



Financial Results for the 3rd 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 3rd Quarter Performance Highlights

Fiscal Year Ending July 2023 Q3 Performance (vs YoY)



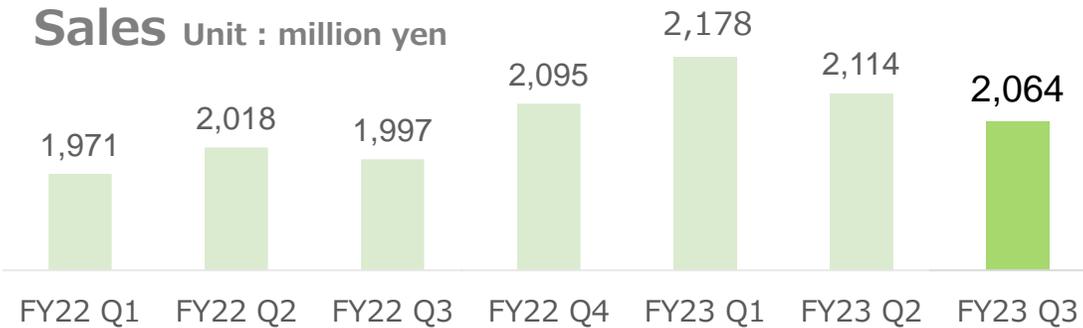
Sales continued to grow +9.1% YoY, and gross profit margin was 30.1%, a significant improvement of 2.9% even in an inflationary environment

SG&A expenses, Labor Costs increased 1.4% (salary increase revised in Q2), Fare Costs increased 1.2% Operating profit continues to improve at +16.1% YoY

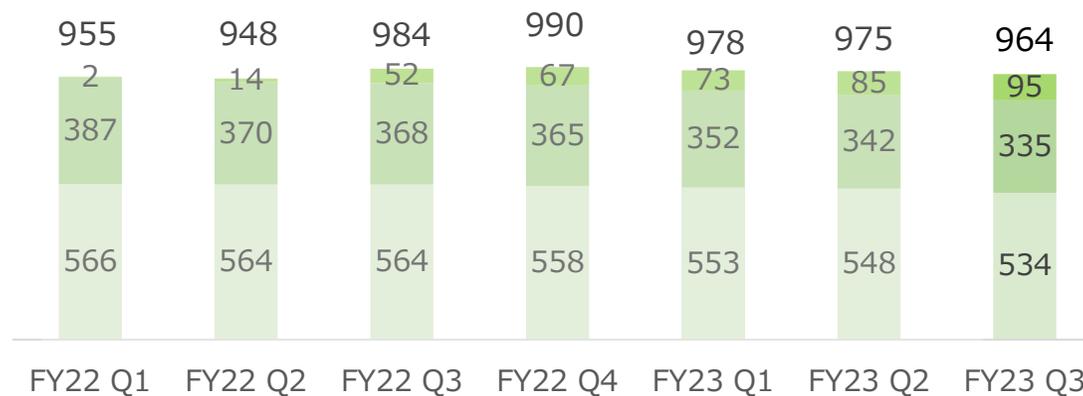
Unit : million yen	FY2023 Q3				FY2022 Q3		FY2023 Plan	
		Vs. FY2022 Q3 results	Sales ratio	Plan Progress rate	Results	Sales ratio	Plan	Sales ratio
Net sales	9,022	+9.1%	-	71.0%	8,268	-	12,700	-
Gross profit	2,720	+20.6%	30.1%	63.7%	2,254	27.3%	4,270	33.6%
Operating profit	554	+16.1%	6.1%	79.2%	477	5.8%	700	5.5%
Ordinary profit	698	+19.8%	7.7%	81.3%	583	7.1%	860	6.8%
Profit	437	+14.6%	4.8%	79.5%	381	4.6%	550	4.3%

Franchise chains

Sales Unit : million yen



Number of Stores



■ Takushoku Life ■ Haishokuno Fureai ■ Magokoro Bento

Vs. FY2022 Q3
cumulative Actual

+6.2%

Sales:

Decreased from Q1 due to lack of sales for COVID-19 patients
However, Sales of existing stores* vs. previous year continued to grow at 107.5%
Price increase from March due to rising raw material purchase prices

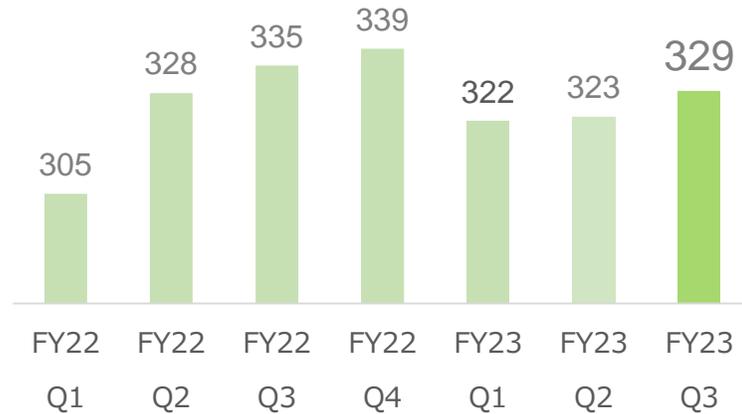
Number of stores:

964 stores (down 11 stores from the end of Q2)
As the COVID-19 began to subside, the store visit type
Stopping food distribution at restaurants and returning to the main business
More owners However, from March it rewinds and a new plastic with a discount setting
Strong FC contract acquisition by Ng Expected to bottom out in the Q3 and recover in the Q4

*Comparison of stores existing in both the previous fiscal year and the current fiscal year, excluding withdrawn stores

Facilities for the elderly

Unit : million yen



Vs. FY2022 Q3 cumulative Actual

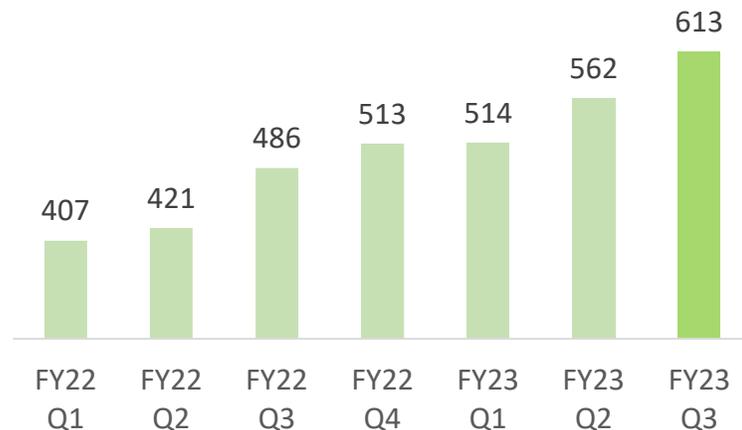
+0.6%

YoY change remains flat
The trend of declining chilled and increasing freezing continues
Strengthening the operation of facilities for people with disabilities

Frozen : division sales ratio is 47.3%
Chilled : division sales ratio is 52.7%

Direct Sales / Others

Unit : million yen



Vs. FY2022 Q3 cumulative Actual

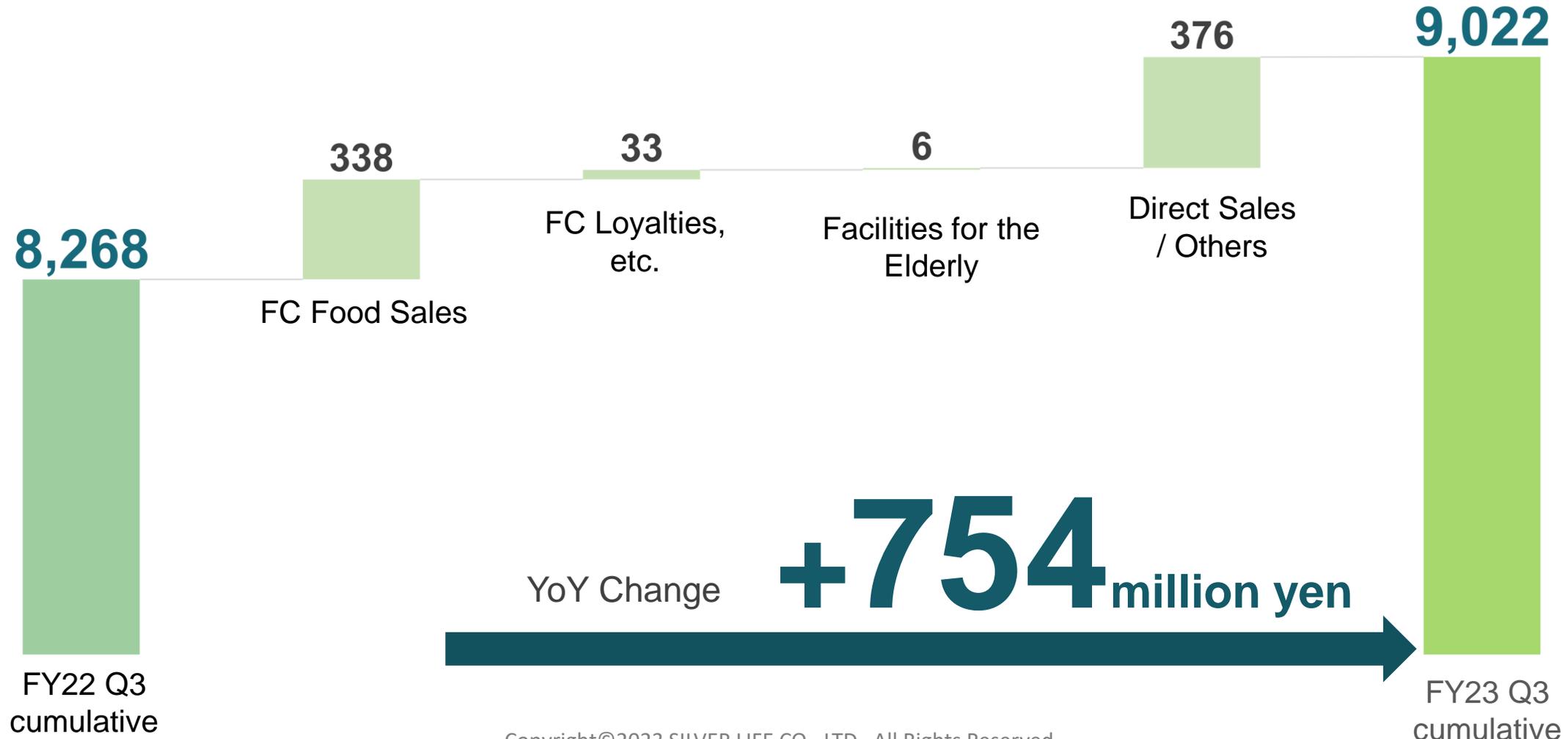
+28.6%

Direct Sales: New product introduction and advertising expenses Successful measures division sales ratio is 69.8%
OEM : Increased sales through new acquisitions. division sales ratio is 28.1%
Warehousing : Increase in OEM warehouse division sales ratio is 2.1%

Change Analysis of Sales

FC Sales, Direct Sales, and others drove the overall growth, continuing to grow steadily

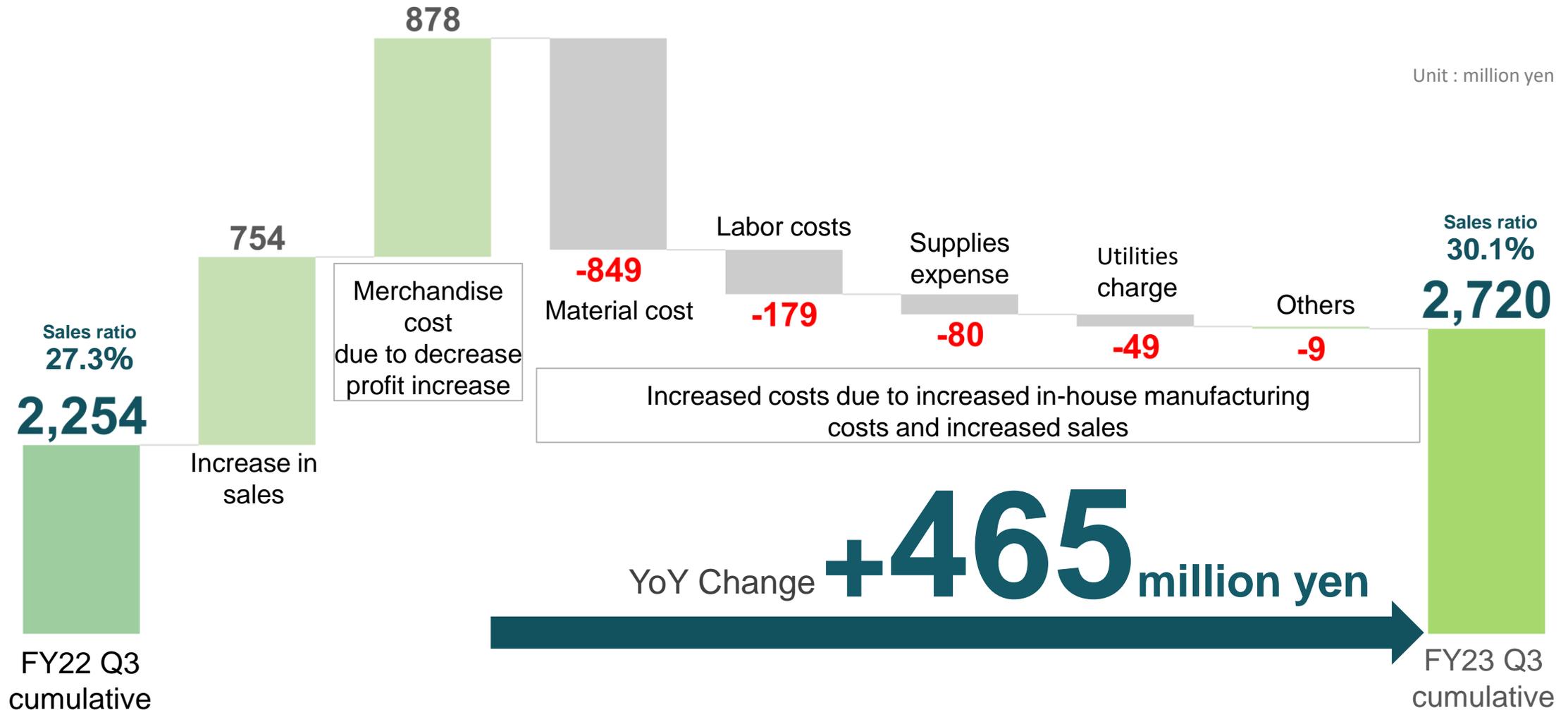
Unit : million yen



Change Analysis of Gross Profit

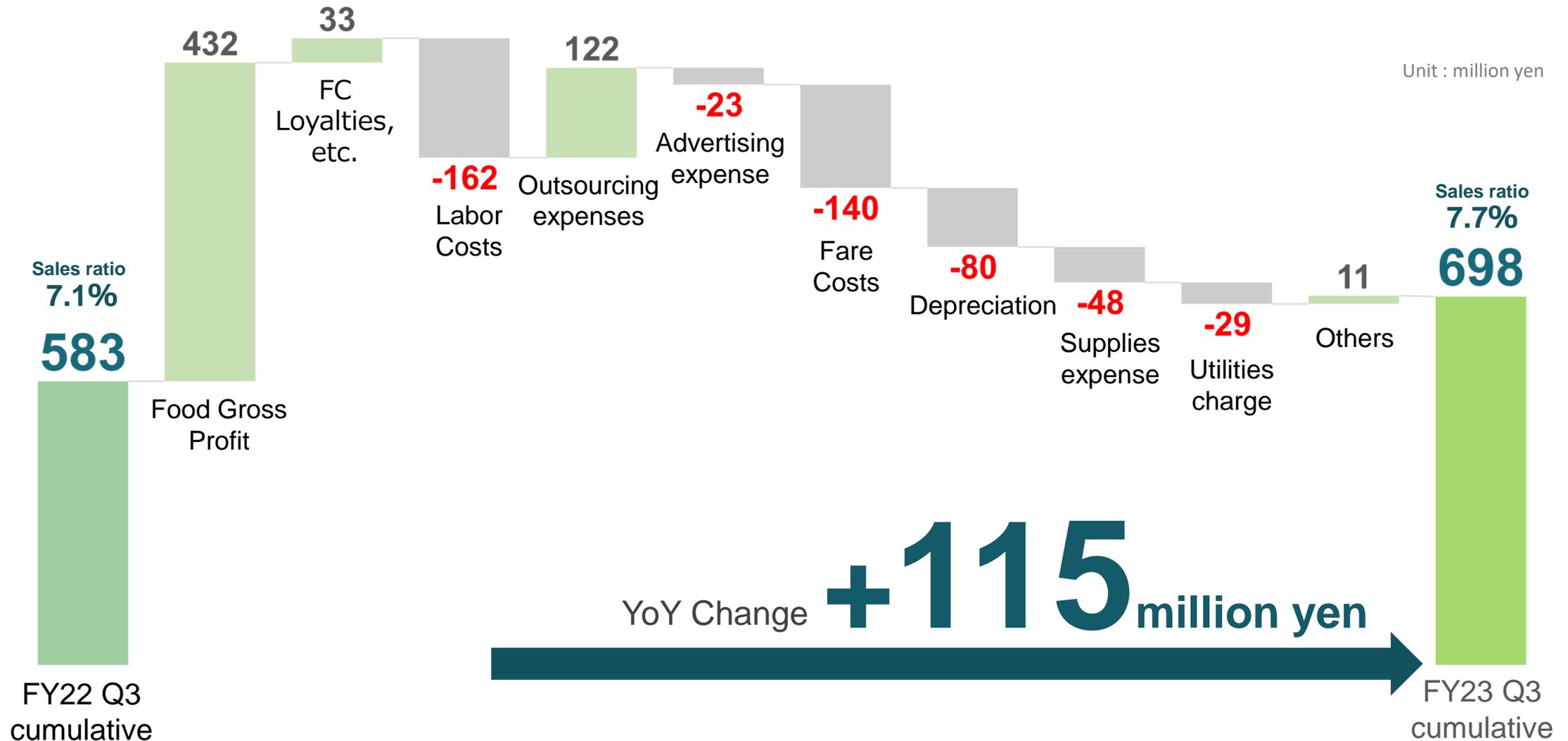
Gross profit margin improved by 2.9%. Raw materials are on an upward trend, but the increase is absorbed by switching from outsourced manufacturing to in-house manufacturing.

As of the Q3, the ratio of in-house production shifting to approximately 40% (100% of the total production at partner factory during the same period last year)



Change Analysis of Ordinary Profit

Although SG&A expenses increased due to the operation of the Kazo Distribution Center, various costs were absorbed by improving gross profit.



Outlook for OEM and warehousing

Success in acquiring several new ongoing projects in 3Q, but "profit decline" factor
 Upfront costs incurred for hiring preparation Labor Costs and purchasing materials, etc.
 Profit increase" factor from 4Q onward,
 Sales are expected to be generated by ongoing transactions

Mar 2023 release

OEM Manufacturing Entrusted with all operations up to storage and shipping



Mar 2023 release

Contract manufacturing of frozen home-delivered infant meals



Apr 2023 release

Contracted frozen cut banana production and storage operations



Apr 2023 release

OEM Manufacturing Entrusted with all operations up to storage and shipping



From Jun 2023

Increasing production for existing OEM customers (received orders).

Scheduled for summer

Scheduled to start entrustment from restaurant management company A, a prime-listed company
 (Detailed orders are to be received)

Aug~Sep 2023

Plans to start OEM consignment of frozen bento from major bento company B
 (Detailed orders are to be received)

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

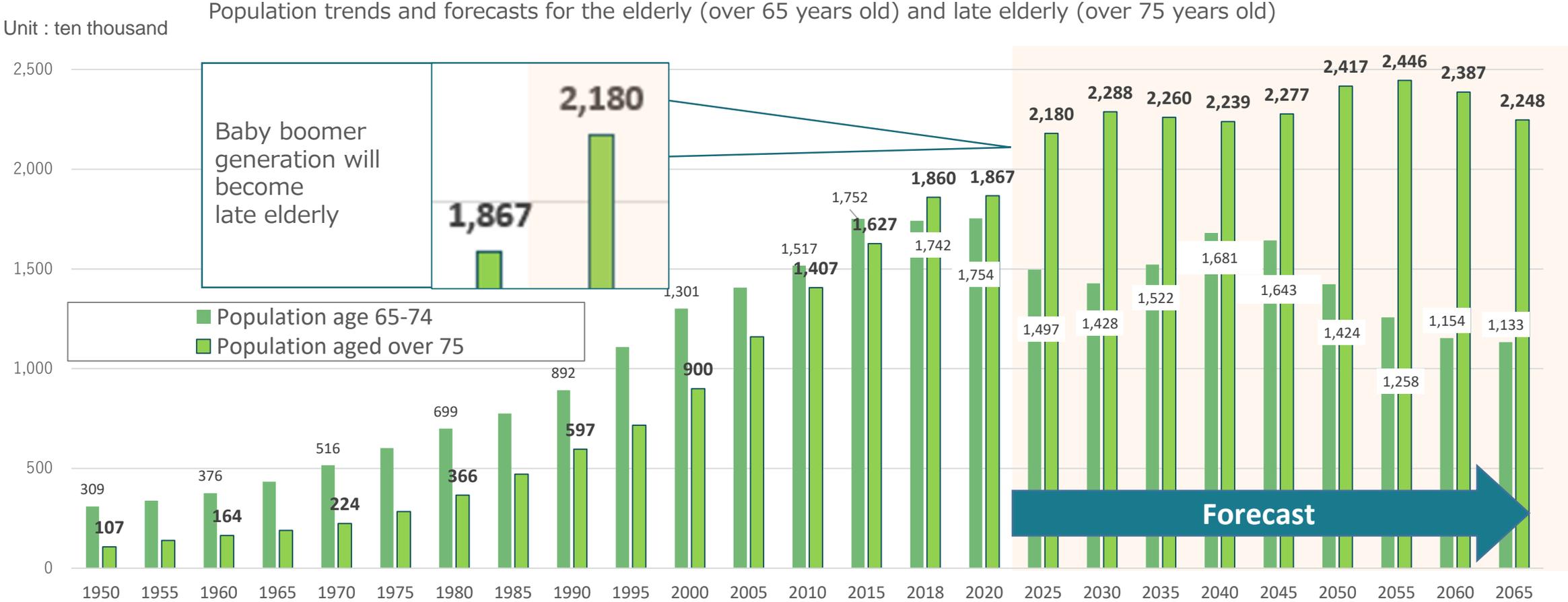
Direct Sales / Others

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

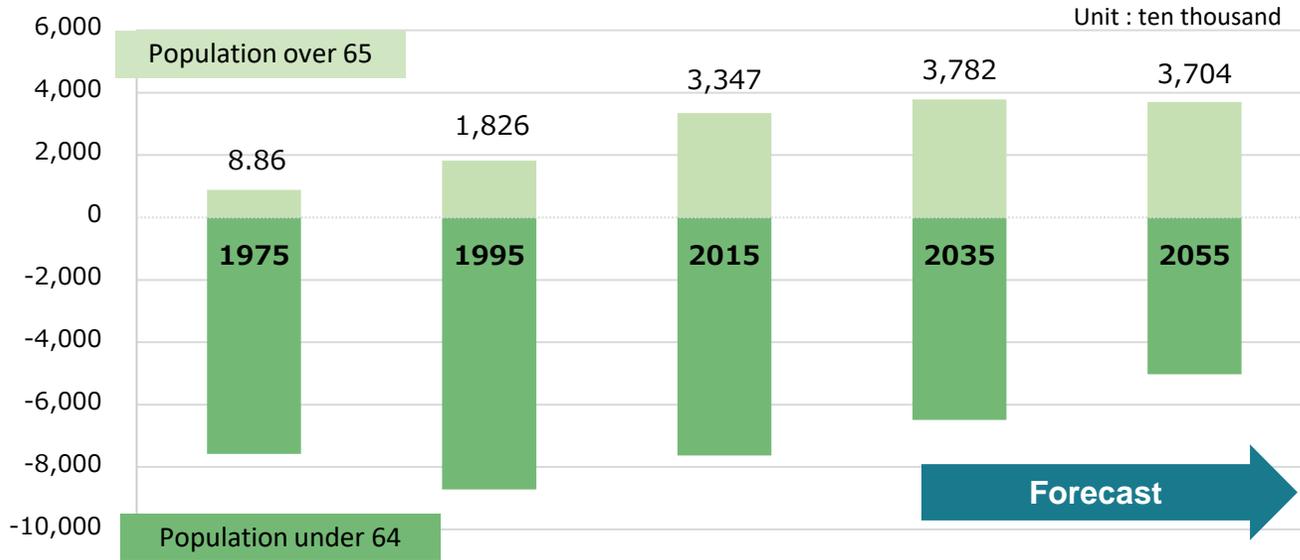
Our main target, the late elderly, will increase exponentially beyond 2025



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

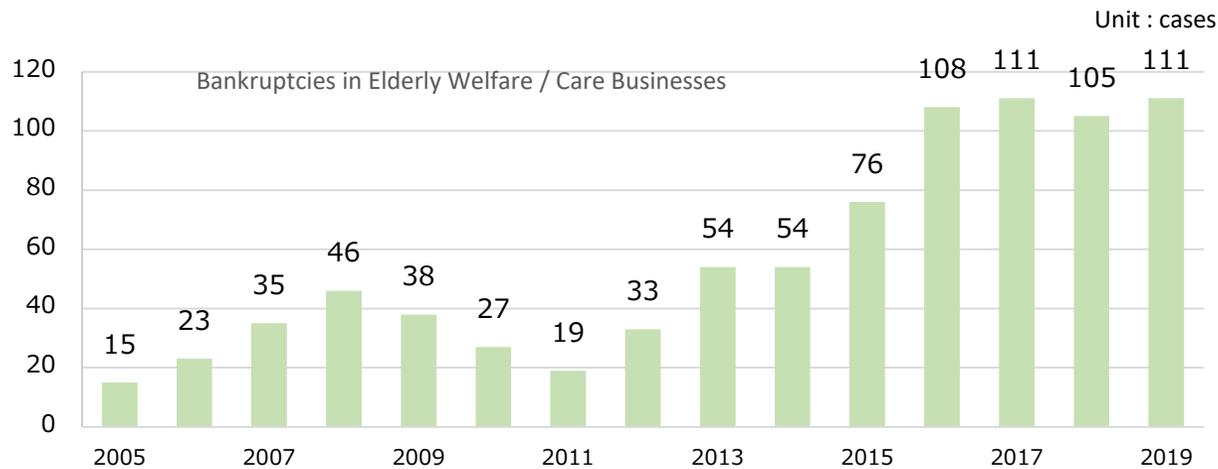
The working generation (15 to 64 years old) is decreasing, and the elderly population is increasing

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



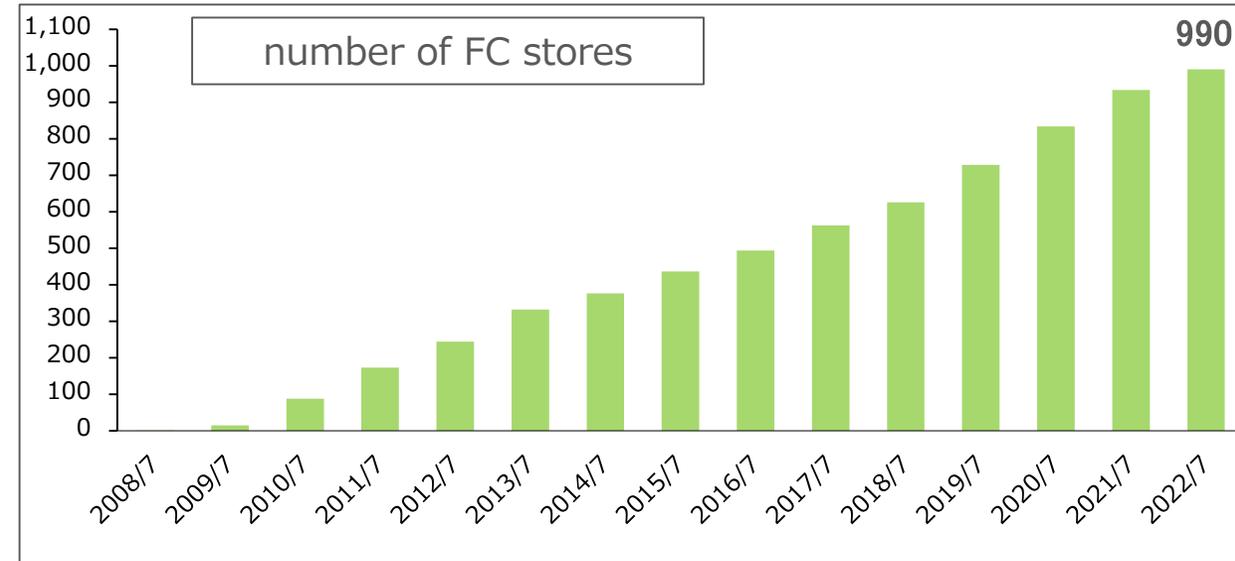
Source: local Government materials

Our Company Advantages

Our Advantage : FC Network

Overwhelming number of stores

Since opening its first store in “Setagaya” in November 2007, it has 990 stores as of the end of July 2022. This unparalleled number of stores in the industry enables you to enjoy economies of scale in terms of productivity, purchasing, and cost reduction



Low-cost opening

Since the FC stores that we are developing are not visit-type stores, there are advantages such as a wide range of location options and rent reduction. In addition, we have prepared a plan that does not require a large kitchen facility and can be operated by one person, and a plan with a low initial cost

profit and loss statement of FC stores

Sales	100	* Available at the lowest price on the market
Costs	40	* Stable purchase of high quality without cooking
Gross profit	60	
labor costs	30	* Easy operation without cooking
expenses	20	* Low initial investment and location-free rent
profit	10	* Low fixed cost ratio generates profits

Our Advantage : Production System

High-mix random production

With an overwhelming number of stores, even the high-mix random production required for chilled food delivery services enjoys economies of scale in terms of purchasing and productivity

Manufacturing line required in a general food factory (dedicated line for a single product group)
 Meat bun factory (1 million meat buns a day flow from a machine dedicated to manju to the conveyor. Although there are differences in meat buns and bean buns, they are 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 , all should be different



Diversity of products

In addition to more than 1,000 chilled meals, we manufacture a wide range of frozen bento boxes such as a variety of frozen meals, protein-adjusted meals, and mousse meals.

In addition, for frozen bento, both pillow type and top seal type can be manufactured.



Chilled and frozen meals



Frozen bento pillow type



Frozen bento Top Seal type

Our Advantage : variety of menus

Food Pack

Menu : More than 1,000 items

Sold to : FC and Facilities for the Elderly

varieties : chilled · frozen

feature : Nutritional balance for the elderly

Food pack for FC stores, which are our main company. Since it is a daily meal, it is served refrigerated so that it does not lose its taste. In addition, we also provide frozen due to the expiration date loss and convenience required by the facility.



Chilled Pack



After serving at FC stores

Frozen bento meals

menu : More than 70 items

Sold to : EC & FC

varieties : Health balance and large cuts

Carbohydrate calorie and protein adjustment

Moose diet and salt-restricted diet

feature : Suitable for all ages, short-time cooking, health management



We make frozen bento meals to meet diverse dietary needs, including convenience, time efficiency, and health management.

Products for FC



<https://www.magokoro-bento.com/>

Products for Elderly Facilities



<https://kodawari-chef.com/lp>

EC site



<https://magokoro-care-shoku.com/>

EC site



LifeMeal

<https://l-meal.com/>

OEM Business Site



OEM Business

<https://www.silver-life.co.jp/oem>

Business introduction



Business Introduction

<https://www.silver-life.co.jp/product>

Product Development

- Our Product Development Office is situated in our factory, facilitating close collaboration with the production team for high-quality and authentic product reproduction
- Our product development team consists mainly of qualified registered dietitians who utilize their advanced knowledge to achieve optimal nutritional balance and deliciousness

[qualification holders]
28 registered dietitians
3 nutritionists
6 health managers



(Product Development)

Quality and Sanitation Management

- Gunma Factory acquires FSSC 22000 certification, building an advanced safety management system that meets international standards
- Sanitation management team conducts bacterial testing, hygiene guidance and supervision in the factory.
- In order to improve the taste of the bento boxes provided to customers, tastings are held every day

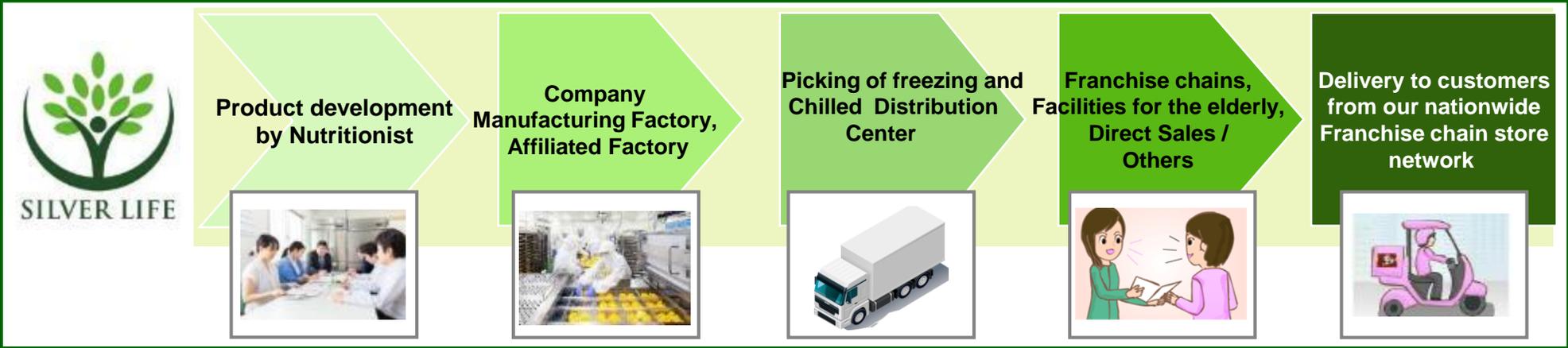
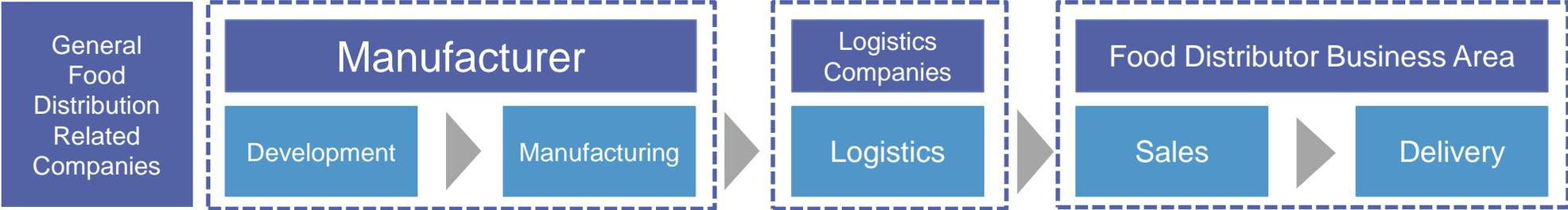


(foreign matter inspection)



(Bacterial testing)

Our Advantage : Consistent System



Feedback from franchise chain stores and customers

<p>Purpose and Features</p>	<ul style="list-style-type: none"> • Cost advantage due to mass production • Product development based on customer feedback (franchise chain stores) • Ensure the "Safety and Security" 	<ul style="list-style-type: none"> • Efficiency of storage and delivery • OEM sales expansion 	<p>Food distribution service for the elderly</p>
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Company Overview



【Management Philosophy】

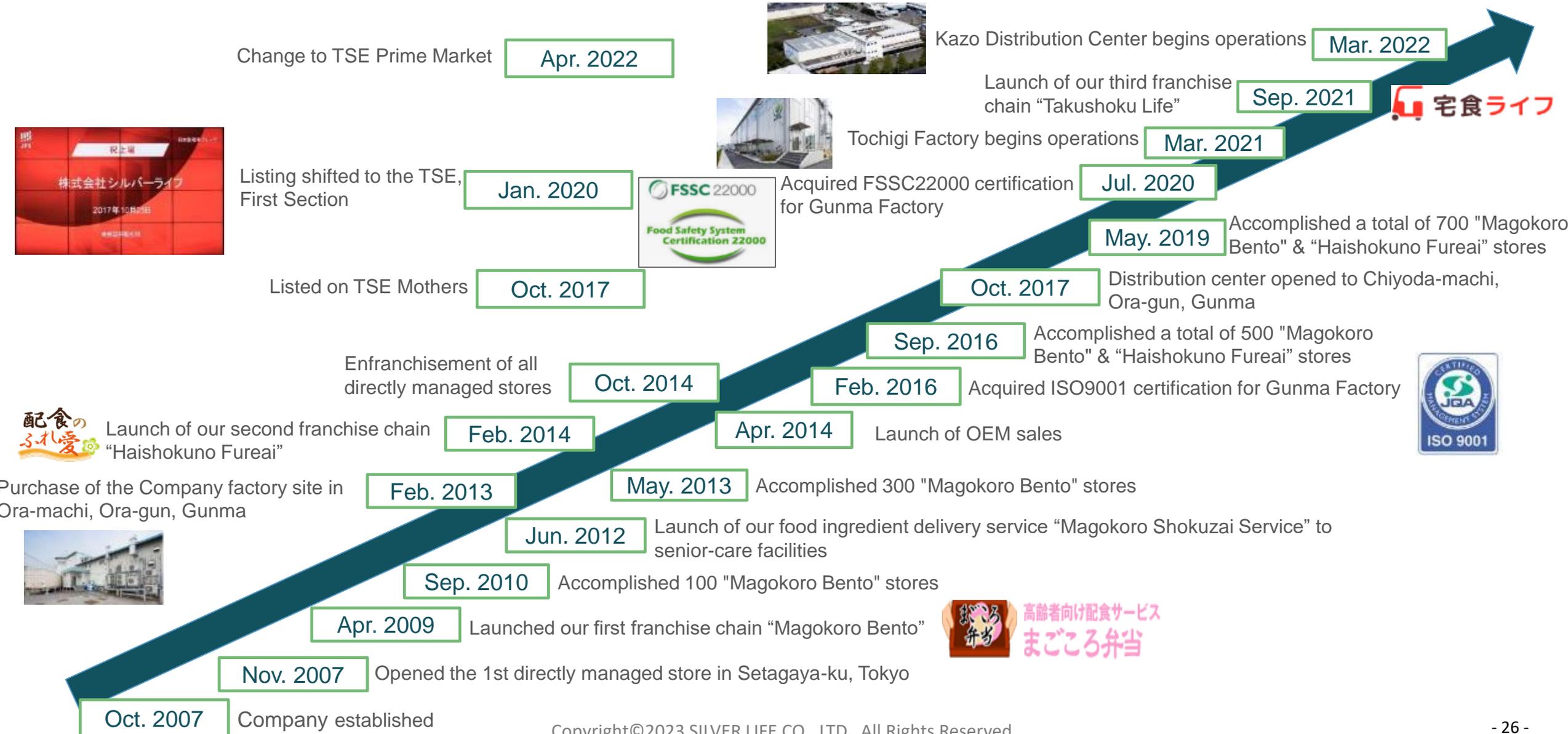
We will create a society where everyone can grow old with peace of mind from the perspective of food.

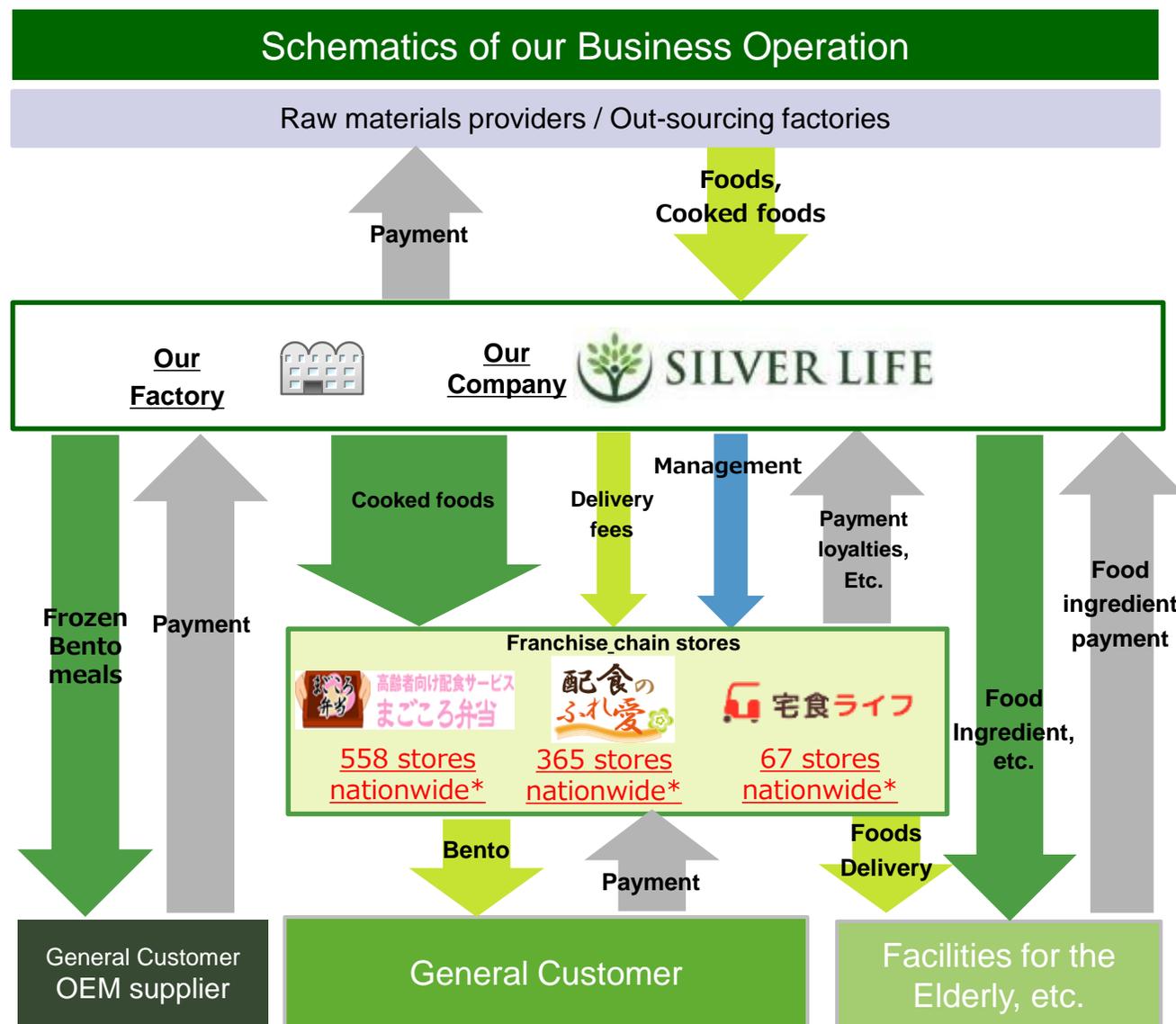
【Our Mission】

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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