

# Summary of Financial Results for the Second Quarter Ended August 31, 2022 [Japan GAAP] (Consolidated)

October 4, 2022

Company	AEON DELIGHT CO., LTD.	Listed on the TSE1
Stock Code	9787	URL: <a href="https://www.aeondelight.co.jp">https://www.aeondelight.co.jp</a>
Representative	Kazumasa Hamada, President and CEO, Group CEO	
Contact	Keiji Sagata, Managing Director, Group Strategy and ESG	
Expected date of filing of quarterly report: October 14, 2022	Expected starting date of dividend payment: November 7, 2022	
Preparation of quarterly supplementary financial document: Yes		
Quarterly results briefing: Yes (for institutional investors and analysts)		

*(Rounded down to million yen)*

## 1. Consolidated business results for the six months ended August 2022 (March 1, 2022 through August 31, 2022)

### (1) Consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Aug. 2022	147,660	-	6,602	-	6,602	-	4,336	-
Six months ended Aug. 2021	163,907	9.5	8,427	12.4	8,489	13.2	5,557	40.9

(Note) Comprehensive income

Six months ended August 2022: 5,795 million yen (-%)

Six months ended August 2021: 5,957 million yen (56.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Aug. 2022	86.68	86.62
Six months ended Aug. 2021	111.14	111.04

(Note) The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others are applied since the beginning of the first quarter of the fiscal year under review. As for the figures related to the second quarter of the fiscal year ending February 2023, these standards have been applied, and the year-on-year percentage changes are not presented. Applying this accounting standard to net sales, net sales would be 146,580 million yen for the second quarter of the fiscal year ended February 2022, and the year-on-year percentage change for the second quarter of the fiscal year ending February 2023 would be 0.7% with 147,660 million yen of net sales.

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Aug. 31, 2022	147,165	98,134	66.0
As of Feb. 28, 2022	142,859	95,421	66.2

(Reference) Shareholders' equity:

As of August 2022: 97,182 million yen

As of February 2022: 94,577 million yen

## 2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Feb. 2022					
Ordinary dividend	-	37.00	-	37.00	74.00
Commemorative dividend	-	5.00	-	5.00	10.00
Total	-	42.00	-	42.00	84.00
Year ending Feb. 2023	-	42.00			
Year ending Feb. 2023 (forecast)			-	43.00	85.00

(Note) Revisions to dividend forecast for the current quarter: None

The commemorative dividend is paid in commemoration of the 15th anniversary of AEON DELIGHT.

### 3. Forecast of consolidated business results for the fiscal year ending February 2023

(March 1, 2022 through February 28, 2023)

(% change from the previous corresponding period)

Year ending Feb. 2023	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	310,000	-2.4	17,000	8.1	17,000	7.7	10,700	0.3	213.91

(Note) Revisions to business forecast for the current quarter: None

#### \*Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None
- (2) Application of accounting procedures specific to preparation of the consolidated quarterly financial statements: None
- (3) Changes in accounting policies, accounting estimates and restatement
  - ① Changes in accounting policies associated with revision of accounting standards: : Yes
  - ② Changes in accounting policies other than ① : None
  - ③ Changes in accounting estimates : None
  - ④ Restatement : None
- (4) Shares outstanding (common stock)
  - ① Number of shares outstanding at the end of period (treasury stock included)
 

As of August 2022	50,669,633 shares
As of February 2022	54,169,633 shares
  - ② Treasury stock at the end of period
 

As of August 2022	648,447 shares
As of February 2022	4,148,409 shares
  - ③ Average number of stock during period (quarterly cumulative period)
 

Six months ended August 2022	50,021,202 shares
Six months ended August 2021	50,007,085 shares

**\*Quarterly financial summary is not subject to the quarterly review procedures by certified public accountants or auditing firms.**

#### \*Explanation regarding appropriate use of business forecasts and other special instructions

##### (Precautions regarding forward-looking statements)

Forecasts regarding future performance in this material are based on information currently available to the company and certain assumptions that the company deems to be reasonable at the time this report was prepared. The company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.

Quarterly Consolidated Financial Statements and Significant Notes  
(Quarterly Consolidated Balance Sheets)

(Million yen)

	Previous Fiscal Year (February 28, 2022)	Current Second Quarter (August 31, 2022)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	68,282	62,222
Notes and accounts receivable	40,708	-
Notes and accounts receivable - trade, and contract assets	-	46,030
Electronically recorded monetary claims	4,220	5,187
Securities	-	3,499
Inventories	2,074	4,179
Other	5,861	4,168
Allowance for doubtful accounts	-134	-167
<b>Total current assets</b>	<b>121,013</b>	<b>125,120</b>
<b>Fixed assets</b>		
<b>Tangible fixed assets</b>		
Buildings and structures, net	1,629	1,605
Tools, furniture and fixtures, net	3,589	3,283
Land	466	466
Other, net	1,394	1,551
<b>Total tangible fixed assets</b>	<b>7,080</b>	<b>6,906</b>
<b>Intangible fixed assets</b>		
Goodwill	3,360	3,527
Other	2,293	2,954
<b>Total intangible fixed assets</b>	<b>5,653</b>	<b>6,482</b>
<b>Investments and other assets</b>		
Investment securities	3,720	4,099
Other	5,421	4,580
Allowance for doubtful accounts	-30	-22
<b>Total investment and other assets</b>	<b>9,111</b>	<b>8,656</b>
<b>Total fixed assets</b>	<b>21,845</b>	<b>22,045</b>
<b>Total assets</b>	<b>142,859</b>	<b>147,165</b>

(Million yen)

	Previous Fiscal Year (February 28, 2022)	Current Second Quarter (August 31, 2022)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	22,070	24,442
Electronically recorded obligations - operating	4,415	5,229
Short-term borrowings	247	439
Income taxes payable	2,326	1,237
Provision for bonuses	1,363	1,787
Accrued directors' and corporate auditors' remuneration	84	37
Asset retirement obligations	6	-
Allowance for sales discounts	120	114
Other	13,257	12,626
Total current liabilities	43,892	45,915
Fixed liabilities		
Provision for directors' retirement benefits	84	69
Retirement benefit liability	1,486	1,437
Asset retirement obligations	416	416
Allowance for sales discounts	80	36
Other	1,477	1,153
Total fixed liabilities	3,544	3,114
Total liabilities	47,437	49,030
<b>Net assets</b>		
Shareholder's equity		
Capital stock	3,238	3,238
Capital surplus	13,239	4,736
Retained earnings	86,559	87,706
Treasury stock	-10,077	-1,575
Total shareholders' equity	92,958	94,106
Other accumulated comprehensive income		
Valuation difference on securities	921	1,153
Foreign currency translation adjustments	961	2,158
Remeasurements of defined benefit plans	-263	-234
Total other accumulated comprehensive income	1,619	3,076
Share subscription rights	86	98
Non-controlling shareholders' equity	757	852
Total net assets	95,421	98,134
Total liabilities and net assets	142,859	147,165

Quarterly Consolidated Statement of Income and Quarterly Statement of Comprehensive Income  
(Quarterly Consolidated Statement of Income)  
(For the six months period)

(Million yen)

	Previous Second Quarter (March 1, 2021– August 31, 2021)	Current Second Quarter (March 1, 2022– August 31, 2022)
Net sales	163,907	147,660
Cost of sales	143,444	128,054
Gross profit	20,462	19,606
Selling, general and administrative expenses	12,035	13,004
Operating income	8,427	6,602
Non-operating income		
Interest income	8	16
Dividends income	43	47
Equity in income of affiliates	44	46
Other	45	48
Total non-operating income	142	157
Non-operating expenses		
Interest expenses	17	10
Other	63	146
Total non-operating expenses	80	157
Ordinary income	8,489	6,602
Extraordinary income		
Gain on sale of fixed assets	170	-
Gain on sales of investment security	-	6
Subsidies for employment adjustment	126	17
Total extraordinary income	296	23
Extraordinary loss		
Impairment loss	87	-
Loss due to response to new infections	98	59
Other	150	-
Total extraordinary loss	336	59
Profit before income taxes	8,448	6,567
Income taxes	1,790	1,001
Income taxes-deferred	1,127	1,234
Total income taxes	2,918	2,236
Net income	5,530	4,330
Net income (loss) attributable to non-controlling interests	-27	-5
Net income attributable to owners of parent	5,557	4,336

(Quarterly Consolidated Statement of Comprehensive Income)

(For the six months period)

(Million yen)

	Previous Second Quarter (March 1, 2021– August 31, 2021)	Current Second Quarter (March 1, 2022– August 31, 2022)
Net income	5,530	4,330
Other comprehensive income		
Valuation difference on securities	-160	231
Foreign currency translation adjustments	549	1,204
Remeasurements of defined benefit plans	38	28
Total other comprehensive income	426	1,465
Comprehensive income	5,957	5,795
(Breakdown)		
Comprehensive income attributable to owners of parent	5,981	5,793
Comprehensive income attributable to non-controlling interests	-24	2

## Consolidated Statement of Cash Flows

(Million yen)

	Previous Second Quarter (March 1, 2021– August 31, 2021)	Current Second Quarter (March 1, 2022– August 31, 2022)
Net cash provided by (used in) operating activities		
Profit before income taxes	8,448	6,567
Depreciation and amortization	1,308	1,182
Impairment loss	87	-
Amortization of goodwill	356	392
Increase (decrease) in allowance sales discount	-67	-48
Increase (decrease) in other allowances	494	359
Interest and dividend income	-52	-63
Interest expenses	17	10
Loss (gain) on sale of non-current assets	-171	-0
Equity in loss (gain) of affiliates	-44	-46
Loss (gain) on sale of investment securities	-	-1
Loss (gain) on sale of investment securities	0	-6
Decrease (increase) in notes and accounts receivable- trade	-8,002	-5,666
Decrease (increase) in inventories	67	-2,094
Increase (decrease) in notes and accounts payable-trade	2,262	2,945
Increase (decrease) in accounts payable	-555	-750
Increase (decrease) in accrued consumption taxes	-879	-485
Increase (decrease) in accounts receivable-other	93	-468
Increase (decrease) in advances received	140	208
Increase (decrease) in advance revenue	-303	-223
Other	-646	463
Sub-total	2,555	2,274
Interest and dividend received	100	84
Interest expenses paid	-16	-10
Income taxes paid	-880	-1,425
Net cash provided by (used in) operating activities	1,758	923
Net cash provided by (used in) investing activities		
Payments into time deposits	-179	-90
Proceeds from withdrawal of time deposits	269	104
Purchase of securities	-	-3,499
Purchase of property, plant and equipment and intangible fixed assets	-1,545	-1,665
Proceeds from sale of tangible and intangible fixed assets	885	1
Purchase of investment securities	-12	-12
Proceeds from sales and redemption of short-term and long-term investment securities	9	13
Increase in subsidiaries arising from change in scope of consolidation	-	-489
Other	163	-303
Net cash provided by (used in) investing activities	-409	-5,941
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings	60	151
Cash dividends paid	-2,349	-2,100
Other	-188	-118
Cash flow from financing activities	-2,477	-2,066
Effect of exchange rate change on cash and cash equivalents	491	1,027
Net increase (decrease) in cash and cash equivalents	-636	-6,057
Cash and cash equivalents at beginning of period	58,937	67,520
Cash and cash equivalents at end of period	58,300	61,462

(4) Notes on quarterly consolidated financial statements

(Notes on going concern assumption)

None

(Notes if there is a significant change in the amount of shareholders' equity)

The Company adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the first quarter of the fiscal year under review. The effects of this change are described in "2.Quarterly Consolidated Financial Statements and Major Notes, (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)."

In addition, on April 7, 2022, the Board of Directors resolved to cancel treasury stock in accordance with Article 178 of the Companies Act. Of the 4,148,409 shares of treasury stock held by the Company, 3,500,000 shares of common stock were cancelled on April 28, 2022. As a result, capital surplus and treasury stock decreased by 8,502 million yen each during the second quarter, resulting in a capital surplus of 4,736 million yen and treasury stock of -1,575 million yen at the end of the second quarter of the current fiscal year.

(Changes in accounting policies)

(Applications of Accounting Standard for Revenue Recognition, etc.)

The Company adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020. Hereafter "Accounting Standard for Revenue Recognition."), etc. from the beginning of the first quarter of the current consolidated accounting period and recognized revenue when control of promised goods or services is transferred to customers at an amount that it expects to receive in exchange for those goods or services.

As a result, for a part of the materials-related business and the vending machine business, the Company has changed from recognizing revenue in the total amount of consideration received from customers to recognizing revenue in the net amount calculated by subtracting the amount paid to suppliers from the total amount. In addition, for a part of the facilities management business, we have changed the method of recognizing revenue at one point of service provision from what we recognized revenue over a certain period of time based on the contract. Accordingly, the corresponding cost of sales is also systematized from the previous simplified accounting treatment, which is in line with the accounting treatment of recognizing revenue at a point in time when services are rendered.

The applications of the Accounting Standard for Revenue Recognition, etc., are conformable to the transitional treatment stipulated in the provisions of P.84 of the Accounting Standard for Revenue Recognition, and the cumulative effect of retrospectively applying a new accounting policy prior to the beginning of the first quarter of the current consolidated accounting period has been adjusted to retained earnings at the beginning of the first quarter of the current consolidated accounting period, and the new accounting policy has been applied from the beginning balance of the current fiscal year.

However, the new accounting policy has not been retroactively applied to contracts that apply the methods set forth in P.86 of the Accounting Standard for Revenue Recognition and that recognize almost all proceeds in accordance with previous treatment prior to the beginning of the first quarter of the consolidated accounting period. Moreover, the method stipulated in P.86 (1) of the Accounting Standard for Revenue Recognition has been applied and accounting is done based on the terms and conditions of the contract after reflecting all contract changes for the contract changes made prior to the beginning of the first quarter of the current consolidated accounting period. The cumulative effect has been adjusted to retained earnings at the beginning of the first quarter of the current consolidated accounting period.

As a result, net sales for the current consolidated cumulative second quarter decreased 17,651 million yen, cost of sales decreased 17,646 million yen, and operating income, ordinary income and net income before income taxes increased 4 million yen, respectively. The balance of retained earnings at the beginning of the current fiscal year decreased 1,087 million yen.

Due to the applications of the Accounting Standard for Revenue Recognition, etc., "notes and accounts receivable – trade" indicated in the "current assets" in the consolidated balance sheet in the previous consolidated fiscal year has been included in the "notes receivable, accounts receivable and contract assets" from the current first quarter of the current consolidated accounting period. In accordance with the transitional treatment stipulated in P.89-2 of the Accounting Standard for Revenue Recognition, the previous consolidated



fiscal year has not been reclassified under the new indication method.

(Application of Accounting Standard for Calculation of Fair Market Value)

The Company has applied the "Accounting Standard for Calculation of Fair Market Value" (ASBJ Statement No. 30, July 4, 2019.) from the beginning of the first quarter of the fiscal year under review, and have decided to apply the new accounting policy established by the Accounting Standard for Calculation of Fair Market Value, etc., in accordance with the transitional treatment specified in paragraph 19 of the Accounting Standard for Calculation of Fair Market Value and paragraph 44-2 of the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10 July 4, 2019). The adoption of the Accounting Standard for Calculation of Fair Market Value and other standards did not have a material impact on the quarterly consolidated financial statements.