

## **Partial Correction of Financial Results for the Q1 of Fiscal Year Ending July 31, 2023**

As disclosed on December 26, 2022 in the (Correction) Partial Correction of Summary of Non-Consolidated Financial Results for the Three Months Ended October 31, 2022 [Based on Japanese GAAP], The figures have been corrected. Corrections are underlined.

Tochigi Factory  
Start operation in March  
2021



(correction) Financial Results for the Q1 of Fiscal Year

Ending July 31, 2023

SILVER LIFE CO., LTD.

The Prime Market of the Tokyo Stock Exchange (9262)



# **Fiscal Year Ending July 2023 Q1 Performance Highlights**

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# Fiscal Year Ending July 2023 Q1 Performance YoY

Sales continue to grow, +12.4% YoY

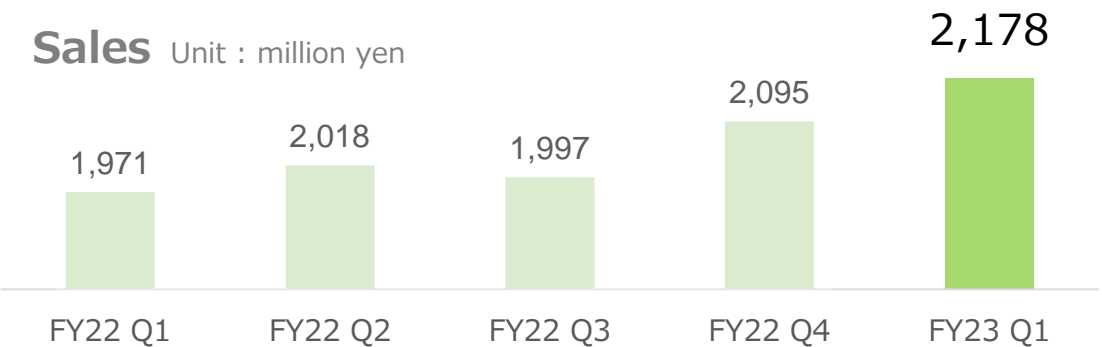
Operating profit increased significantly by +144.3% YoY (including adjustment amount of 28 million yen for unused shareholder benefits of the previous year)

Stabilization of the Tochigi Factory → Challenge to improve the in-house production rate → We were able to create a flow for improving the operating rate and gross profit rate

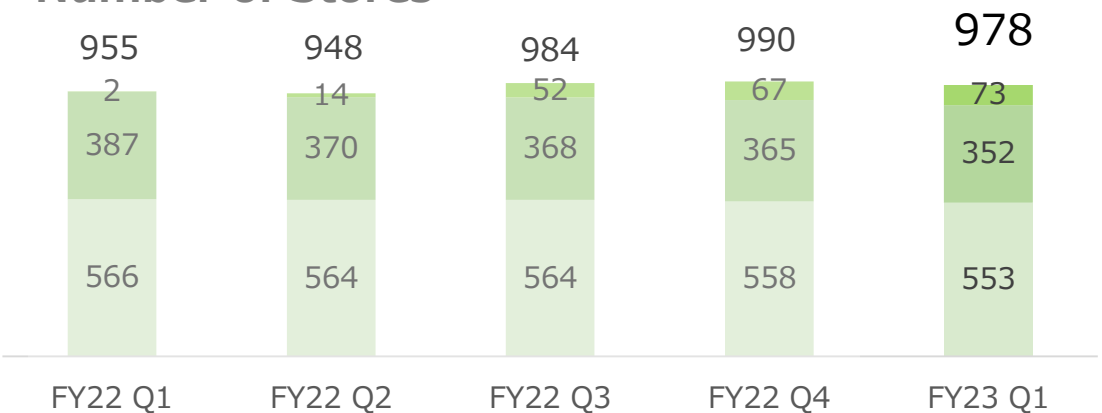
Unit : million yen	FY2023 Q1				FY2022 Q1		FY2023 Plan	
	Results	Vs. FY2022 Q1 results	Sales ratio	Plan Progress rate	Results	Sales ratio	Plan	Sales ratio
Net sales	<b>3,015</b>	+12.4%	-	23.7%	<b>2,683</b>	-	<b>12,710</b>	-
Gross profit	<b><u>898</u></b>	<u>+44.5%</u>	<u>29.8%</u>	<u>21.1%</u>	<b>622</b>	23.2%	<b>4,270</b>	33.6%
Operating profit	<b><u>245</u></b>	<u>+144.3%</u>	<u>8.1%</u>	<u>34.8%</u>	<b>100</b>	3.7%	<b>700</b>	5.5%
Ordinary profit	<b><u>289</u></b>	<u>+118.0%</u>	<u>9.6%</u>	<u>33.6%</u>	<b>132</b>	5.0%	<b>860</b>	6.8%
Profit	<b><u>183</u></b>	<u>+94.5%</u>	<u>6.1%</u>	<u>33.2%</u>	<b>94</b>	3.5%	<b>550</b>	4.3%

## Franchise chains

**Sales** Unit : million yen



**Number of Stores**



■ Takushoku Life ■ Haishokuno Fureai ■ Magokoro Bento

Vs. FY2022 Q1 Actual

**increased 10.5%**

Sales : Steady, including temporary sales for COVID-19 patients

Sales of existing stores vs.previous year

Magokoro Bento 106.6%

Haishokuno Fureai 120.1%

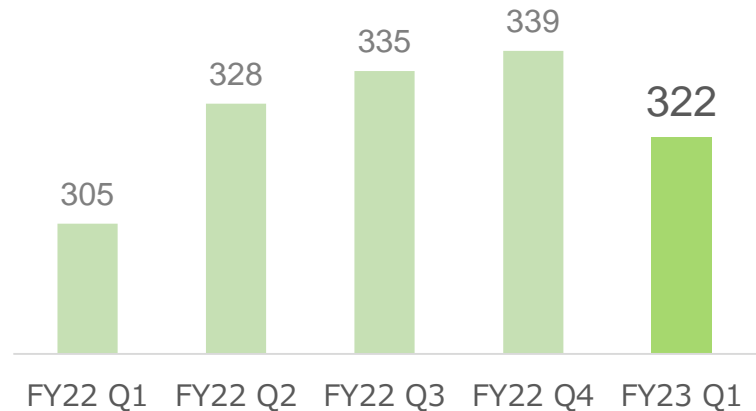
Number of Stores : 978 Stores

Compared to the end of the previous fiscal year - 12 stores

Struggling to acquire membership compared to the COVID-19 period

## Facilities for the elderly

Unit : million yen



Vs. FY2022 Q1 Actual

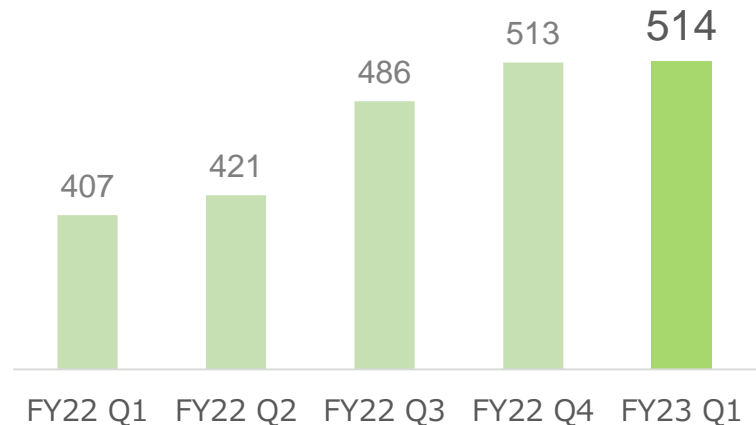
increased **5.5%**

Frozen: slowly increasing  
42.6% of sales within the department

Chilled: Slight decrease continues  
Small pack revival measures failed  
(Sales decreased due to price cuts)  
The division sales ratio is 57.4%

## Direct Sales / Others

Unit : million yen



Vs. FY2022 Q1 Actual

increased **26.4%**

Direct sales: trial and error  
New marketing measures failed  
68.8% of sales within the department

OEM : Slight increase with bottoming out  
The sales ratio within the division is 30.3%

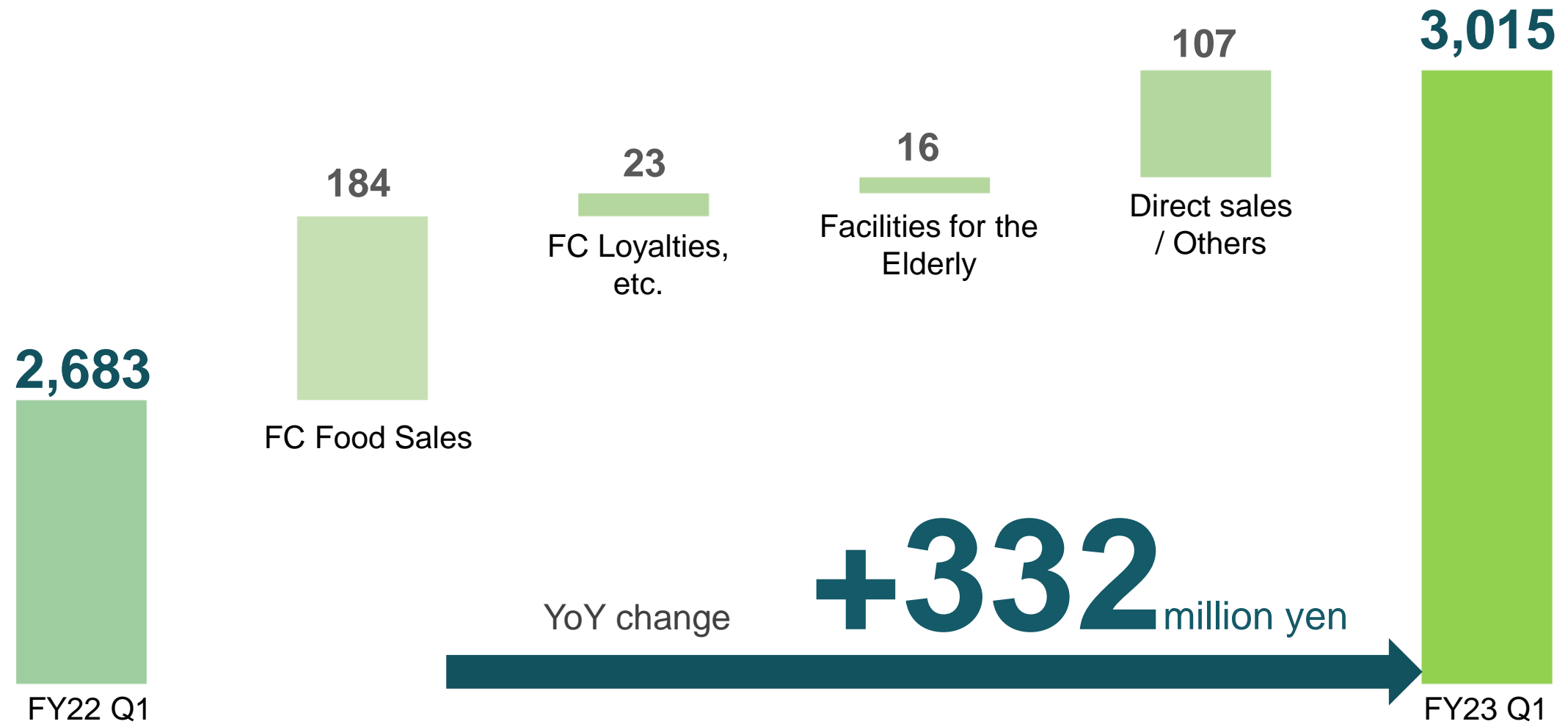
Warehousing: Started sales activities  
0.9% sales ratio within the department  
High profit contribution rate



# Change Analysis of Sales

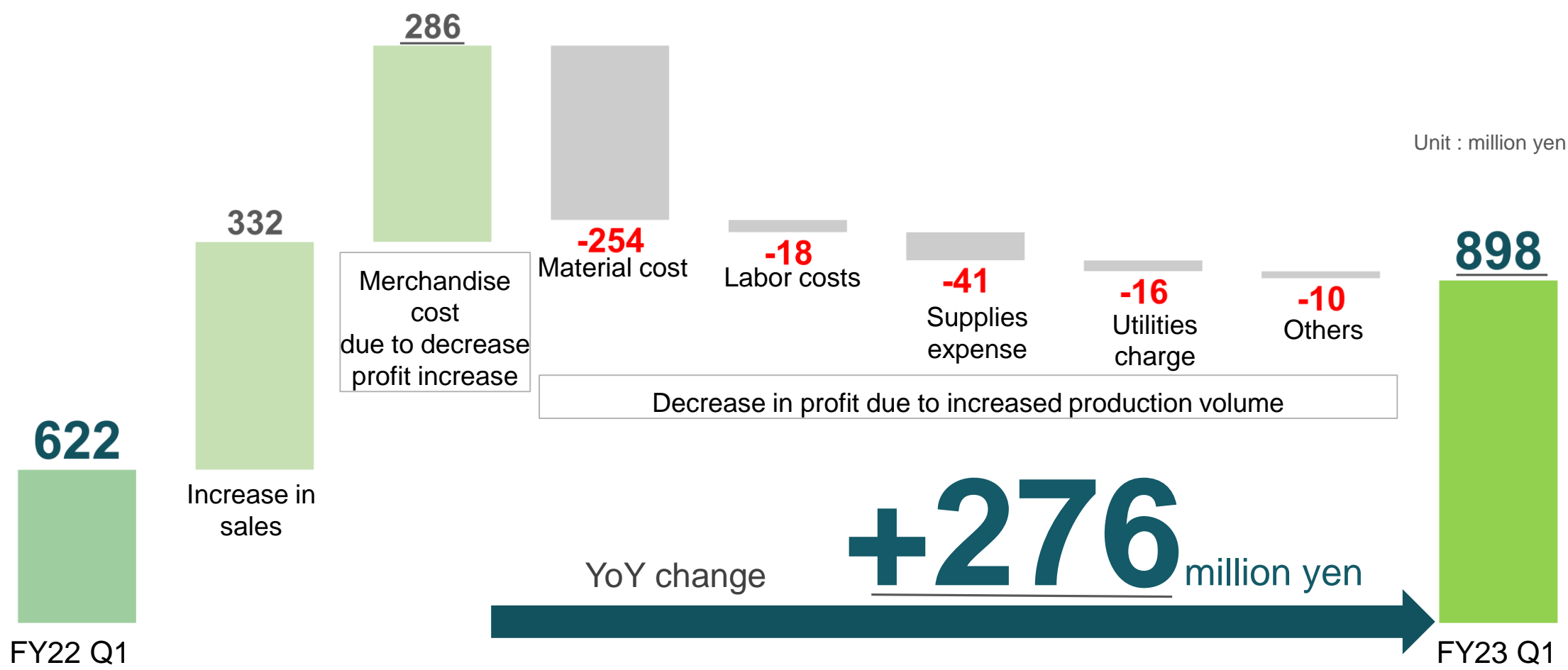
Steady performance in all divisions.  
Propose a lot of sales promotion measures → Execute → Repeat failures, leaving only good measures.

Unit : million yen



# Change Analysis of Gross Profit

Significant increase.  
In addition to the increase in sales, the shift to in-house production of 30% of the outsourced products from October has also had an impact.

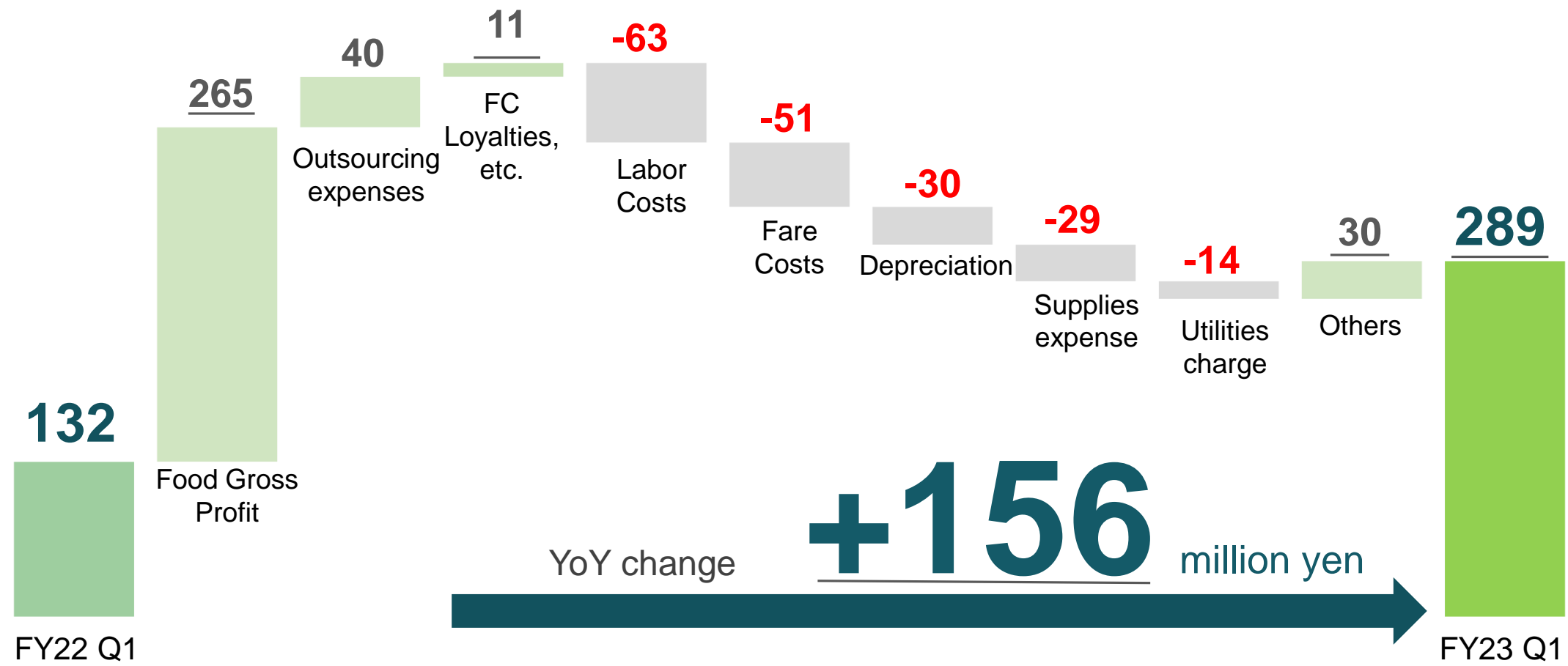




# Change Analysis of Ordinary Profit

Increase in gross profit will absorb various cost increases.  
Logistics will also become more efficient from October (3 times a week delivery to FC stores → 2 times a week),  
and the ratio of freight costs to sales amount will also be reduced.

Unit : million yen



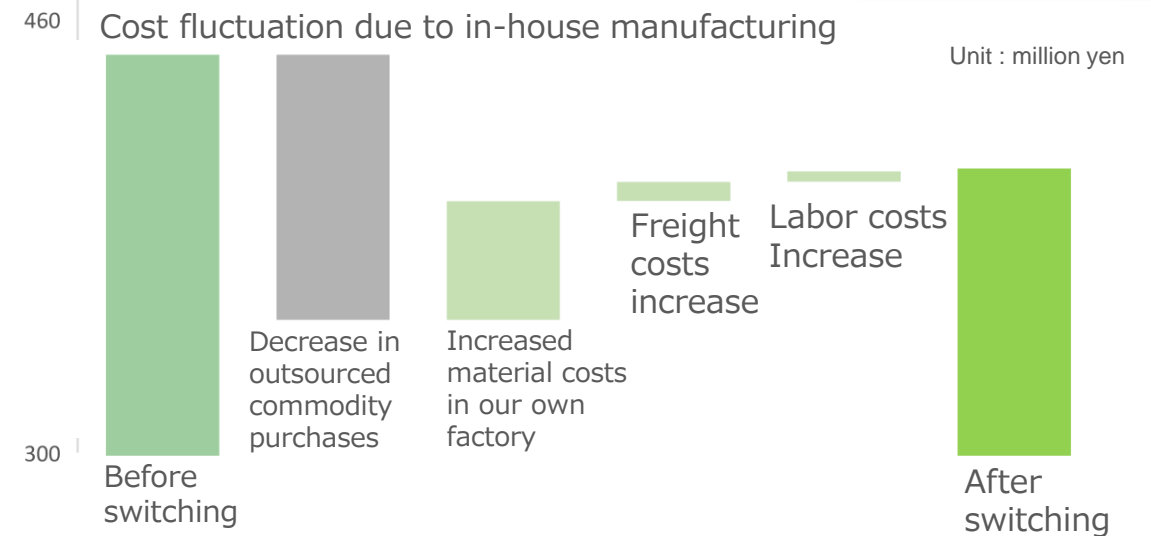
# Impact of switching to in-house manufacturing

From October 2022, nearly 30% of the chilled products that had been outsourced were switched to in-house manufacturing.

## ① Increase efficiency by switching to in-house manufacturing

Substantial reduction in outsourced Commodity cost.

Although the material cost and various manufacturing costs increased due to in-house manufacturing, there was a cost reduction effect of about 10% in the switching range.



## ② Increase in factory operation rate

Gradually rising, and some bottlenecks have become apparent due to the switching in October, so we plan to add some equipment (about 100 million to 200 million, 6 to 9 months until arrival)

Change in factory operation rate



# FY2023 Financial Plan

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Unit : million yen

	FY2023 Plan	Vs. FY2022 Results	FY2022 Results	Vs. FY2021 Results
Net Sales	<b>12,700</b>	+13.2%	<b>11,215</b>	+11.6%
Gross Profit	<b>4,270</b>	+38.2%	<b>3,088</b>	+13.5%
Operating Profit	<b>700</b>	+24.7%	<b>561</b>	-33.1%
Ordinary Profit	<b>860</b>	+21.2%	<b>709</b>	-27.1%
Profit	<b>550</b>	+36.9%	<b>401</b>	-26.4%

• Sales Plan is stated on the Sales Plan per next page. • Gross profit is expected to increase significantly due to the transfer of chilled products to the company's own factory. However, fare costs, which were previously borne by the outsourced manufacturing factory, are now included in the company's SG&A expenses. • S.G.&A. expenses include an increase in advertising expenses due to aggressive sales promotion measures, and depreciation of the Kazo Distribution Center.

## Franchise chains

**8,950 million yen** (YoY +10.8%)

Estimated number of stores at the end of the fiscal year: around 1,040 stores(around 50 stores compared to the previous fiscal year)  
Expect continued long-term growth with moderate store growth x sales per store

## Facilities for the elderly

**1,470 million yen** (YoY +12.5%)

Introducing new services in different price ranges  
"Fit Plan" for chilled products and "Otegaru Chef" for frozen products  
Establish a sales structure with multiple low to mid-priced brands to ensure that customers are not left out

## Direct Sales / Others

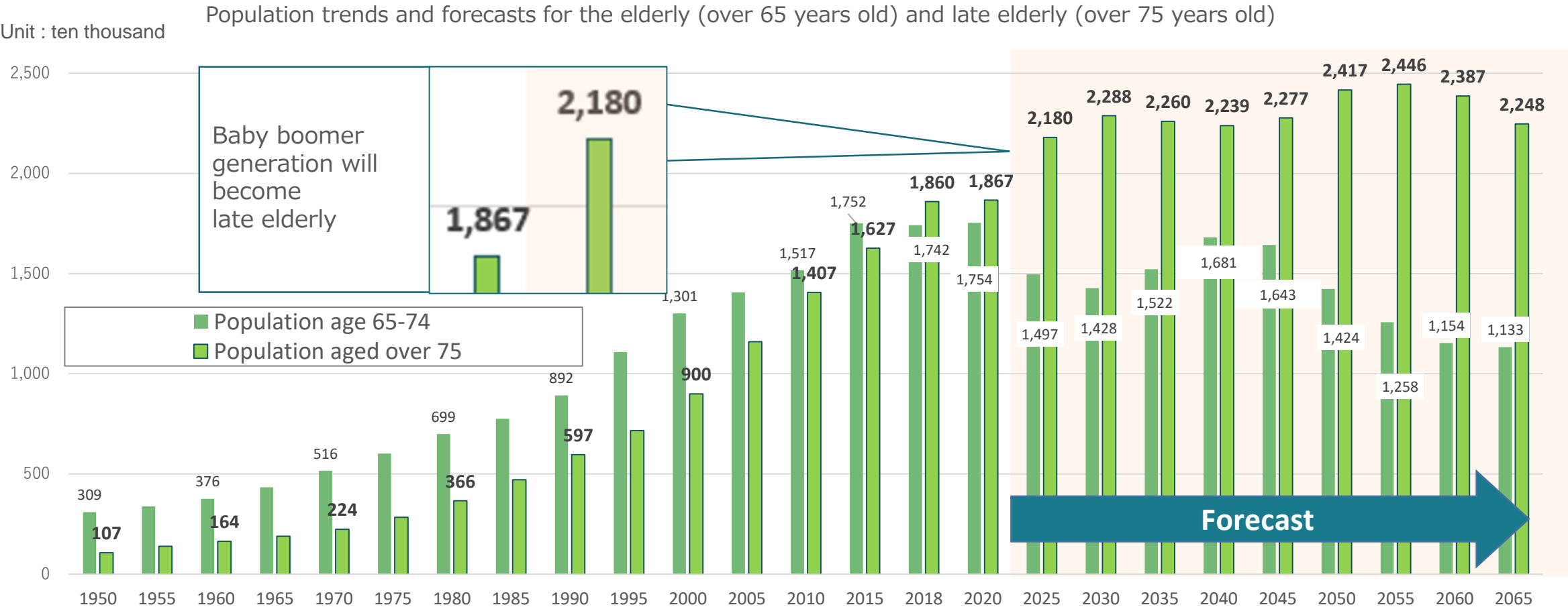
**2,280 million yen** (YoY +24.7%)

Direct sales business will promote new products and effective sales promotion measures  
Continue aggressive marketing in OEM and warehousing operations  
Establish competitive advantage through total service of "manufacturing + storage + picking" by operating Kazo Distribution Center

# The Market to which we belong

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Our main target, the late elderly, will increase exponentially beyond 2025

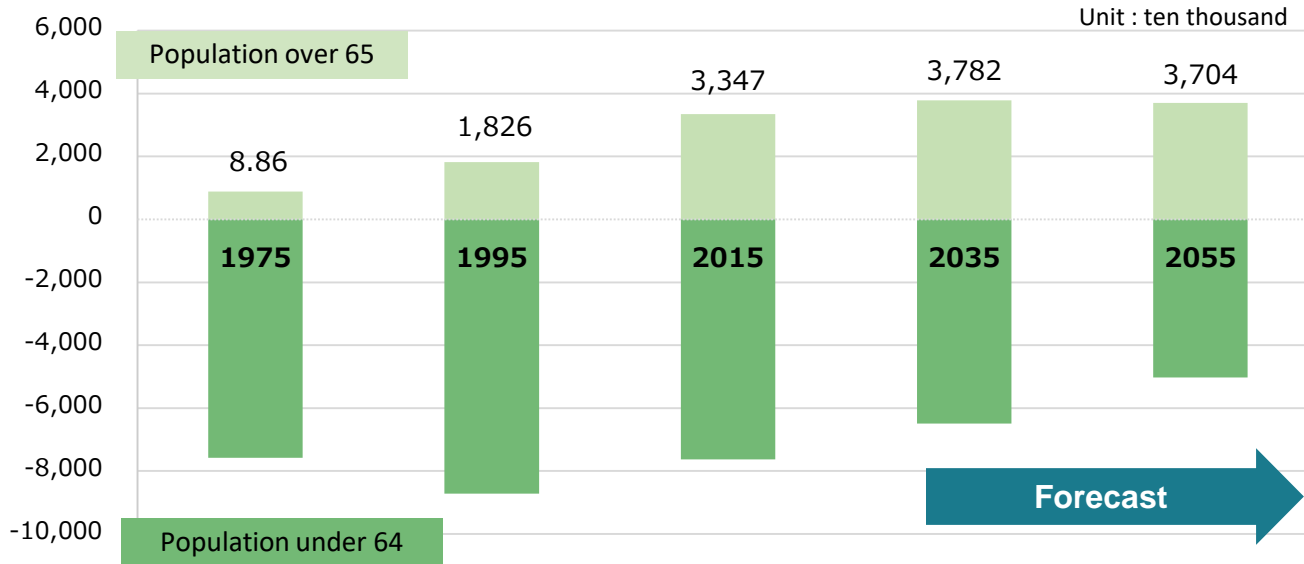


Source: Government materials



# External Environment (a business that does not rely on care insurance)

Changes in the Working Generation and the Elderly Population



Source: Government materials

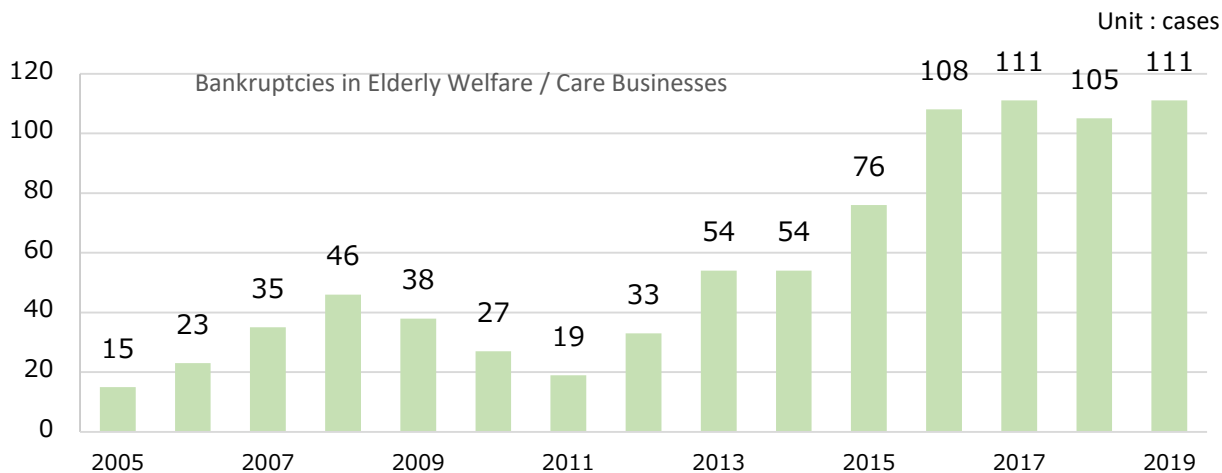
The working generation (15 to 64 years old) is decreasing, and the elderly population is increasing

Moving toward society where 1.3 people of the working generation will support 1 person aged over 65. Social security deposit benefits per person will decrease

The increase of expenditure toward COVID-19 measures in 2020 makes it even more difficult to secure financial resources for care and welfare

(90% of sales rely on care insurance)  
care business is destined to become difficult in the future.

In this upcoming era, only businesses such as food distribution services for the elderly, which can be managed without relying on insurance, can support the lives of the rapidly increasing elderly population



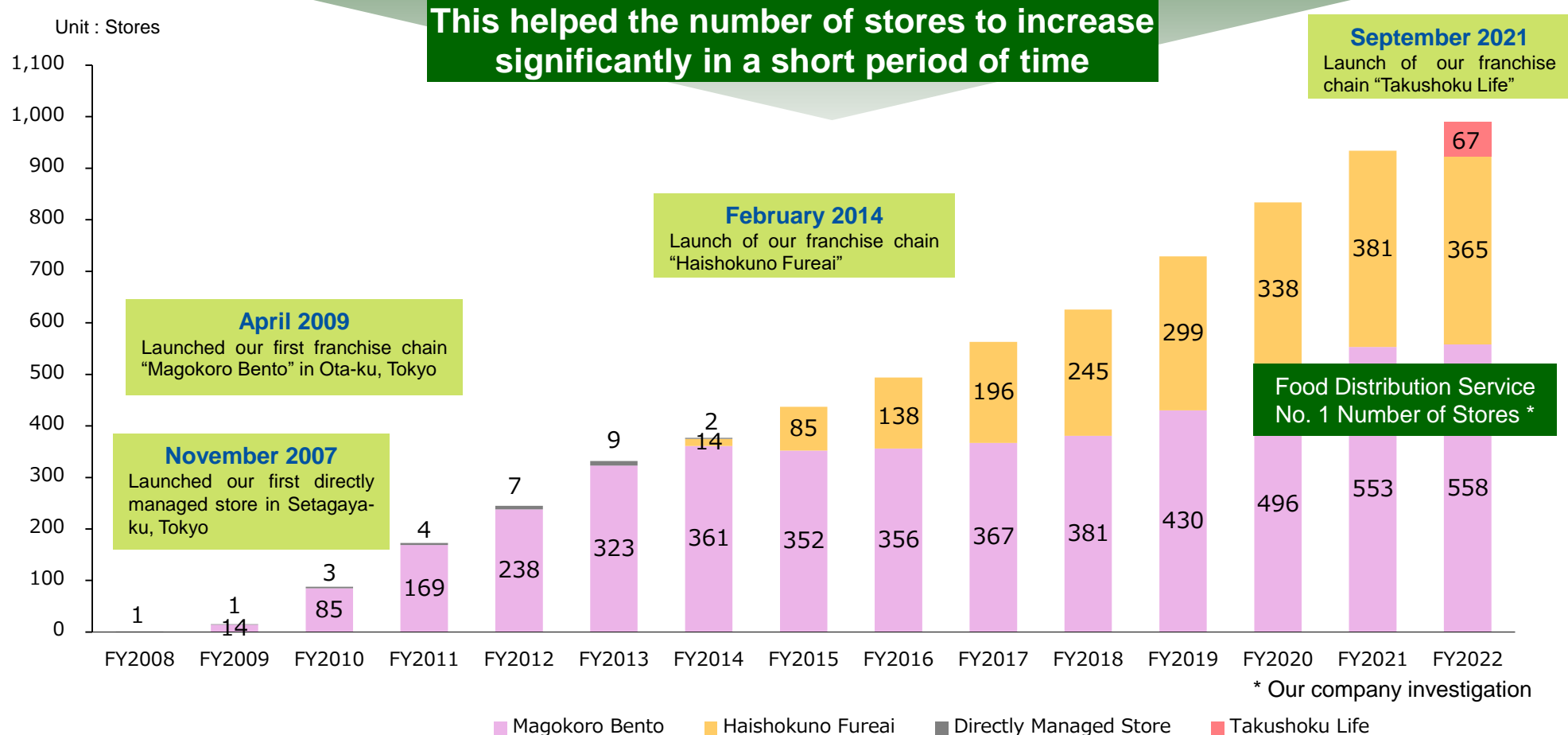
Source: local Government materials

# Our Company Features and Advantages

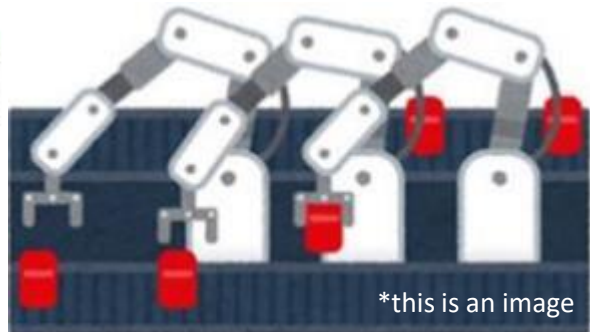
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# Our Advantage : Franchise chains Network

- Low-cost opening (non-visit-type stores with no restriction to location / no large kitchen equipment required)
- The simple process of preparing cooked ingredients and delivering (the business can be started alone)
- Stable supply of high-quality cooked ingredients from FC headquarters (no cooking experience required)



# Our Advantage: Enabling high-mix random production



Our factory 3 days menu

	昼食	夕食
8月1日	カニ玉あんかけ	鶏団子の豆乳煮
8月2日	オクラのかか和え	鶏きんぴら
8月3日	さつまいもの煮しめ	野菜のカレー炒め
8月4日	フルーツみつ豆	法蓮草のしそひしき和え
8月5日	冷しゃぶ風	白身魚(ホキ)のもろみ焼
8月6日	キャベツのピリ辛漬け	ヤングコーンソテー
8月7日	野菜のクリーム煮	山菜煮
8月8日	しろ菜のおひたし	五目巾着炊き合せ
8月9日		柚子大根
8月10日	サワラの佃煮焼(45)	ハンバーグデミグラスソース
8月11日	法蓮草の鶏と和え	人参マリネ
8月12日	ナスとピーマンの味噌炒め	かぼちゃソテー
8月13日	おでん風煮	田舎煮
8月14日	ミモザサラダ	小松菜の胡麻和え

- **Manufacturing line required in a general food factory** (dedicated line for a single product group)

A meat buns dedicated factory (1 million meat buns produced daily flow from a buns dedicated machine to a conveyor. Although there are meat buns and bun with bean-jam filling differences, they are "Principally the same product group").

- **Manufacturing line required for food distribution service** (line that can handle random production of other varieties)

Since meals are distributed daily, the same product group cannot be provided every day. 12 items made today, 12 items made tomorrow, 12 items made on the 3rd day, all should be different.

Only few factories have multi-variety random production lines which are thought to be inefficient (Usually cannot be maintained without a certain sales scale like our company)



As a result: Managing low-cost manufacturing that generates profit despite the large variety of products

- **Tenderness, seasoning, and nutritional balance suitable for the elderly to eat**
- **Rich menu variety (more than 1,000 items) you will never get tired of for your everyday meals**
- **Delivered to franchise chain stores refrigerated (chilled) to improve texture (regular meals)**

## Regular meal

- Mainly Japanese food bento for the general elderly. Consideration to nutritional balance and ease of eat

Price :  
450yen+tax~  
(sides dish only)



## Komachi (smaller portion)

- A bento with fewer calories, less salt, and a smaller portion of a regular meal for elderly people with smaller appetites

Price :  
320yen+tax~  
(sides dish + rice)



## Puréed meal

- A puréed meal bento which looks the same, for elderly people who have difficulty chewing and swallowing

Price :  
540yen+tax~  
(sides dish only)



## Calorie-adjusted meal

- A bento for people who need to calculate calories and salt intake. Manufactured to be almost 240 kcal no matter what you eat

Price :  
600yen+tax~  
(sides dish only)



## Protein-adjusted meal

- A bento for people who need to calculate protein intake, such as people who go to a dialysis clinic regularly. Protein is 10g or less per meal

Price :  
700yen+tax~  
(sides dish only)



## Production System

- A production line that can manufacture refrigerated (chilled) ingredients specializing in food distribution
- Flexible production system capable of multi-variety multi-production
- Merit of scale and reasonable price listing due to mass production

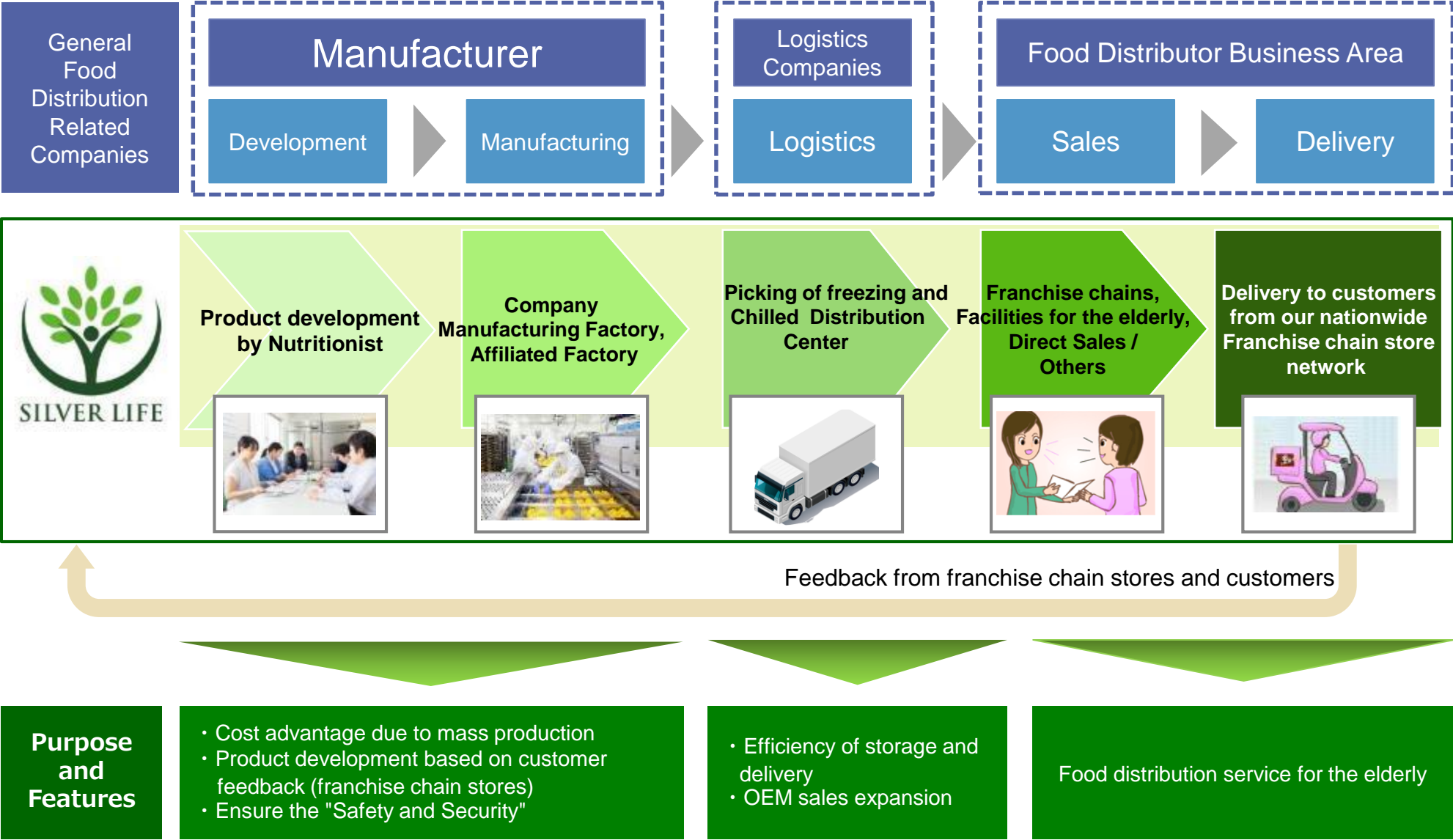


## Franchise Chain Network

- "No. 1" number of stores in the industry of our food distribution franchise chain network for the elderly (990 stores total as of the end of July 2022)
- A store network that covers the last mile to your home

Our biggest advantage is the consistent system we have from manufacturing to delivery

# Our Advantage : Consistent System





# Company Overview

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# Our Management Philosophy and Mission



## 【Management Philosophy】

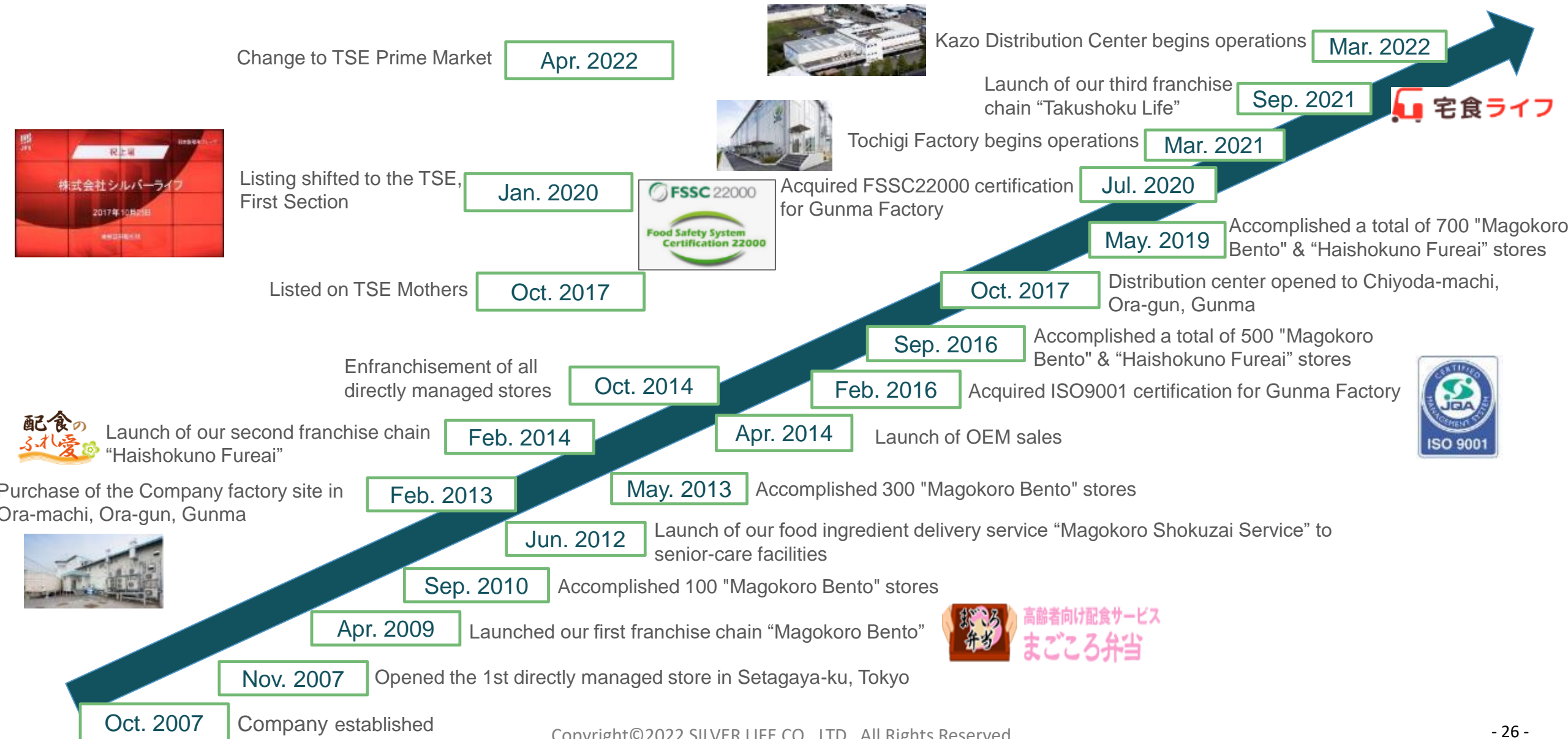
We will create a society where everyone can grow old with peace of mind from the perspective of food.

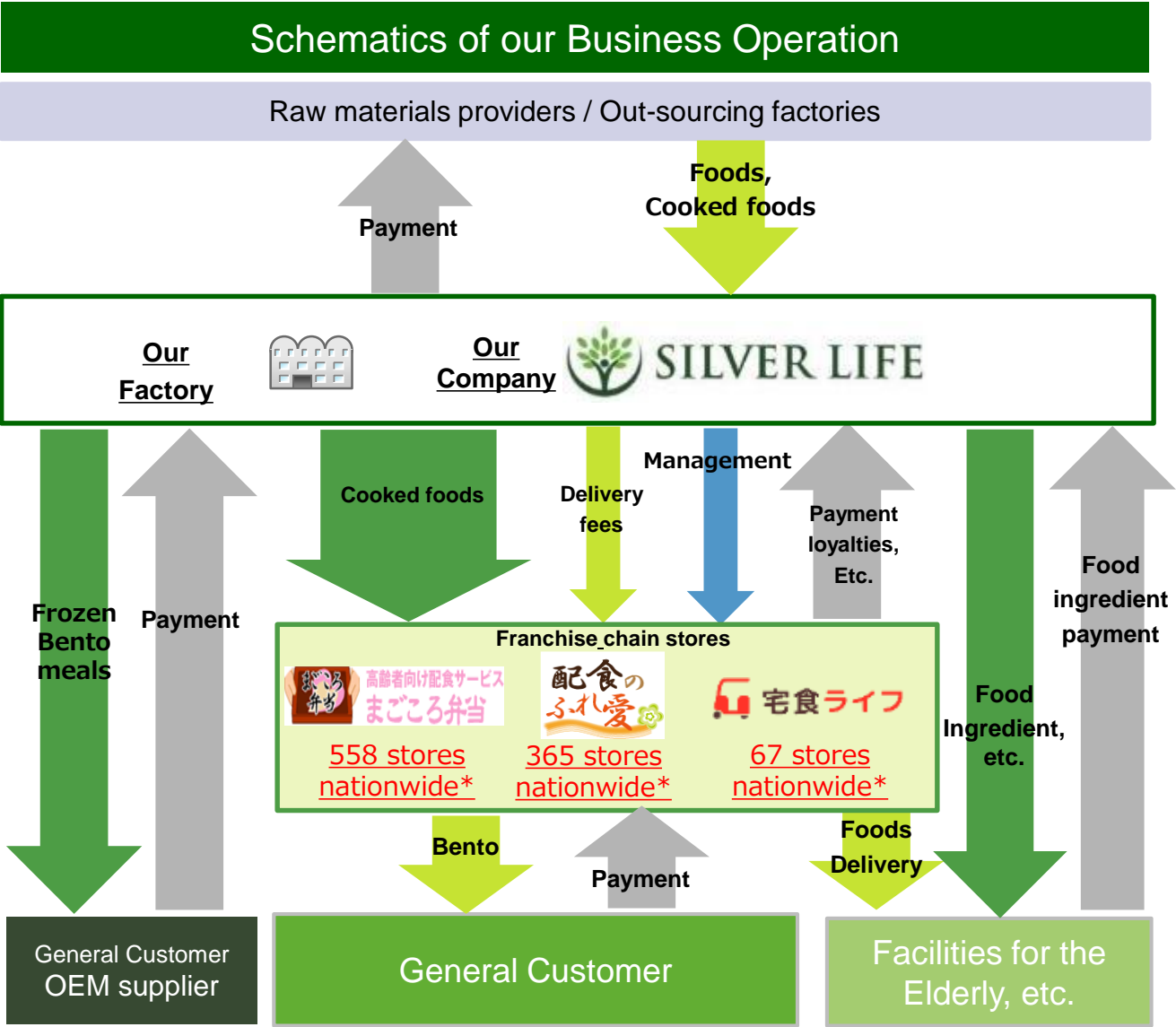
## 【Our Mission】

We prepare bento's at reasonable prices and deliver to your home every day so that elderly people living alone or needing care who have difficulty cooking or going out to shop can eat without any trouble.

Company Name	SILVER LIFE Co., Ltd.
Representative	President, CEO : Takahisa Shimizu
Established	October 2007
Capital Stock	725 million yen (as of July 31, 2022)
Address	Highness Lofty Level 2, 4-32-4, Nishishinjuku, Shinjuku-ku, Tokyo, 160-0023, Japan
Businesses	<ul style="list-style-type: none"><li>▪ Franchise management of food delivery service for the elderly (Service names: “Magokoro Bento”, “Haishokuno Fureai”, “Takushoku Life”)</li><li>▪ Food ingredient sales to senior-care facilities (Service names: “Magokoro Shokuzai Service”, “Kodawari Chef”)</li><li>▪ Own brand and OEM sales of frozen bento meals (Service name: “Magokoro Care Shoku”)</li></ul>
Website	<a href="https://www.silver-life.co.jp/">https://www.silver-life.co.jp/</a>
Employees	426 (Full-time: 173 / Part-time: 253) As of the end of July 2022
Factory	<ul style="list-style-type: none"><li>▪ Gunma Factory:1678-1, Nakano, Ora-machi, Ora-gun, Gunma, 370-0603, Japan</li><li>▪ Tochigi Factory:576-6, Hakaricho, Ashikaga-shi, Tochigi, 326-0327, Japan</li></ul>
Distribution Center	<ul style="list-style-type: none"><li>▪ Kazo Distribution Center:376, Sakae, Kazo-shi, Saitama, 349-0213, Japan</li></ul>

# Our History





**FY2022 Sales composition**



**Mainly Wholesale Ingredients**

A continuous profit system in which our food net sales increases proportionally to the growth in net sales (number of meals) of franchise chain stores.  
(Food net sales include sales for facilities for the elderly, Direct Sales and OEM.)

\*As of the end of July 2022



- The statements in this document regarding future-prospects are based on current information and may fluctuate due to economic trends, market environment, our related industry trends, and other internal and external factors. Therefore, please have in mind that there are risks and uncertainties that the actual results may differ from those described in this document regarding future-prospects.
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