

Translation

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**Summary of Non-Consolidated Financial Results
for the Year Ended July 31, 2018
(Based on Japanese GAAP)**

September 13, 2018

Company name: SILVER LIFE CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 9262 URL <https://www.silver-life.co.jp/>
 Representative: President, CEO Takahisa Shimizu
 Inquiries: Administration Manager Tatsuya Katayose TEL (03)6300-5629
 Scheduled date of ordinary general meeting of shareholders: October 29, 2018
 Scheduled date to file Securities Report: October 30, 2018
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended July 31, 2018 (from August 1, 2017 to July 31, 2018)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended July 31, 2018	6,547	24.8	599	26.0	677	25.6	431	14.2
Year ended July 31, 2017	5,245	26.4	475	28.5	539	24.1	377	25.4

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended July 31, 2018	87.33	84.21	20.4	22.2	9.2
Year ended July 31, 2017	94.17	–	37.1	28.1	9.1

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of July 31, 2018	3,941	3,022	76.7	574.92
As of July 31, 2017	2,166	1,208	55.8	301.22

(3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended July 31, 2018	506	(715)	1,168	1,687
Year ended July 31, 2017	426	(206)	5	728

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended July 31, 2017	–	0.00	–	0.00	0.00	–	–	–
Year ended July 31, 2018	–	0.00	–	0.00	0.00	–	–	–
Year ending July 31, 2019 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Forecast of non-consolidated financial results for the year ending July 31, 2019 (from August 1, 2018 to July 31, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending January 31, 2019	3,700	20.1	320	19.5	347	18.6	217	16.7	41.41
Full year	7,716	17.9	687	14.7	739	9.1	463	7.4	88.08

4. Notes

(1) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(2) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of July 31, 2018	5,256,800 shares	As of July 31, 2017	4,012,000 shares
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Number of treasury shares at the end of the period

As of July 31, 2018	50 shares	As of July 31, 2017	– shares
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Average number of shares during the period

Year ended July 31, 2018	4,938,407 shares	Year ended July 31, 2017	4,012,000 shares
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Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of July 31, 2017	As of July 31, 2018
Assets		
Current assets		
Cash and deposits	728,156	1,687,241
Accounts receivable - trade	536,075	645,139
Merchandise and finished goods	26,609	36,382
Raw materials and supplies	10,442	13,522
Prepaid expenses	12,679	15,639
Deferred tax assets	19,458	18,756
Accounts receivable - other	115,586	165,437
Other	37,971	51,980
Allowance for doubtful accounts	(23,435)	(23,502)
Total current assets	1,463,544	2,610,596
Non-current assets		
Property, plant and equipment		
Buildings	334,492	662,130
Accumulated depreciation	(70,460)	(101,454)
Buildings, net	264,032	560,675
Structures	–	18,800
Accumulated depreciation	–	(870)
Structures, net	–	17,929
Machinery and equipment	254,646	441,856
Accumulated depreciation	(102,942)	(148,329)
Machinery and equipment, net	151,703	293,526
Vehicles	108	108
Accumulated depreciation	(36)	(72)
Vehicles, net	72	36
Tools, furniture and fixtures	44,313	36,959
Accumulated depreciation	(30,298)	(23,459)
Tools, furniture and fixtures, net	14,014	13,499
Land	75,547	288,544
Leased assets	4,507	4,507
Accumulated depreciation	(1,878)	(3,004)
Leased assets, net	2,629	1,502
Construction in progress	82,440	9,242
Total property, plant and equipment	590,439	1,184,956
Intangible assets		
Trademark right	11,026	9,293
Software	43,192	53,432
Other	1,422	24,805
Total intangible assets	55,641	87,531

(Thousands of yen)

	As of July 31, 2017	As of July 31, 2018
Investments and other assets		
Long-term loans receivable	27,778	24,893
Claims provable in bankruptcy, claims provable in rehabilitation and other	14,259	17,521
Long-term prepaid expenses	6,575	12,646
Deferred tax assets	8,975	8,908
Other	14,570	13,705
Allowance for doubtful accounts	(15,532)	(19,144)
Total investments and other assets	56,627	58,531
Total non-current assets	702,707	1,331,019
Total assets	2,166,252	3,941,616
Liabilities		
Current liabilities		
Accounts payable - trade	338,410	403,841
Short-term loans payable	100,000	–
Current portion of long-term loans payable	86,210	25,300
Accounts payable - other	127,295	178,424
Accrued expenses	7,972	10,692
Income taxes payable	103,075	171,871
Deposits received	4,695	5,345
Other	32,829	2,728
Total current liabilities	800,490	798,203
Non-current liabilities		
Long-term loans payable	42,070	–
Guarantee deposited	112,011	119,245
Other	3,172	1,955
Total non-current liabilities	157,254	121,201
Total liabilities	957,744	919,404
Net assets		
Shareholders' equity		
Capital stock	10,495	701,787
Capital surplus		
Legal capital surplus	495	691,787
Total capital surpluses	495	691,787
Retained earnings		
Other retained earnings		
Retained earnings brought forward	1,197,517	1,628,807
Total retained earnings	1,197,517	1,628,807
Treasury shares	–	(171)
Total shareholders' equity	1,208,507	3,022,211
Total net assets	1,208,507	3,022,211
Total liabilities and net assets	2,166,252	3,941,616

Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended July 31, 2017	Fiscal year ended July 31, 2018
Net sales	5,245,414	6,547,120
Cost of sales		
Beginning merchandise and finished goods	19,839	26,609
Cost of products manufactured	1,551,486	2,052,453
Cost of purchased goods	2,322,665	2,746,506
Total	3,893,992	4,825,569
Ending merchandise and finished goods	26,609	36,382
Total cost of sales	3,867,382	4,789,187
Gross profit	1,378,031	1,757,932
Selling, general and administrative expenses		
Salaries and allowances	159,088	175,441
Freightage expenses	160,987	238,077
Depreciation	19,686	40,276
Business consignment expenses	68,651	144,564
Advertising expenses	150,658	137,920
Bad debts expenses	1,714	265
Provision of allowance for doubtful accounts	14,771	4,339
Other	326,621	417,511
Total selling, general and administrative expenses	902,181	1,158,396
Operating profit	475,850	599,536
Non-operating income		
Interest income	4,695	6,536
Compensation income	48,613	72,658
Commission fee	7,209	10,353
Other	4,897	10,986
Total non-operating income	65,415	100,534
Non-operating expenses		
Interest expenses	1,117	688
Rent expenses	–	7,463
Going public expenses	–	9,982
Provision of allowance for doubtful accounts	310	1,595
Other	423	2,780
Total non-operating expenses	1,851	22,510
Ordinary profit	539,414	677,560
Extraordinary income		
Gain on sales of non-current assets	238	149
Total extraordinary income	238	149
Extraordinary losses		
Loss on sales of non-current assets	9,212	7,814
Loss on retirement of non-current assets	6,211	3,780
Total extraordinary losses	15,423	11,594
Profit before income taxes	524,230	666,116
Income taxes - current	157,068	234,058
Income taxes - deferred	(10,661)	768
Total income taxes	146,407	234,826
Profit	377,822	431,289

Non-consolidated statements of changes in equity

Fiscal year ended July 31, 2017

(Thousands of yen)

	Shareholders' equity							Total net assets
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity	
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings			
Balance at beginning of current period	10,495	495	495	819,694	819,694	–	830,684	830,684
Changes of items during period								
Profit				377,822	377,822		377,822	377,822
Total changes of items during period	–	–	–	377,822	377,822	–	377,822	377,822
Balance at end of current period	10,495	495	495	1,197,517	1,197,517	–	1,208,507	1,208,507

Fiscal year ended July 31, 2018

(Thousands of yen)

	Shareholders' equity							Total net assets
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity	
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings			
Balance at beginning of current period	10,495	495	495	1,197,517	1,197,517	–	1,208,507	1,208,507
Changes of items during period								
Issuance of new shares	687,125	687,125	687,125				1,374,250	1,374,250
Issuance of new shares - exercise of share acquisition rights	4,167	4,167	4,167				8,335	8,335
Profit				431,289	431,289		431,289	431,289
Purchase of treasury shares						(171)	(171)	(171)
Total changes of items during period	691,292	691,292	691,292	431,289	431,289	(171)	1,813,703	1,813,703
Balance at end of current period	701,787	691,787	691,787	1,628,807	1,628,807	(171)	3,022,211	3,022,211

Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended July 31, 2017	Fiscal year ended July 31, 2018
Cash flows from operating activities		
Profit before income taxes	524,230	666,116
Depreciation	83,587	113,404
Increase (decrease) in allowance for doubtful accounts	11,296	3,680
Interest and dividend income	(4,696)	(6,536)
Interest expenses	1,117	688
Loss on retirement of non-current assets	6,211	3,780
Loss (gain) on sales of non-current assets	8,973	7,664
Going public expenses	–	9,982
Decrease (increase) in notes and accounts receivable - trade	(108,225)	(109,063)
Decrease (increase) in inventories	(5,786)	(12,852)
Increase (decrease) in notes and accounts payable - trade	69,815	65,430
Increase (decrease) in accrued consumption taxes	(705)	(36,408)
Other, net	(53,338)	(22,660)
Subtotal	532,479	683,224
Interest and dividend income received	4,696	6,536
Interest expenses paid	(1,310)	(496)
Income taxes paid	(109,519)	(182,544)
Net cash provided by (used in) operating activities	426,346	506,720
Cash flows from investing activities		
Purchase of property, plant and equipment	(192,430)	(692,472)
Proceeds from sales of property, plant and equipment	540	1,020
Purchase of intangible assets	(29,894)	(48,077)
Payments of loans receivable	(14,724)	(8,917)
Collection of loans receivable	13,550	17,993
Payments for lease and guarantee deposits	(1,999)	(305)
Proceeds from collection of lease and guarantee deposits	398	795
Repayments of guarantee deposits received	(733)	(4,200)
Proceeds from guarantee deposits received	18,898	23,947
Purchase of other investments	(471)	(5,655)
Net cash provided by (used in) investing activities	(206,866)	(715,870)
Cash flows from financing activities		
Increase in short-term loans payable	100,000	100,000
Decrease in short-term loans payable	–	(200,000)
Repayments of long-term loans payable	(93,310)	(102,980)
Proceeds from issuance of common shares	–	1,374,250
Proceeds from exercise of share options	–	8,335
Purchase of treasury shares	–	(171)
Going public expenses	–	(9,982)
Repayments of lease obligations	(1,126)	(1,216)
Net cash provided by (used in) financing activities	5,563	1,168,234
Net increase (decrease) in cash and cash equivalents	225,042	959,085
Cash and cash equivalents at beginning of period	503,113	728,156
Cash and cash equivalents at end of period	728,156	1,687,241