

# **Financial Results for the 4<sup>th</sup> 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 4<sup>th</sup> Quarter Performance Highlights**

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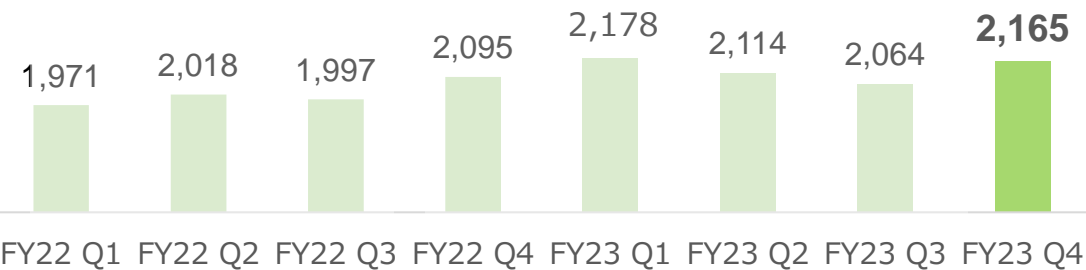
# Fiscal Year Ending July 2023 Q4 Performance (vs YoY )

Sales increased 9.4%, gross profit margin was 30.2%, absorbing a 3% increase in raw material costs and a 1.9% increase in labor costs (increased salaries in 2Q), and still improving by 2.7%. SG&A expenses included a 1.3% increase in labor costs and a 1.1% increase in Fare costs. Operating profit increased 19.3%, operating profit margin improved by 0.5%, and profit included a tax credit of about 35 million yen due to the first dividend payment

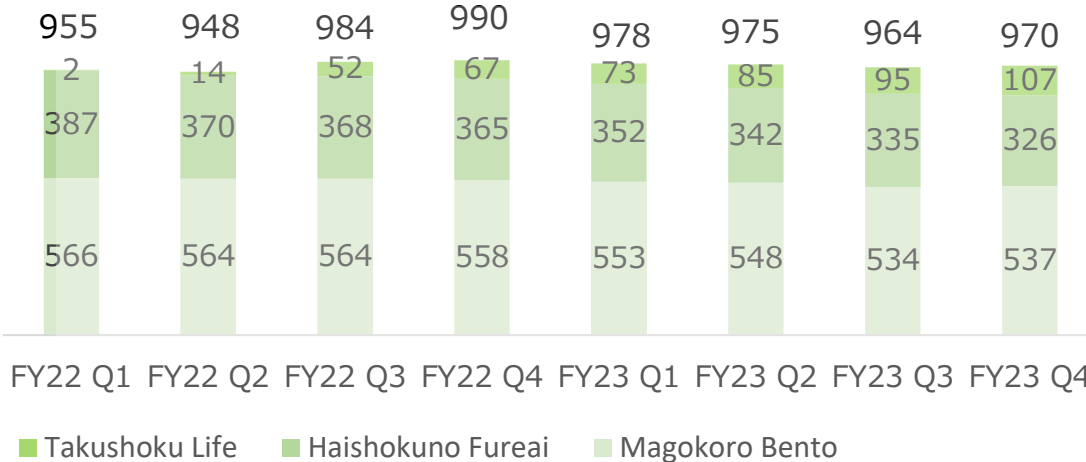
Unit : million yen	FY2023 Q4				FY2022 Q4		FY2023 Plan	
		Vs. FY2022 Q4 results	Sales ratio	Plan Progress rate	Results	Sales ratio	Plan	Sales ratio
Net sales	<b>12,266</b>	+9.4%	-	96.6%	<b>11,215</b>	-	<b>12,700</b>	-
Gross profit	<b>3,706</b>	+20.0%	30.2%	86.8%	<b>3,088</b>	27.5%	<b>4,270</b>	33.6%
Operating profit	<b>670</b>	+19.3%	5.5%	95.7%	<b>561</b>	5.0%	<b>700</b>	5.5%
Ordinary profit	<b>857</b>	+20.9%	7.0%	99.7%	<b>709</b>	6.3%	<b>860</b>	6.8%
Profit	<b>602</b>	+49.9%	4.9%	109.6%	<b>401</b>	3.6%	<b>550</b>	4.3%

## Franchise chains

Sales Unit : million yen



Number of Stores



Vs. FY2022 Q4  
cumulative Actual

**+5.5%**

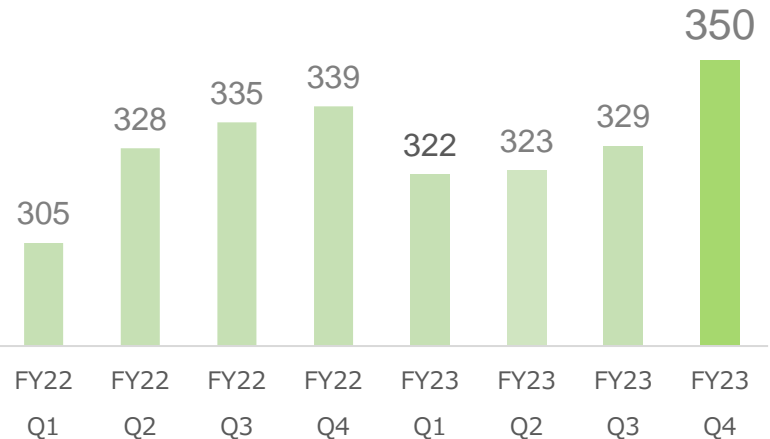
Sales:  
slowdown in growth, and until a few months ago we suspected that the special demand for COVID-19 but the main cause is presumed to think the environment itself has changed with the acceptance of COVID-19 (= increased hospitalization of the elderly) and the emergence of new competitors (= generalization of frozen bento meals) \*Details on pages 7~8  
However, comparable store year-on-year\* sales continued to grow at 107.6%, Price increase from March due to rising raw material purchase prices

Number of stores :  
970 stores (up 6 stores from the end of Q3)  
New plan with underpriced settings will stop the downward trend from 3Q

※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 Q4  
cumulative Actual

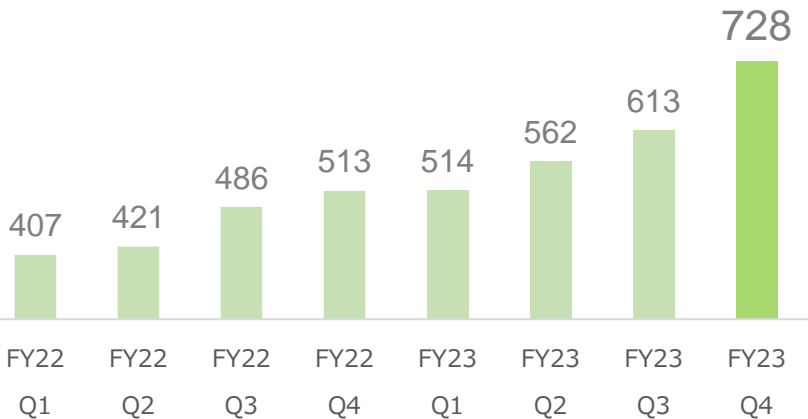
**+1.4%**

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 47.8%  
Chilled : division sales ratio is 52.2%

## Direct Sales / Others

Unit : million yen



Vs. FY2022 Q4  
cumulative Actual

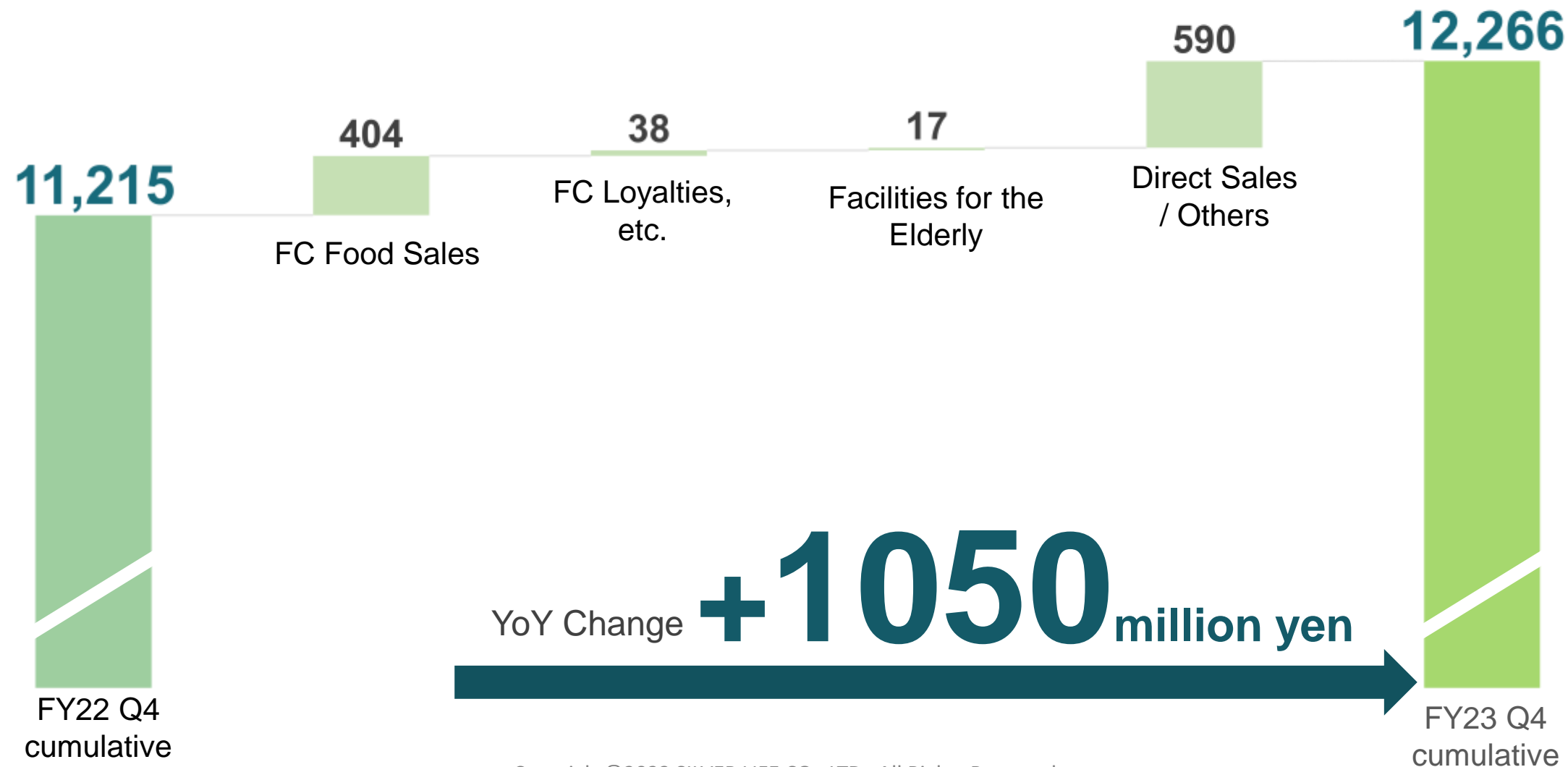
**+32.3%**

Direct Sales : focus on increasing sales as the market expands  
division sales ratio is 69.6%  
OEM : increased sales through new acquisitions  
division sales ratio is 28.2%  
Warehousing : Sales increase, due to strong demand  
Repeated price increases  
division sales ratio is 2.2%

# Change Analysis of Sales

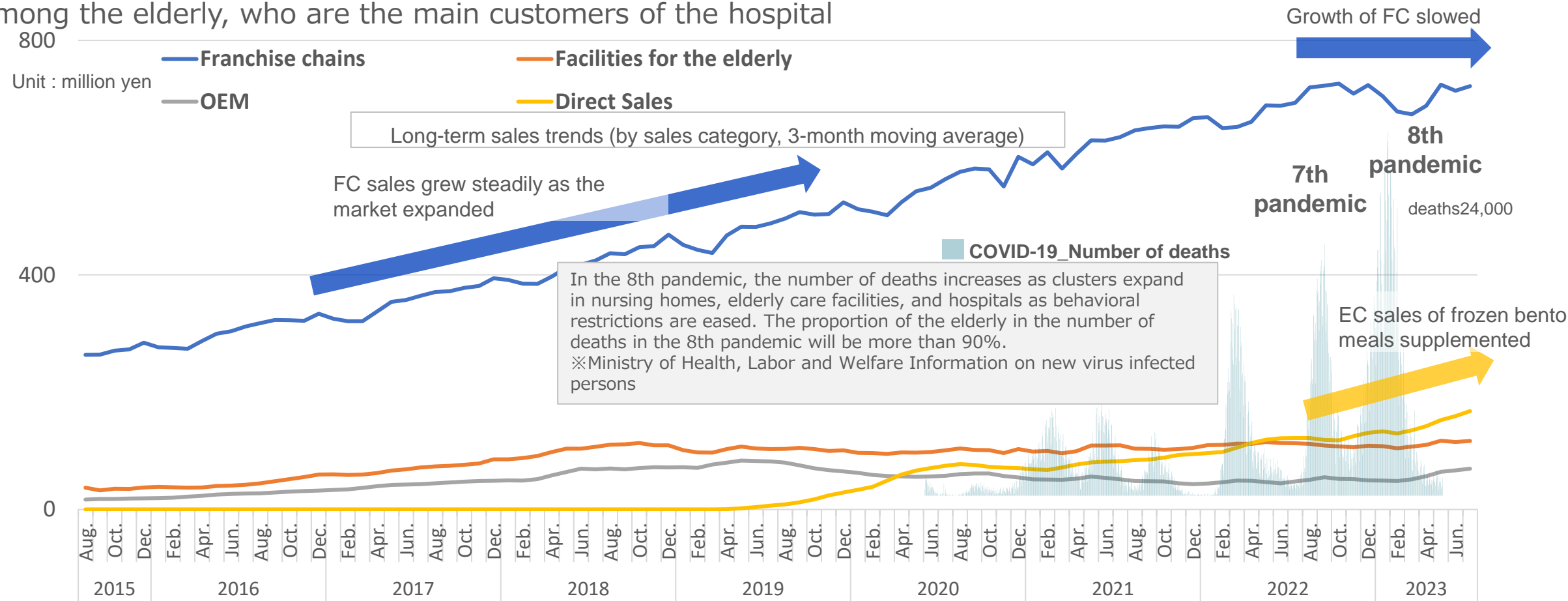
YOY+9.4. FC Food Sales continued to grow moderately despite a slowdown in growth trend  
Strong sales of Direct Sales / Others drove overall

Unit : million yen



# Slowdown in FC sales (Impact of COVID-19)

For the first time , FC sales unexpectedly declined for several months after Q2  
Stores were saying, "We are still attracting customers, but we have never had many hospitalized and separated from their customers . It has been four years since the appearance of the COVID-19, and the majority has "given up and accepted" the infection. This has led to an unprecedented increase in COVID-19 -related hospitalizations among the elderly, who are the main customers of the hospital



# Slowdown in FC sales (impact of frozen bento meals )

COVID-19 has led to a rapid expansion of the frozen bento meals market for home use since around 2021. As companies entered the market and frozen bento meals became commonplace, FC sales were affected only for some high-priced products.

Unit : million yen

【Sales】	21年	21年	21年	21年	21年	22年	22年	22年	22年	22年	22年	22年	22年	22年	22年	22年	22年	23年	23年	23年	23年	23年	23年	23年
	8月	9月	10月	11月	12月	1月	2月	3月	4月	5月	6月	7月	8月	9月	10月	11月	12月	1月	2月	3月	4月	5月	6月	7月
Regular bento	457	449	464	458	473	446	440	497	477	492	486	499	516	498	507	495	505	473	453	526	506	532	513	530
Special bento	90	86	94	83	94	81	89	92	98	89	84	101	98	91	88	85	95	77	72	84	86	79	77	82

- Sales of regular bento delivered from stores (prices range from 450 to 550 yen per meal including shipping and handling) → Growing steadily
- Sales of special bento(Carbohydrate-calorie adjusted meal, protein adjusted meal, mousse meal) delivered from stores (prices range from 650 to 750 yen per meal including shipping and handling) →Decreasing
- Frozen bento meals delivered by home delivery service: Spreading rapidly from around 2021, companies are aggressively developing this service. Low-priced brands cost 550-650 yen per bento, including tax and shipping costs, and many of them are calorie- and salt-controlled . Based on sales data, we estimate that "frozen bento meals are taking over sales of special bento



## ● Increase in Hospitalization

There is nothing we can do.

Higher hospitalization rates among the elderly population will change assumptions that we were sure were ironclad I assume that we have changed to an era in which the winter downturn will be longer and deeper than in previous years.

However, in the long term, the increase in the elderly population is likely to win out over the decrease in the number of COVID-19.

→In 2022, the increase in the number of summer meals is more likely to prevail over the 7th pandemic of COVID-19.

→The situation will change depending on the maintenance of the vaccination rate of the elderly population, the appearance of special drugs, etc.

→Growth is expected to continue, although plans will need to be somewhat restrained.

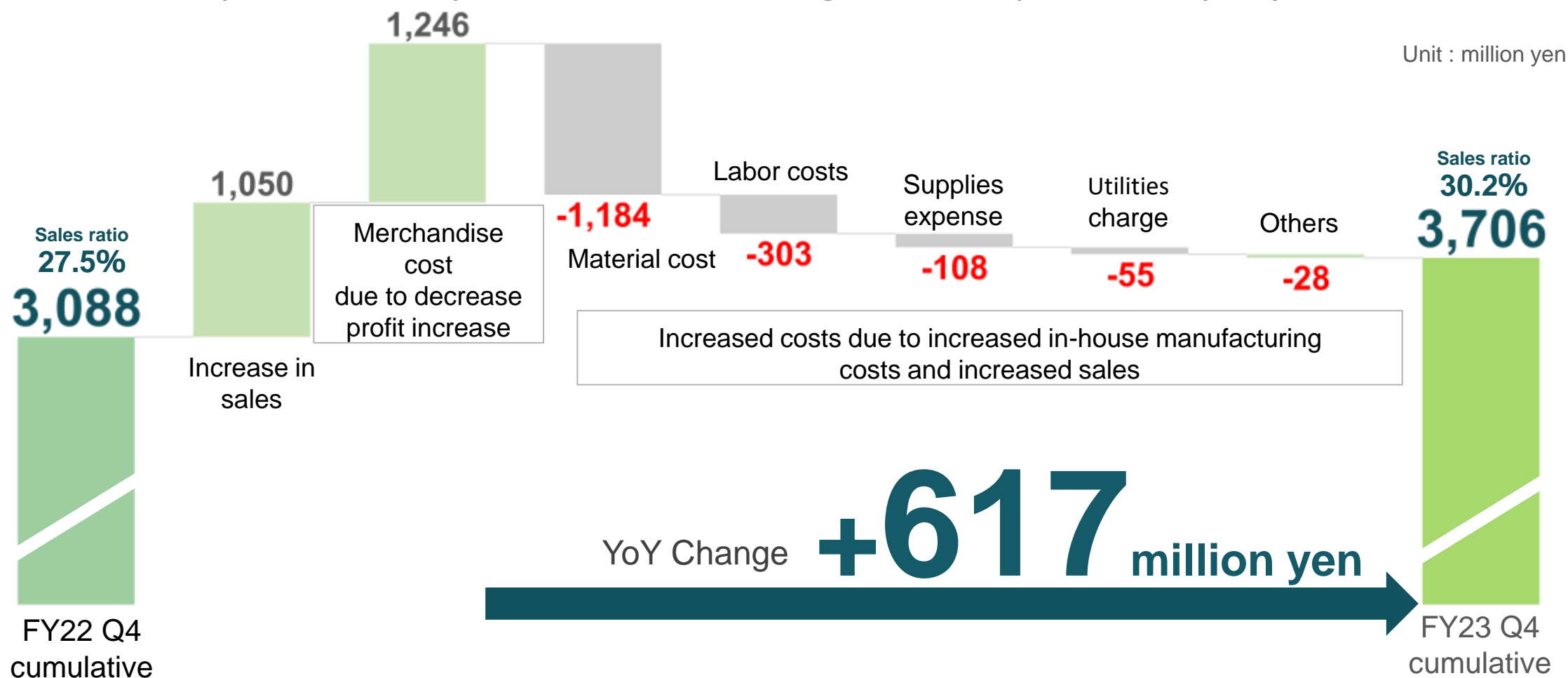
## ● Frozen bento meals

Crab damage is expected to be acceptable because it is limited to special meals. However, there are more rivals in the frozen bento meals than FC business.

→The company has no choice but to change to a model that advertises in a red ocean to capture sales.

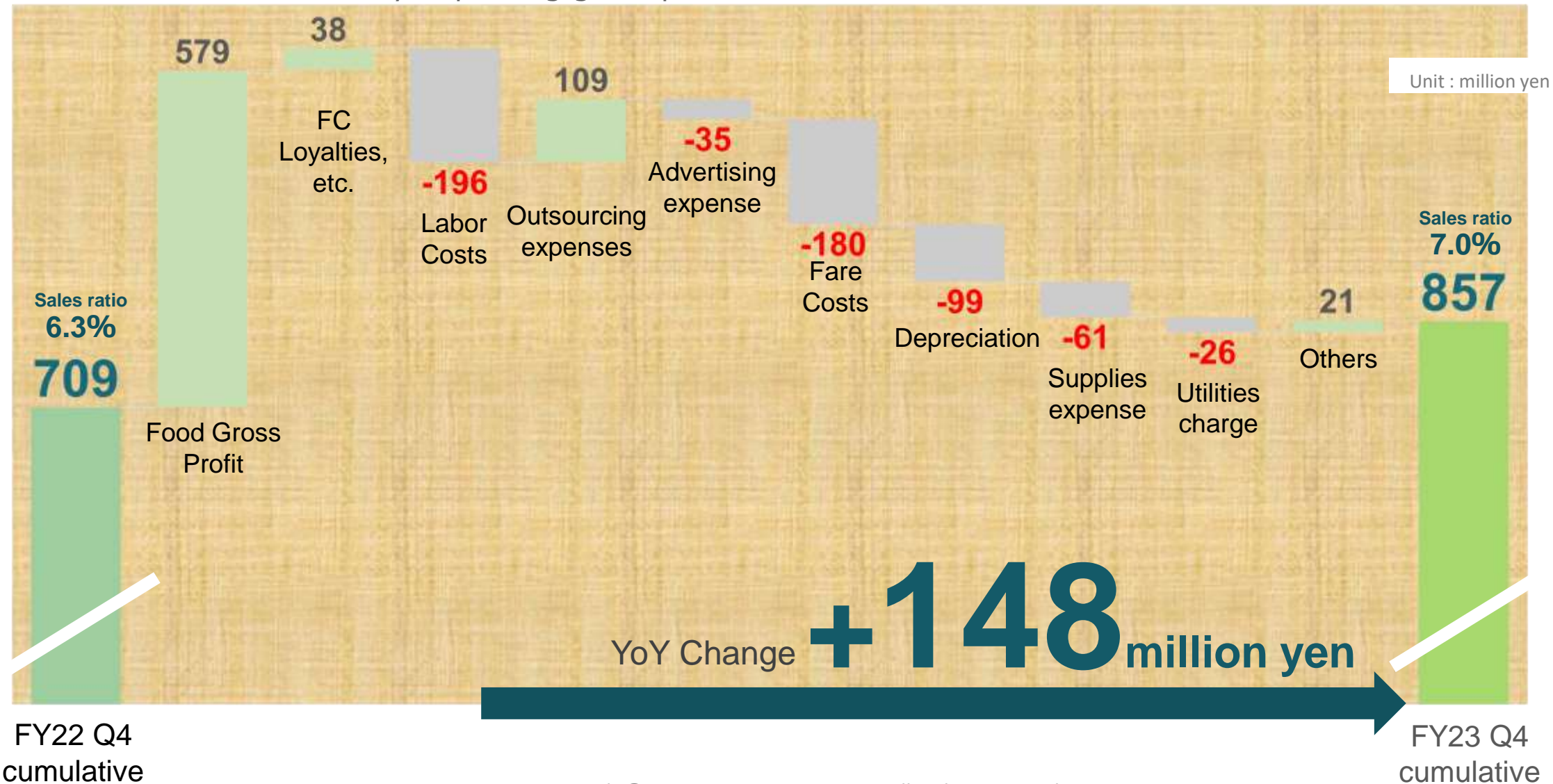
# Change Analysis of Gross Profit

Gross profit margin improved by 2.7%. Despite a 3% increase in raw material costs and a 1.9% increase in labor costs, the Company has been able to absorb the increase by promoting in-house production of meals. As of 4Q, the ratio of in-house production was approximately 40% (100% of the total amount of production at partner factories during the same period last year)



# Change Analysis of Ordinary Profit

Although SG&A expenses increased due to the operation of the Kazo Center and preparations for new OEM orders, various costs were absorbed by improving gross profit



# Selection of Standard Market

The growth of FC is slowing down, and if the company is unable to maintain fulfillment of the Prime Market criteria, there is a risk that it will not be able to meet the criteria for maintaining a listing, so the company has chosen to shift to the Standard Market and concentrate on recovering its business performance

Excerpts below) Disclosed on July 28, 2023、[「プライム市場上場維持に向けた適合計画の進捗状況及びスタンダード市場上場選択申請の決定に関するお知らせ」](#)

### 1. プライム市場の上場維持基準への適合状況について

当社のプライム市場の上場維持基準への適合状況については下記のとおりとなっており、流通株式時価総額は2023年1月31日時点において、その基準を満たしていません。

		株主数	流通株式数	流通株式時価総額	流通株式比率
当社の状況	2021年6月30日時点 ※1（移行基準日時点）	3,942人	46,068単位	112億円	43.0%
	2022年7月31日時点 ※1	5,599人	43,638単位	64億円	40.4%
	2023年1月31日時点 ※2	3,898人	45,320単位	75億円	41.9%
プライム市場上場維持基準		800人	20,000単位	100億円	35.0%
計画期間		2025年7月31日			

Failure to meet standards consistently

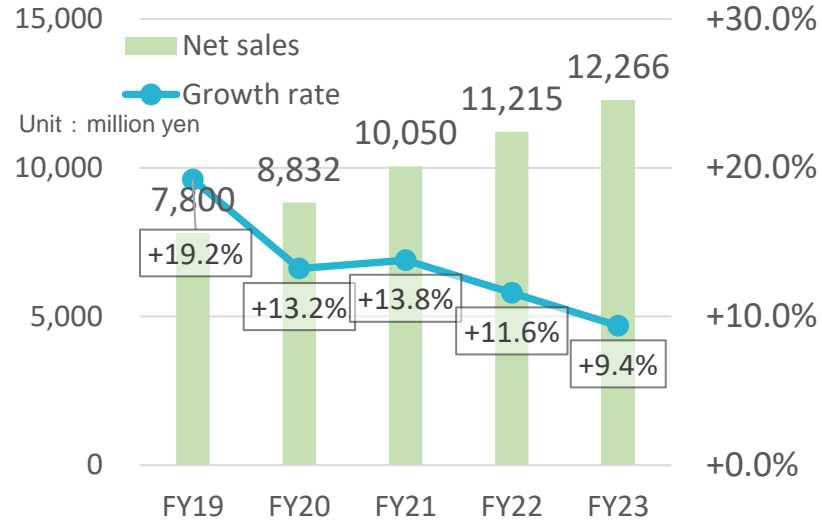
※1 東京証券取引所が2021年6月30日時点及び、2022年7月31日時点の算出した判定結果の通知に基づき記載したものです。  
※2 東京証券取引所が基準日時点で把握している当社の株券等の分布状況等をもとに、当社において算出したものです。

Scheduled to move to the Standard Market as of October 20, 2023.

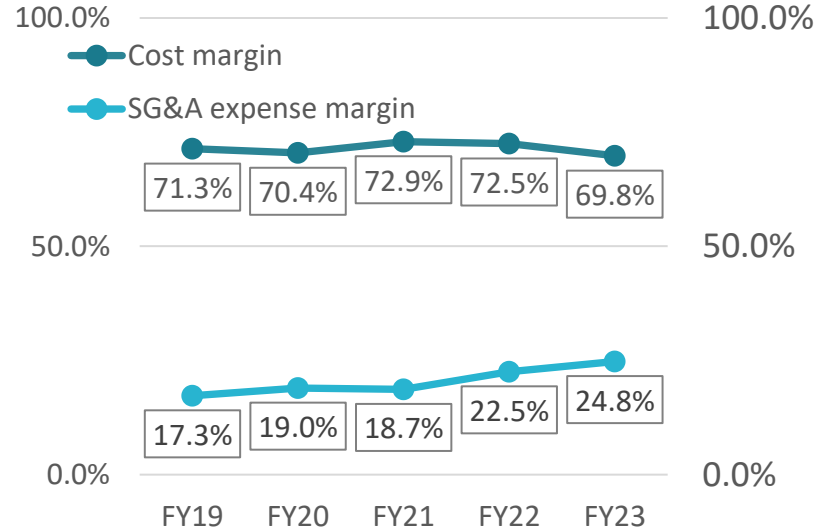


# Reference : Management index

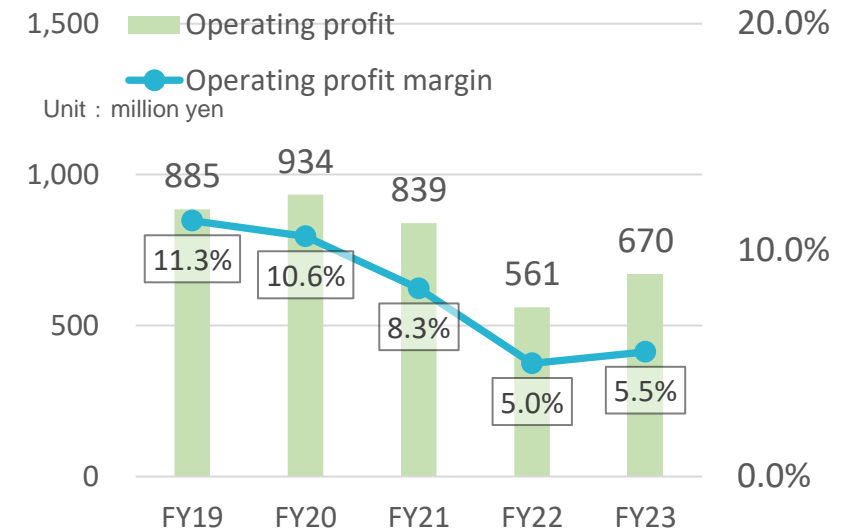
## Net sales



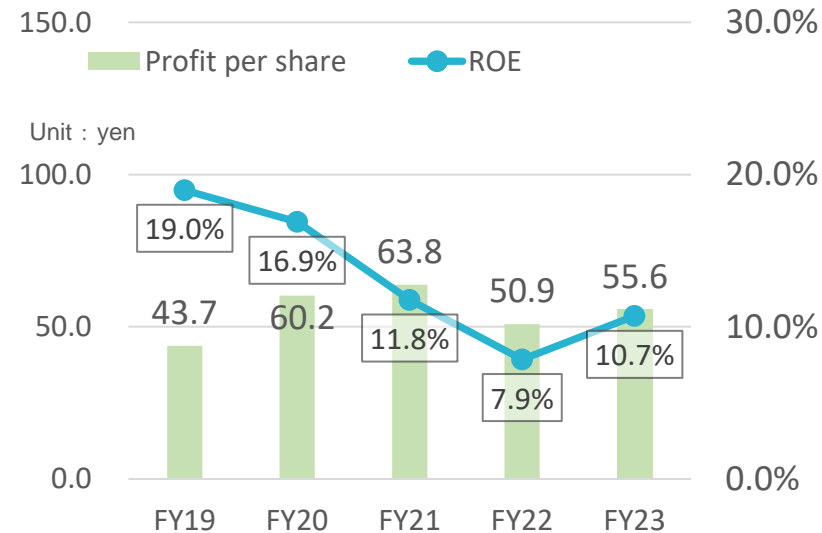
## Cost of sales margin & SG&A expense margin



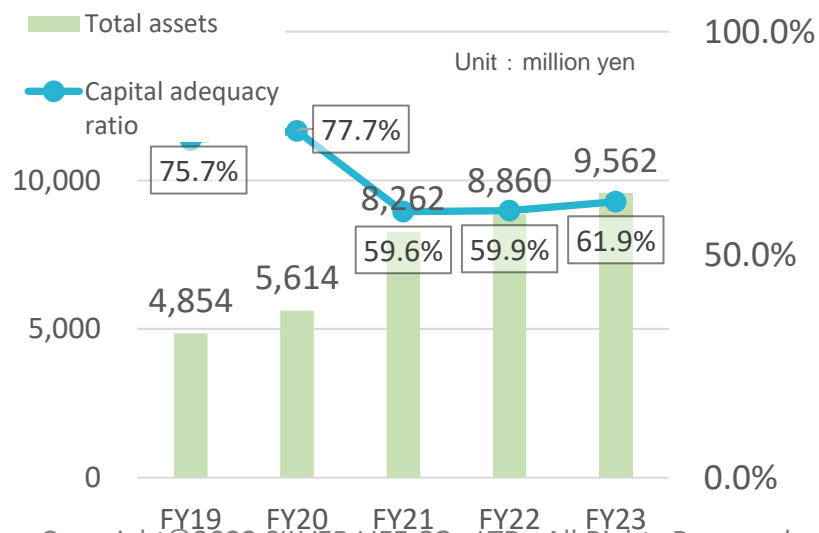
## Operating profit margin



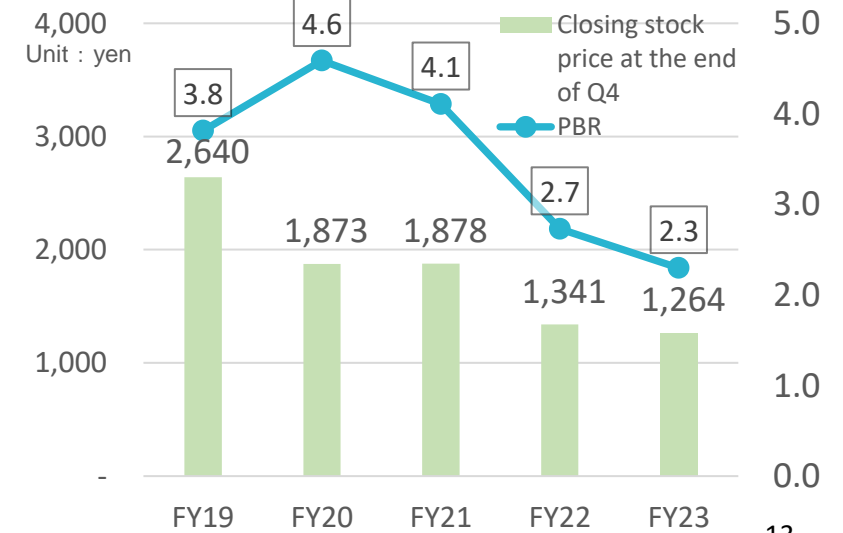
## ROE



## Capital adequacy margin



## PBR



# Sustainability and SDGs Efforts

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## GHG emissions

53,416 <sub>tCO2</sub>	57,020 <sub>tCO2</sub>
Bento per unit 2.39 <sub>CO2</sub>	Bento per unit 1.60 <sub>CO2</sub>
FY2022	FY2023

GHG emissions were calculated to set future reduction targets. Overall volume increased due to increased sales, but CO2 per bento improved

## Food Residue

\*% (disposal rate) = amount disposed of ÷ amount produced

240.7t	282.0t
7.9%	6.0%
FY2022	FY2023

In-house production increased the amount of residuals, but reduction efforts have led to an improvement as a percentage of production volume

## Solar power generation

27 <sub>mkw</sub>	605 <sub>mkw</sub>
FY2022	FY2023

Solar power installed at Gunma and Tochigi Factory and Kazo Center

## Other activities to reduce environmental impact

- Rental of EV vehicles (COMS) to FC operators for use in delivering bento meals to the elderly (rental results: 7 vehicles in FY7/10, 23 vehicles in FY7/11) (Rental results FY7/10: 7 vehicles FY7/11: 23 vehicles)
- Plastic reduction measures  
Changed from pillow packaging to top-seal packaging for frozen bento meals(2g per piece, 26% reduction)

## Goal: Increase the ratio of women in management to at least 30% by 2028

Ratio of women in management



<Efforts>

- Introducing Role Models for Women Managers
- Implementing and presenting work hour management in which managers set an example for themselves
- Provide opportunities for a variety of career course choices
- Support for social events, shortened work hours, telecommuting, for returning to work after maternity or parental leave

## Goal: Eliminate long overtime hours for employees

Average monthly employee overtime hours worked



- Tracking individual overtime work each month to optimize workload
- Each department is staffed with an extra person, taking into account the risk of unforeseen workforce reductions
- Improvement of operations through the introduction of a system to reduce fluctuating employee work hours



## Improvement of employee working environment, diversity , etc

- Promotion of paid leave (FY2022 : 77% FY2023 : 68%)
- Promotion of maternity and parental leave (FY2022 : 5/5 FY2023 : 2/2 )
- Promotion of employment of persons with disabilities (FY2022 : 7 FY2023 : 5 )
- Promotion of employment of Foreigners (FY2022 : 70 FY2023 : 111)
- Scholarship Repayment Support Program (FY2022 : 10 FY2023 : 12)

※A system whereby the company repays the full amount of the scholarship held  
by the individual in seven-year installments on behalf of the individual

- Promoting support for shorter working hours and working at home for employees who are on childcare leave or who have returned to work within a certain period of time after returning to work
- Promote use of annual paid leave for part-time employees, encouraging them to take at least 10 days
- Introduced e-learning, a free access to all types of training available to all employees
- Introduction of qualification allowance (starting from March 2021)
- Support system for payment of expenses for qualification acquisition and in-service training
- Introduction of a service to watch over the elderly (started in December 2017, patented in May 2020)

# **FY2024 Financial Plan Mid-term Management Plan**

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Sales are expected to grow 6.7%, mainly from Franchise chains and Direct Sales / Others.  
Operating profit margin is expected to improve by 0.3% due to the improvement of production and Distribution systems, personnel allocation, cost control

Unit : million yen

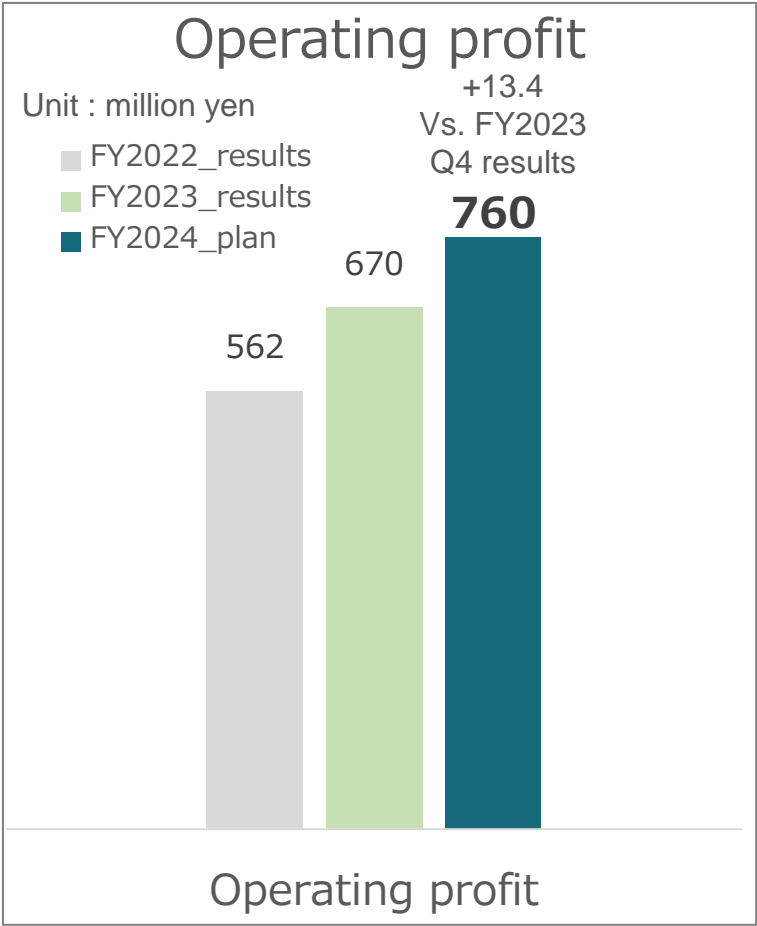
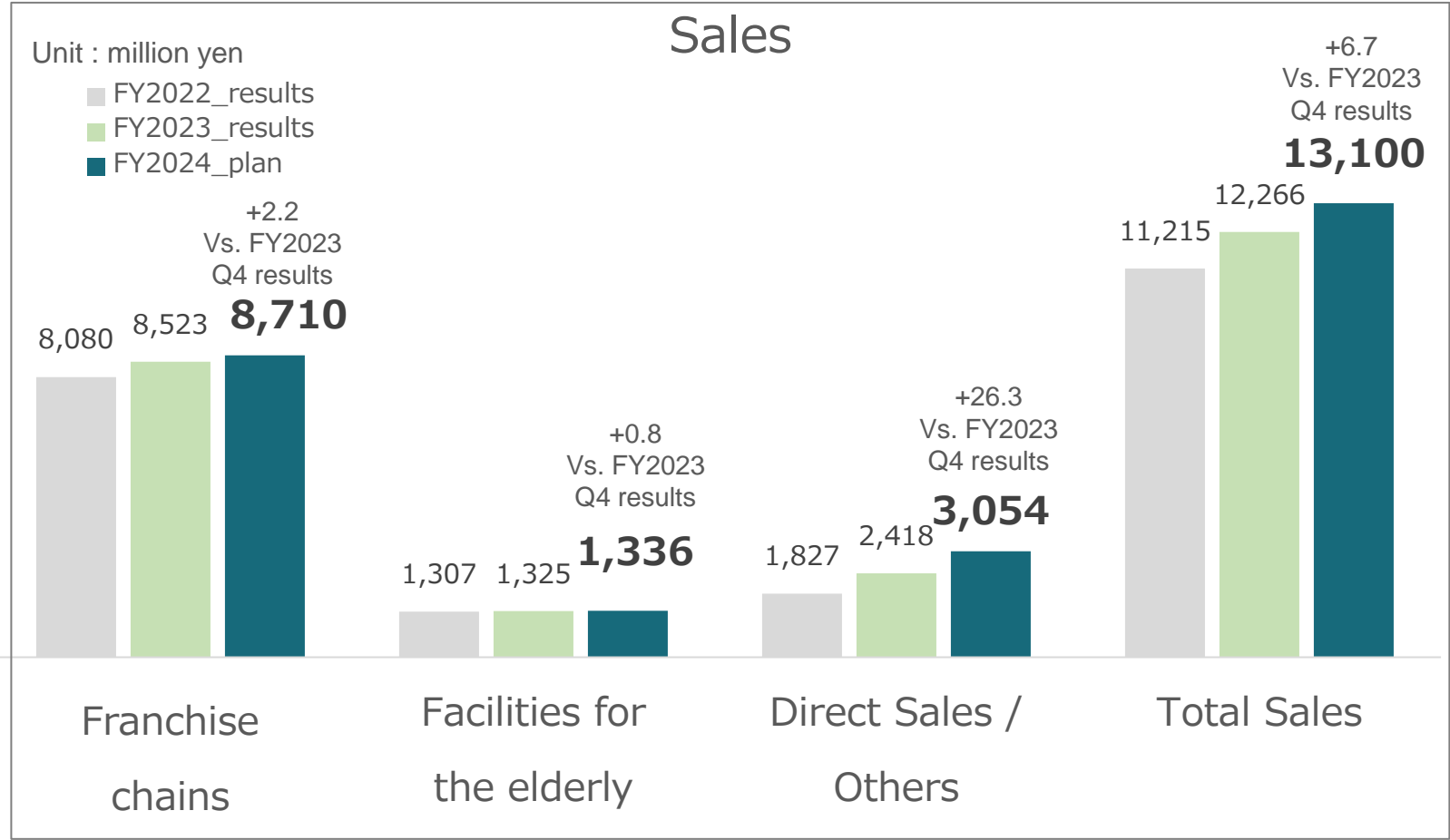
	FY2023 Results	FY2024 Plan	fluctuation
Net Sales	<b>12,266</b>	<b>13,100</b>	<b>+833</b>
Operating Profit	<b>670</b> Sales ratio 5.5%	<b>760</b> 5.8%	<b>+89</b> +0.3%
Ordinary Profit	<b>857</b> Sales ratio 7.0%	<b>950</b> 7.3%	<b>+92</b> +0.3%
Profit	<b>602</b> Sales ratio 4.9%	<b>620</b> 4.7%	<b>+17</b> -0.2%

\*Profit for the FY2023 includes a tax credit of 35 million due to the first dividend

# FY2024 Financial Plan (Sales and operating profit by sales category)

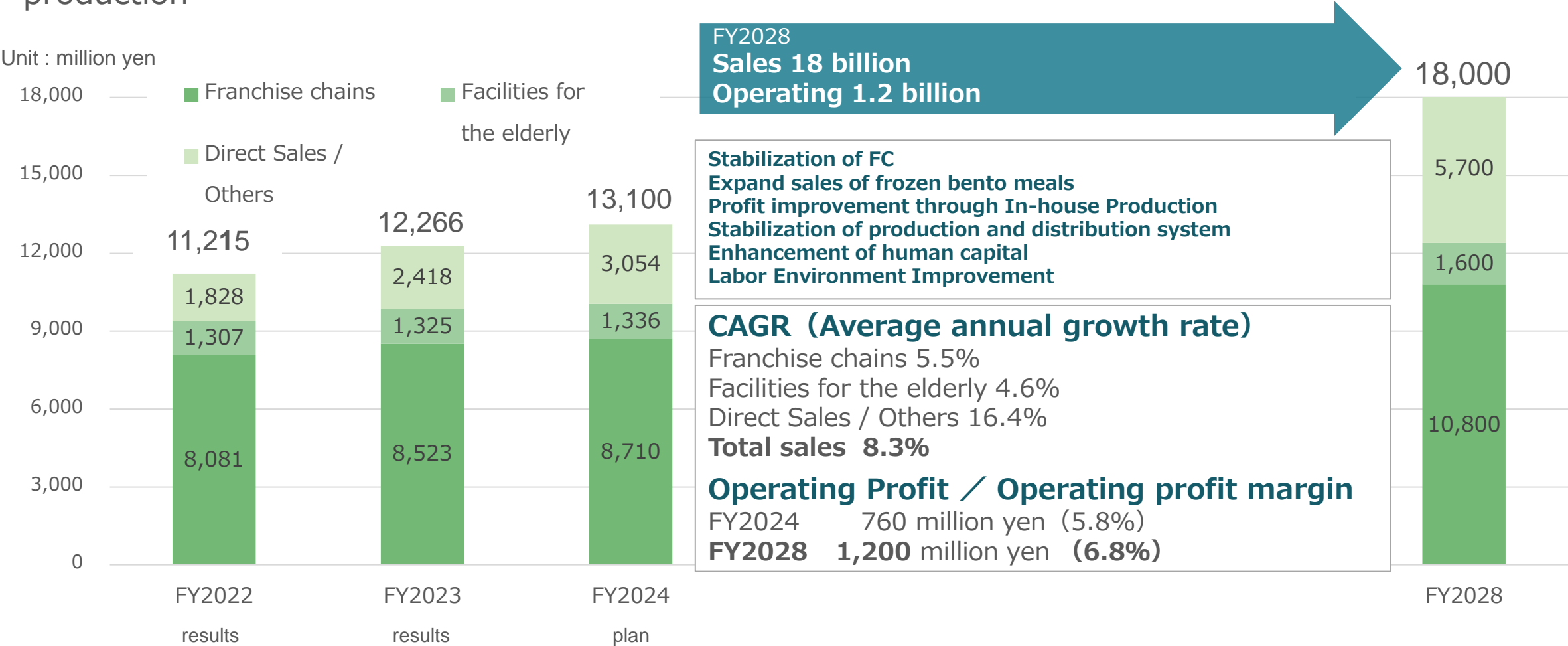


Sales are expected to grow only moderately in Franchise chains, Facilities for the elderly. Direct Sales / Others grew strongly with increased demand for frozen bento meals, with overall growth of 6.7%. Operating profit improved significantly due to the in-house production that had been undertaken since the Q1 of the previous year



# Medium-Term Plan Five-Year Outlook

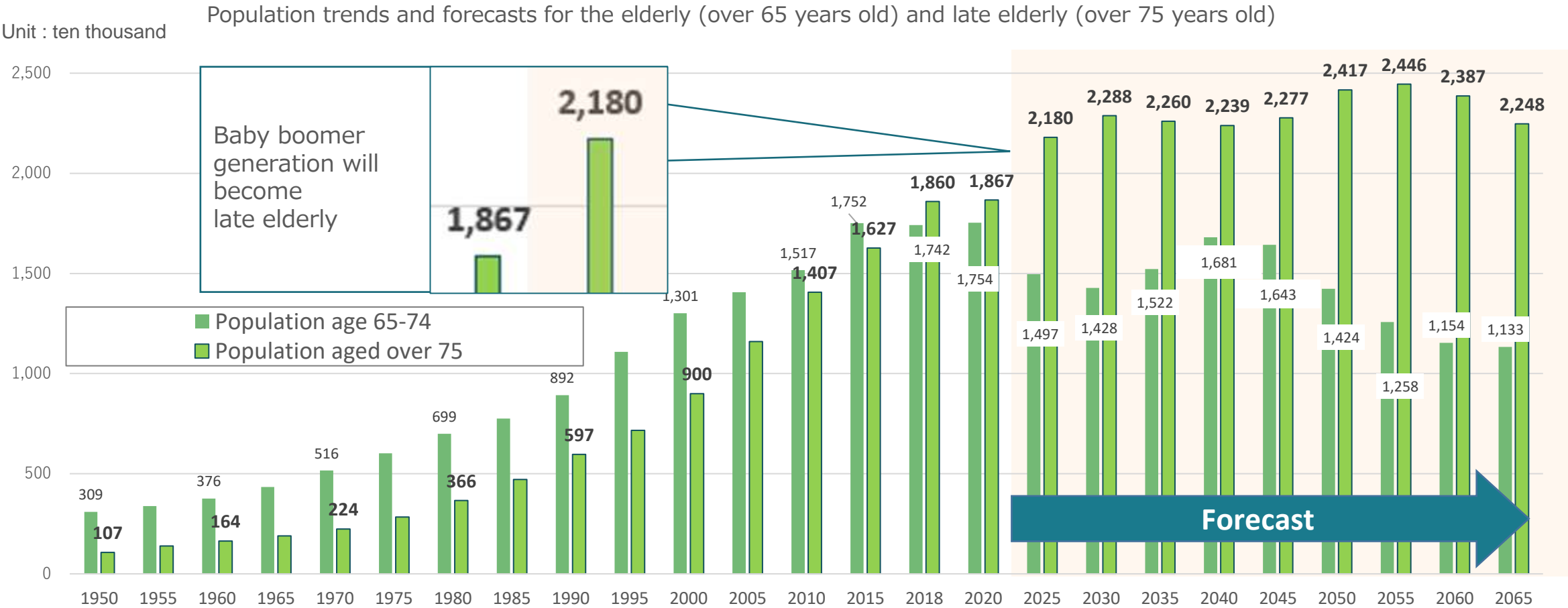
Sales are expected to grow significantly in Direct Sales / Others, as Franchise chains and Facilities for the elderly are expected to grow moderately based on the current footprint, and the market for frozen bento meals is expected to expand. Operating profit is expected to improve due to in-house production



# The Market to which we belong

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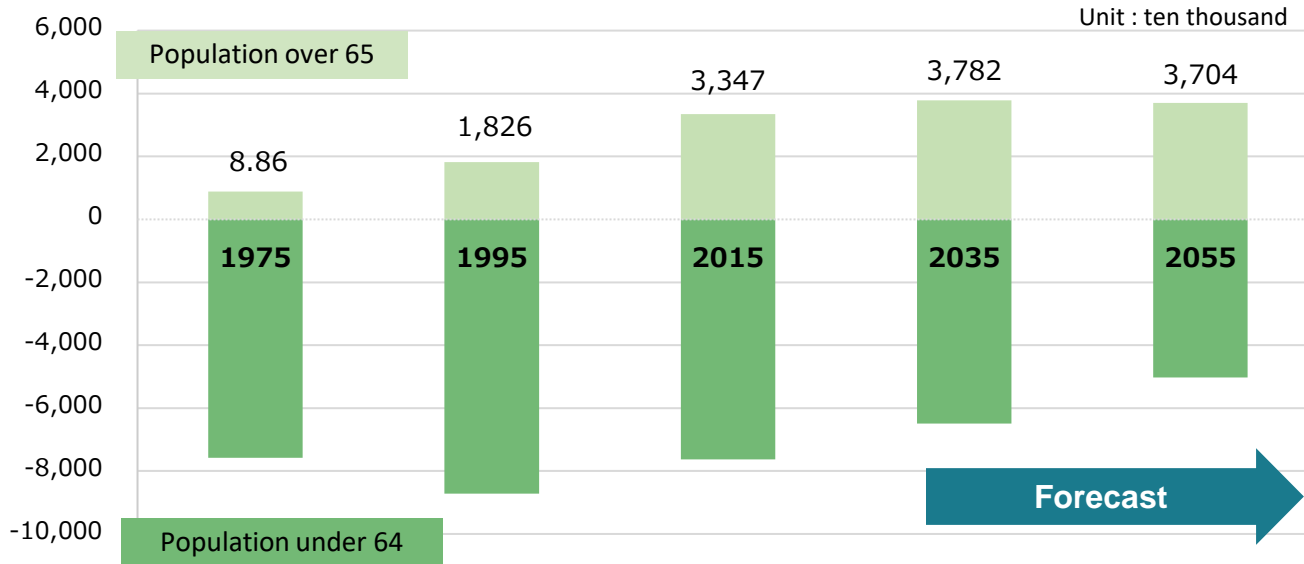
Our main target, the late elderly, will increase exponentially beyond 2025



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

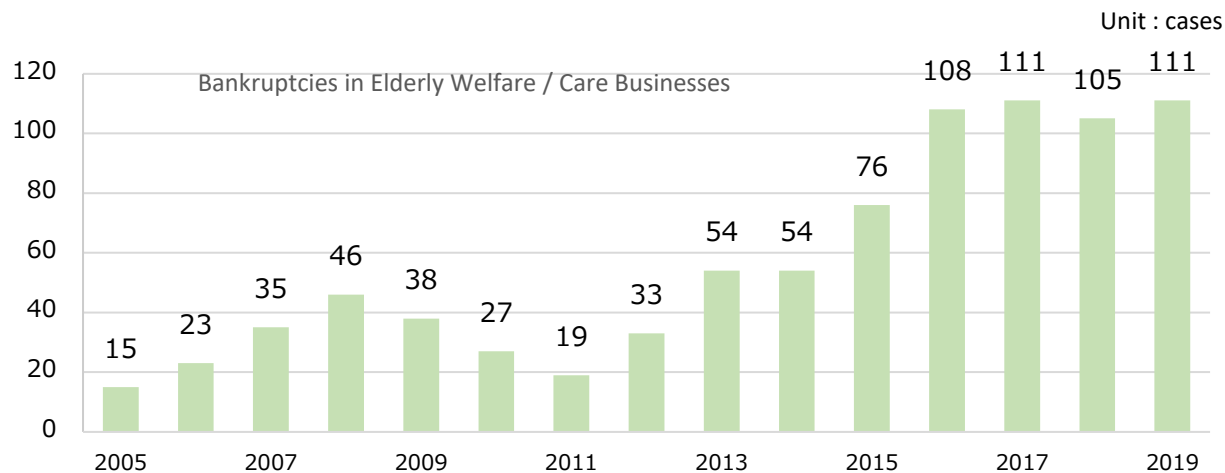
The working generation (15 to 64 years old) is decreasing, and the elderly population is increasing

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

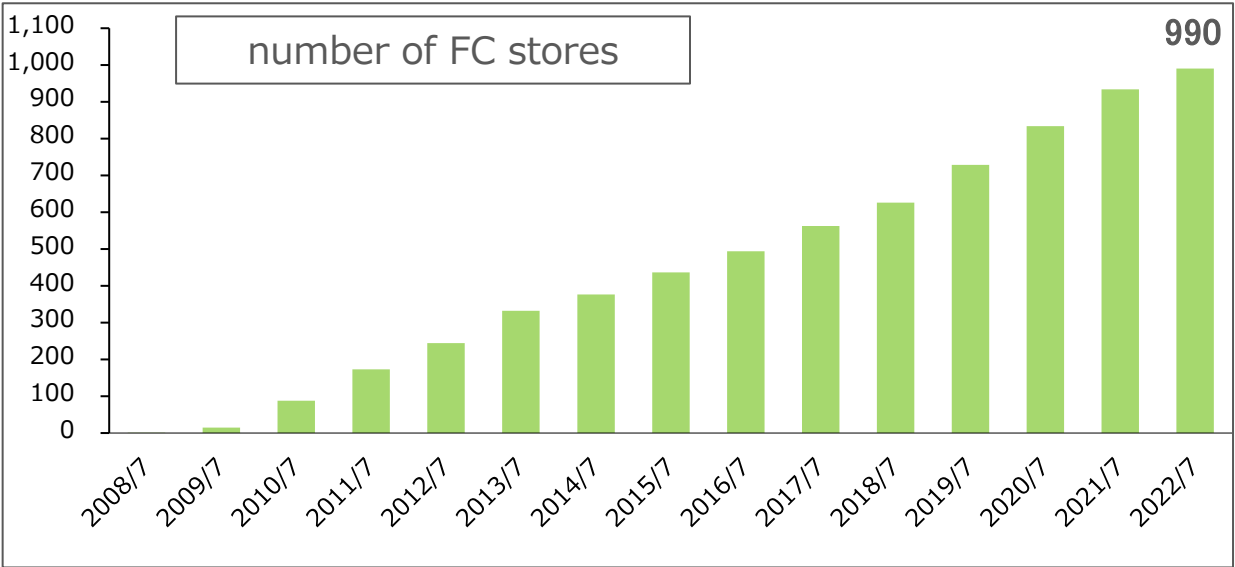


# Our Company Advantages

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## 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	
		* Easy operation without cooking
expenses	20	* Low initial investment and location-free rent
profit	40	* Low fixed cost ratio generates profits

## 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



<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

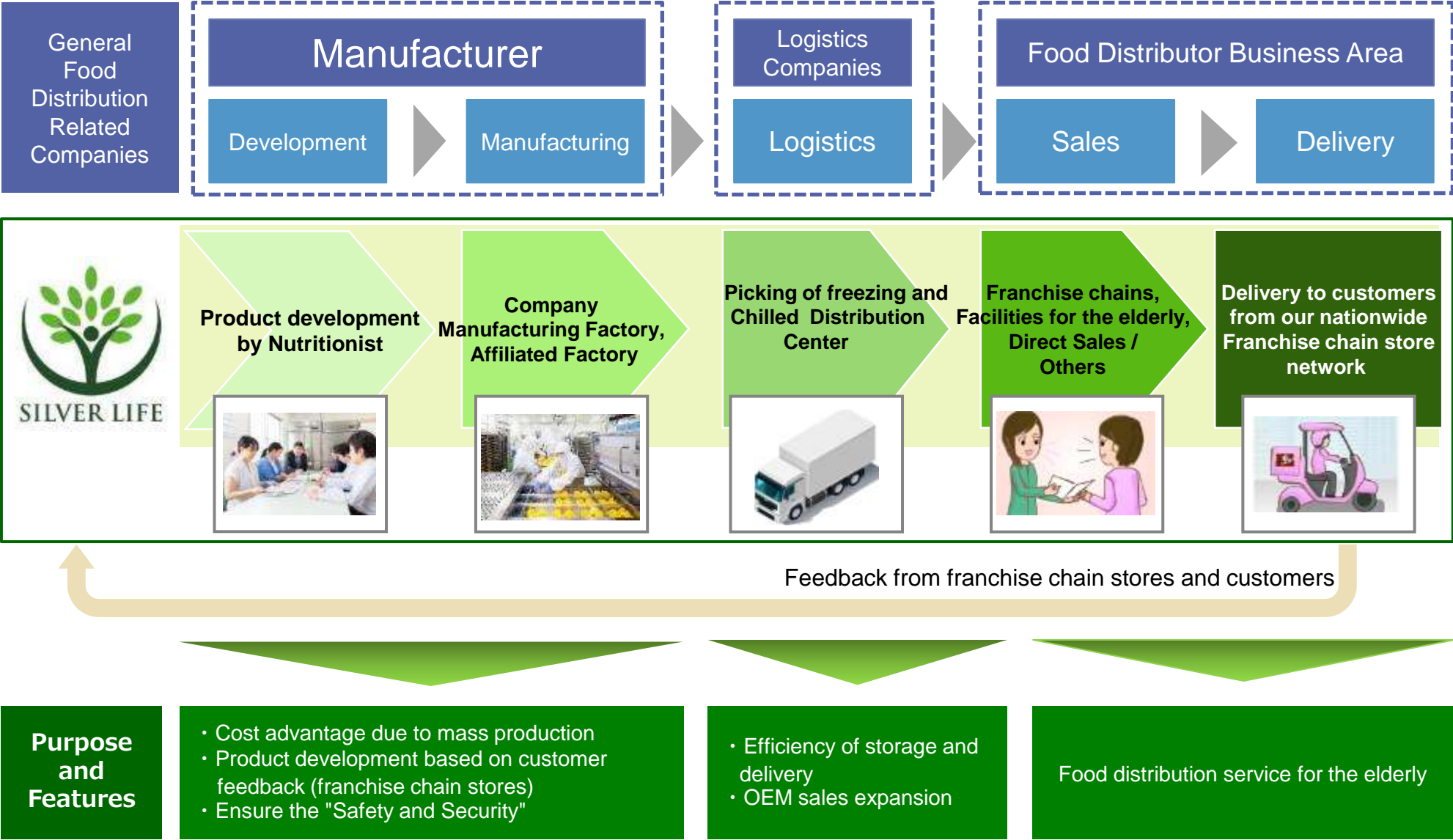


(foreign matter inspection)



(Bacterial testing)

# Our Advantage : Consistent System



# Company Overview

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# Our Management Philosophy and Mission



## 【Management Philosophy】

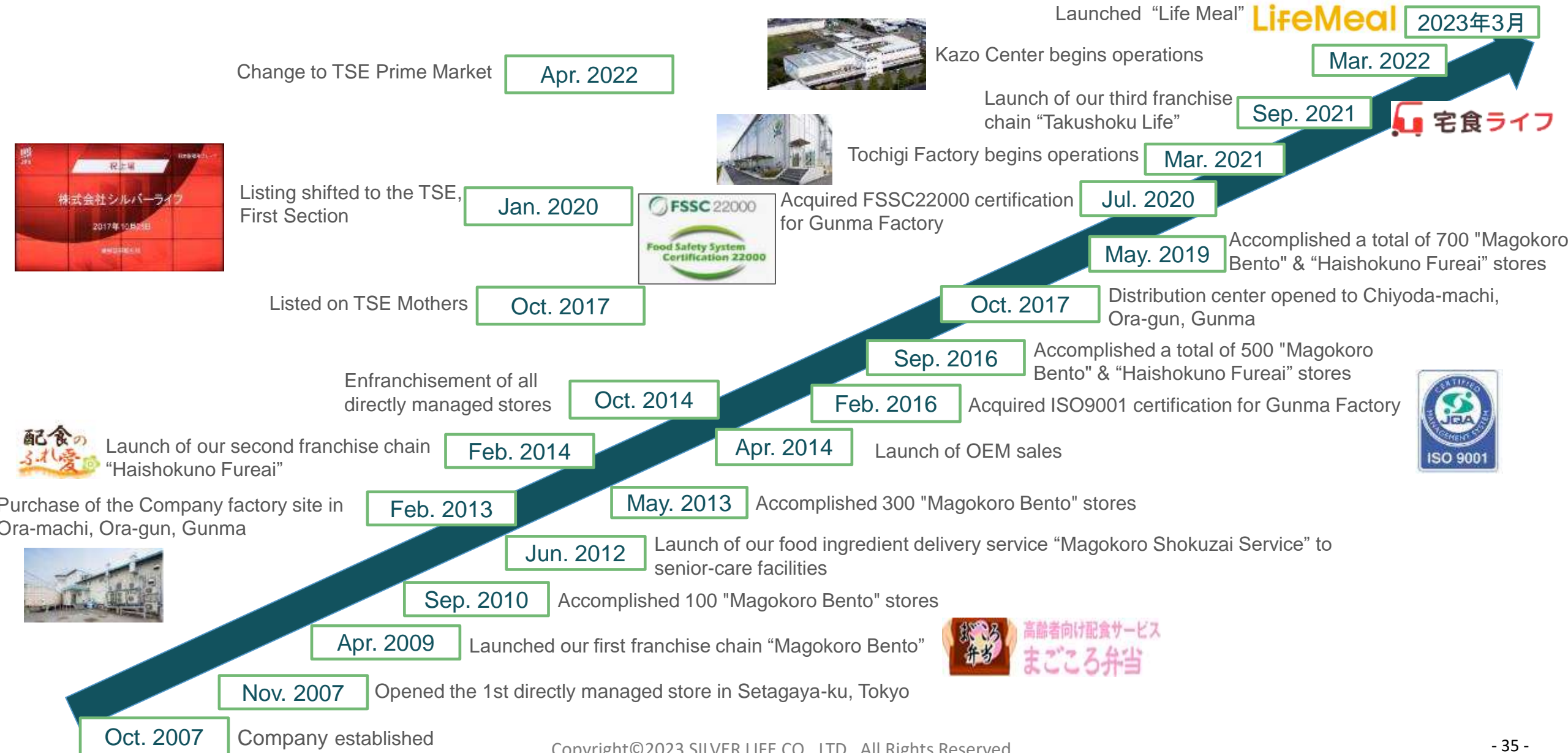
We will create a society where everyone can grow old with peace of mind from the perspective of food.

## 【Our Mission】

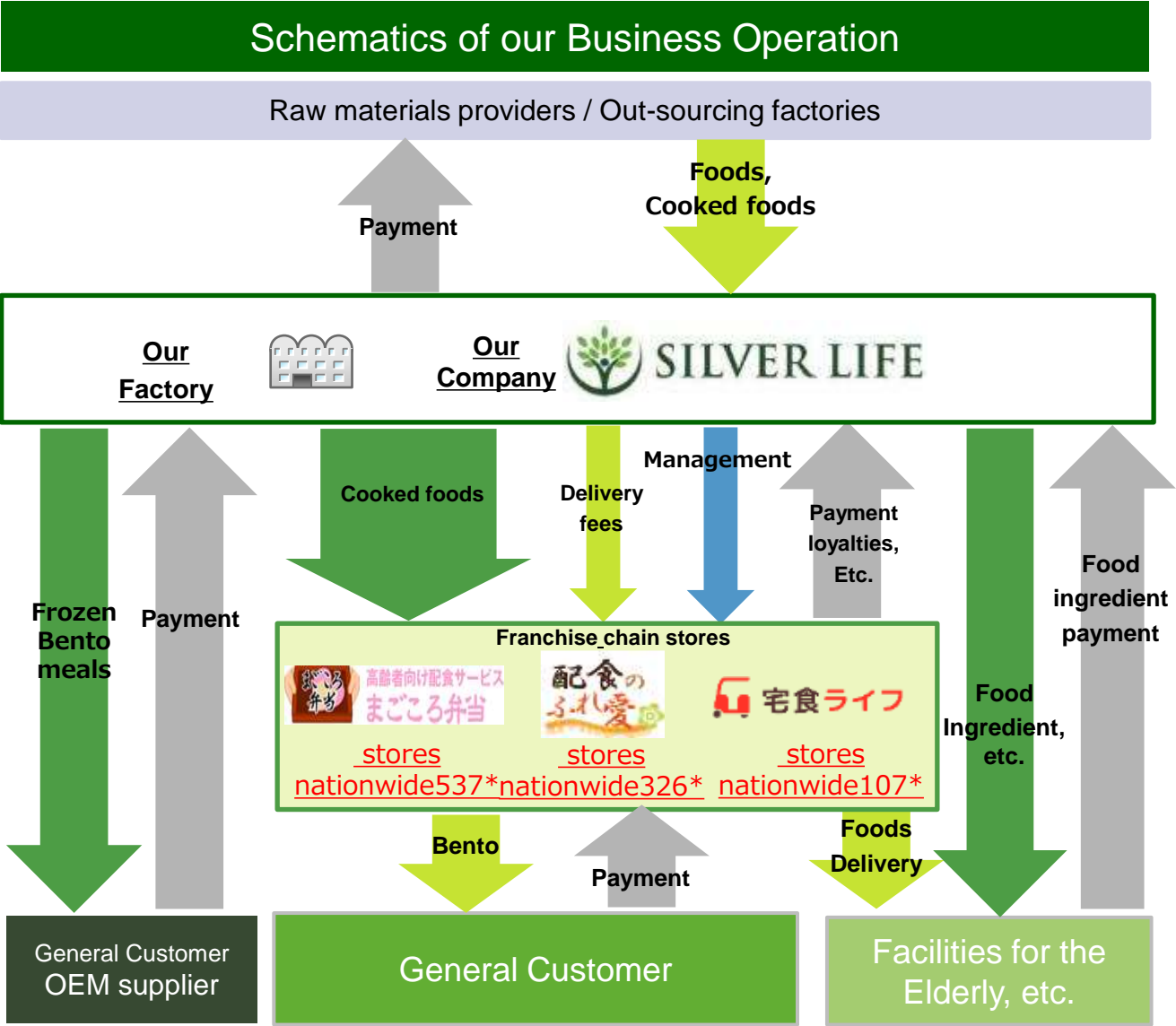
We prepare bento's at reasonable prices and deliver to your home every day so that elderly people living alone or needing care who have difficulty cooking or going out to shop can eat without any trouble.

Company Name	SILVER LIFE Co., Ltd.
Representative	President, CEO : Takahisa Shimizu
Established	October 2007
Capital Stock	730 million yen (as of July 31, 2023)
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	417 (Full-time: 232 / Part-time: 185) As of the end of July 2023
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 Center:376, Sakae, Kazo-shi, Saitama, 349-0213, Japan</li></ul>

# Our History







**FY2023 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 2023

- 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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