

Financial Results for the Three Months Ended  
May 31, 2024

AEON DELIGHT CO., LTD.

July 9, 2024

## 1 Financial Report for FY2/25 Q1

## 2 Initiatives for Q2 Onward to Achieve the Full-year Targets

# Consolidated Statements of Income

Net sales increased owing to the growing market share among existing customer sand new customer acquisition, as well as promotion of unit price review.

On the other hand, operating profit and ordinary profit declined due to the impact of the Security services and the Cleaning services, which saw lower profitability mainly due to a further rise in personnel expenses, and the increase in gross profit was unable to offset the increase in SG&A expenses.

(100 million yen)

	FY2/24 Q1 (Ratio to sales)		FY2/25 Q1 (Ratio to sales)		Difference	Percentage change
Net sales	<b>791</b>	<b>(100.0%)</b>	<b>811</b>	<b>(100.0%)</b>	<b>20</b>	<b>102.5%</b>
Gross profit	<b>102</b>	<b>(12.9%)</b>	<b>104</b>	<b>(12.8%)</b>	<b>1</b>	<b>101.7%</b>
SG&A expenses	<b>67</b>	<b>(8.6%)</b>	<b>71</b>	<b>(8.8%)</b>	<b>3</b>	<b>105.3%</b>
Operating profit	<b>34</b>	<b>(4.4%)</b>	<b>32</b>	<b>(4.0%)</b>	<b>-1</b>	<b>94.8%</b>
Ordinary profit	<b>34</b>	<b>(4.4%)</b>	<b>33</b>	<b>(4.1%)</b>	<b>-1</b>	<b>96.1%</b>
Profit attributable to owners of parent	<b>22</b>	<b>(2.9%)</b>	<b>25</b>	<b>(3.2%)</b>	<b>2</b>	<b>112.6%</b>

## Sales by Segment (1)

Sales increased in 4 businesses and decreased in 3 businesses. In the Facilities Management businesses, including facilities management, security, amid soaring personnel costs, we focused on reviewing unit prices from the previous fiscal year, which contributed to higher sales in each segment.

(100 million yen)

	FY2/24 Q1	FY2/25 Q1	Percentage change
Facilities management	170	182	106.5%
Security services	127	129	101.5%
Cleaning services	174	180	103.4%
Construction work	133	130	97.6%
Materials/supplies sourcing services	113	119	106.0%
Vending machine services	23	22	95.8%
Support services	48	46	96.7%
Total	791	811	102.5%

## Sales by Segment (2)

### Facilities management

Sales increased due to revisions to unit prices, new and renewal contracts and expansion of orders for various maintenance services.

### Security services

Sales increased due to revisions to unit prices and new contracts for facility security, etc.

### Cleaning services

Sales increased due to revisions to unit prices, new and renewal contracts, and contributions from the performance of Ask Maintenance, which became a wholly owned subsidiary in April 2023.

### Construction work

Sales decreased due to a decline in renovation work and delays in some construction projects, despite efforts to focus on restoration work related to the 2024 Noto Peninsula Earthquake and energy-saving related work.

### Materials/supplies sourcing services

Sales increased thanks to increased orders for materials.

### Vending machine services

Sales decreased due to decrease in number of vending machines following closure of facilities and removal of unprofitable machines.

### Support services

Sales decreased due to downsizing of contracted business.

## Profit by Segment (1)

Profits increased in 5 businesses and decreased in 2 businesses.

In the Facility management segment, operating profit increased reflecting the sales growth in facilities management services, which greatly exceeded the rise in personnel costs.

On the other hand, security and cleaning services reported a decline in profits, as its sales growth could not compensate for rising personnel costs.

(100 million yen)

	FY2/24 Q1	FY2/25 Q1	Percentage change
Facilities management	13.3	14.6	109.6%
Security services	8.3	7.5	90.8%
Cleaning services	14.5	13.6	93.9%
Construction work	10.8	10.9	100.6%
Materials/supplies sourcing services	6.3	6.6	104.7%
Vending machine services	2.5	2.6	104.3%
Support services	1.4	3.0	204.8%
Total	57.4	59.1	102.9%

## Profit by Segment (Qualitative information)

Facilities management

Profits increased as sales grew while profitability improved due to low-cost operations through the digitalization of business processes.

Security services

Profits declined due to lower profitability mainly caused by higher personnel costs.

Cleaning services

Profits declined due to lower profitability mainly caused by higher personnel costs.

Construction work

Sales and profits increased as profitability improved through optimization of construction specifications and processes.

Materials/supplies sourcing services

Profits increased as a result of efforts to adequately reflect the increase in the cost of various materials in the selling price, given the upward trend in raw material and logistics costs.

Vending machine services

Sales and profits increased due to improved profitability resulting from optimization of profit structure, including removal of unprofitable machines.

Support services

Profits significantly increased due to expiration of contracts for copier business taken over from the former Kajitaku and other factors.

# Consolidated Balance Sheet

(100 million yen)

Assets	Feb. 2024	May 2024	Difference	Liabilities and net assets	Feb. 2024	May 2024	Difference
Current assets	1,399	1,382	-17	Current liabilities	534	509	-25
Property, plant and equipment	64	64	0	Noncurrent liabilities	25	31	5
Intangible assets	60	60	-0	Total liabilities	560	540	-19
Investments, etc.	76	83	6	Shareholder's equity	999	1,000	1
Noncurrent assets	202	208	5	Total net assets	1,042	1,049	7
Total assets	1,602	1,590	-11	Total liabilities and net assets	1,602	1,590	-11



# Business Expansion in Asia

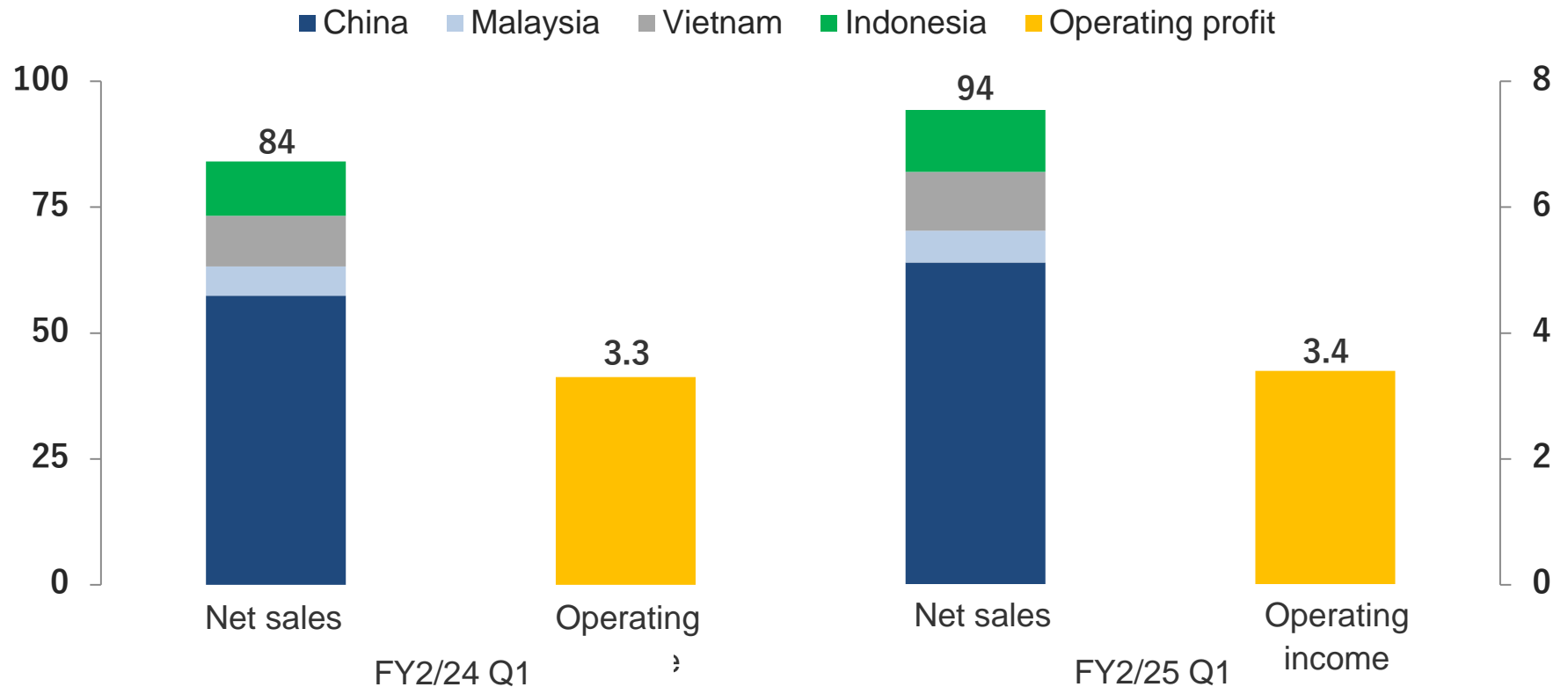
In overseas business, sales and profits increased by 112.1% YoY and operating profit by 104.2% YoY.

China: Sales increased as the business expanded steadily by expanding market share within customers and developing new customers. On the other hand, profits decreased due to a temporary increase in SG&A expenses for business expansion.

ASEAN: Higher sales and profits in the ASEAN business. Sales increased in countries where we operate. Profits improved reflecting the profitability improvements in Malaysia and Vietnam.

(Net sales/100 million yen)

(Operating profit/100 million yen)



\*Fiscal year-end for overseas operations is December. Figures are simple sum of operating companies.

1 FY2/25 Q1 Financial Report

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

# Initiatives for Q2 Onward to Achieve the Full-year Targets

Amid ongoing pressure from rising costs, we will continue to work on measures to improve profitability, while at the same time further increasing our market share by strengthening our sales activities.

Items	Major initiatives
Increase sales	<ul style="list-style-type: none"><li>✓ Execute large projects already contracted and expand peripheral operations</li><li>✓ Expand share within customers through account management</li><li>✓ Steadily capture delayed construction projects from Q1</li><li>✓ Increase orders for energy-saving-related construction</li><li>✓ A strategy for the use of specified skilled foreign workers in resort facilities, such as bed-making services</li></ul>
Improve profitability	<ul style="list-style-type: none"><li>✓ Strengthen price negotiations with account management companies</li><li>✓ Revise contract prices through digital transformation (DX) to reduce customers' facility management costs</li><li>✓ Construction work: Strengthen estimation assessment and negotiation in construction works</li><li>✓ Improve management efficiency at domestic group companies through regional strategy</li></ul>

## Strengthen efforts to optimize transaction prices with business partners based on the Aeon Delight Price Negotiation Policy

### Aeon Delight Price Negotiation Policy

- AEON Delight does not make **unreasonable cost reduction requests**.
- AEON Delight will conduct **sufficient discussions** based on a rational calculation method based on the impact of cost increases.
- AEON Delight **does not refuse discussions** because the customer does not agree with the price review.
- AEON Delight **provides innovative proposals that satisfy customers**, while taking into account the need to ensure reasonable costs throughout the supply chain.
- AEON Delight **clarifies and delivers the terms and conditions of the contract in writing**, including pricing decisions.

### Strengthen organizational response

Ensure that the Price Negotiation Policy understands and is put into practice throughout the Company. Clarify the person in charge of price negotiations for each transaction and the response system and strengthen the response as an organization.

### Strengthen initiatives for Price Negotiation Month

June 1 through August 31 is designated as "Price Negotiation Month\*," and discussions are held with each customer, taking into account changes in personnel costs, etc., in line with the timing of contract renewals.

\*A period of price negotiation at least once a year

# Business Forecasts for FY2/25

(100 million yen)	FY2/24 Result (Ratio to sales)		FY2/25 Forecast (Ratio to sales)		Percentage change
Net sales	3,248	(100.0%)	3,400	(100.0%)	104.7%
Operating profit	152	(4.7%)	160	(4.7%)	105.3%
Ordinary profit	154	(4.8%)	160	(4.7%)	103.9%
Profit attributable to owners of parent	107	(3.3%)	104	(3.1%)	97.2%

## 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 6 and 9 are rounded down to the nearest 10 million yen.
- ◇ Percentages have been rounded off to one decimal place

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