



# Financial Results for the 2<sup>nd</sup> Quarter of Fiscal Year Ending July 31, 2024

**SILVER LIFE CO., LTD.**

The Standard Market of the Tokyo Stock Exchange (9262)

Start of operation in March  
2021Tochigi Factory



# Fiscal Year Ending July 2024 2<sup>nd</sup> Quarter Performance Highlights

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# Fiscal Year Ending July 2024 Q2 Performance (vs YoY )



Net sales +11.6% Sales increased in all sales categories, driven especially by direct sales and others (OEM, frozen bento, warehousing)

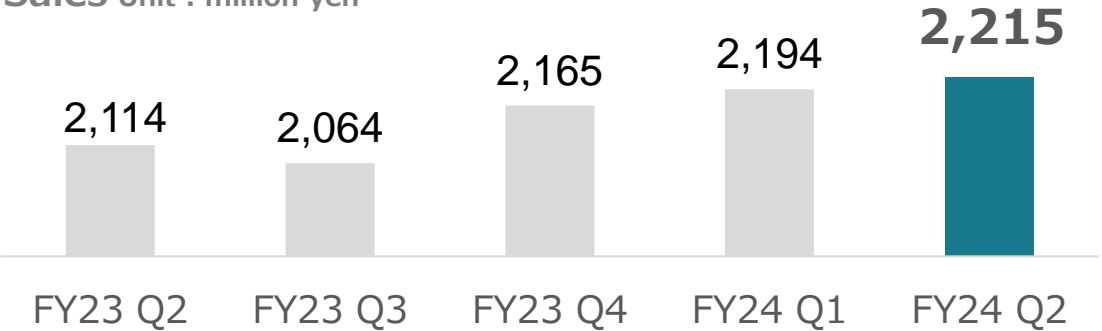
Gross profit +20.5% due to increased sales and in-house production, and improved production efficiency.

Operating profit +17.6% Cost reductions due to improved production efficiency absorbed increased SG&A expenses, and operating income margin also improved.

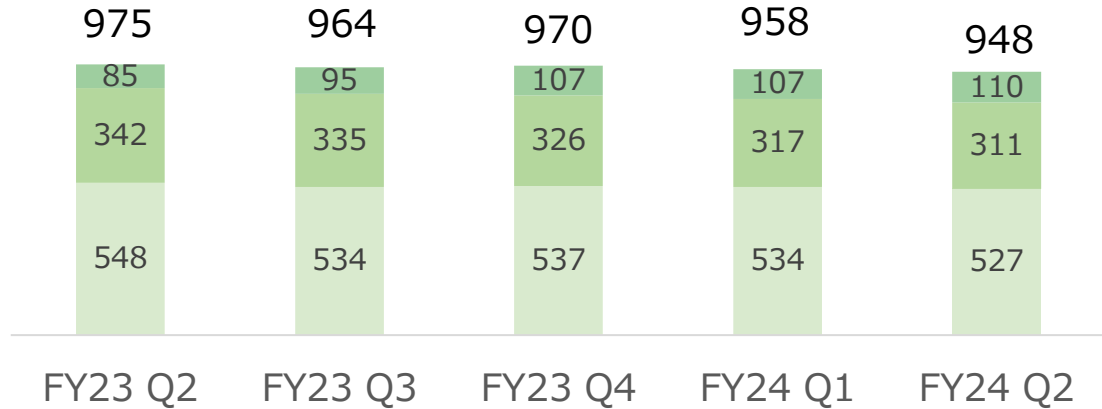
Unit : million yen	FY2024 Q2				FY2023 Q2		FY2024 Plan	
	Actual	Vs. FY2023 Q2results	Sales ratio	Plan Progress rate	Results	Sales ratio	Plan	Sales ratio
Net sales	6,710	+11.6%	-	51.2%	6,015	-	13,100	-
Gross profit	2,194	+20.5%	32.7%	54.1%	1,821	30.3%	4,060	31.0%
Operating profit	490	+17.6%	7.3%	64.6%	417	6.9%	760	5.8%
Ordinary profit	582	+ 14.9%	8.7%	61.4%	507	8.4%	950	7.3%
Profit	361	+ 13.8%	5.4%	58.3%	317	5.3%	620	4.7%

## Franchise chains

Sales Unit : million yen



Number of Stores



■ Takushoku Life ■ Haishokuno Fureai ■ Magokoro Bento

Vs. FY2023 Q2

**+ 2.7%**

Sales : Slight increase Maintain sales YoY with September 2023 price revision (3% price increase) Existing stores sales YoY continued to grow at 108.2% \*1  
Approximately 85% of food sales to franchised stores are regular meals and  
Approximately 15% are special meals\*2  
Regular meals are priced in the 500 yen range at stores and continue to grow (+6.2%)  
Sales of special meals will be in the 700 yen range at stores, and will decrease (-9.8%)

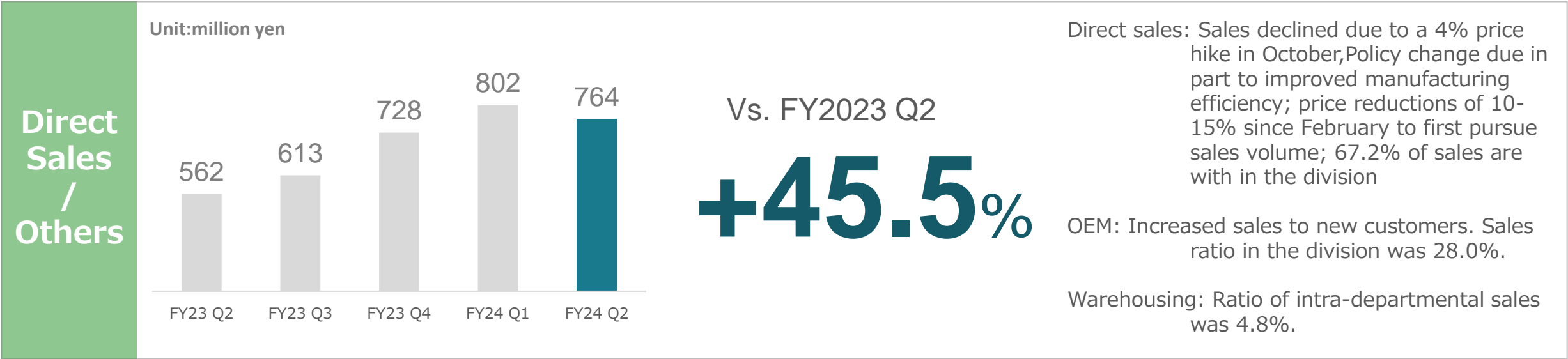
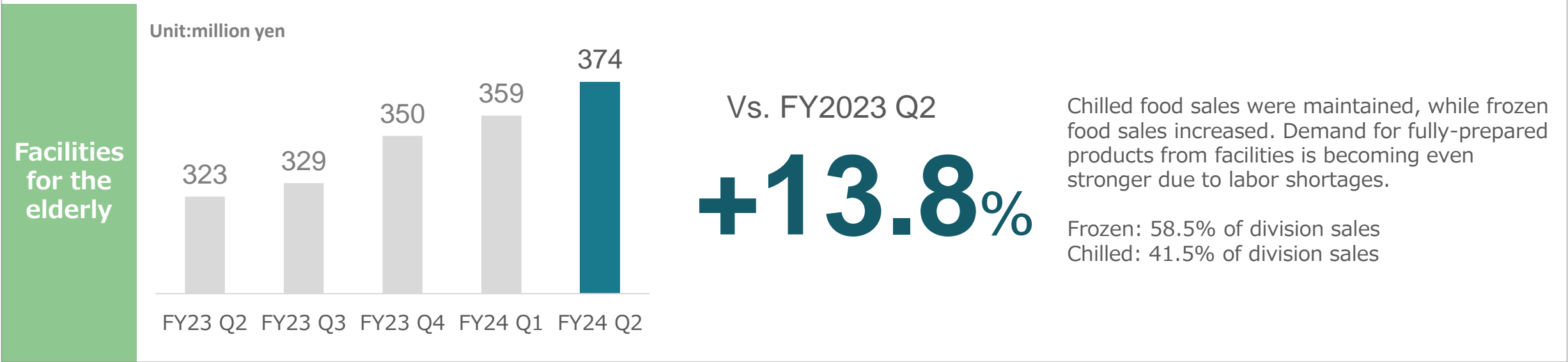
The sharp decline in sales that occurred in the fall and winter of 2022 will not occur.  
Estimated that there were not as many hospitalizations of the elderly in the fall winter of 2023 as there were last year

Number of stores: 948 stores, with a continuous back-and-forth of store openings and closings  
New contract plan to reduce initial investment was launched as a measure to open new stores  
Started taking over sales using an external M&A site as a measure to exit stores

\*1 Special diets include carbohydrate calorie adjusted meals, protein adjusted meals, and mousse meals.

\*2 Comparison between stores that existed in both the previous fiscal year and this fiscal year, excluding stores that were withdrawn.

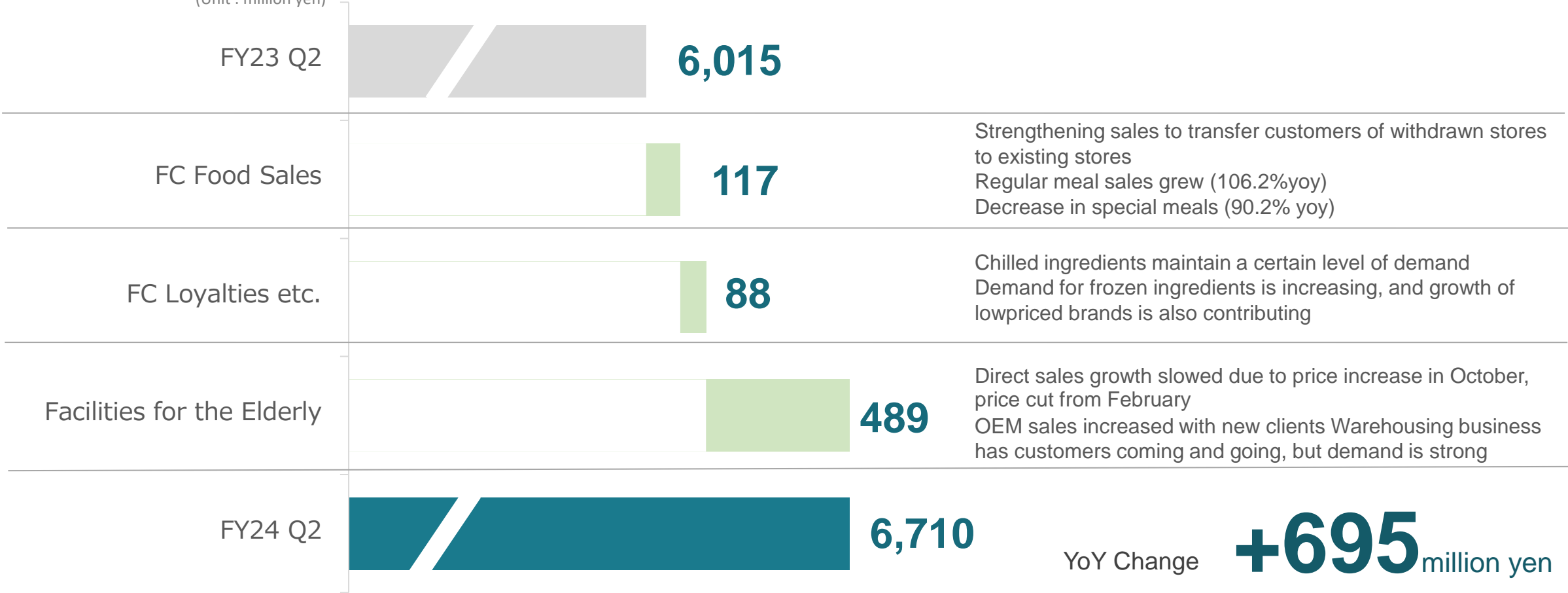
# Sales per Category



# Change Analysis of Sales

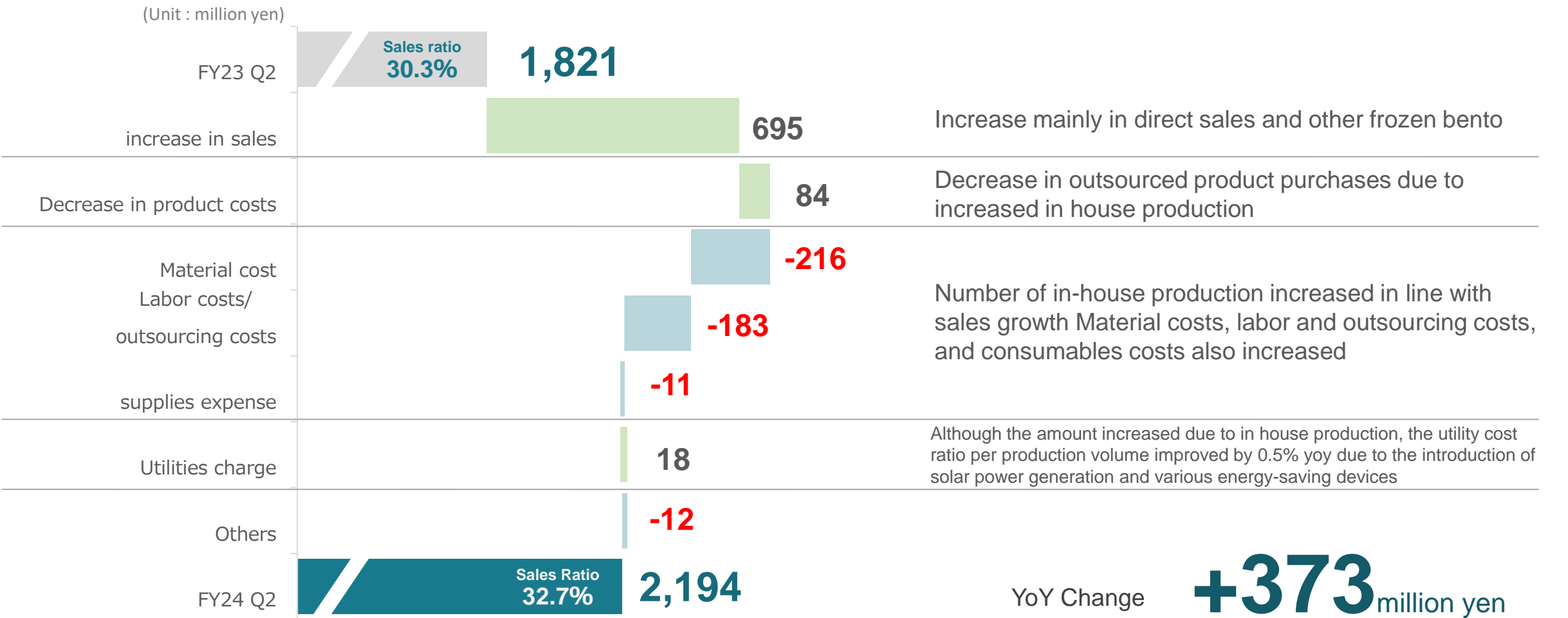
+11.6% YoY  
Franchise store sales maintained a slight increase due to a 3% price revision and an 8.2% increase in sales at existing stores, despite the impact of a decrease in the number of stores.  
Sales to elderly care facilities increased due to the growing demand for inexpensive and convenient fully-prepared frozen foodstuffs against the backdrop of chronic labor shortages at these facilities.  
Direct sales and others increased due to strong OEM sales and warehousing business, despite sluggish sales of frozen bento via in house e-commerce due to price hikes in Q2.

(Unit : million yen)



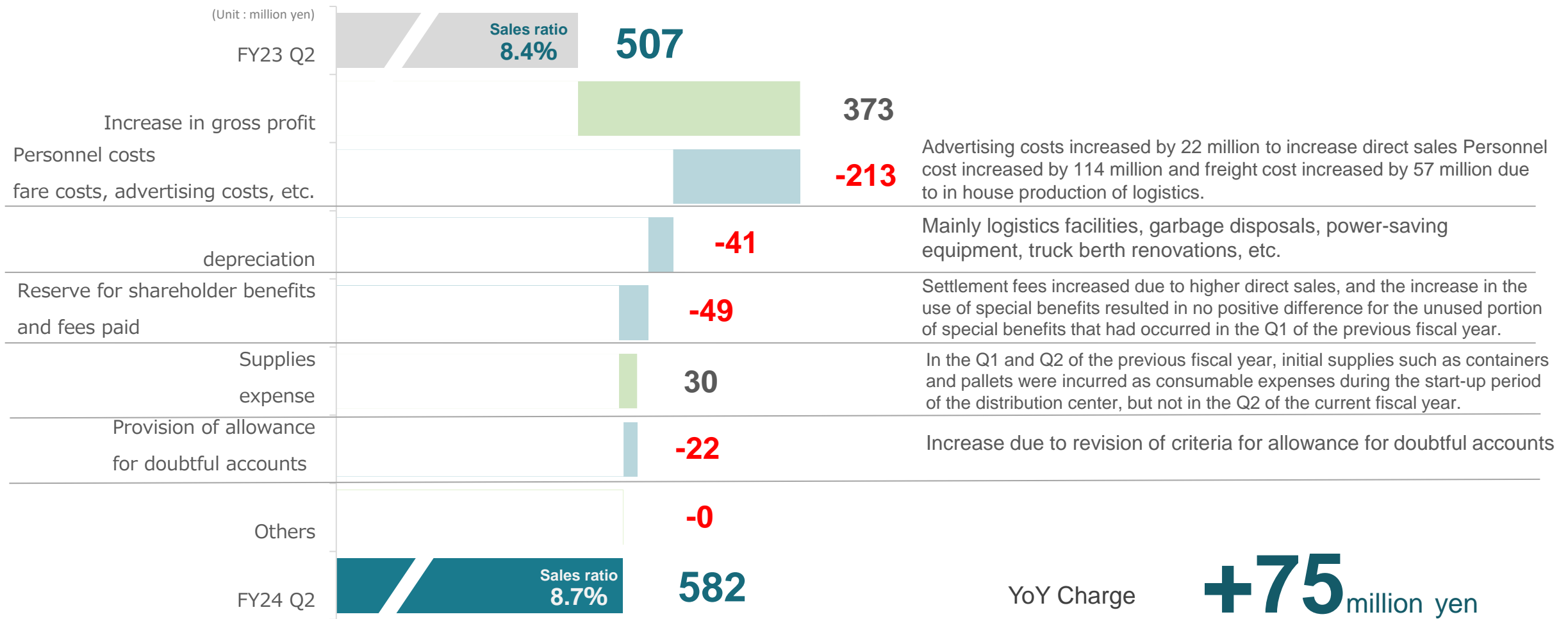
# Change Analysis of Gross Profit

Sales increased by 20.5% and gross profit margin improved by 2.4%.  
Gross profit improved due to increase in sales and decrease in purchase of outsourced products by in house production



# Change Analysis of Ordinary Profit

Value increased 14.9%, ordinary income margin improved 0.3%  
SG&A expenses increased mainly in personnel, freight, and advertising expenses due to the in house production of logistics and sales increase. However, the increase was absorbed by the improvement in gross profit.



# Future Activities

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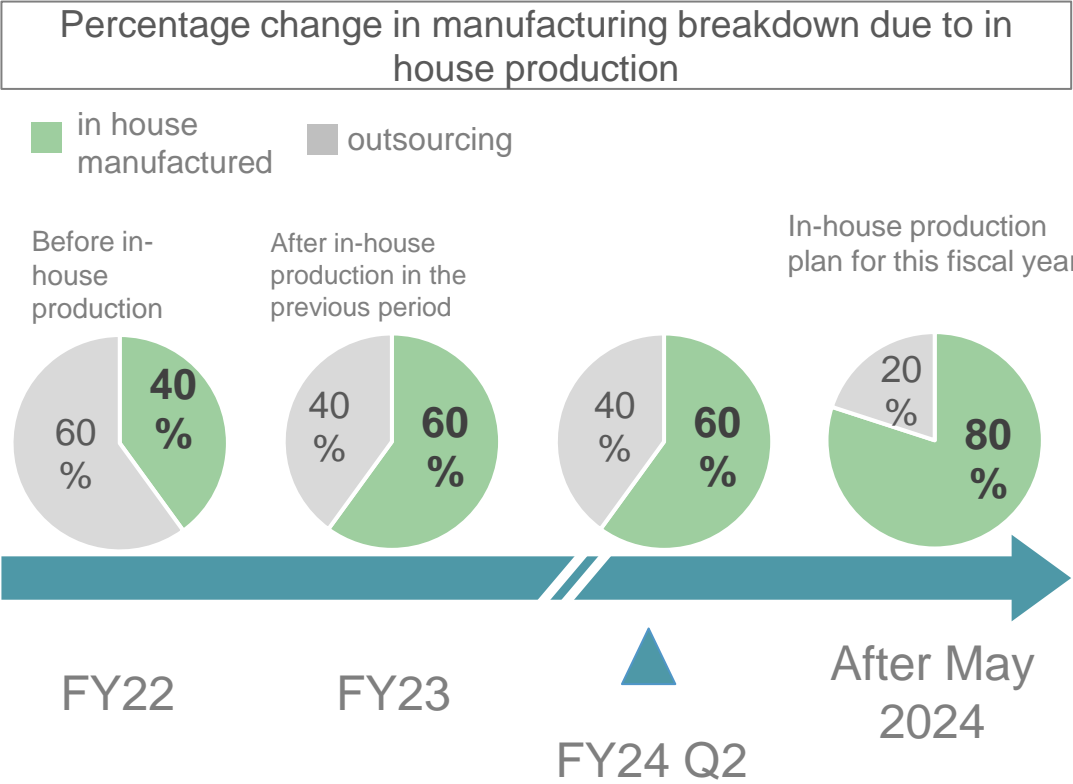
Progress in bringing manufacturing in-house (Q3-Q4, reducing costs only without changing quality)

SILVER LIFE

Past : Raised in house production rate from 40% to 60% in October 2022,took a wait and see approach for a few months and waited for the site to stabilize.

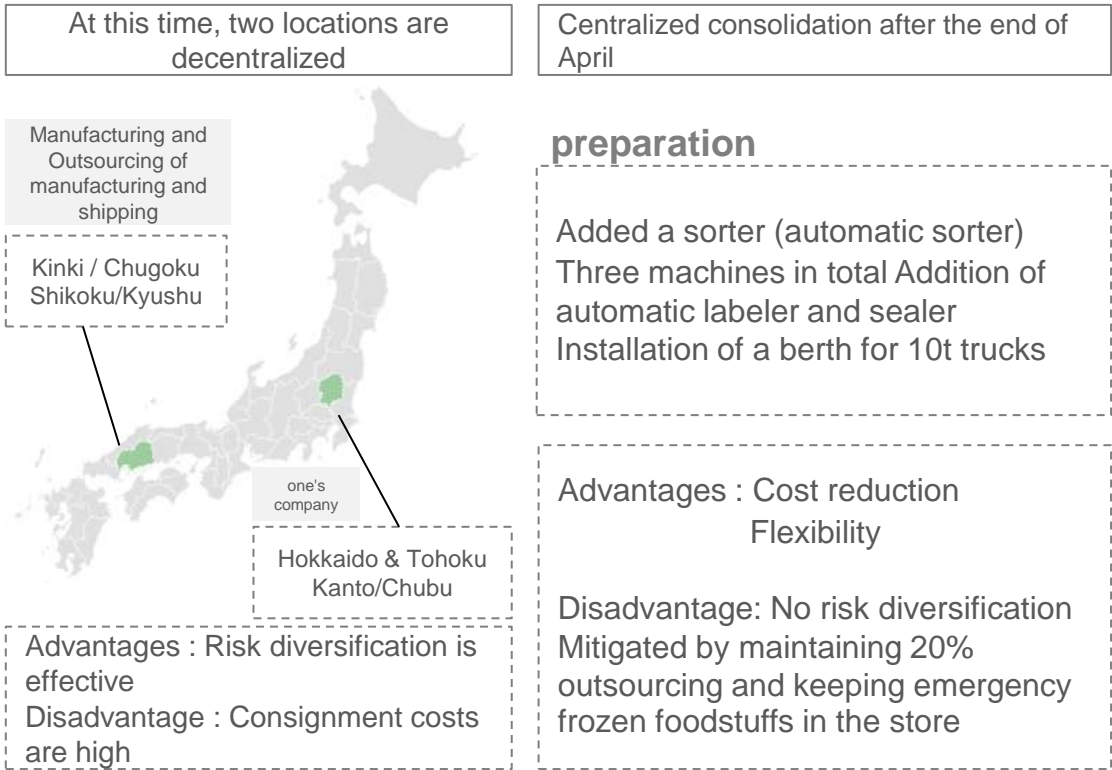
Past : Acquired several new OEM projects in March 2023,determined that new equipment was needed/immediately placed an order, and halted the progress of in house production until it arrived.

Future: Equipment is scheduled to arrive at the end of March 2024, and after a trial run, the in house production rate is expected to increase from 60% to 80% from the end of April.



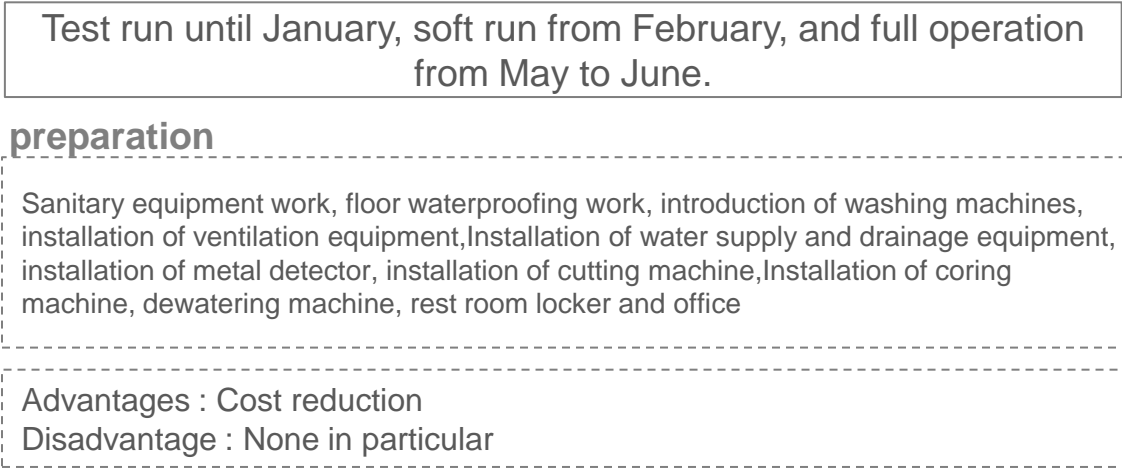
Centralized shipping origin to Kazo Distribution Center in Saitama Prefecture

Currently, shipments are dispersed to two locations, Saitama and Hiroshima; from May, they will be centralized at the Saitama store and invested in distribution facilities (sorting machines, sealing machines, automatic labelers, etc.) to improve efficiency.



Former Akaiwa Distribution Center to become a cut vegetable center

Renovation of the former Akaiwa Distribution Center In house production of cut vegetables purchased from other companies Reduction of raw material costs only, without changing quality

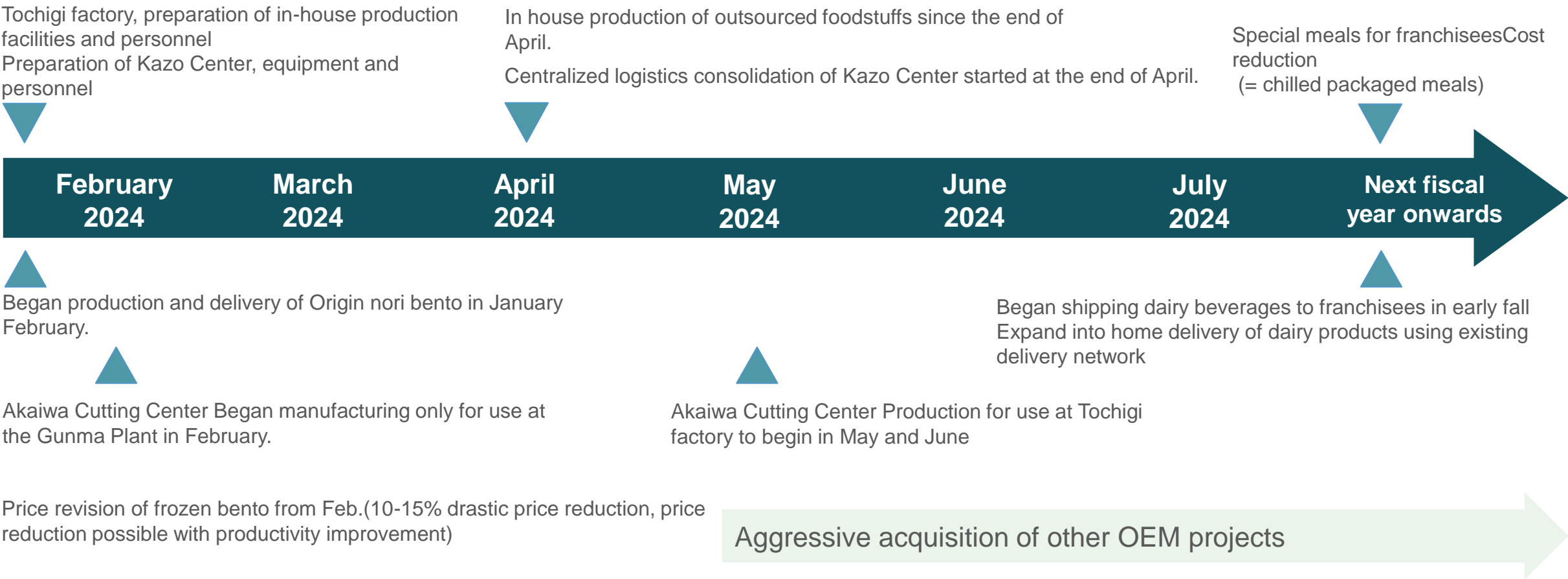


Akaiwa Cutting Center



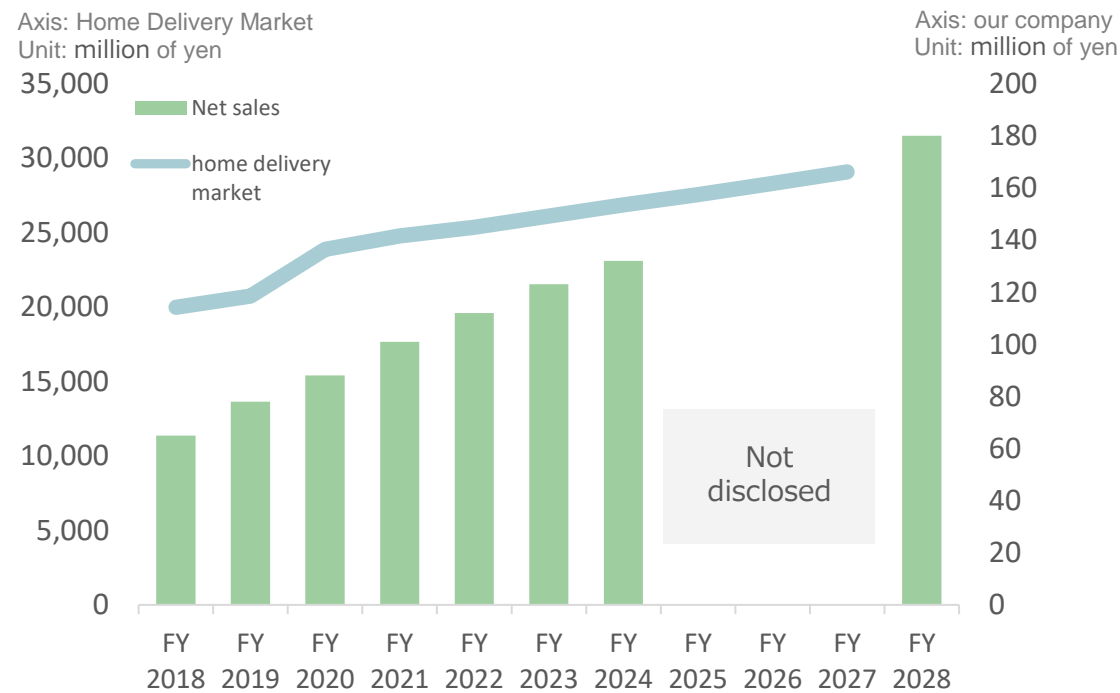
## Preparation and transition period for in house production and distribution consolidation

Aggressive marketing efforts to acquire new business opportunities against a backdrop of capital investment The shift to in-house production of cut vegetables through the operation of the Akaiwa Cut Center is proceeding cautiously, while monitoring on-site proficiency.



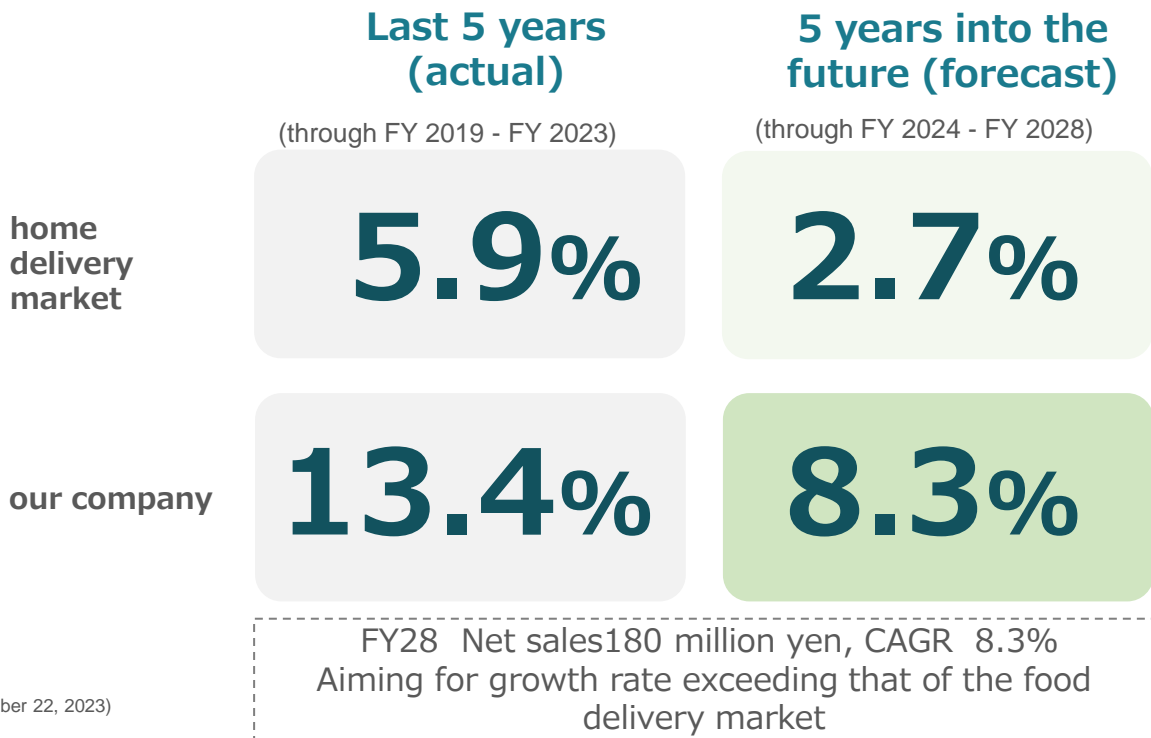
Japanese food prices fell 0.1% month-on-month in December 2023, the first decline in two years since December 2021. In this context, the attempt to increase frozen bento prices since October = increased advertising expenses due to increased profits = increased customer traffic is judged to be a failure. Although the taste is said to have improved, the motivation for using frozen foods is still different from that for freshly prepared foods. We assume that the most important motivation for using frozen food is that it is cheap and convenient. Among the many companies selling frozen bento, the company redefined its strength to be its price advantage. We aim to achieve stable growth that outperforms the market through a cost leadership strategy (to the extent that capital investment allows), distancing ourselves from value-added and brand strategies.

Food Delivery Market and Our Sales Trends



※Data for the food delivery market is from Yano Research Institute Ltd.'s "Research on the Food Delivery Market (2023)" (released on September 22, 2023)  
Note 1: Based on business sales  
Note 2: Figures are forecasts for FY2023 and beyond.  
The Company's sales forecast for 2024 is for the current fiscal year; the forecast for 2025-27 has not yet been announced; and the figures for 2028 are from the mid-term plan.

Food delivery market and our sales CAGR (compound annual growth rate)



See page 21 of the financial results for the fiscal year ended July 31, 2023 disclosed on September 11, 2023 for the mid-term plan.

# ESG Initiatives

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Environmental Initiatives

Use of solar power (to produce electricity)

Install solar power generation in all factories and warehouses by 2022  
Currently, about 10% of electricity usage is covered by solar power generation  
Additional installation planned for Kazo Distribution Center



Kazo Distribution Center



Tochigi Factory

Reduce electricity consumption (reduce electricity)

Installed fluid agitators (power improvement by agitating coolant in air conditioning and refrigeration equipment) in all plants and warehouses in 2022  
Introduced power improvement equipment (reduction of current loss from transformers) in September 2023, measured and confirmed 15% reduction in usage

Reduction of Food Waste

Installed a food waste disposal machine at Tochigi Plant in December 2023  
Reduced the amount of food residues disposed of, and the disposal rate is expected to improve further in the current fiscal year

Food Residue Estimates for the Current Year ※% (disposal rate) = amount disposed of divided by amount produced

240.7t	282.0t	330.0t
7.9%	6.0%	5.7%
FY22	FY23	FY24

In house production of external food ingredients increased volume, but reduction efforts improved the ratio from production volume.

Other Activities to Reduce Environmental Impact

Rentals of EV vehicles (COMS) to franchise operators increased by 4 additional vehicles as of the end of January 2024, for a total of 27 vehicles rented to help franchisees reduce CO2 emissions.

Diversity & Inclusion

Submission of action plan to the Law for Measures to Support the Development of the Next Generation and the Law for the Promotion of Women's Activities in August 2023.

Target ratio of women in management positions to be 30% or more by 2028

Percentage of Women in Management Positions

※Ratio of female managers in listed companies 9.4%

26.7%	25.0%	25.0%
FY22	FY23	FY24 Q2

Targeting an average of less than 15 hours of overtime for all employees

Average employee overtime hours

※Average overtime hours in listed companies: 21.9 hours

16 hours 24 minutes	18 hours 09 minutes	15 hours 10 minutes
FY22	FY23	FY24 Q2

Promote employment of persons with disabilities

Legal employment rate target of 2.7% by July 2026

Number and Percentage of Employees with Disabilities

8名 2.44%	5.5名 1.35%	7.5名 1.60%
FY22	FY23	FY24 Q2

Employee Engagement

Promoting the use of annual paid leave

Annual Paid Leave Utilization Rate

※The paid leave utilization rate for listed companies is 62.1%

77%	68%	83%
FY22	FY23	FY24 Q2

Scholarship Repayment Support Program

Trends in the number of users

10名	12名	21名
FY22	FY23	FY24 Q2

The company will repay the full amount of the scholarship in 7-year installments on behalf of the student.

Strengthening Corporate Governance

Number of committee meetings held

Nomination and Compensation Committee

3回
FY22

Audit and Supervisory Committee

14回
FY23

Compliance and Risk Committee

2回
FY24 Q2

# FY2024 Financial 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

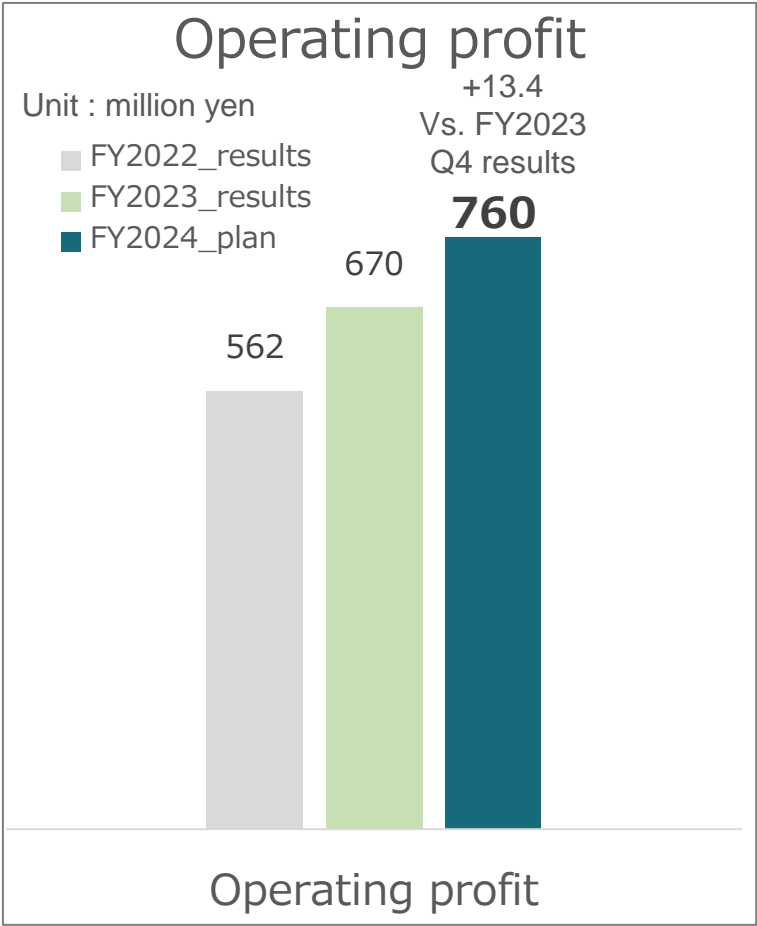
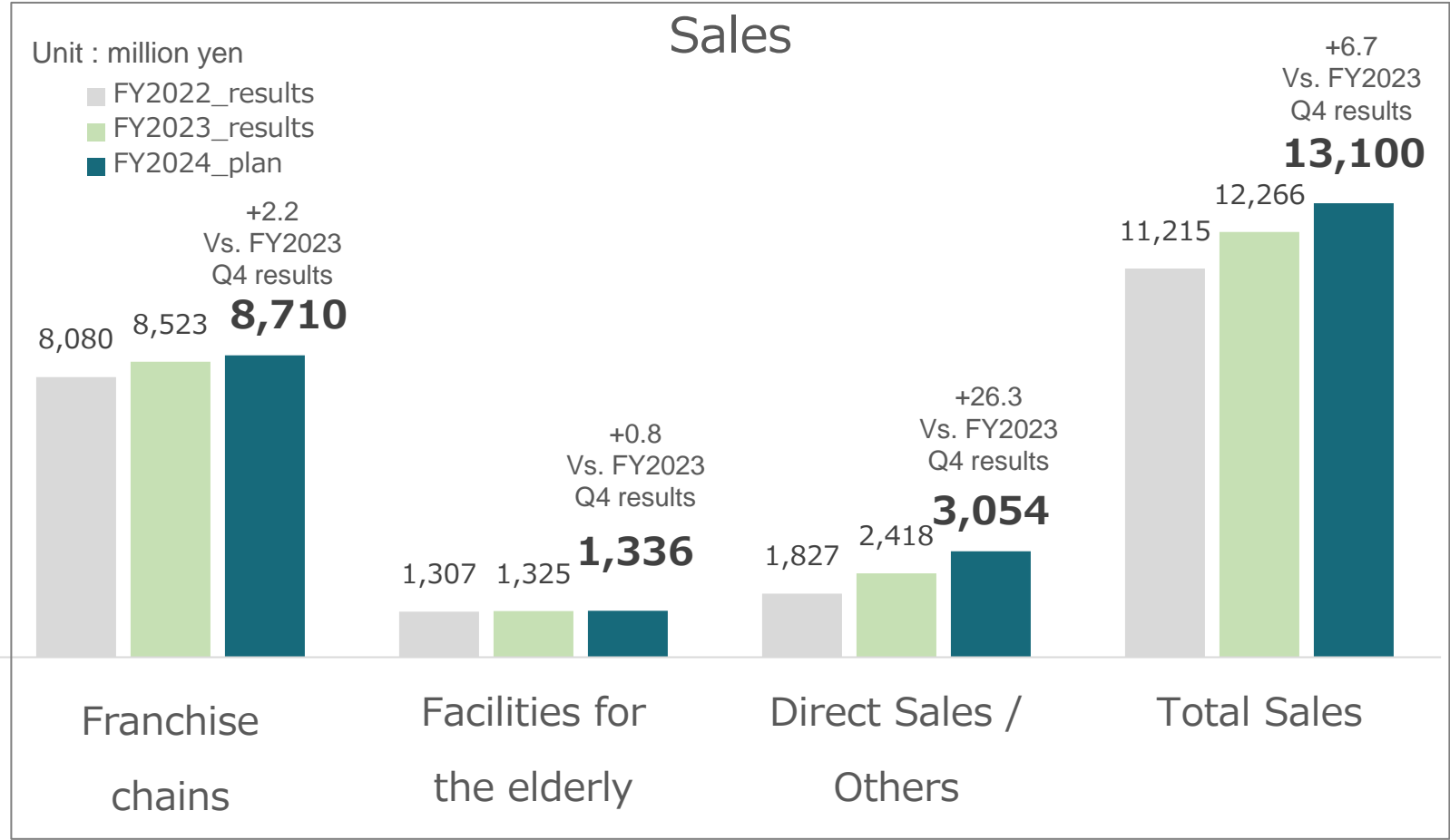
	FY2023 Results	FY2024 Plan	fluctuation
Net Sales	12,266	13,100	+833
Operating Profit	670 Sales ratio 5.5%	760 5.8%	+89 +0.3%
Ordinary Profit	857 Sales ratio 7.0%	950 7.3%	+92 +0.3%
Profit	602 Sales ratio 4.9%	620 4.7%	+17 -0.2%

\*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)



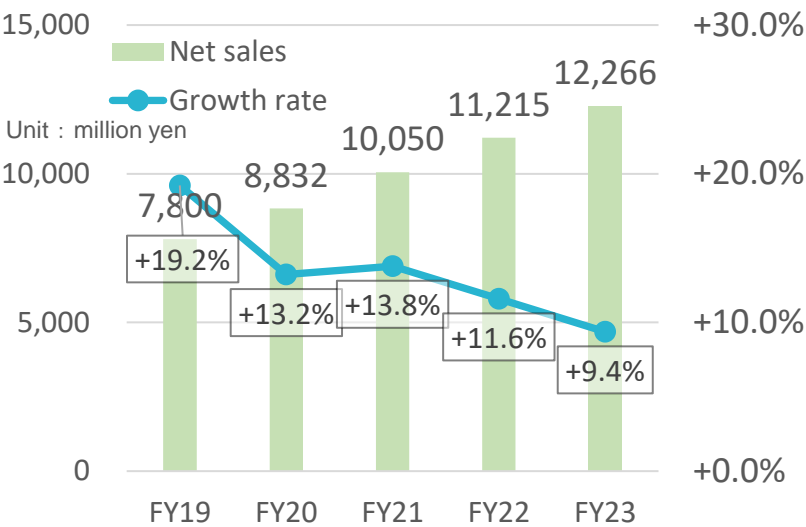
Sales are expected to grow only moderately in Franchise chains, Facilities for the elderly. Direct Sales / Others grew strongly with increased demand for frozen bento meals, with overall growth of 6.7%. Operating profit improved significantly due to the in-house production that had been undertaken since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



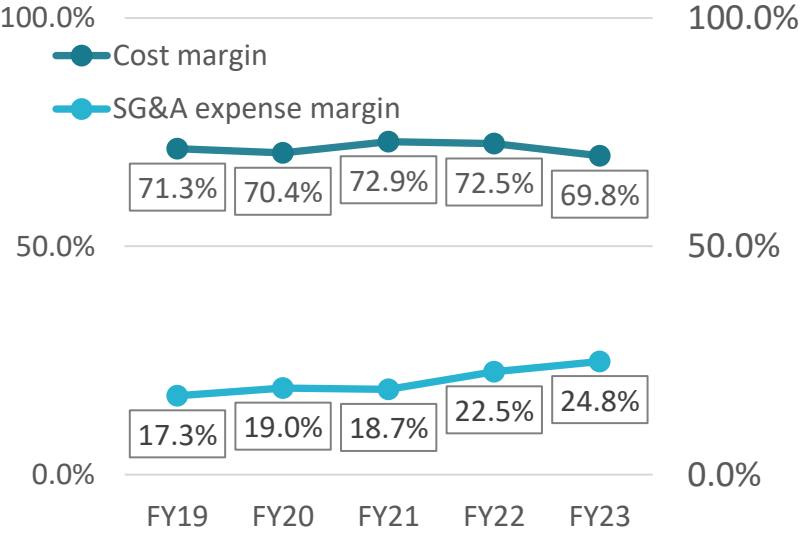
# Reference : Management index



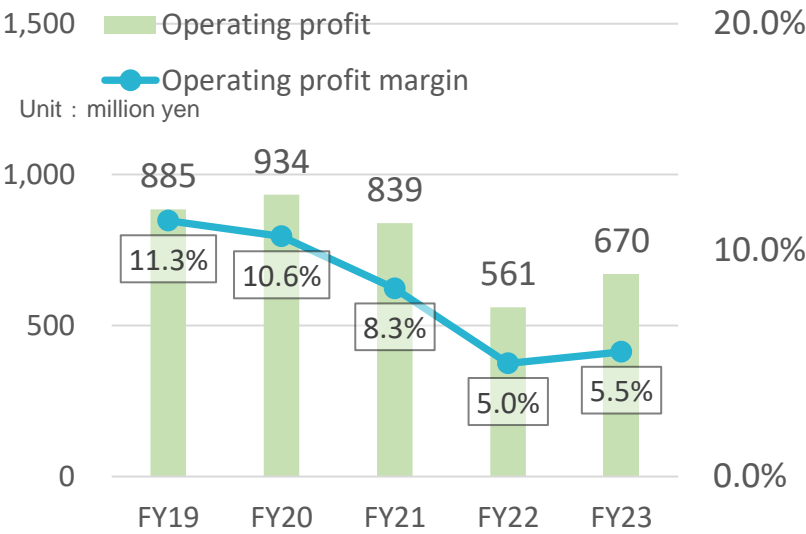
## Net sales



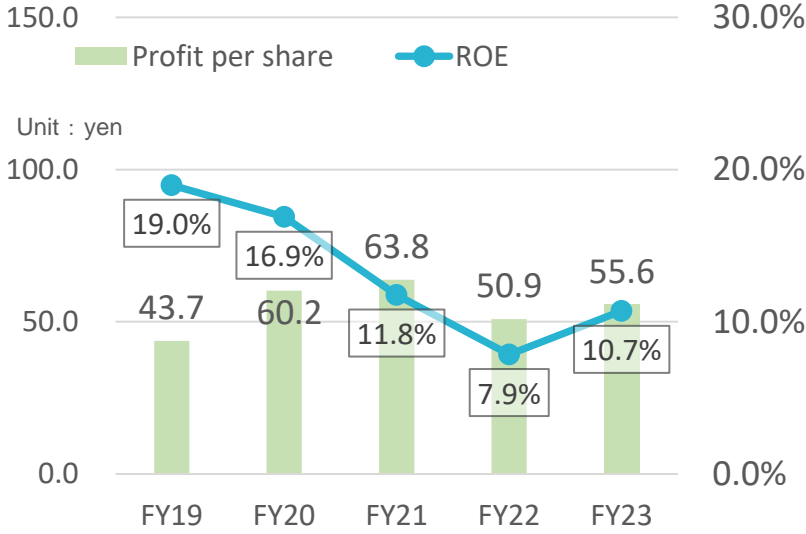
## Cost of sales margin & SG&A expense margin



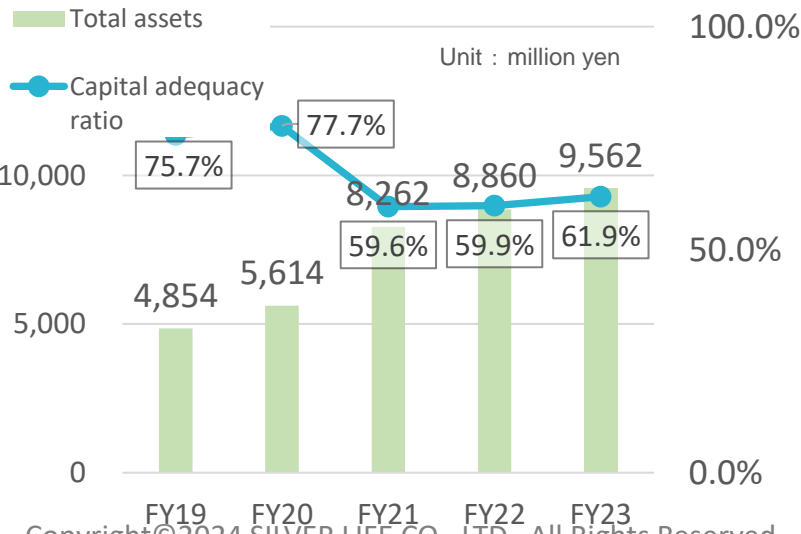
## Operating profit margin



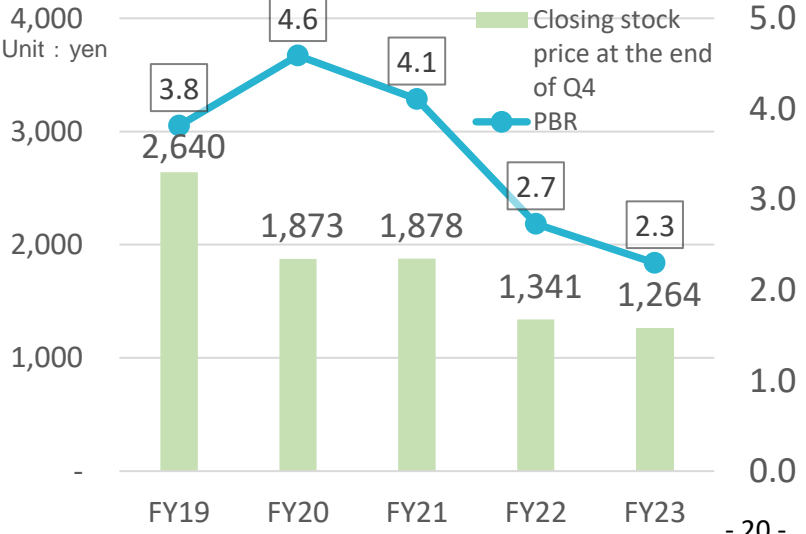
## ROE



## Capital adequacy margin



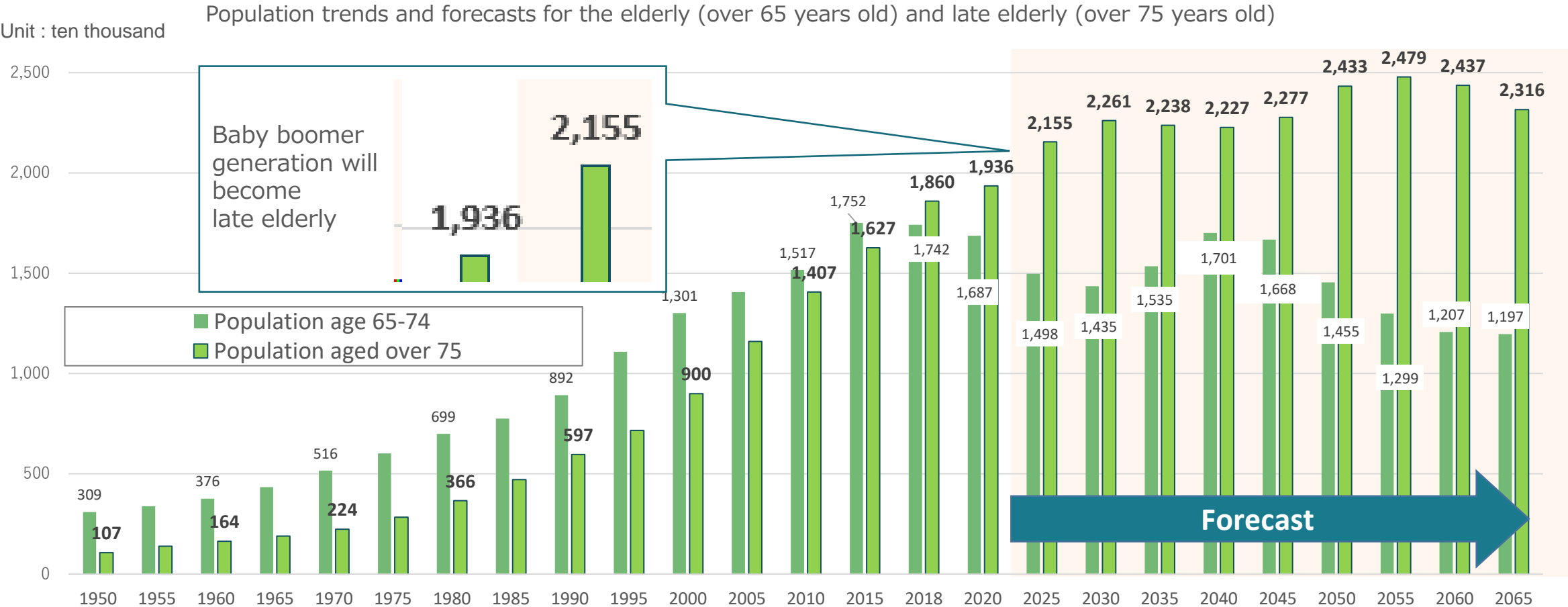
## PBR



# The Market to which we belong

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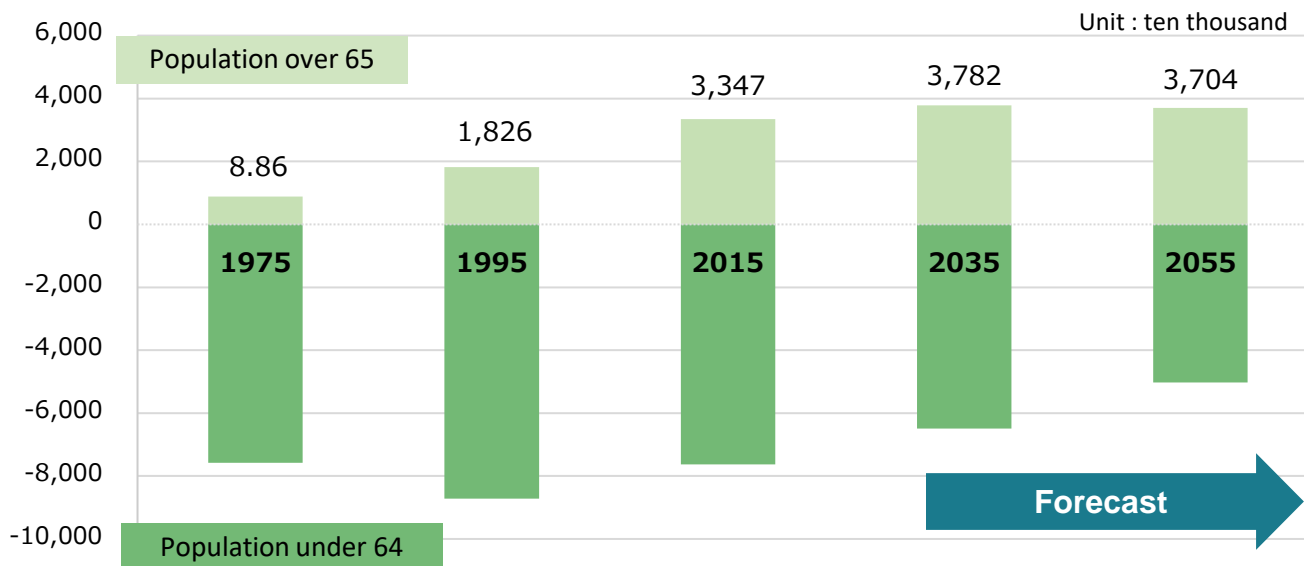
Our main target, the late elderly, will increase exponentially beyond 2025



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

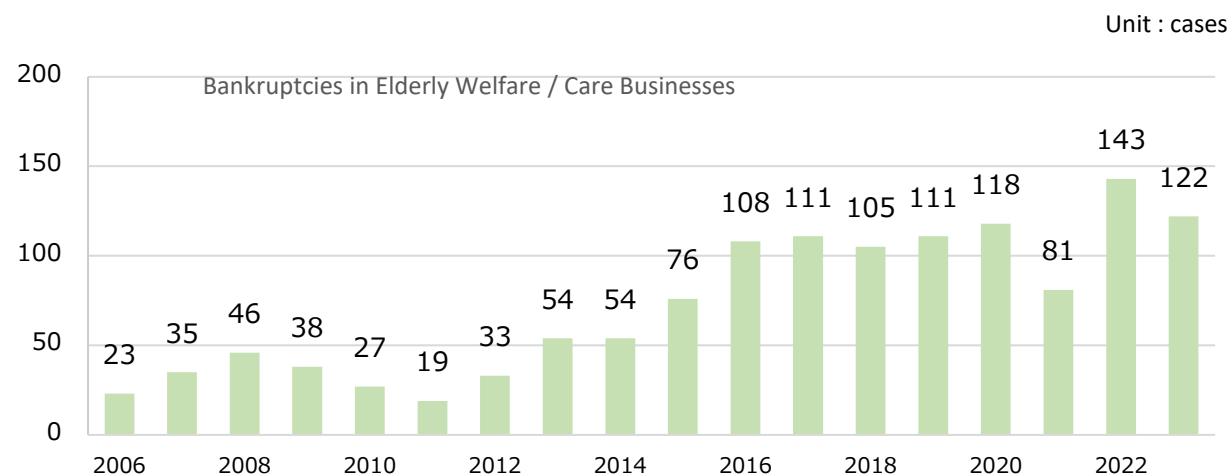
The working generation (15 to 64 years old) is decreasing, and the elderly population is increasing

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



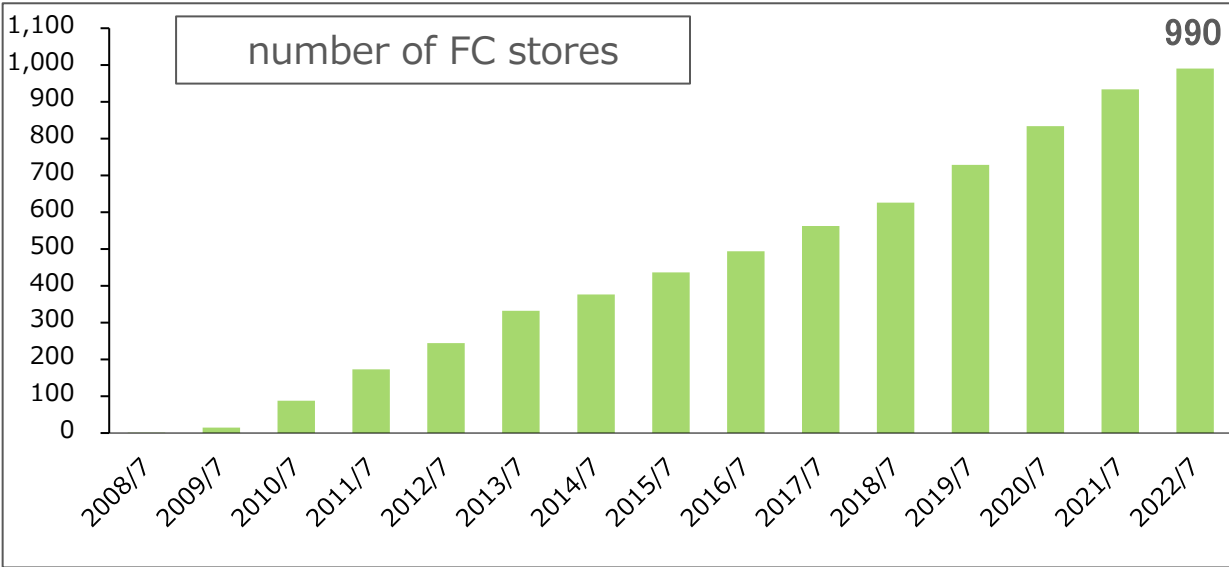
Source: local Government materials

# 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

# 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.

## 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 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

## 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

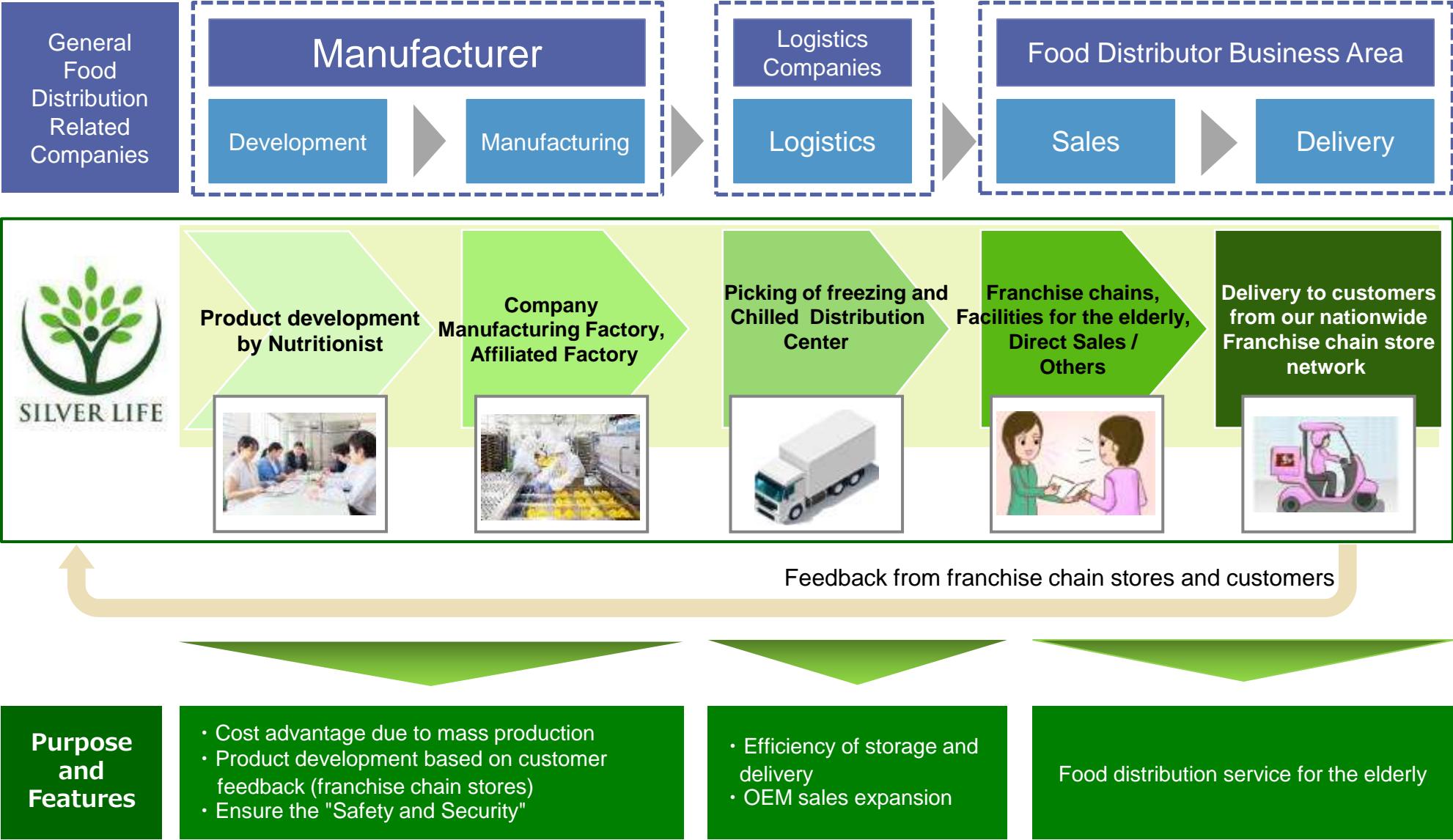


(foreign matter inspection)



(Bacterial testing)

# Our Advantage : Consistent System



# Company Overview

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# Our Management Philosophy and Mission



## 【Management Philosophy】

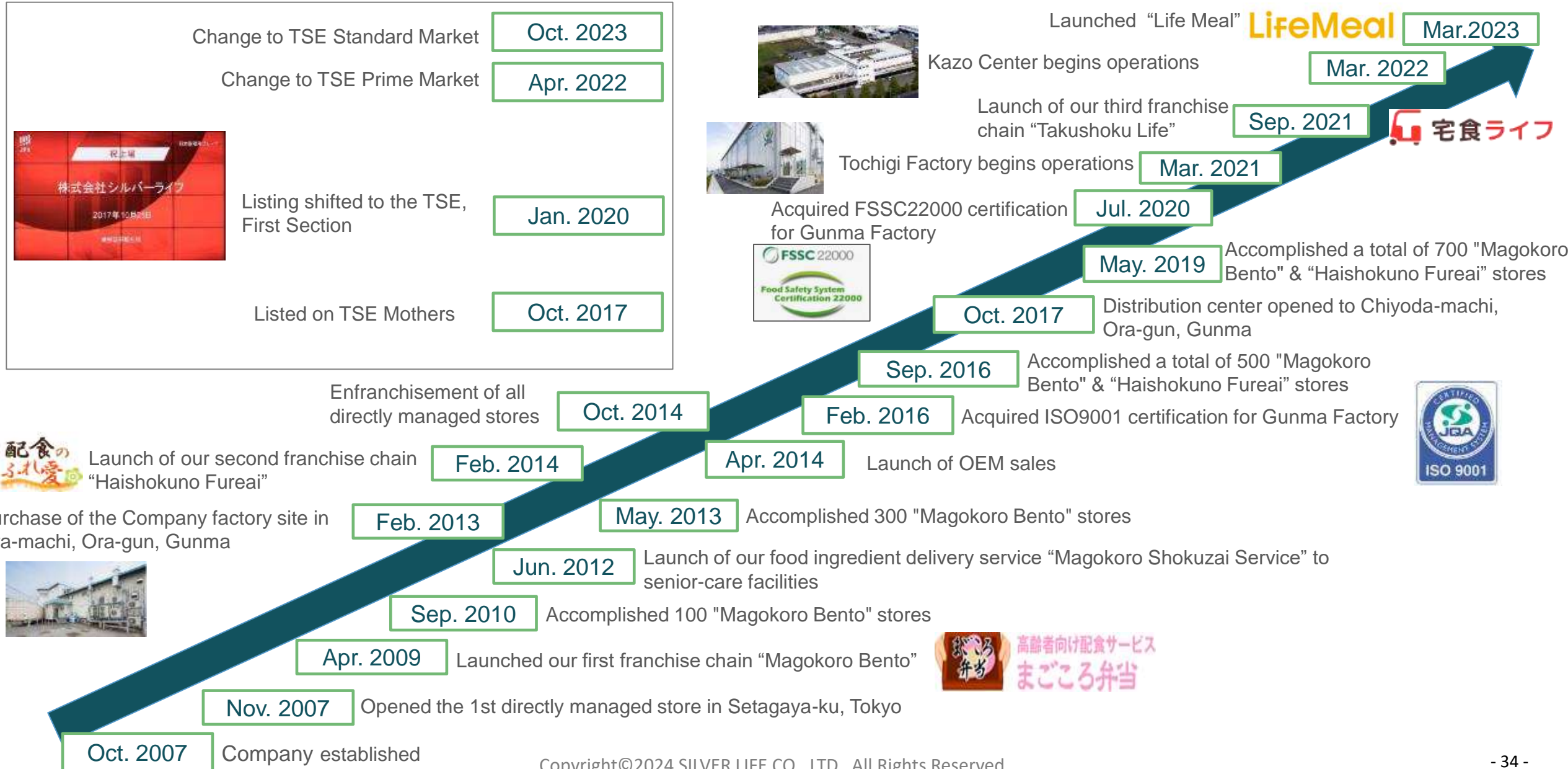
We will create a society where everyone can grow old with peace of mind from the perspective of food.

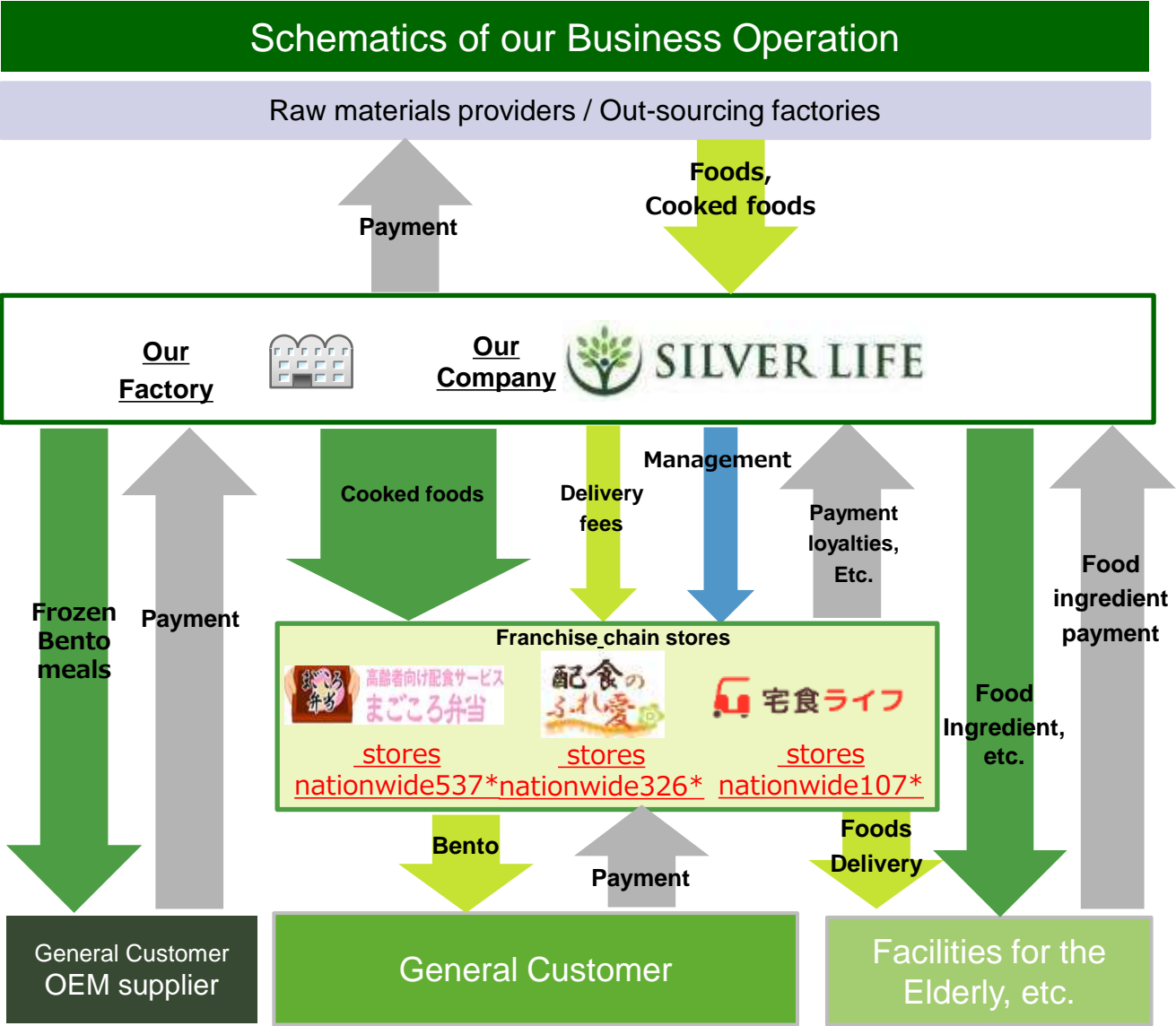
## 【Our Mission】

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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