

Tochigi Factory
solar panel
installation



Financial Results for the 2nd Quarter 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 2nd Quarter Performance Highlights

Fiscal Year Ending July 2023 Q2 Performance YoY

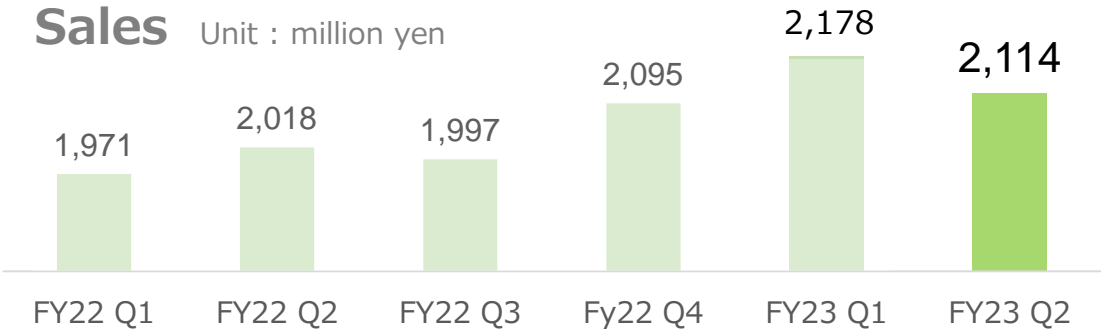
Sales continued to grow +10.4% YoY, and gross profit margin improved from 29.8% in Q1 to 30.7% in Q2.
 From Q1 to Q2, gain on reversal of allowance for shareholder benefits +28 million yen disappeared, advertising expenses increased by 40 million yen, salary increased by about 8%
 Still, as of Q2, operating income was up 33.6% YoY and is on an improving trend.

Unit : million yen	FY2023 Q2				FY2022 Q2		FY2023 Plan	
	Results	Vs. FY2022 Q2 results	Sales ratio	Plan Progress rate	Results	Sales ratio	Plan	Sales ratio
Net sales	6,015	+10.4%	-	47.3%	5,450	-	12,700	-
Gross profit	1,821	+31.8%	30.3%	42.7%	1,382	25.4%	4,270	33.6%
Operating profit	417	+33.6%	6.9%	59.3%	312	5.7%	700	5.5%
Ordinary profit	507	+32.8%	8.4%	58.7%	382	7.0%	860	6.8%
Profit	317	+24.6%	5.3%	57.6%	254	4.7%	550	4.3%

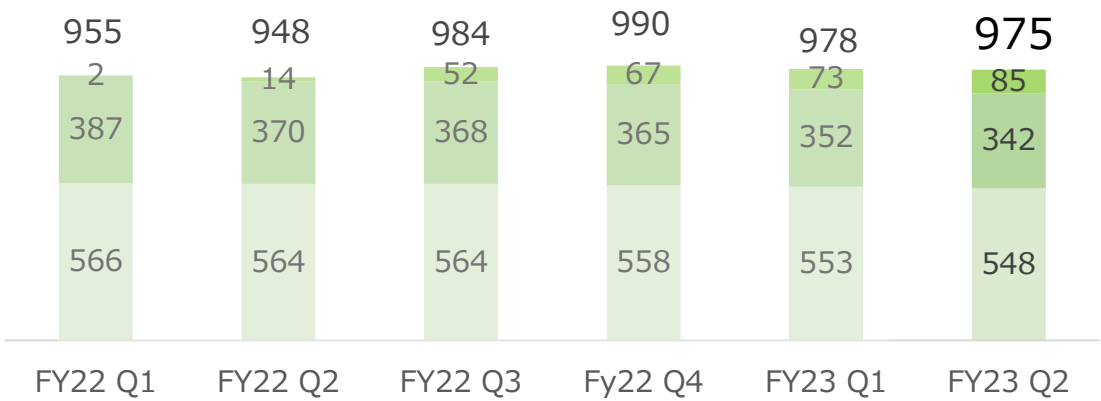
Franchise chains

Sales

Unit : million yen



Number of Stores



■ Takushoku Life ■ Haishokuno Fureai ■ Magokoro Bento

Vs. FY2022 Q2
cumulative Actual

+7.6%

Sales:

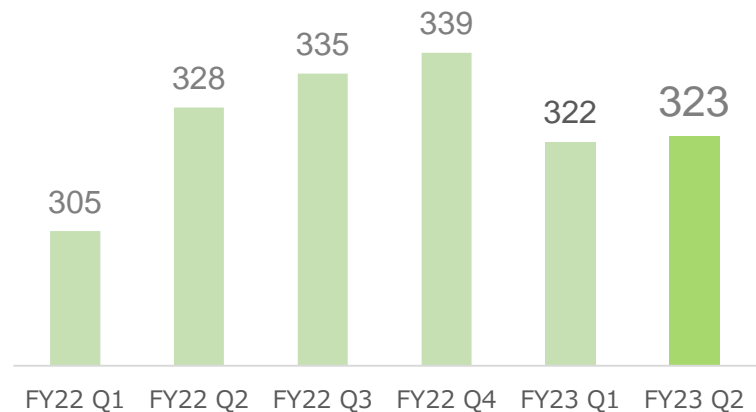
Decreased from Q1 due to lack of sales for COVID-19 patients
Sales of existing stores vs.previous year
Magokoro Bento 103.6%
Haishokuno Fureai 114.6%

Number of stores:

975 stores (down 3 stores from the end of Q1)
Struggling to acquire membership compared to the COVID-19 period

Facilities for the elderly

Unit : million yen



Vs. FY2022 Q2
cumulative Actual

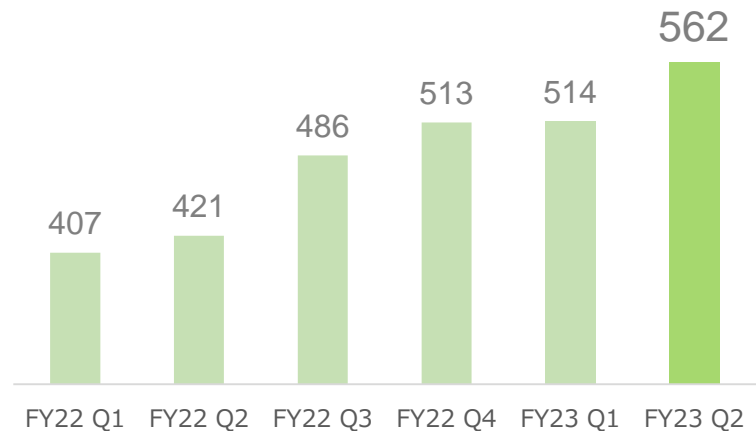
+1.8%

Frozen: Increased
Not equal to the chilled decrease
The division sales ratio is 45.6%

Chilled: Continued decline
The division sales ratio is 54.4%

Direct Sales / Others

Unit : million yen



Vs. FY2022 Q2
cumulative Actual

+30.1%

Direct sales: Significant increase, utilizing
advertising expenses successful
measures

The division sales ratio is 69.9%

OEM: Flat, existing sales decreased but
new sales increased

The division sales ratio is 28.2%

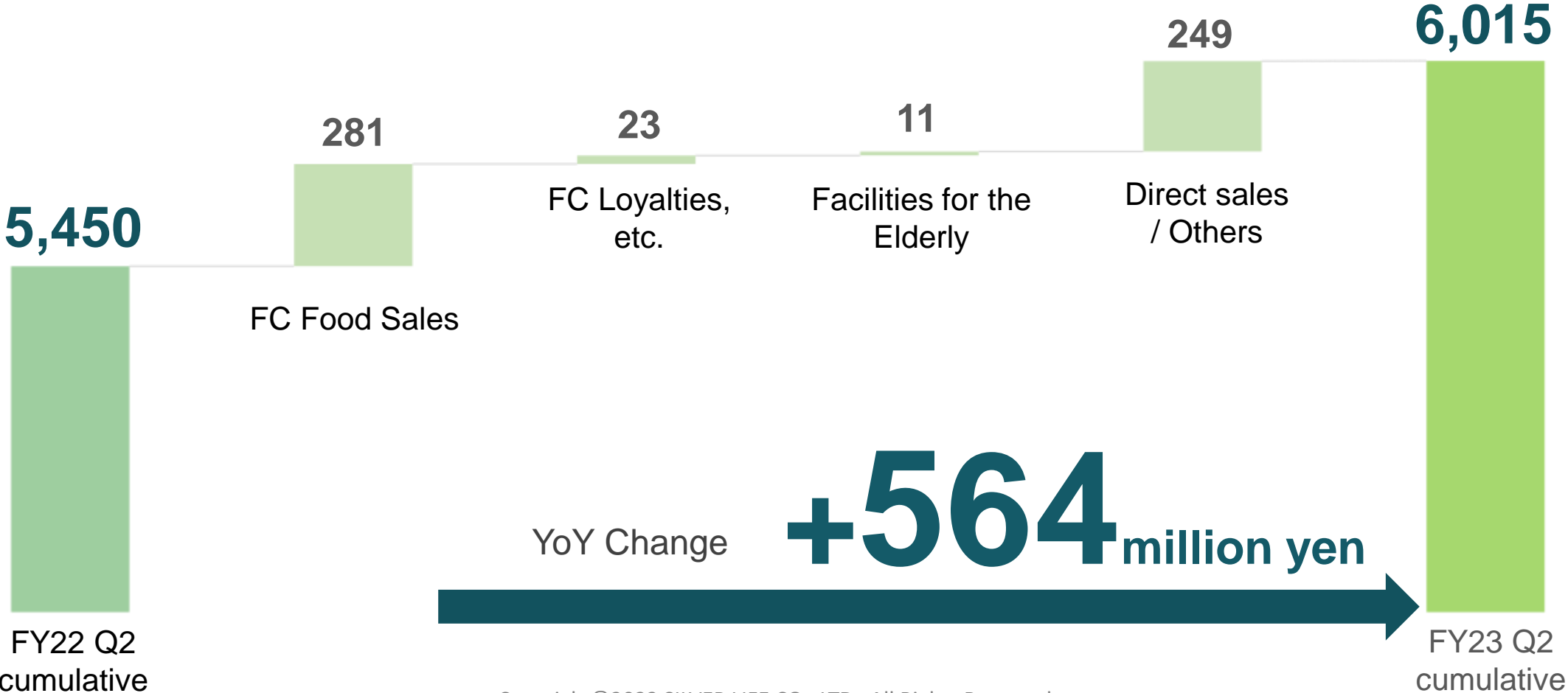
Warehousing: doubled compared to Q1
Year-end demand and the effect of price
increases

The division sales ratio is 1.9%

Change Analysis of Sales

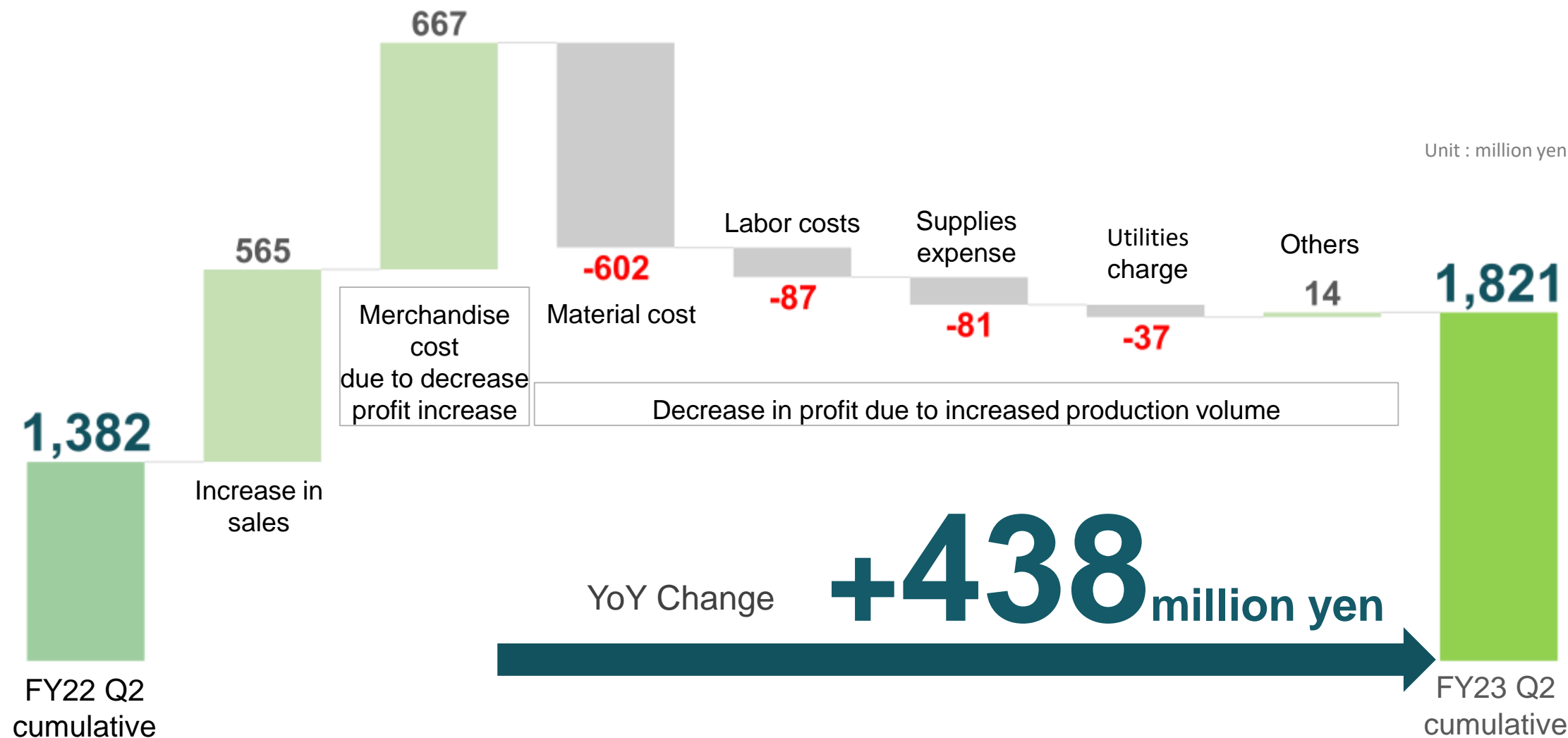
FC Food Sales, Direct sales/Others drive overall growth, continuing to soar

Unit : million yen



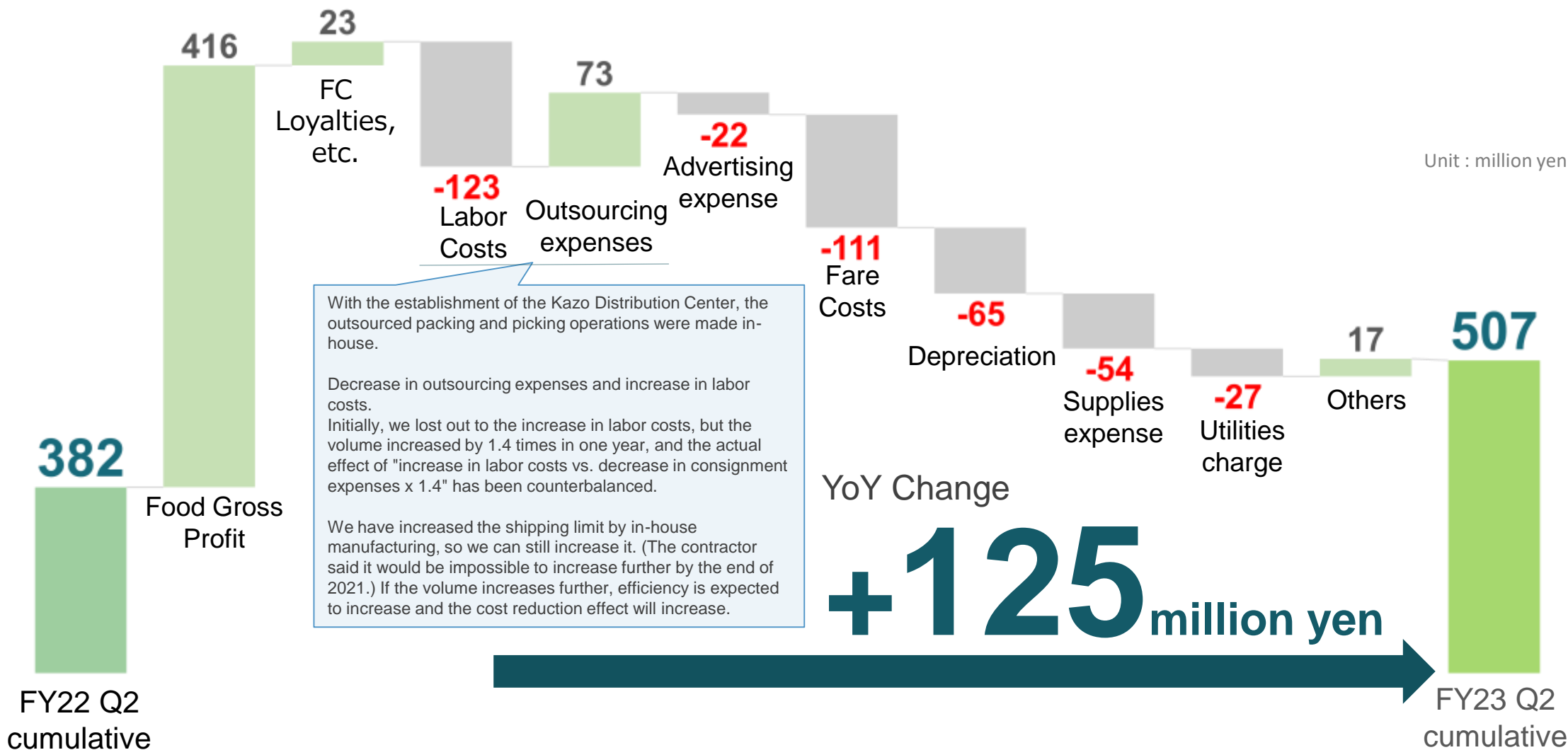
Change Analysis of Gross Profit

Significant improvement, mitigating the impact of rising material cost by shifting outsourced products to in-house manufacturing
In-house manufacturing shift rate increased from 30% in Q1 to 40% in Q2



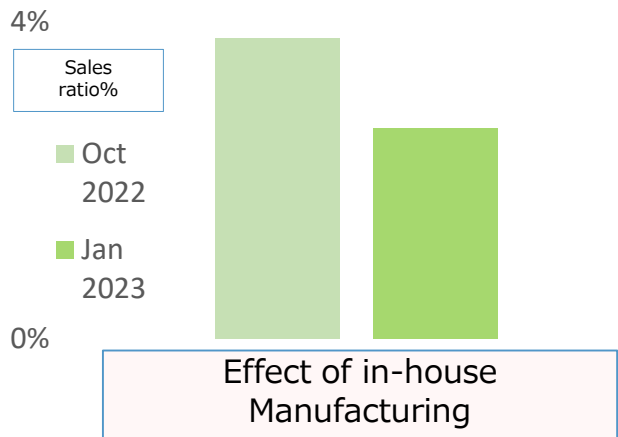
Change Analysis of Ordinary Profit

Absorb various costs by increasing Food Gross Profit
Profit increased even after reflecting the increase in costs due to the operation of the Kazo Distribution Center, which did not exist in the previous fiscal year.



Profit effect of in-house production (Oct 2022 vs Jan 2023)

Although the effect decreased due to the rise in material cost, the continuous profit increase effect continues



As of Oct 2022, in-house production has confirmed a cost reduction effect of 30 million yen per month → As expected, advertising expenses increased in Q2 and salary increased by 8%

As of Jan 2023, the cost reduction effect fell to 22 million yen per month. → A sharp increase in material cost occurred beyond the forecast.

From Mar 2023, the sales price will be raised slightly to achieve balance.

About the progress of improving the inventory management system

Implementation status of recurrence prevention measures regarding the correction of financial results disclosed on Dec 26, 2022

[Items already implemented]

- Check the actual inventory and visually confirm the actual number
→ Separate teams for warehouse and accounting check the actual numbers individually
- Implementation of numerical value confirmation meeting of inventory amount
→ Reconfirm the inventory calculation formula every quarter with the president
- Systematize automated warehouses and eliminate manual work

[Items to be implemented in the future]

- Systemization of shelf inventory other than automated warehouses
- For automatic linkage of order data and shipping data
Always automatically grasp the theoretical inventory by
- Inventory value change by linking multiple systems
Development of an automatic check function for motion

Product Development Efforts

Promotions of new frozen bento meals

Launch of new brands for all kinds of food diversity

In addition, a low-priced frozen bento meals "Chisana shiawase" will be available this summer to meet the demand of thrifty consumers

Kikubari Bento launched online in January 2023



きくばり
べんとう
KIKUBARI BENTO

- ✓ Contain less than 15g of carbohydrates. Nutritionally balanced frozen bento meals supervised by a registered dietitian.
- ✓ Pricing from 370 yen (excluding tax).
- ✓ Free menu selection.

※Owned our warehouse, so we could stock all types of products and sell them by menu designation

Life Meal plans to launch online in March 2023



- ✓ Young, colorful visuals.
- ✓ Large, mouth-watering cuts.
- ✓ Pricing from 430 yen (excluding tax).
- ✓ Free menu selection.
- ✓ Aggressive web promotion through SNS and influencers.

Sustainability and SDGs Efforts

Efforts to Address Sustainability Issues



Reduction of GHG emissions

FY22 Actual
37,490 t-Co2

Tochigi Factory and Kazo Logistics Center to install solar power generation, and plan to set a reduction target during the current term

Reduction of food waste

FY23 Annual waste forecast
247.8t (Target 252.6t)

The introduction of vacuum cooking has reduced residue in the manufacturing process. Promote reduction of product disposal by systematizing expiration date management (disposal rate 10% → 5% target)

Investing in human capital

Ratio of female managers
FY21 FY22
15.4% → 26.6% → **26.9%** Jan 2023

Only a slight increase from the previous term
*Prime market average 11.4%

Employees on maternity/childcare leave
FY21 FY22
0名 → 5名 → **5名** Jan 2023

Recruitment of new graduates started in 2012, and after 10 years, the number of acquired employees started to appear in 2022. It is expected to increase in the future as the number of employees increases.

Scholarship repayment support
FY21 FY22
10名 → 10名 → **12名** Jan 2023

In addition to the salary, the company will repay the full amount of the scholarship held by the student in 7-year installments. It is expected to increase in the future as the number of employees increases.

Sustainability committee

Preparing for installation

Held a sustainability study session for directors in February, aiming to establish a committee during this term

Diversity



employment of disabled people

employed **8** disabled people (The legal obligation is 7)
accepting disabled people from social welfare corporations

employment of foreigners

employed **89** foreigners
67 are specified skills and technical intern trainees



Environment



electricity development

solar panels installed at Tochigi Factory and Kazo Distribution Center, and will be installed at Gunma Factory in the future

reduction of electricity

installed fluid agitators in own factory and warehouse
contributes to energy saving of electricity used in air conditioning



Employee Engagement



salary increases

Salary increase of **8%** for employees in January 2023

gifts of president, CEO shares

800 shares per person donated to full-time employees

※Excluding some scheduled retirees. Although not strictly a company policy, it has made employees learn to look at the company from the perspective of shareholders.

promoting the use of paid holiday

acquisition rate **74%** (Corporate average 58.3%, 2022 survey)

benefits program

- 200,000 yen is paid to employees who get married or have a baby
- two weeks vacation for employees who have been with the company for five years
- recommendations of work from home, with some employees working completely from home

FY2023 Financial Plan

Unit : million yen

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

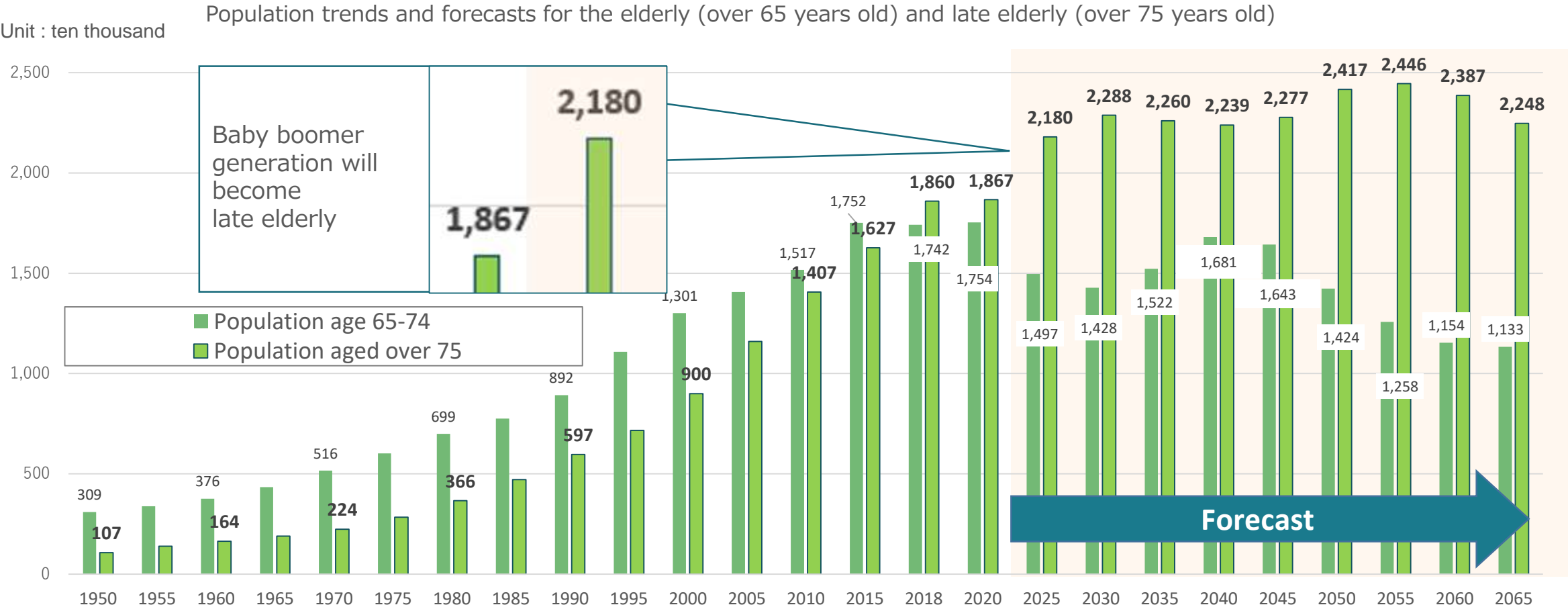
Direct Sales / Others

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

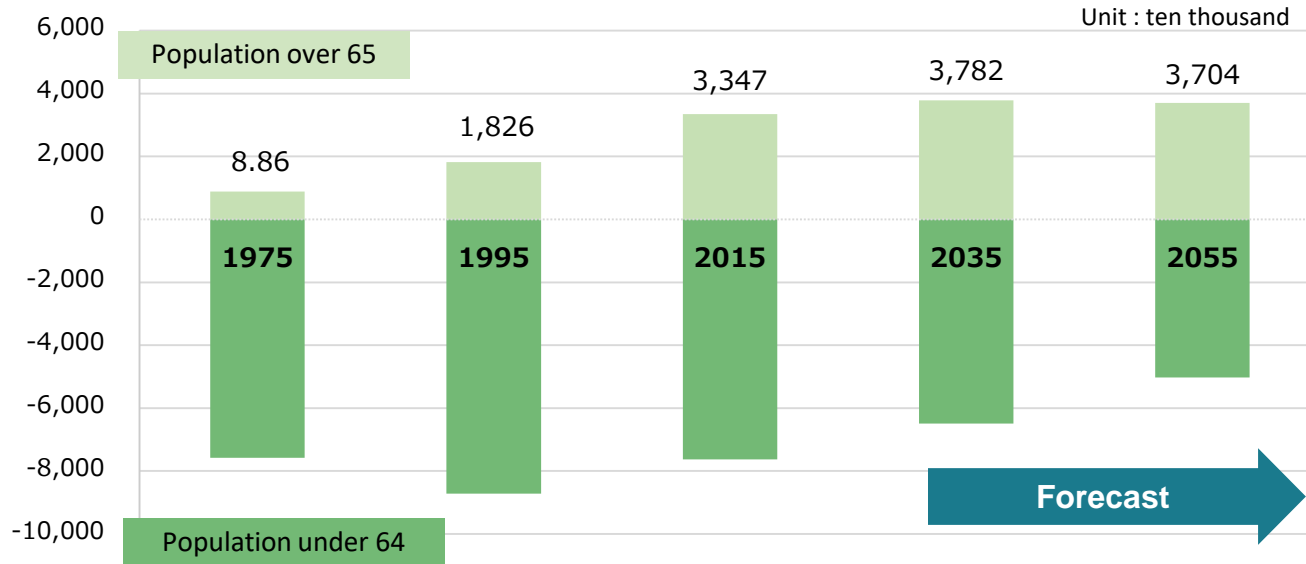
Our main target, the late elderly, will increase exponentially beyond 2025



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

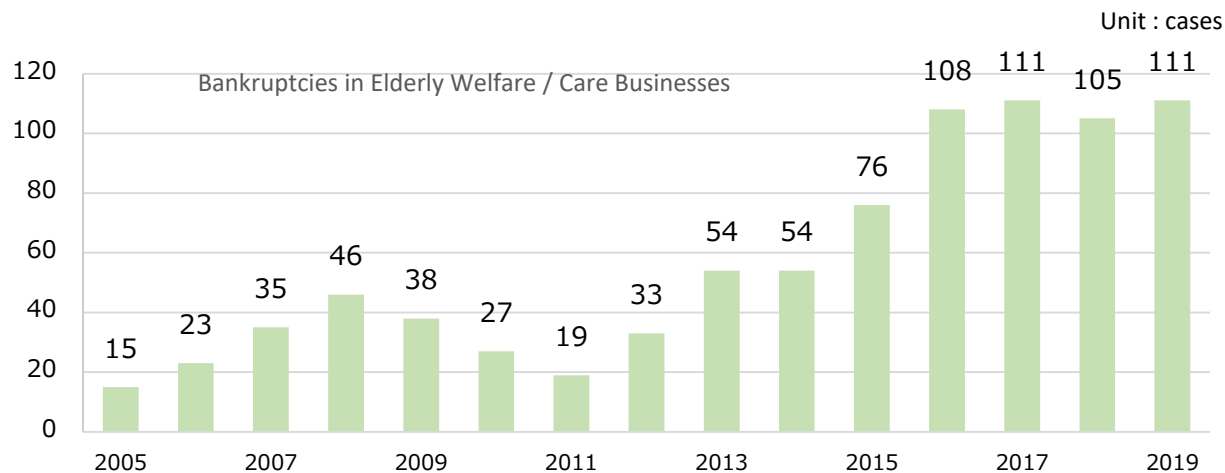
The working generation (15 to 64 years old) is decreasing, and the elderly population is increasing

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

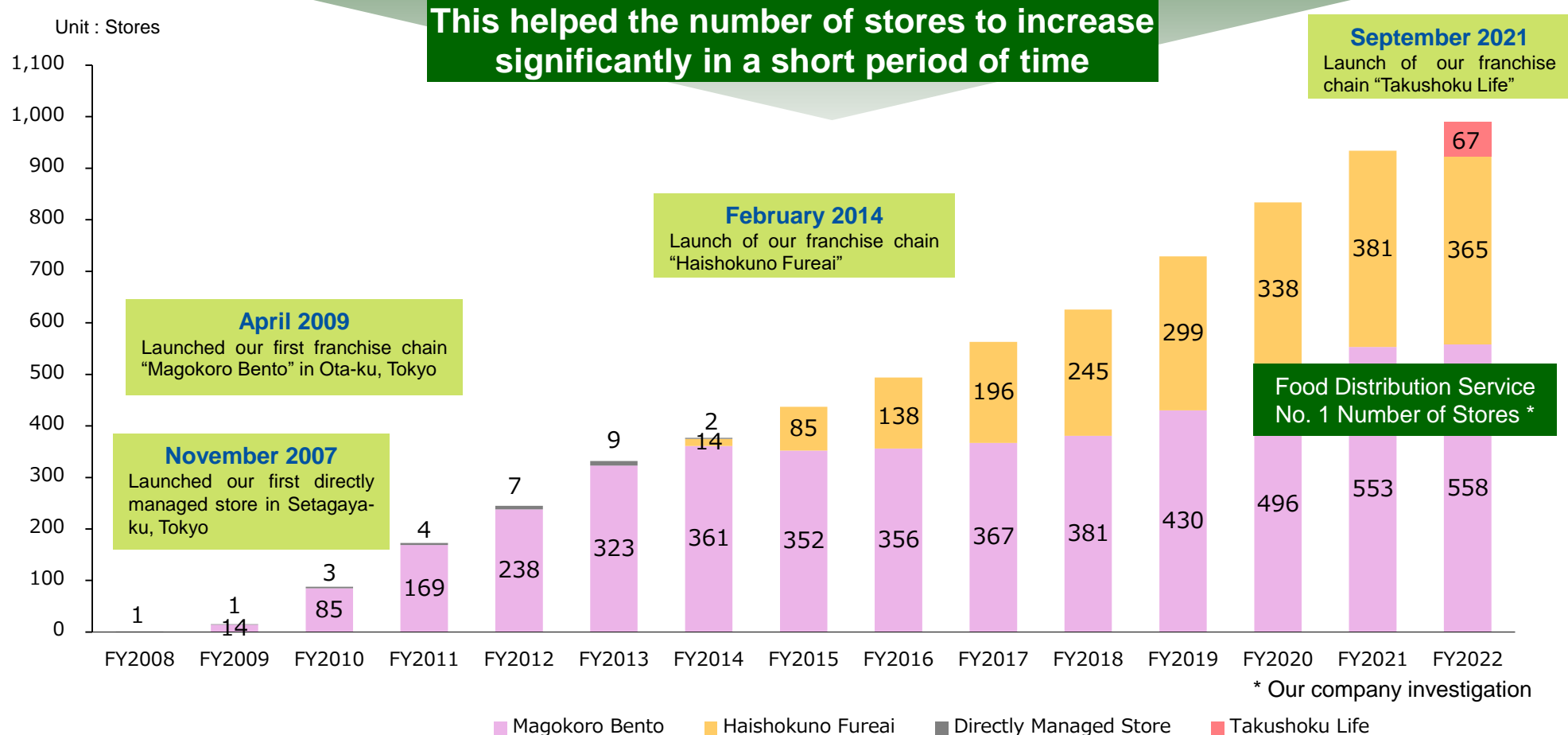


Source: local Government materials

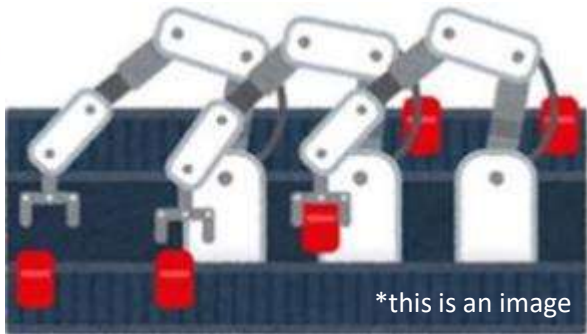
Our Company Features and Advantages

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



*this is an image



Our factory 3 days menu

	昼食	夕食
日	カニ玉あんかけ	鶏団子の豆乳煮
月	オクラのかか和え	茹きんげん
火	さつまいもの煮しめ	野菜のガレー炒め
水	フルーツみつ豆	法蓮草のしそひき和え
木		
金	冷しゃん風	白身魚(ホキ)のもろみ焼
土	キャベツのせり煮漬け	ヤングコーンソテー
日	野菜のクリーム煮	山菜煮
月	しろ菜のおひたし	五目巾着炊き合せ
火		柚子大根
水		
木	サワラの佃煮焼(45)	ハンバーグデミグラスソース
金	法蓮草の鶏肉和え	人参マリネ
土	ナスとピーマンの味噌炒め	かぼちゃソテー
日	おでん風煮	田舎煮
月	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

Our Advantage : Abundant menu with low prices

- **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

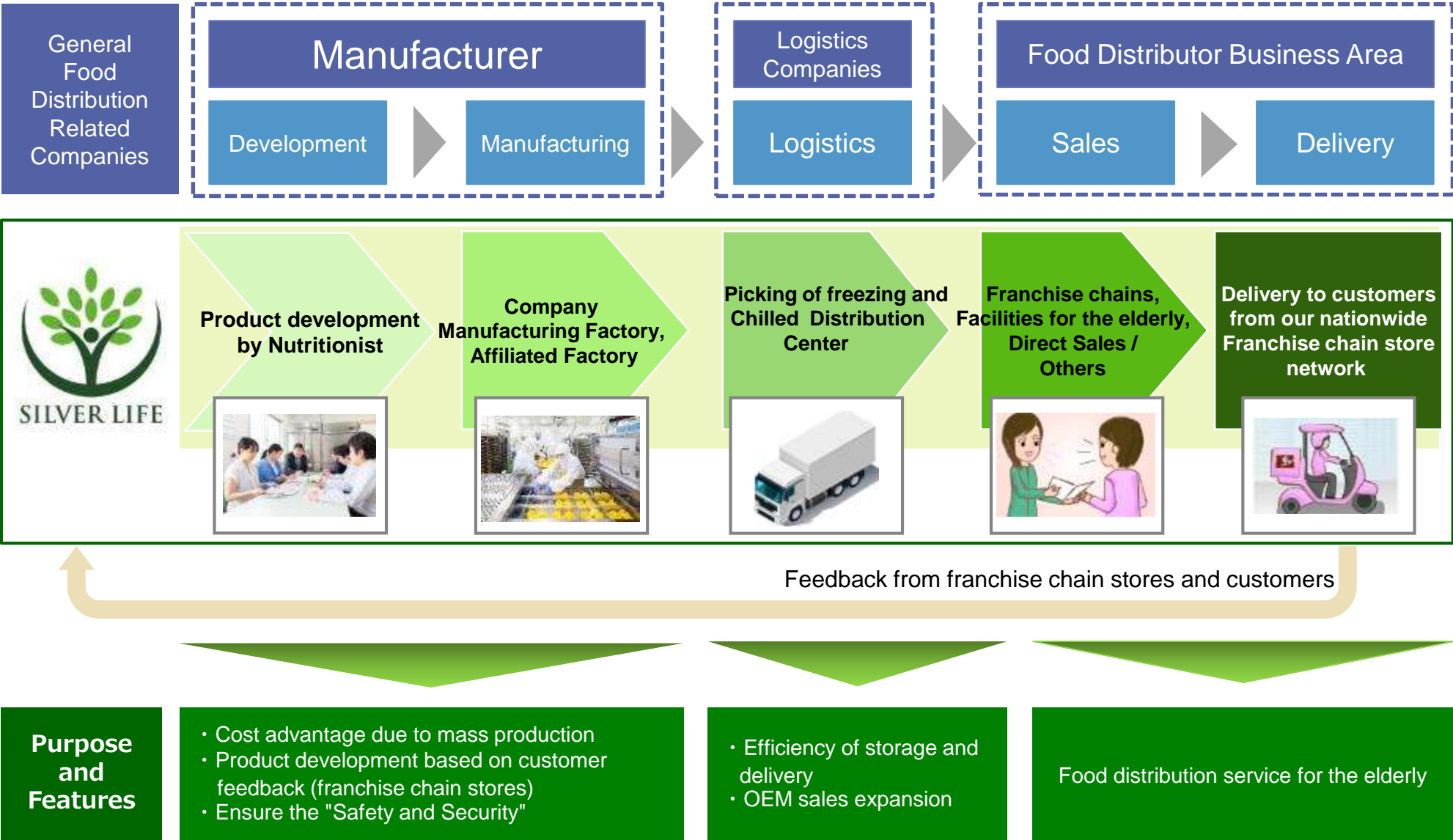


Franchise Chain Network

- "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

Our Management Philosophy and Mission



【Management Philosophy】

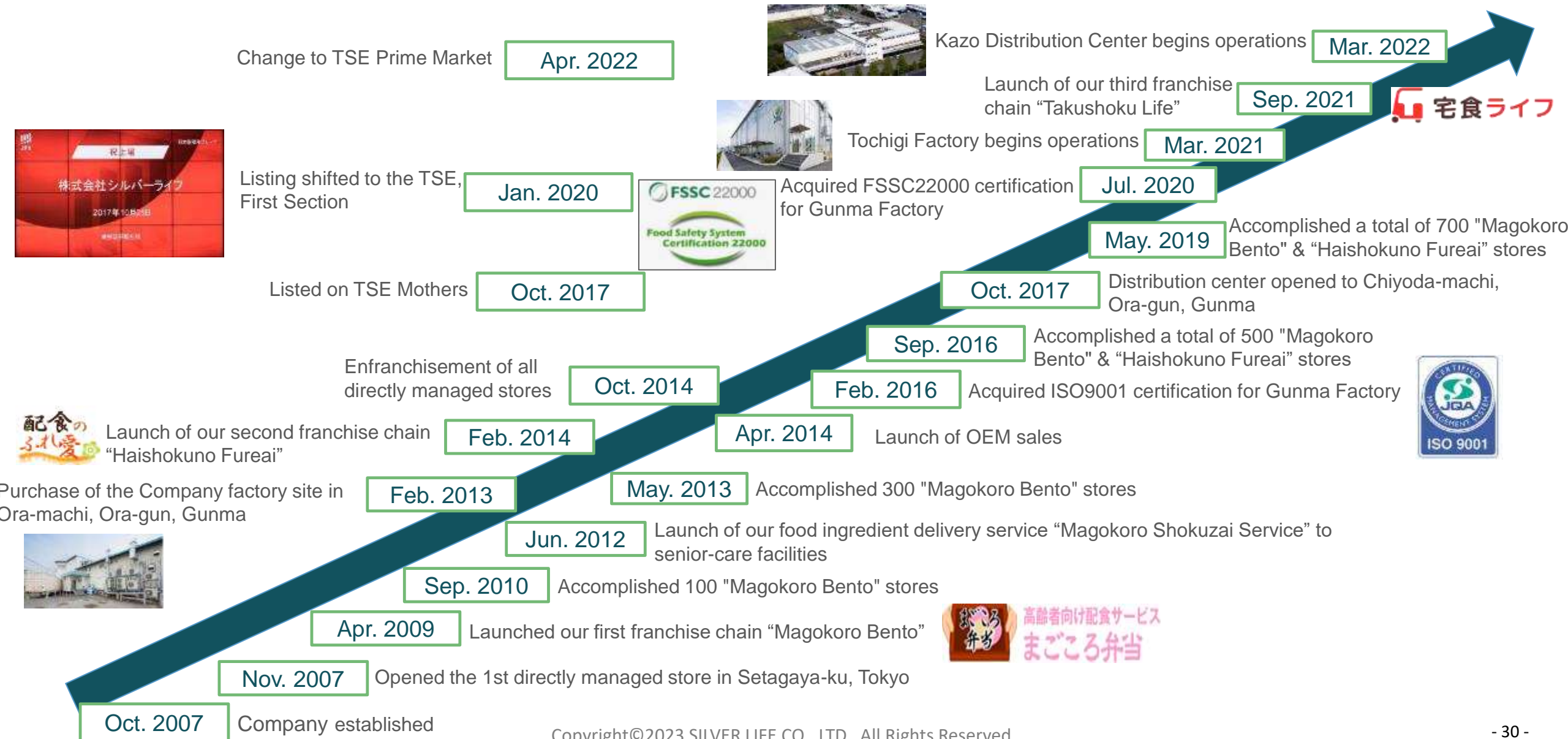
We will create a society where everyone can grow old with peace of mind from the perspective of food.

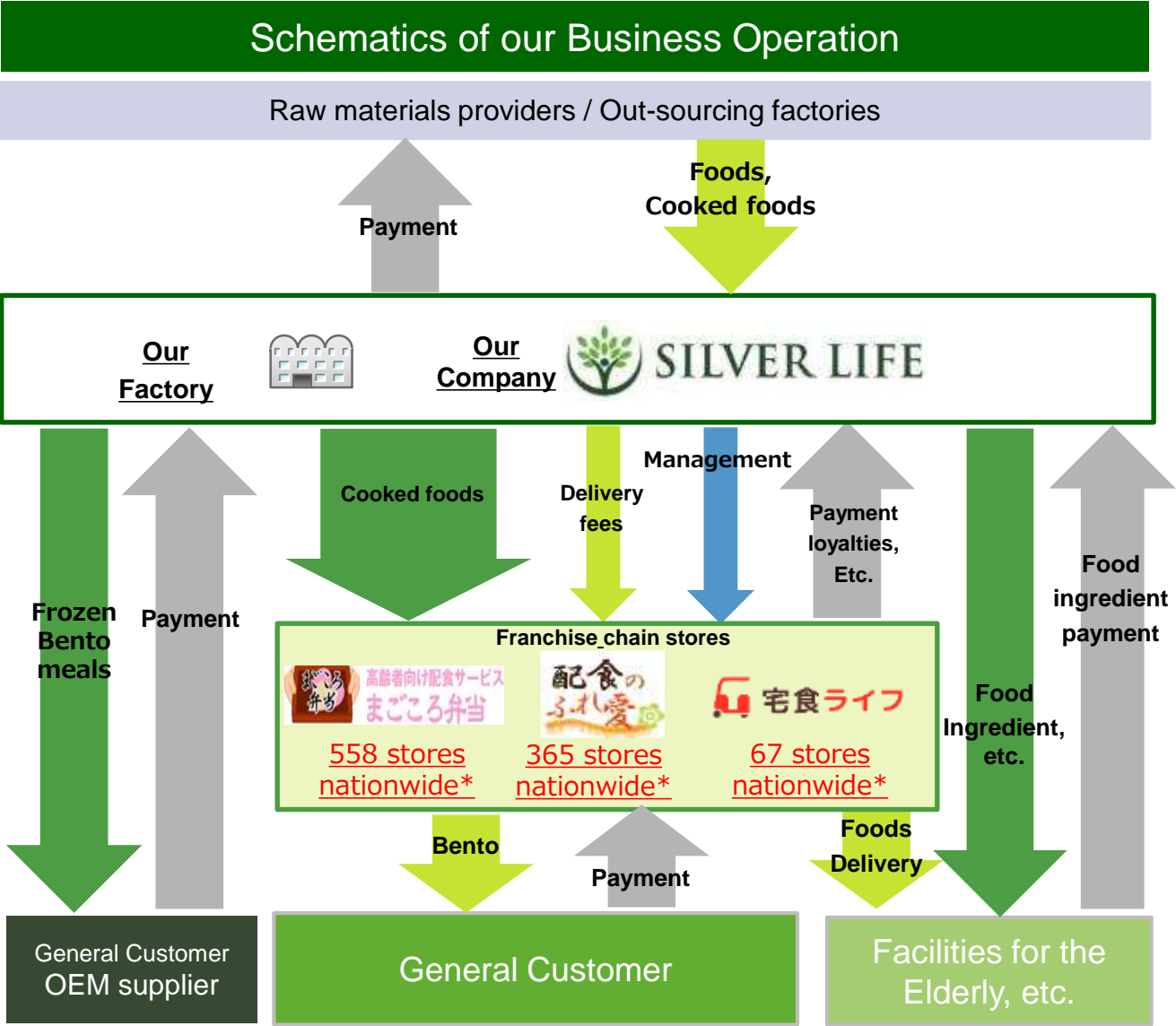
【Our Mission】

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">▪ Franchise management of food delivery service for the elderly (Service names: “Magokoro Bento”, “Haishokuno Fureai”, “Takushoku Life”)▪ Food ingredient sales to senior-care facilities (Service names: “Magokoro Shokuzai Service”, “Kodawari Chef”)▪ Own brand and OEM sales of frozen bento meals (Service name: “Magokoro Care Shoku”)
Website	https://www.silver-life.co.jp/
Employees	426 (Full-time: 173 / Part-time: 253) As of the end of July 2022
Factory	<ul style="list-style-type: none">▪ Gunma Factory:1678-1, Nakano, Ora-machi, Ora-gun, Gunma, 370-0603, Japan▪ Tochigi Factory:576-6, Hakaricho, Ashikaga-shi, Tochigi, 326-0327, Japan
Distribution Center	<ul style="list-style-type: none">▪ Kazo Distribution Center:376, Sakae, Kazo-shi, Saitama, 349-0213, Japan

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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