profit by Segment

Profits increased in 5 segments and decreased in 2 segments.

Profitability declined in the Security services and Cleaning services segments due to increases in outsourcing costs and personnel costs and profit declined.

	FY2/23	FY2/24	Percentage change
Facilities management	58.1	59.1	101.8%
Security services	32.7	31.0	94.8%
Cleaning services	70.1	52.7	75.2%
Construction work	40.8	53.2	130.4%
Materials/supplies sourcing services	19.9	23.2	116.2%
Vending machine services	10.8	12.9	119.1%
Support services	4.6	5.4	117.8%
<b>Total</b>	<b>242.3</b>	<b>237.8</b>	<b>100.2%</b>

# Consolidated Balance Sheet

(100 million yen)

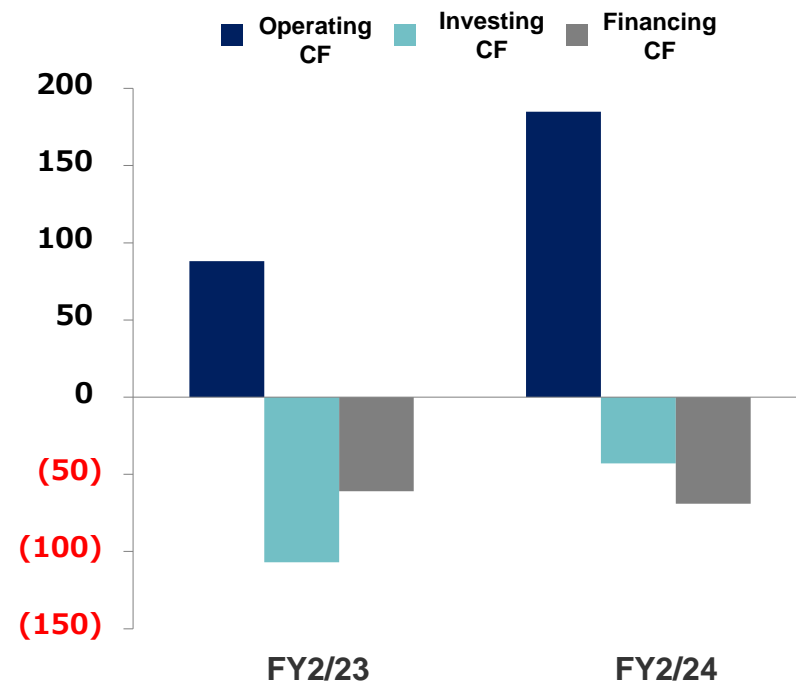
Assets	Feb. 2023	Feb. 2024	Difference	Liabilities and net assets	Feb. 2023	Feb. 2024	Difference
Current assets	1,295	1,399	104	Current liabilities	484	534	50
Property, plant and equipment	64	64	▲0	Noncurrent liabilities	28	25	▲2
Intangible assets	63	60	▲2	Total liabilities	512	560	48
Investments, etc.	82	76	▲5	Shareholder's equity	959	999	39
Noncurrent assets	210	202	▲8	Total net assets	993	1,042	48
Total assets	1,506	1,602	96	Total liabilities and net assets	1,506	1,602	96

# Consolidated Statement of Cash Flows

(100 million yen)

(100 million yen)

	Feb. 2023	Feb. 2024	Difference
Cash flows from operating activities	88	185	96
Cash flows from investing activities	▲107	▲43	63
Cash flows from financing activities	▲61	▲69	▲7
Cash and cash equivalents at the end of year	599	677	77



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

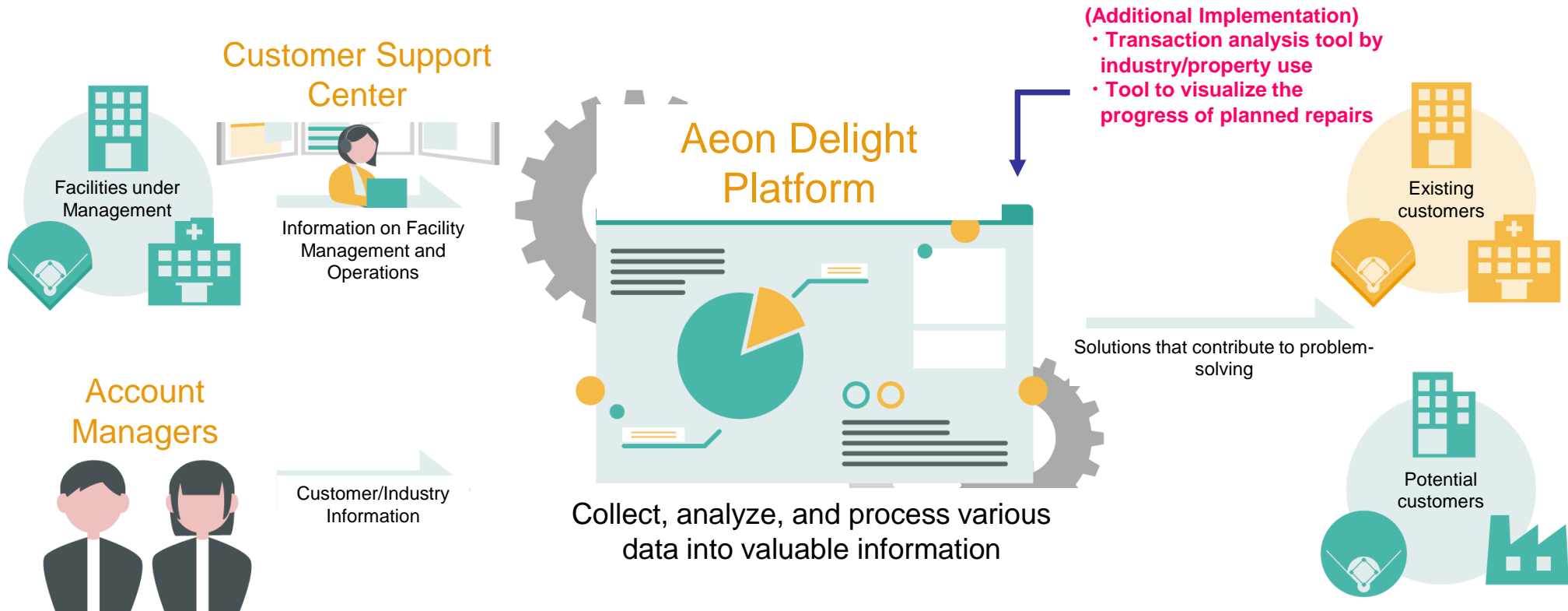
## Promoting various measures to increase our market share

Initiatives	Results
Further strengthen account sales	<ul style="list-style-type: none"><li>• Through strengthening relationships with customers through account management, we increased the market share within existing customers by expanding the services and by contracting with the same customer to provide services to properties at other locations.</li><li>• Since our services and expertise are highly evaluated, we received new orders from a wide range of facilities.</li></ul>
Active proposals for small-scale repairs led by on-site staffs	<ul style="list-style-type: none"><li>• Sales increased through active proposals for small-scale repairs led by on-site staffs to maintain and improve "safety and security" , "functionality" and "aesthetics" of facilities.</li></ul>
Strengthen construction works	<ul style="list-style-type: none"><li>• Orders increased for energy-saving-related construction projects, where demand is rising in line with higher energy costs.</li><li>• Orders for various types of work increased through aggressive proposals of renovation and repair work for facilities managed.</li></ul>



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

Updated "AEON Delight Platform," a data linkage platform, by installing additional functions.  
Streamlining sales activities and preventing opportunity losses.



**\*Customer Support Center (CSC):** The function is to remotely control multiple facilities by utilizing various systems/sensors, and also to consolidate customer facility information/requests in each region.

## Major Initiatives in FY2/24 ② Promotion of DX-2

To build a sustainable business model, we developed the Area Management system and promoted the reform of facility management operations.



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

- Development of “Area Management” system  
Through the consolidation of some operations into the Customer Support Center and the use of digital devices to improve the efficiency of on-site operations

Labor-saving at **47 new facilities**  
(cumulative 320 facilities in total)  
Creation and reallocation of about **52 personnel**  
(cumulative total of about 219)

#### \*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.

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

Despite the recovery in AEON compass' performance and the contribution from Ask Maintenance, sales increased but profits decreased for all domestic group companies due to struggles at building maintenance subsidiaries.

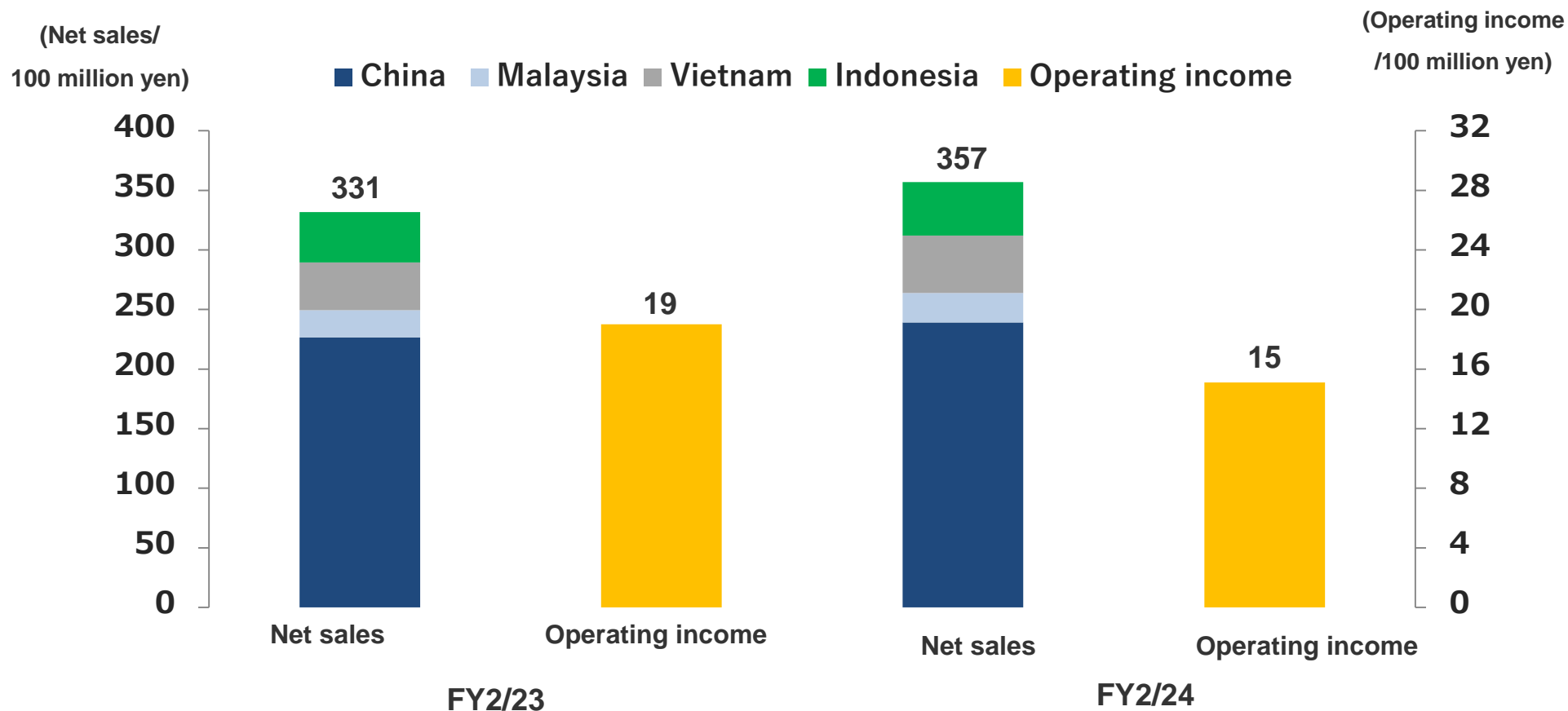
Company name	Major initiatives
AEON DELIGHT CONNECT CO., LTD.	Sales increased due to expanded contracts for maintenance work and various types of construction work for restaurant chains and convenience stores, etc., but profits decreased due to higher personnel costs, etc.
AEON compass Co., Ltd.	Sales and profits increased thanks to the strong performance of on-site management services and corporate travel business along with the recovery of human flow.
Kankyouseibi Co., Ltd.	Sales increased due to an increase in renewal contracts and orders for repair and maintenance work, but profits decreased due to higher labor costs, etc.
Hakuseisha CO., LTD.	Profits decreased due to higher labor costs, etc., while sales remained at the same level as the previous fiscal year.
Ask Maintenance	In April, we made the company, which operates a cleaning business mainly in the Kyushu region, a wholly owned subsidiary. Both sales and profits increased due to growth in new orders.

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

In overseas business, sales increased to 107.6% YoY, but operating income decreased to 79.7% YoY.

**China:** Sales increased but profits decreased mainly due to an increase in SG&A expenses, despite steady business expansion through expansion of market share within existing customers and new customer acquisition.

**ASEAN:** Sales increased in countries where we operate. On the other hand, profit decreased due to the impact of the rising personnel costs in Indonesia and Malaysia where the Employment Law was revised.



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

## **1** Financial Report for FY2/24

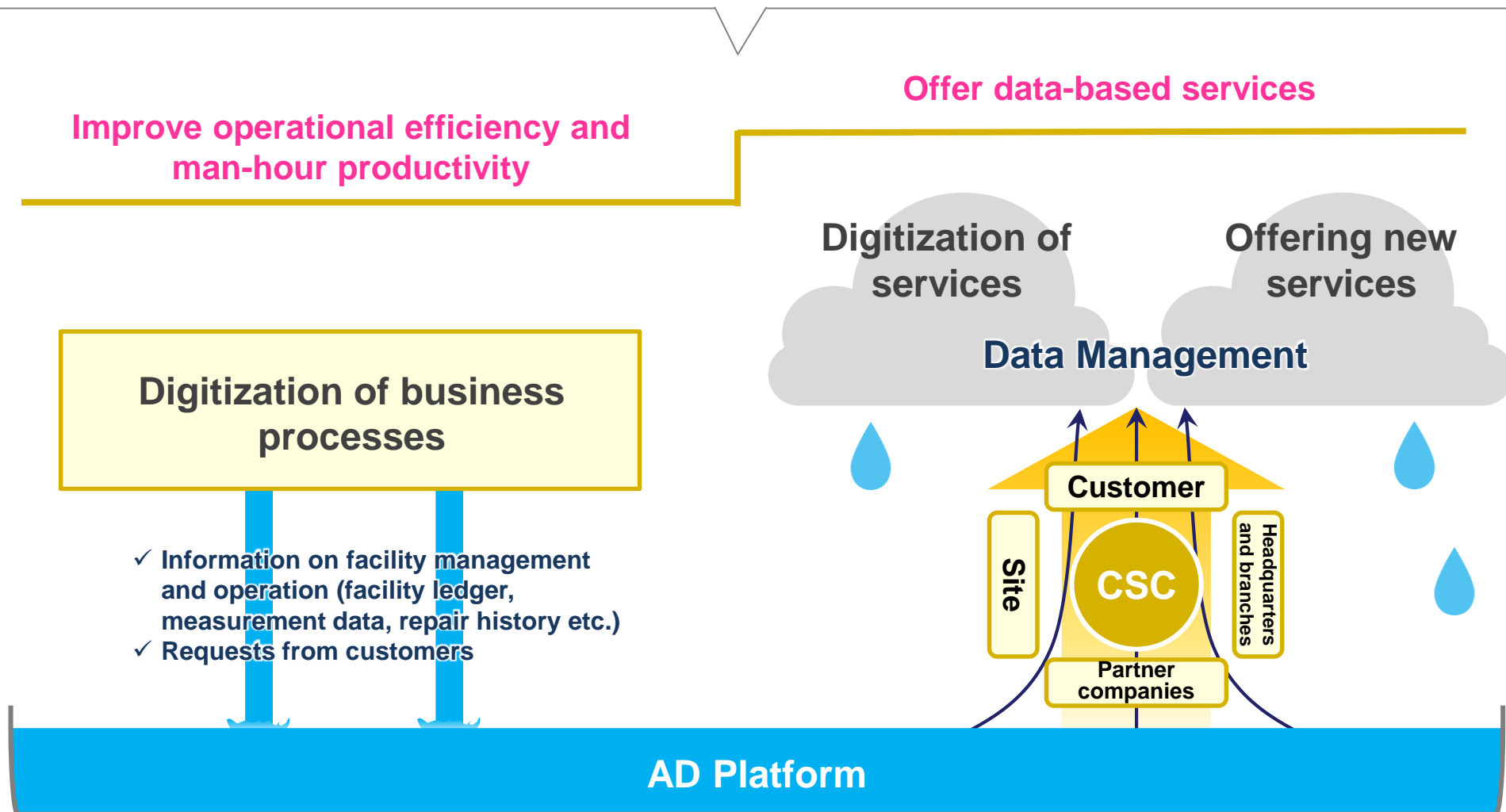
## **2** Initiatives for FY2/25

**Further expand market share while accelerating the transformation into a sustainable growth business model.**

(100 million yen)	FY2/23 Result (Ratio to sales)		FY2/24 Forecast (Ratio to sales)		Percentage change
<b>Net sales</b>	<b>3,248</b>	<b>(100.0%)</b>	<b>3,400</b>	<b>(100.0%)</b>	<b>104.7%</b>
<b>Operating income</b>	<b>152</b>	<b>(4.7%)</b>	<b>160</b>	<b>(4.7%)</b>	<b>105.3%</b>
<b>Ordinary income</b>	<b>154</b>	<b>(4.8%)</b>	<b>160</b>	<b>(4.7%)</b>	<b>103.9%</b>
<b>Net income attributable to owners of parent</b>	<b>107</b>	<b>(3.3%)</b>	<b>104</b>	<b>(3.1%)</b>	<b>97.2%</b>

# Accelerating Transformation to a Sustainable Business Model (1)

Accelerate transformation into a sustainable business model with digitalization of business processes and services



# Accelerating Transformation to a Sustainable Business Model (2)

Devote resources to strengthen human resources and DX/IT to support a sustainable business model

## Key Areas

1

### Human Resources

- Develop management personnel
- Increase the number of global human resources

▶ Provide services with higher added value through the sophistication and diversification of human resources.

## Key Areas

2

### DX/IT

- Accelerate development of digitized business processes
- Strengthen data management functions

▶ Through a major change in the work style of on-site staffs, increase the time spent face to face with customers and build a system that allows us to make data-based proposals.



# Expand Market Share and Improve Profitability

**Aim to further expand market share while offsetting cost increases associated with rising outsourcing and labor costs through measures to improve profitability.**

Items	Major initiatives
Increase sales	<ul style="list-style-type: none"><li>✓ Expansion of share within existing customers (expansion of services provided, entrustment of non-consigned facilities, acquisition of non-consigned materials)</li><li>✓ Acquisition of new customers</li><li>✓ Expansion of contracts for various types of construction, including energy-saving construction work</li></ul>
Improve profitability	<ul style="list-style-type: none"><li>✓ Promotion of unit price review</li><li>✓ Strengthening of estimation assessment and negotiation in construction</li></ul>

# Business Expansion in Asia

Continue to promote business expansion in Asia, aiming to improve profitability and increase sales and profits in FY2/25.

Area	Initiatives
China	<ul style="list-style-type: none"><li>✓ Strengthen group management centered on the Aeon Delight (Jiangsu) Comprehensive Facility Management Service Co., Ltd. (formerly Aeon Delight Jiangsu), the business holding company. Expand business and improve profitability by developing know-how of core operating companies.</li><li>✓ Aggressive growth investment in priority areas such as DX and energy saving.</li></ul>
ASEAN	<ul style="list-style-type: none"><li>✓ Malaysia: Promote improvements in quality and productivity through the active introduction of SLA*</li><li>✓ Vietnam: Continue to strengthen business foundation and respond to expand of Aeon Group store openings</li><li>✓ Indonesia: Promote improvement of quality and productivity through business growth by increasing market share within the Aeon Group and introduction of SLA.</li></ul>

\* SLA (Service Level Agreement):

Form of contract based on service outcomes agreed upon between the service provider and the customer.

## Dividends

Dividends have increased for **19** consecutive years since FY2/06.

Aiming for **20** consecutive years of dividend increase

Plan to pay **86 yen** per share for FY2/24 as forecasted at the beginning of the fiscal year (Actual payout ratio: 39.1%)

For FY2/25, based on the assumption that the performance forecasts will be achieved,

we plan to pay dividends of **87 yen** (Payout ratio: 40.3%),

**Acquired treasury stock to improve capital efficiency and strengthen shareholder returns**

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Repurchase of up to **0.7** million shares,  
or 1.44% of outstanding shares (excluding treasury stock)

(Acquisition period: April 22, 2024 to December 30, 2024)



**Improve capital efficiency and strengthen shareholder returns**

## 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 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.  
<https://www.aeondelight.co.jp>

Based on information available up to the date of publication (April 9, 2024)  
These forecasts have been prepared and are subject to change due to various factors going forward.

Measure Items (KPI)		FY2/24 (Target)	FY2/24 (Result)
Customer-oriented management	Ratio of sales inside/outside the AEON Group *	40%	37.8%
Promotion of DX	Number of facilities introducing area management	360 facilities	320 facilities
	Reduction in number of on-site staff through area management	180 staffs	219 staffs
	Allocation of staffs in the headquarters to front office by consolidating head office functions	20 %	△ (Increase in headquarter staffs)
Group Management	Sales of domestic group companies	65.0 billion yen	60.6 billion yen
	Overseas sales*	8% or more	9.9%
	Domestic group finance and accounting departments	Shift to shared services	○

\* Calculation based on the former revenue recognition standard