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Summary of Non-consolidated Financial Results for the Year Ended July 31, 2023 [Based on Japanese GAAP]

September 11, 2023

Company name: SILVER LIFE CO., LTD.

Stock exchange listing: Tokyo

Code number: 9262

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

Representative: Takahisa Shimizu

President, CEO

Contact: Hirokazu Masuyama

Director, Administration Manager

Phone: +81-03)6300-5629

Scheduled date of Annual General Meeting of Shareholders: October 27, 2023

Scheduled date of commencing dividend payments: October 30, 2023

Scheduled date of filing annual securities report: October 30, 2023

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down.)

1. Non-consolidated Financial Results for the Fiscal Year Ended July 31, 2023 (August 1, 2022 to July 31, 2023)

(1) Non-consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended July 31, 2023	12,266	9.4	670	19.3	857	20.9	602	49.9
July 31, 2022	11,215	11.6	561	(33.1)	709	(27.1)	401	(26.4)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended July 31, 2023	55.74	55.02	10.7	9.3	5.5
July 31, 2022	37.26	36.66	7.9	8.3	5.0

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended July 31, 2023: ¥ million
Fiscal year ended July 31, 2022: ¥ million

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of July 31, 2023	9,562	5,916	61.9	545.65
July 31, 2022	8,859	5,304	59.9	491.51

(Reference) Equity: As of July 31, 2023: ¥ 5,916 million
As of July 31, 2022: ¥ 5,304 million

(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 the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended July 31, 2023	1,201	(937)	(230)	1,507
July 31, 2022	1,209	(1,470)	263	1,474

2. Dividends

	Annual dividends					Total dividends	Payout ratio	Dividends to net assets
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
July 31, 2022	-	0.00	-	0.00	0.00	-	-	-
July 31, 2023	-	0.00	-	15.00	15.00	162	26.9	2.9
Fiscal year ending July 31, 2024 (Forecast)	-	0.00	-	15.00	15.00		26.2	

(Note) Breakdown of the year-end dividend for the fiscal year ended July 31, 2023 :

Commemorative dividend	- yen
Special dividend	- yen

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending July 31, 2024 (August 1, 2023 to July 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Six months ending January 31, 2024	6,550	8.9	435	4.2	529	4.3	345	8.6	Yen 31.82
Full year	13,100	6.8	760	13.4	950	10.7	620	2.9	57.18

* Notes:

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: Yes
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(2) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

July 31, 2023:	10,842,800 shares
July 31, 2022:	10,792,400 shares

2) Number of treasury shares at the end of the period:

July 31, 2023:	422 shares
July 31, 2022:	399 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended July 31, 2023:	10,811,156 shares
Fiscal Year ended July 31, 2022:	10,786,519 shares

Non-consolidated Financial Statements
Non-consolidated Balance Sheets

(Thousands of yen)

	As of July 31, 2022	As of July 31, 2023
Assets		
Current assets		
Cash and deposits	1,474,844	1,507,524
Accounts receivable - trade	1,019,139	1,138,985
Merchandise and finished goods	287,792	420,316
Raw materials and supplies	28,053	45,642
Prepaid expenses	55,560	58,071
Accounts receivable - other	333,812	381,663
Other	92,089	106,139
Allowance for doubtful accounts	(58,705)	(78,858)
Total current assets	3,232,587	3,579,485
Non-current assets		
Property, plant and equipment		
Buildings	3,477,453	3,733,475
Accumulated depreciation	(460,923)	(697,423)
Buildings, net	3,016,529	3,036,051
Structures	142,721	206,896
Accumulated depreciation	(25,755)	(38,794)
Structures, net	116,965	168,101
Machinery and equipment	1,968,042	2,366,110
Accumulated depreciation	(662,558)	(944,782)
Machinery and equipment, net	1,305,483	1,421,328
Vehicles	8,637	34,260
Accumulated depreciation	(5,838)	(17,087)
Vehicles, net	2,799	17,172
Tools, furniture and fixtures	146,997	201,290
Accumulated depreciation	(78,779)	(115,202)
Tools, furniture and fixtures, net	68,218	86,088
Land	575,900	575,900
Leased assets	3,276	3,276
Accumulated depreciation	(109)	(764)
Leased assets, net	3,166	2,511
Construction in progress	-	52,085
Total property, plant and equipment	5,089,063	5,359,240
Intangible assets		
Trademark right	2,360	1,168
Software	288,518	366,997
Other	38,267	31,513
Total intangible assets	329,146	399,679
Investments and other assets		
Long-term loans receivable	53,510	46,367
Distressed receivables	1,066	1,066
Long-term prepaid expenses	13,078	28,427
Deferred tax assets	92,131	105,370
Other	63,607	57,139
Allowance for doubtful accounts	(14,666)	(14,278)
Total investments and other assets	208,727	224,092
Total non-current assets	5,626,937	5,983,012
Total assets	8,859,525	9,562,497

(Thousands of yen)

	As of July 31, 2022	As of July 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	570,916	591,357
Current portion of long-term borrowings	239,400	239,400
Accounts payable - other	403,436	564,476
Accrued expenses	18,242	31,383
Income taxes payable	54,512	173,545
Deposits received	14,933	17,797
Provision for shareholder benefit program	61,527	57,923
Contract liabilities	11,458	8,681
Lease liabilities	720	720
Other	32,368	67,497
Total current liabilities	1,407,517	1,752,782
Non-current liabilities		
Long-term borrowings	1,951,450	1,712,050
Lease liabilities	2,762	2,042
Guarantee deposits received	169,085	163,290
Long term contract liabilities	21,121	12,927
Other	3,210	3,210
Total non-current liabilities	2,147,630	1,893,520
Total liabilities	3,555,147	3,646,302
Net assets		
Shareholders' equity		
Share capital	725,645	730,286
Capital surplus		
Legal capital surplus	715,645	720,286
Total capital surplus	715,645	720,286
Retained earnings		
Other retained earnings		
Retained earnings brought forward	3,864,006	4,466,578
Total retained earnings	3,864,006	4,466,578
Treasury shares	(919)	(956)
Total shareholders' equity	5,304,378	5,916,194
Total net assets	5,304,378	5,916,194
Total liabilities and net assets	8,859,525	9,562,497

Non-consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended July 31, 2022	For the fiscal year ended July 31, 2023
Net sales	11,215,914	12,266,758
Cost of sales		
Beginning inventory of merchandise and finished goods	186,720	287,792
Cost of products manufactured	3,839,887	5,519,832
Cost of purchased goods	4,388,231	3,173,034
Total	8,414,839	8,980,659
Ending inventory of merchandise and finished goods	287,792	420,316
Total cost of sales	8,127,046	8,560,343
Gross profit	3,088,868	3,706,414
Selling, general and administrative expenses		
Salaries and allowances	268,658	331,624
Freight costs	537,780	718,631
Depreciation	119,264	218,380
Outsourcing expenses	232,166	122,928
Advertising expenses	445,876	481,081
Bad debt expenses	7,945	2,362
Provision of allowance for doubtful accounts	23,419	20,929
Provision for shareholder benefit program	44,340	25,055
Other	847,855	1,115,268
Total selling, general and administrative expenses	2,527,305	3,036,262
Operating profit	561,562	670,152
Non-operating income		
Interest income	12,354	12,853
Compensation income	132,022	165,890
Commission income	29,450	33,364
Other	18,701	17,520
Total non-operating income	192,529	229,629
Non-operating expenses		
Interest expenses	5,073	4,456
Rental expenses	17,462	18,198
Depreciation	12,216	12,259
Bad debt expenses	4,051	3,368
Provision of allowance for doubtful accounts	5,775	1,532
Other	60	2,118
Total non-operating expenses	44,640	41,933
Ordinary profit	709,451	857,848
Extraordinary income		
Gain on sale of non-current assets	22,916	-
Total extraordinary income	22,916	-
Extraordinary losses		
Loss on retirement of non-current assets	19,293	1,320
Impairment losses	95,478	-
Total extraordinary losses	114,772	1,320
Profit before income taxes	617,595	856,528
Income taxes - current	224,768	267,195
Income taxes - deferred	(9,064)	(13,238)
Total income taxes	215,703	253,956
Profit	401,891	602,571

Non-consolidated Statements of Changes in Net Assets

For the fiscal year ended July 31, 2022

(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 Retained earnings brought forward	Total retained earnings			
Balance at beginning of period	724,137	714,137	714,137	3,488,980	3,488,980	(919)	4,926,335	4,926,335
Cumulative effects of changes in accounting policies				(26,865)	(26,865)		(26,865)	(26,865)
Restated balance	724,137	714,137	714,137	3,462,115	3,462,115	(919)	4,899,470	4,899,470
Changes during period								
Issuance of new shares - exercise of share acquisition rights	1,508	1,508	1,508				3,016	3,016
Purchase of treasury shares							-	-
Profit				401,891	401,891		401,891	401,891
Total changes during period	1,508	1,508	1,508	401,891	401,891	-	404,907	404,907
Balance at end of period	725,645	715,645	715,645	3,864,006	3,864,006	(919)	5,304,378	5,304,378

For the fiscal year ended July 31, 2023

(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 Retained earnings brought forward	Total retained earnings			
Balance at beginning of period	725,645	715,645	715,645	3,864,006	3,864,006	(919)	5,304,378	5,304,378
Cumulative effects of changes in accounting policies							-	-
Restated balance	725,645	715,645	715,645	3,864,006	3,864,006	(919)	5,304,378	5,304,378
Changes during period								
Issuance of new shares - exercise of share acquisition rights	4,640	4,640	4,640				9,281	9,281
Purchase of treasury shares						(36)	(36)	(36)
Profit				602,571	602,571		602,571	602,571
Total changes during period	4,640	4,640	4,640	602,571	602,571	(36)	611,816	611,816
Balance at end of period	730,286	720,286	720,286	4,466,578	4,466,578	(956)	5,916,194	5,916,194

Non-consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended July 31, 2022	For the fiscal year ended July 31, 2023
Cash flows from operating activities		
Profit before income taxes	617,595	856,528
Depreciation	610,147	689,725
Impairment losses	95,478	-
Increase (decrease) in allowance for doubtful accounts	20,749	19,765
Increase (decrease) in provision for shareholder benefit program	29,807	(3,604)
Interest and dividend income	(12,354)	(12,853)
Interest expenses	5,073	4,456
Loss on retirement of property, plant and equipment	19,293	1,320
Loss (gain) on sale of property, plant and equipment	(22,916)	-
Decrease (increase) in trade receivables	(51,424)	(119,846)
Decrease (increase) in inventories	(113,093)	(150,112)
Increase (decrease) in trade payables	29,647	20,440
Increase (decrease) in accrued consumption taxes	328,731	43,242
Increase (decrease) in contract liability	(6,141)	(10,971)
Other, net	9,704	12,401
Subtotal	1,560,298	1,350,491
Interest and dividends received	12,354	12,853
Interest paid	(5,062)	(4,400)
Income taxes paid	(357,709)	(157,515)
Net cash provided by (used in) operating activities	1,209,881	1,201,428
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,419,238)	(787,429)
Proceeds from sale of property, plant and equipment	65,016	-
Purchase of intangible assets	(120,529)	(171,387)
Loan advances	(16,000)	(8,574)
Proceeds from collection of loans receivable	14,495	12,580
Payments of leasehold and guarantee deposits	(1,168)	(1,249)
Proceeds from refund of leasehold and guarantee deposits	372	13,372
Refund of guarantee deposits received	(9,000)	(8,000)
Guarantee deposits received	20,961	18,470
Purchase of other investments	(5,879)	(5,655)
Net cash provided by (used in) investing activities	(1,470,971)	(937,873)
Cash flows from financing activities		
Proceeds from long-term borrowings	500,000	-
Repayments of long-term borrowings	(239,400)	(239,400)
Proceeds from exercise of employee share options	3,016	9,281
Purchase of treasury shares	-	(36)
Repayments of lease liabilities	(120)	(720)
Net cash provided by (used in) financing activities	263,495	(230,876)
Net increase (decrease) in cash and cash equivalents	2,405	32,679
Cash and cash equivalents at beginning of period	1,472,438	1,474,844
Cash and cash equivalents at end of period	1,474,844	1,507,524