

**Translation**

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**Summary of Non-Consolidated Financial Results  
for the Year Ended July 31, 2019  
(Based on Japanese GAAP)**

September 12, 2019

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: Director of Administration Jiro Imao TEL (03)6300-5629  
 Scheduled date of ordinary general meeting of shareholders: October 29, 2019  
 Scheduled date to file Securities Report: October 30, 2019  
 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, 2019 (from August 1, 2018 to July 31, 2019)

(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, 2019	7,800	19.1	885	47.6	1,002	47.9	635	47.3
Year ended July 31, 2018	6,547	24.8	599	26.0	677	25.6	431	14.2

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended July 31, 2019	120.42	116.10	19.0	22.8	11.3
Year ended July 31, 2018	87.33	84.21	20.4	22.2	9.2

(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, 2019	4,853	3,674	75.7	692.33
As of July 31, 2018	3,941	3,022	76.7	574.92

(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, 2019	906	(324)	(9)	2,260
Year ended July 31, 2018	506	(715)	1,168	1,687

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, 2018	–	0.00	–	0.00	0.00	–	–	–
Year ended July 31, 2019	–	0.00	–	0.00	0.00	–	–	–
Year ending July 31, 2020 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Forecast of non-consolidated financial results for the year ending July 31, 2020 (from August 1, 2019 to July 31, 2020)

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, 2020	4,320	13.9	490	13.0	530	8.8	330	10.0	31.08
Full year	8,830	13.2	990	11.8	1,070	6.8	670	5.4	63.11

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, 2019	5,308,200 shares	As of July 31, 2018	5,256,800 shares
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Number of treasury shares at the end of the period

As of July 31, 2019	147 shares	As of July 31, 2018	50 shares
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Average number of shares during the period

Year ended July 31, 2019	5,277,310 shares	Year ended July 31, 2018	4,938,407 shares
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**Non-consolidated financial statements**  
**Non-consolidated balance sheets**

(Thousands of yen)

	As of July 31, 2018	As of July 31, 2019
Assets		
Current assets		
Cash and deposits	1,687,241	2,260,473
Accounts receivable - trade	645,139	744,807
Merchandise and finished goods	36,382	40,367
Raw materials and supplies	13,522	12,452
Prepaid expenses	15,639	37,020
Accounts receivable - other	165,437	182,910
Other	51,980	46,922
Allowance for doubtful accounts	(23,502)	(28,682)
Total current assets	2,591,840	3,296,271
Non-current assets		
Property, plant and equipment		
Buildings	662,130	781,233
Accumulated depreciation	(101,454)	(140,682)
Buildings, net	560,675	640,551
Structures	18,800	28,239
Accumulated depreciation	(870)	(2,805)
Structures, net	17,929	25,434
Machinery and equipment	441,856	514,357
Accumulated depreciation	(148,329)	(205,703)
Machinery and equipment, net	293,526	308,653
Vehicles	108	108
Accumulated depreciation	(72)	(108)
Vehicles, net	36	–
Tools, furniture and fixtures	36,959	64,268
Accumulated depreciation	(23,459)	(32,855)
Tools, furniture and fixtures, net	13,499	31,412
Land	288,544	288,544
Leased assets	4,507	4,507
Accumulated depreciation	(3,004)	(4,131)
Leased assets, net	1,502	375
Construction in progress	9,242	29,922
Total property, plant and equipment	1,184,956	1,324,894
Intangible assets		
Trademark right	9,293	7,560
Software	53,432	72,852
Other	24,805	60,527
Total intangible assets	87,531	140,939

(Thousands of yen)

	As of July 31, 2018	As of July 31, 2019
Investments and other assets		
Long-term loans receivable	24,893	29,094
Claims provable in bankruptcy, claims provable in rehabilitation and other	17,521	5,496
Long-term prepaid expenses	986	1,828
Deferred tax assets	27,665	32,960
Other	25,365	32,552
Allowance for doubtful accounts	(19,144)	(10,184)
Total investments and other assets	77,287	91,747
Total non-current assets	1,349,775	1,557,581
Total assets	3,941,616	4,853,852
Liabilities		
Current liabilities		
Accounts payable - trade	403,841	483,705
Current portion of long-term loans payable	25,300	–
Accounts payable - other	178,424	207,751
Accrued expenses	10,692	12,671
Income taxes payable	171,871	259,561
Deposits received	5,345	5,933
Other	2,728	76,453
Total current liabilities	798,203	1,046,077
Non-current liabilities		
Guarantee deposited	119,245	129,626
Other	1,955	3,210
Total non-current liabilities	121,201	132,836
Total liabilities	919,404	1,178,913
Net assets		
Shareholders' equity		
Capital stock	701,787	710,656
Capital surplus		
Legal capital surplus	691,787	700,656
Total capital surpluses	691,787	700,656
Retained earnings		
Other retained earnings		
Retained earnings brought forward	1,628,807	2,264,308
Total retained earnings	1,628,807	2,264,308
Treasury shares	(171)	(682)
Total shareholders' equity	3,022,211	3,674,939
Total net assets	3,022,211	3,674,939
Total liabilities and net assets	3,941,616	4,853,852

## Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended July 31, 2018	Fiscal year ended July 31, 2019
Net sales	6,547,120	7,800,676
Cost of sales		
Beginning merchandise and finished goods	26,609	36,382
Cost of products manufactured	2,052,453	2,313,058
Cost of purchased goods	2,746,506	3,256,147
Total	4,825,569	5,605,588
Ending merchandise and finished goods	36,382	40,367
Total cost of sales	4,789,187	5,565,221
Gross profit	1,757,932	2,235,455
Selling, general and administrative expenses		
Salaries and allowances	175,441	208,240
Freightage expenses	238,077	239,906
Depreciation	40,276	50,930
Business consignment expenses	144,564	189,919
Advertising expenses	137,920	180,137
Bad debts expenses	265	5,632
Provision of allowance for doubtful accounts	4,339	4,356
Other	417,511	471,207
Total selling, general and administrative expenses	1,158,396	1,350,330
Operating profit	599,536	885,125
Non-operating income		
Interest income	6,536	7,956
Compensation income	72,658	97,040
Commission income	10,353	13,327
Other	10,986	14,756
Total non-operating income	100,534	133,081
Non-operating expenses		
Interest expenses	688	29
Rent expenses	7,463	11,952
Going public expenses	9,982	–
Bad debts expenses	–	1,589
Provision of allowance for doubtful accounts	1,595	1,806
Other	2,780	574
Total non-operating expenses	22,510	15,951
Ordinary profit	677,560	1,002,255
Extraordinary income		
Gain on sales of non-current assets	149	39
Total extraordinary income	149	39
Extraordinary losses		
Loss on sales of non-current assets	7,814	4,230
Loss on retirement of non-current assets	3,780	5,280
Total extraordinary losses	11,594	9,510
Profit before income taxes	666,116	992,783
Income taxes - current	234,058	362,578
Income taxes - deferred	768	(5,295)
Total income taxes	234,826	357,282
Profit	431,289	635,501

## Non-consolidated statements of changes in equity

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

Fiscal year ended July 31, 2019

(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	701,787	691,787	691,787	1,628,807	1,628,807	(171)	3,022,211	3,022,211
Changes of items during period								
Issuance of new shares - exercise of share acquisition rights	8,868	8,868	8,868				17,737	17,737
Profit				635,501	635,501		635,501	635,501
Purchase of treasury shares						(510)	(510)	(510)
Total changes of items during period	8,868	8,868	8,868	635,501	635,501	(510)	652,727	652,727
Balance at end of current period	710,656	700,656	700,656	2,264,308	2,264,308	(682)	3,674,939	3,674,939

## Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended July 31, 2018	Fiscal year ended July 31, 2019
Cash flows from operating activities		
Profit before income taxes	666,116	992,783
Depreciation	113,404	146,349
Increase (decrease) in allowance for doubtful accounts	3,680	(3,780)
Interest and dividend income	(6,536)	(7,956)
Interest expenses	688	29
Loss on retirement of non-current assets	3,780	5,280
Loss (gain) on sales of non-current assets	7,664	4,191
Going public expenses	9,982	–
Decrease (increase) in notes and accounts receivable - trade	(109,063)	(99,668)
Decrease (increase) in inventories	(12,852)	(2,915)
Increase (decrease) in notes and accounts payable - trade	65,430	79,864
Increase (decrease) in accrued consumption taxes	(36,408)	82,295
Other, net	(22,660)	(25,201)
Subtotal	683,224	1,171,271
Interest and dividend income received	6,536	7,956
Interest expenses paid	(496)	(21)
Income taxes paid	(182,544)	(272,639)
Net cash provided by (used in) operating activities	506,720	906,566
Cash flows from investing activities		
Purchase of property, plant and equipment	(692,472)	(284,360)
Proceeds from sales of property, plant and equipment	1,020	1,700
Purchase of intangible assets	(48,077)	(51,925)
Payments of loans receivable	(8,917)	(12,207)
Collection of loans receivable	17,993	15,460
Payments for leasehold and guarantee deposits	(305)	(2,516)
Proceeds from collection of leasehold and guarantee deposits	795	616
Repayments of guarantee deposits received	(4,200)	(4,846)
Proceeds from guarantee deposits received	23,947	31,541
Purchase of other investments	(5,655)	(17,507)
Net cash provided by (used in) investing activities	(715,870)	(324,044)
Cash flows from financing activities		
Increase in short-term loans payable	100,000	–
Decrease in short-term loans payable	(200,000)	–
Repayments of long-term loans payable	(102,980)	(25,300)
Proceeds from issuance of common shares	1,374,250	–
Proceeds from exercise of share options	8,335	17,737
Purchase of treasury shares	(171)	(510)
Going public expenses	(9,982)	–
Repayments of lease obligations	(1,216)	(1,216)
Net cash provided by (used in) financing activities	1,168,234	(9,290)
Net increase (decrease) in cash and cash equivalents	959,085	573,232
Cash and cash equivalents at beginning of period	728,156	1,687,241
Cash and cash equivalents at end of period	1,687,241	2,260,473