

Translation

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Summary of Non-Consolidated Financial Results for the Year Ended July 31, 2021 (Based on Japanese GAAP)

September 10, 2021

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: Corporate Planning Division Manager Reiko Saito TEL (03)6300-5629
 Scheduled date of ordinary general meeting of shareholders: October 26, 2021
 Scheduled date to file Securities Report: October 27, 2021
 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, 2021 (from August 1, 2020 to July 31, 2021)

(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, 2021	10,050	13.8	839	(10.1)	973	(10.4)	546	(19.5)
Year ended July 31, 2020	8,832	13.2	934	5.6	1,086	8.4	678	6.8

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended July 31, 2021	50.93	49.85	11.8	14.0	8.4
Year ended July 31, 2020	63.80	61.96	16.9	20.8	10.6

(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, 2021	8,262	4,926	59.6	457.43
As of July 31, 2020	5,613	4,364	77.7	408.33

(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, 2021	369	(2,689)	1,945	1,472
Year ended July 31, 2020	678	(1,100)	8	1,847

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, 2020	–	0.00	–	0.00	0.00	–	–	–
Year ended July 31, 2021	–	0.00	–	0.00	0.00	–	–	–
Year ending July 31, 2022 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Forecast of non-consolidated financial results for the year ending July 31, 2022 (from August 1, 2021 to July 31, 2022)

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, 2022	5,390	10.3	160	(73.8)	220	(67.3)	140	(66.5)	13.00
Full year	11,720	16.6	550	(34.5)	680	(30.1)	430	(21.3)	39.93

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, 2021	10,770,000 shares	As of July 31, 2020	10,688,800 shares
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Number of treasury shares at the end of the period

As of July 31, 2021	399 shares	As of July 31, 2020	294 shares
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Average number of shares during the period

Year ended July 31, 2021	10,722,259 shares	Year ended July 31, 2020	10,635,942 shares
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Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of July 31, 2020	As of July 31, 2021
Assets		
Current assets		
Cash and deposits	1,847,192	1,472,438
Accounts receivable - trade	870,406	967,715
Merchandise and finished goods	63,166	186,720
Raw materials and supplies	15,563	16,032
Prepaid expenses	20,714	49,047
Accounts receivable - other	224,454	282,706
Other	67,771	400,565
Allowance for doubtful accounts	(29,913)	(39,487)
Total current assets	3,079,355	3,335,739
Non-current assets		
Property, plant and equipment		
Buildings	830,749	2,908,964
Accumulated depreciation	(186,033)	(274,534)
Buildings, net	644,716	2,634,430
Structures	36,999	148,790
Accumulated depreciation	(5,487)	(12,734)
Structures, net	31,512	136,055
Machinery and equipment	564,466	1,530,357
Accumulated depreciation	(260,956)	(393,077)
Machinery and equipment, net	303,509	1,137,280
Vehicles	5,085	4,495
Accumulated depreciation	(3,551)	(4,495)
Vehicles, net	1,533	0
Tools, furniture and fixtures	70,203	125,841
Accumulated depreciation	(42,703)	(58,819)
Tools, furniture and fixtures, net	27,499	67,022
Land	288,544	330,644
Leased assets	16,927	–
Accumulated depreciation	(6,784)	–
Leased assets, net	10,143	–
Construction in progress	839,688	156,651
Total property, plant and equipment	2,147,148	4,462,084
Intangible assets		
Trademark right	5,827	4,094
Software	103,979	270,535
Other	152,613	6,609
Total intangible assets	262,420	281,239
Investments and other assets		
Long-term loans receivable	38,855	55,816
Distressed receivables	4,762	1,115
Long-term prepaid expenses	4,503	11,044
Deferred tax assets	37,492	71,209
Other	51,522	57,210
Allowance for doubtful accounts	(12,115)	(13,135)
Total investments and other assets	125,021	183,260
Total non-current assets	2,534,590	4,926,584
Total assets	5,613,946	8,262,323

(Thousands of yen)

	As of July 31, 2020	As of July 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	539,806	541,269
Current portion of long-term borrowings	–	167,400
Accounts payable - other	277,115	433,990
Accrued expenses	12,480	15,117
Income taxes payable	228,017	190,254
Deposits received	8,099	9,706
Provision for shareholder benefit program	–	31,720
Lease obligations	2,682	–
Other	21,587	12,352
Total current liabilities	1,089,788	1,401,809
Non-current liabilities		
Long-term borrowings	–	1,762,850
Lease obligations	8,271	–
Guarantee deposits received	148,279	168,118
Other	3,210	3,210
Total non-current liabilities	159,761	1,934,178
Total liabilities	1,249,550	3,335,987
Net assets		
Shareholders' equity		
Share capital	716,103	724,137
Capital surplus		
Legal capital surplus	706,103	714,137
Total capital surplus	706,103	714,137
Retained earnings		
Other retained earnings		
Retained earnings brought forward	2,942,871	3,488,980
Total retained earnings	2,942,871	3,488,980
Treasury shares	(682)	(919)
Total shareholders' equity	4,364,396	4,926,335
Total net assets	4,364,396	4,926,335
Total liabilities and net assets	5,613,946	8,262,323

Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended July 31, 2020	Fiscal year ended July 31, 2021
Net sales	8,832,415	10,050,070
Cost of sales		
Beginning inventory of merchandise and finished goods	40,367	63,166
Cost of products manufactured	2,574,444	3,196,750
Cost of purchased goods	3,670,250	4,256,347
Total	6,285,062	7,516,264
Ending inventory of merchandise and finished goods	63,166	186,720
Total cost of sales	6,221,896	7,329,544
Gross profit	2,610,518	2,720,526
Selling, general and administrative expenses		
Salaries and allowances	238,736	214,584
Freight costs	344,575	440,131
Depreciation	67,904	70,564
Outsourcing expenses	216,842	257,503
Advertising expenses	243,671	277,663
Bad debt expenses	4,322	3,437
Provision of allowance for doubtful accounts	2,623	7,278
Provision for shareholder benefit program	–	31,720
Other	557,328	577,834
Total selling, general and administrative expenses	1,676,006	1,880,718
Operating profit	934,511	839,808
Non-operating income		
Interest income	9,769	10,733
Compensation income	127,986	104,001
Commission income	18,993	23,847
Other	17,743	19,699
Total non-operating income	174,492	158,283
Non-operating expenses		
Interest expenses	–	1,602
Rental expenses	19,149	16,427
Bad debt expenses	131	–
Provision of allowance for doubtful accounts	3,127	6,895
Other	387	38
Total non-operating expenses	22,797	24,963
Ordinary profit	1,086,207	973,127
Extraordinary income		
Gain on sale of non-current assets	1,209	88
Total extraordinary income	1,209	88
Extraordinary losses		
Loss on sale of non-current assets	340	4,055
Loss on retirement of non-current assets	19,378	27,915
Impairment losses	–	74,738
Total extraordinary losses	19,718	106,709
Profit before income taxes	1,067,698	866,506
Income taxes - current	393,667	354,114
Income taxes - deferred	(4,531)	(33,717)
Total income taxes	389,135	320,397
Profit	678,562	546,109

Non-consolidated statements of changes in equity

Fiscal year ended July 31, 2020

(Thousands of yen)

	Shareholders' equity							Total net assets
	Share capital	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 period	710,656	700,656	700,656	2,264,308	2,264,308	(682)	3,674,939	3,674,939
Changes during period								
Issuance of new shares - exercise of share acquisition rights	5,447	5,447	5,447				10,894	10,894
Purchase of treasury shares								
Profit				678,562	678,562		678,562	678,562
Total changes during period	5,447	5,447	5,447	678,562	678,562	-	689,457	689,457
Balance at end of period	716,103	706,103	706,103	2,942,871	2,942,871	(682)	4,364,396	4,364,396

Fiscal year ended July 31, 2021

(Thousands of yen)

	Shareholders' equity							Total net assets
	Share capital	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 period	716,103	706,103	706,103	2,942,871	2,942,871	(682)	4,364,396	4,364,396
Changes during period								
Issuance of new shares - exercise of share acquisition rights	8,033	8,033	8,033				16,067	16,067
Purchase of treasury shares						(236)	(236)	(236)
Profit				546,109	546,109		546,109	546,109
Total changes during period	8,033	8,033	8,033	546,109	546,109	(236)	561,939	561,939
Balance at end of period	724,137	714,137	714,137	3,488,980	3,488,980	(919)	4,926,335	4,926,335

Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended July 31, 2020	Fiscal year ended July 31, 2021
Cash flows from operating activities		
Profit before income taxes	1,067,698	866,506
Depreciation	169,309	336,289
Impairment losses	–	74,738
Increase (decrease) in allowance for doubtful accounts	3,161	10,594
Increase (decrease) in provision for shareholder benefit program	–	31,720
Interest and dividend income	(9,769)	(10,733)
Interest expenses	–	1,602
Loss on retirement of property, plant and equipment	19,378	12,079
Loss (gain) on sale of property, plant and equipment	(869)	3,967
Loss on retirement of intangible assets	–	15,836
Decrease (increase) in trade receivables	(125,599)	(97,308)
Decrease (increase) in inventories	(25,909)	(124,023)
Increase (decrease) in trade payables	56,100	1,463
Increase (decrease) in accrued consumption taxes	(48,945)	(319,236)
Other, net	(11,439)	(52,490)
Subtotal	1,093,115	751,003
Interest and dividends received	9,769	10,733
Interest paid	–	(1,913)
Income taxes paid	(424,003)	(390,424)
Net cash provided by (used in) operating activities	678,881	369,399
Cash flows from investing activities		
Purchase of property, plant and equipment	(957,184)	(2,580,233)
Proceeds from sale of property, plant and equipment	5,730	5,593
Purchase of intangible assets	(149,608)	(123,098)
Loan advances	(22,305)	(35,759)
Proceeds from collection of loans receivable	12,190	16,029
Payments of leasehold and guarantee deposits	(14,029)	(238)
Proceeds from refund of leasehold and guarantee deposits	450	131
Refund of guarantee deposits received	(5,386)	(2,460)
Guarantee deposits received	35,814	36,540
Purchase of other investments	(5,861)	(5,844)
Net cash provided by (used in) investing activities	(1,100,191)	(2,689,339)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	2,000,000
Repayments of long-term borrowings	–	(69,750)
Proceeds from exercise of employee share options	10,894	16,067
Purchase of treasury shares	–	(236)
Repayments of lease obligations	(2,864)	(894)
Net cash provided by (used in) financing activities	8,029	1,945,186
Net increase (decrease) in cash and cash equivalents	(413,280)	(374,754)
Cash and cash equivalents at beginning of period	2,260,473	1,847,192
Cash and cash equivalents at end of period	1,847,192	1,472,438