Translation

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Summary of Non-Consolidated Financial Results for the Year Ended July 31, 2019 (Based on Japanese GAAP)

September 12, 2019

Company name: SILVER LIFE CO., LTD.

Stock exchange listing: Tokyo

Stock code: 9262 URL https://www.silver-life.co.jp/

Representative: President, CEO Takahisa Shimizu

Inquiries: Director of Administration Jiro Imao TEL (03)6300-5629

Scheduled date of ordinary general meeting of shareholders: October 29, 2019
Scheduled date to file Securities Report: October 30, 2019

Scheduled date to commence dividend payments:

- Preparation of supplementary material on financial results:

Yes

Holding of financial results meeting:

Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

Percentages indicate year-on-year changes

1. Non-consolidated financial results for the year ended July 31, 2019 (from August 1, 2018 to July 31, 2019)

(1) Non-consolidated operating results

	Net sales		Operating pr	ofit	Ordinary pro	ofit	Profit	
	Millions of yen %		Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended July 31, 2019	7,800	19.1	885	47.6	1,002	47.9	635	47.3
Year ended July 31, 2018	6,547	24.8	599	26.0	677	25.6	431	14.2

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended July 31, 2019	120.42	116.10	19.0	22.8	11.3
Year ended July 31, 2018	87.33	84.21	20.4	22.2	9.2

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of July 31, 2019	4,853	3,674	75.7	692.33
As of July 31, 2018	3,941	3,022	76.7	574.92

(3) Non-consolidated cash flows

	Cash flows from	Cash flows from	Cash flows from	Cash and cash equivalents
	operating activities	investing activities	financing activities	at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended July 31, 2019	906	(324)	(9)	2,260
Year ended July 31, 2018	506	(715)	1,168	1,687

2. Cash dividends

	Annual dividends per share						Dividend payout	Ratio of dividends to net assets	
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total	dividends (Total)	ratio (Non-consolidated)	(Non-consolidated)	
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%	
Year ended July 31, 2018	-	0.00	-	0.00	0.00	-	-	_	
Year ended July 31, 2019	-	0.00	-	0.00	0.00	-	-	_	
Year ending July 31, 2020 (Forecast)	_	0.00	_	0.00	0.00		_		

3. Forecast of non-consolidated financial results for the year ending July 31, 2020 (from August 1, 2019 to July 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending January 31, 2020	4,320	13.9	490	13.0	530	8.8	330	10.0	31.08
Full year	8,830	13.2	990	11.8	1,070	6.8	670	5.4	63.11

4. Notes

(1) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:

No
Changes in accounting policies due to other reasons:

No
Changes in accounting estimates:

No
Restatement of prior period financial statements:

No

(2) Number of issued shares (common shares)

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

Total hamber of issued shares at the end of	((,		
As of July 31, 2019	5,308,200 shares	As of July 31, 2018	į	5,256,800 shares
Number of treasury shares at the end of the	period			
As of July 31, 2019	147 shares	As of July 31, 2018	i	50 shares
Average number of shares during the period	d			
Year ended July 31, 2019	5,277,310 shares	Year ended July 31, 2018	! ! !	4,938,407 shares

Non-consolidated financial statements Non-consolidated balance sheets

Total current assets 2,591,840 3,296,271 Non-current assets Property, plant and equipment Buildings 662,130 781,233 Accumulated depreciation (101,454) (140,682) Buildings, net 560,675 640,551 Structures 18,800 28,239 Accumulated depreciation (870) (2,805) Structures, net 17,929 25,434 Machinery and equipment 441,856 514,357 Accumulated depreciation (148,329) (205,703) Machinery and equipment, net 293,526 308,653 Vehicles 108 108 Accumulated depreciation (72) (108) Vehicles, net 36 Tools, furniture and fixtures 36,959 64,268 Accumulated depreciation (23,459) (32,855) Tools, furniture and fixtures, net 13,499 31,412 Land 288,544 288,544 Leased assets 4,507 4,507 Accumulated depreciation			(Thousands of yen)		
Current assets 1,687,241 2,260,473 Accounts receivable - trade 645,139 744,807 Merchandise and finished goods 36,382 40,367 Raw materials and supplies 13,522 12,452 Prepaid expenses 15,639 37,020 Accounts receivable - other 165,437 182,910 Other 51,980 46,922 Allowance for doubtful accounts (23,502) (28,682) Total current assets 2,591,840 32,96,271 Non-current assets 8 2,591,840 32,96,271 Non-current assets 8 2,591,840 32,96,271 Non-current assets 8 462,130 781,233 Accumulated depreciation (101,454) (140,683) Accumulated depreciation (101,454) (140,683) Structures 18,800 28,239 Accumulated depreciation (870) (2,805) Structures, net 17,929 25,434 Machinery and equipment, net 293,526 30,653 Vehicles		As of July 31, 2018	As of July 31, 2019		
Cash and deposits 1,687,241 2,260,473 Accounts receivable - trade 645,139 744,807 Merchandise and finished goods 36,382 40,367 Raw materials and supplies 13,522 12,452 Prepaid expenses 15,639 37,020 Accounts receivable - other 165,437 182,910 Other 51,980 46,922 Allowance for doubtful accounts (23,502) (28,682) Total current assets 2,591,840 3,296,271 Non-current assets 662,130 781,233 Accumulated depreciation (101,454) (140,682) Structures, net 17,929 <td< td=""><td>Assets</td><td></td><td></td></td<>	Assets				
Accounts receivable - trade 645,139 744,807 Merchandise and finished goods 36,382 40,367 Raw materials and supplies 13,522 12,452 Prepaid expenses 15,639 37,020 Accounts receivable - other 165,437 182,910 Other 51,980 46,922 Allowance for doubtful accounts (23,502) (28,682) Total current assets 2,591,840 3,296,271 Non-current assets 662,130 781,233 Accumulated depreciation (101,454) (140,682) Structures 1,60 2,25,	Current assets				
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Raw materials and supplies 13,522 12,452 Prepaid expenses 15,639 37,020 Accounts receivable - other 165,437 182,910 Other 51,980 46,922 Allowance for doubtful accounts (23,502) (28,682) Total current assets 2,591,840 3,296,271 Non-current assets 8 662,130 781,233 Accumulated depreciation (101,454) (140,682) Buildings 662,130 781,233 Accumulated depreciation (870) 62,2639 Structures 18,800 28,239 Accumulated depreciation (48,329) (20,5703 Machinery and equipment, net 293,526 308,653 Vehicles 108 0 Accumulated	Accounts receivable - trade	645,139	744,807		
Prepaid expenses 15,639 37,020 Accounts receivable - other 165,437 182,910 Other 51,980 46,922 Allowance for doubtful accounts (23,502) (28,682) Total current assets 2,591,840 3,296,271 Non-current assets 781,233 Property, plant and equipment 8 781,233 Buildings 662,130 781,233 Accumulated depreciation (101,454) (140,682) Buildings, net 560,675 640,551 Structures 18,800 28,239 Accumulated depreciation (870) (2,805) Structures, net 17,929 25,434 Machinery and equipment 441,856 514,357 Accumulated depreciation (148,329) (205,703) Machinery and equipment, net 293,526 308,653 Vehicles 108 108 Accumulated depreciation (72) (108) Vehicles, net 36,959 64,268 Accumulated depreciation (30,049)	Merchandise and finished goods	36,382	40,367		
Accounts receivable - other 165,437 182,910 Other 51,980 46,922 Allowance for doubtiful accounts (23,502) (28,682) Total current assets 2,591,840 3,296,271 Non-current assets 2 591,840 3,296,271 Non-current assets 8 662,130 781,233 Property, plant and equipment (101,454) (140,682) Buildings, net 560,675 640,551 Structures 18,800 28,239 Accumulated depreciation (870) (2,805) Structures, net 17,929 25,434 Machinery and equipment 441,856 514,357 Accumulated depreciation (148,329) (205,703) Machinery and equipment, net 293,526 308,653 Vehicles 108 108 Accumulated depreciation (72) (108) Vehicles, net 36,959 64,268 Accumulated depreciation (23,459) (32,855) Tools, furniture and fixtures, net 13,499	Raw materials and supplies	13,522	12,452		
Other 51,980 46,922 Allowance for doubtful accounts (23,502) (28,682) Total current assets 2,591,840 3,296,271 Non-current assets 8 Property, plant and equipment 662,130 781,233 Buildings 662,130 781,233 Accumulated depreciation (101,454) (140,682) Buildings, net 560,675 640,551 Structures 18,800 28,239 Accumulated depreciation (870) (2,805) Structures, net 17,929 25,434 Machinery and equipment 441,856 514,357 Accumulated depreciation (148,329) (205,703) Machinery and equipment, net 293,526 308,653 Vehicles 108 108 Accumulated depreciation (72) (108) Vehicles, net 36 - Tools, furniture and fixtures 36,959 64,268 Accumulated depreciation (23,459) 31,412 Land 288,544 28	Prepaid expenses	15,639	37,020		
Allowance for doubtful accounts (23,502) (28,682) Total current assets 2,591,840 3,296,271 Non-current assets Property, plant and equipment Buildings 662,130 781,233 Accumulated depreciation (101,454) (140,682) Buildings, net 560,675 640,551 Structures 18,800 28,239 Accumulated depreciation (870) (2,805) Structures, net 17,929 25,434 Machinery and equipment 441,856 514,357 Accumulated depreciation (148,329) (205,703) Machinery and equipment, net 293,526 308,653 Vehicles 108 108 Accumulated depreciation (72) (108) Vehicles, net 36 - Tools, furniture and fixtures 36,959 64,268 Accumulated depreciation (23,459) (32,855) Tools, furniture and fixtures, net 13,499 31,412 Land 288,544 288,544 Leased assets </td <td>Accounts receivable - other</td> <td>165,437</td> <td>182,910</td>	Accounts receivable - other	165,437	182,910		
Total current assets 2,591,840 3,296,271 Non-current assets Property, plant and equipment Buildings 662,130 781,233 Accumulated depreciation (101,454) (140,682) Buildings, net 560,675 640,551 Structures 18,800 28,239 Accumulated depreciation (870) (2,805) Structures, net 17,929 25,434 Machinery and equipment 441,856 514,357 Accumulated depreciation (148,329) (205,703) Machinery and equipment, net 293,526 308,653 Vehicles 108 108 Accumulated depreciation (72) (108) Vehicles, net 36 Tools, furniture and fixtures 36,959 64,268 Accumulated depreciation (23,459) (32,855) Tools, furniture and fixtures, net 13,499 31,412 Land 288,544 288,544 Leased assets 4,507 4,507 Accumulated depreciation<	Other	51,980	46,922		
Non-current assets Property, plant and equipment 662,130 781,233 Buildings 662,130 781,233 Accumulated depreciation (101,454) (140,682) Buildings, net 560,675 640,551 Structures 18,800 28,239 Accumulated depreciation (870) (2,805) Structures, net 17,929 25,434 Machinery and equipment 441,856 514,357 Accumulated depreciation (148,329) (205,703) Machinery and equipment, net 293,526 308,653 Vehicles 108 108 Accumulated depreciation (72) (108 Vehicles, net 36 — Tools, furniture and fixtures 36,959 64,268 Accumulated depreciation (23,459) (32,855) Tools, furniture and fixtures, net 13,499 31,412 Land 288,544 288,544 288,544 Leased assets 4,507 4,507 Accumulated depreciation (3,	Allowance for doubtful accounts	(23,502)	(28,682)		
Property, plant and equipment 662,130 781,233 Accumulated depreciation (101,454) (140,682) Buildings, net 560,675 640,551 Structures 18,800 28,239 Accumulated depreciation (870) (2,805) Structures, net 17,929 25,434 Machinery and equipment 441,856 514,357 Accumulated depreciation (148,329) (205,703) Machinery and equipment, net 293,526 308,653 Vehicles 108 108 Accumulated depreciation (72) (108) Vehicles, net 36 - Tools, furniture and fixtures 36,959 64,268 Accumulated depreciation (23,459) (32,855) Tools, furniture and fixtures, net 13,499 31,412 Land 288,544 288,544 Leased assets 4,507 4,507 Accumulated depreciation (3,004) (4,131) Leased assets, net 1,502 375 Construction in progre	Total current assets	2,591,840	3,296,271		
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Buildings, net 560,675 640,551 Structures 18,800 28,239 Accumulated depreciation (870) (2,805) Structures, net 17,929 25,434 Machinery and equipment 441,856 514,357 Accumulated depreciation (148,329) (205,703) Machinery and equipment, net 293,526 308,653 Vehicles 108 108 Accumulated depreciation (72) (108) Vehicles, net 36 - Tools, furniture and fixtures 36,959 64,268 Accumulated depreciation (23,459) (32,855) Tools, furniture and fixtures, net 13,499 31,412 Land 288,544 288,544 288,544 Leased assets 4,507 4,507 Accumulated depreciation (3,004) (4,131) Leased assets, net 1,502 375 Construction in progress 9,242 29,922 Total property, plant and equipment 1,184,956 1,324,894	Buildings	662,130	781,233		
Structures 18,800 28,239 Accumulated depreciation (870) (2,805) Structures, net 17,929 25,434 Machinery and equipment 441,856 514,357 Accumulated depreciation (148,329) (205,703) Machinery and equipment, net 293,526 308,653 Vehicles 108 108 Accumulated depreciation (72) (108) Vehicles, net 36 - Tools, furniture and fixtures 36,959 64,268 Accumulated depreciation (23,459) (32,855) Tools, furniture and fixtures, net 13,499 31,412 Land 288,544 288,544 Leased assets 4,507 4,507 Accumulated depreciation (3,004) (4,131) Leased assets, net 1,502 375 Construction in progress 9,242 29,922 Total property, plant and equipment 1,184,956 1,324,894 Intangible assets 1 7,560 Software <t< td=""><td>Accumulated depreciation</td><td>(101,454)</td><td>(140,682)</td></t<>	Accumulated depreciation	(101,454)	(140,682)		
Accumulated depreciation (870) (2,805) Structures, net 17,929 25,434 Machinery and equipment 441,856 514,357 Accumulated depreciation (148,329) (205,703) Machinery and equipment, net 293,526 308,653 Vehicles 108 108 Accumulated depreciation (72) (108) Vehicles, net 36 - Tools, furniture and fixtures 36,959 64,268 Accumulated depreciation (23,459) (32,855) Tools, furniture and fixtures, net 13,499 31,412 Land 288,544 288,544 Leased assets 4,507 4,507 Accumulated depreciation (3,004) (4,131) Leased assets, net 1,502 375 Construction in progress 9,242 29,922 Total property, plant and equipment 1,184,956 1,324,894 Intangible assets 7,560 Software 53,432 72,852 Other 24,805 <t< td=""><td>Buildings, net</td><td>560,675</td><td>640,551</td></t<>	Buildings, net	560,675	640,551		
Structures, net 17,929 25,434 Machinery and equipment 441,856 514,357 Accumulated depreciation (148,329) (205,703) Machinery and equipment, net 293,526 308,653 Vehicles 108 108 Accumulated depreciation (72) (108) Vehicles, net 36 - Tools, furniture and fixtures 36,959 64,268 Accumulated depreciation (23,459) (32,855) Tools, furniture and fixtures, net 13,499 31,412 Land 288,544 288,544 288,544 Leased assets 4,507 4,507 Accumulated depreciation (3,004) (4,131) Leased assets, net 1,502 375 Construction in progress 9,242 29,922 Total property, plant and equipment 1,184,956 1,324,894 Intangible assets Trademark right 9,293 7,560 Software 53,432 72,852 Other 24,805 60,527 <td>Structures</td> <td>18,800</td> <td>28,239</td>	Structures	18,800	28,239		
Machinery and equipment 441,856 514,357 Accumulated depreciation (148,329) (205,703) Machinery and equipment, net 293,526 308,653 Vehicles 108 108 Accumulated depreciation (72) (108) Vehicles, net 36 - Tools, furniture and fixtures 36,959 64,268 Accumulated depreciation (23,459) (32,855) Tools, furniture and fixtures, net 13,499 31,412 Land 288,544 288,544 Leased assets 4,507 4,507 Accumulated depreciation (3,004) (4,131) Leased assets, net 1,502 375 Construction in progress 9,242 29,922 Total property, plant and equipment 1,184,956 1,324,894 Intangible assets 1,24,895 1,324,894 Intangible assets 72,852 0ther 24,805 60,527	Accumulated depreciation	(870)	(2,805)		
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Machinery and equipment, net 293,526 308,653 Vehicles 108 108 Accumulated depreciation (72) (108) Vehicles, net 36 - Tools, furniture and fixtures 36,959 64,268 Accumulated depreciation (23,459) (32,855) Tools, furniture and fixtures, net 13,499 31,412 Land 288,544 288,544 Leased assets 4,507 4,507 Accumulated depreciation (3,004) (4,131) Leased assets, net 1,502 375 Construction in progress 9,242 29,922 Total property, plant and equipment 1,184,956 1,324,894 Intangible assets Trademark right 9,293 7,560 Software 53,432 72,852 Other 24,805 60,527	Machinery and equipment	441,856	514,357		
Vehicles 108 108 Accumulated depreciation (72) (108) Vehicles, net 36 — Tools, furniture and fixtures 36,959 64,268 Accumulated depreciation (23,459) (32,855) Tools, furniture and fixtures, net 13,499 31,412 Land 288,544 288,544 Leased assets 4,507 4,507 Accumulated depreciation (3,004) (4,131) Leased assets, net 1,502 375 Construction in progress 9,242 29,922 Total property, plant and equipment 1,184,956 1,324,894 Intangible assets 9,293 7,560 Software 53,432 72,852 Other 24,805 60,527	Accumulated depreciation	(148,329)	(205,703)		
Accumulated depreciation (72) (108) Vehicles, net 36 — Tools, furniture and fixtures 36,959 64,268 Accumulated depreciation (23,459) (32,855) Tools, furniture and fixtures, net 13,499 31,412 Land 288,544 288,544 Leased assets 4,507 4,507 Accumulated depreciation (3,004) (4,131) Leased assets, net 1,502 375 Construction in progress 9,242 29,922 Total property, plant and equipment 1,184,956 1,324,894 Intangible assets Trademark right 9,293 7,560 Software 53,432 72,852 Other 24,805 60,527	Machinery and equipment, net	293,526	308,653		
Vehicles, net 36 — Tools, furniture and fixtures 36,959 64,268 Accumulated depreciation (23,459) (32,855) Tools, furniture and fixtures, net 13,499 31,412 Land 288,544 288,544 Leased assets 4,507 4,507 Accumulated depreciation (3,004) (4,131) Leased assets, net 1,502 375 Construction in progress 9,242 29,922 Total property, plant and equipment 1,184,956 1,324,894 Intangible assets Trademark right 9,293 7,560 Software 53,432 72,852 Other 24,805 60,527	Vehicles	108	108		
Tools, furniture and fixtures 36,959 64,268 Accumulated depreciation (23,459) (32,855) Tools, furniture and fixtures, net 13,499 31,412 Land 288,544 288,544 Leased assets 4,507 4,507 Accumulated depreciation (3,004) (4,131) Leased assets, net 1,502 375 Construction in progress 9,242 29,922 Total property, plant and equipment 1,184,956 1,324,894 Intangible assets 9,293 7,560 Software 53,432 72,852 Other 24,805 60,527	Accumulated depreciation	(72)	(108)		
Accumulated depreciation (23,459) (32,855) Tools, furniture and fixtures, net 13,499 31,412 Land 288,544 288,544 Leased assets 4,507 4,507 Accumulated depreciation (3,004) (4,131) Leased assets, net 1,502 375 Construction in progress 9,242 29,922 Total property, plant and equipment 1,184,956 1,324,894 Intangible assets Trademark right 9,293 7,560 Software 53,432 72,852 Other 24,805 60,527	Vehicles, net	36			
Accumulated depreciation (23,459) (32,855) Tools, furniture and fixtures, net 13,499 31,412 Land 288,544 288,544 Leased assets 4,507 4,507 Accumulated depreciation (3,004) (4,131) Leased assets, net 1,502 375 Construction in progress 9,242 29,922 Total property, plant and equipment 1,184,956 1,324,894 Intangible assets Trademark right 9,293 7,560 Software 53,432 72,852 Other 24,805 60,527	Tools, furniture and fixtures	36,959	64,268		
Tools, furniture and fixtures, net 13,499 31,412 Land 288,544 288,544 Leased assets 4,507 4,507 Accumulated depreciation (3,004) (4,131) Leased assets, net 1,502 375 Construction in progress 9,242 29,922 Total property, plant and equipment 1,184,956 1,324,894 Intangible assets 9,293 7,560 Software 53,432 72,852 Other 24,805 60,527	Accumulated depreciation				
Land 288,544 288,544 Leased assets 4,507 4,507 Accumulated depreciation (3,004) (4,131) Leased assets, net 1,502 375 Construction in progress 9,242 29,922 Total property, plant and equipment 1,184,956 1,324,894 Intangible assets 7,560 Software 53,432 72,852 Other 24,805 60,527		13,499			
Leased assets 4,507 4,507 Accumulated depreciation (3,004) (4,131) Leased assets, net 1,502 375 Construction in progress 9,242 29,922 Total property, plant and equipment 1,184,956 1,324,894 Intangible assets 7,560 Software 53,432 72,852 Other 24,805 60,527					
Accumulated depreciation (3,004) (4,131) Leased assets, net 1,502 375 Construction in progress 9,242 29,922 Total property, plant and equipment 1,184,956 1,324,894 Intangible assets 9,293 7,560 Software 53,432 72,852 Other 24,805 60,527	Leased assets				
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Construction in progress 9,242 29,922 Total property, plant and equipment 1,184,956 1,324,894 Intangible assets 7 7,560 Software 53,432 72,852 Other 24,805 60,527					
Total property, plant and equipment 1,184,956 1,324,894 Intangible assets 7,560 Software 53,432 72,852 Other 24,805 60,527					
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Software 53,432 72,852 Other 24,805 60,527	_	9.293	7.560		
Other 24,805 60,527	_				
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	Total intangible assets	87,531	140,939		

(Thousands of yen)

		(Thousands of yen)
	As of July 31, 2018	As of July 31, 2019
Investments and other assets		
Long-term loans receivable	24,893	29,094
Claims provable in bankruptcy, claims provable in	17.521	5.400
rehabilitation and other	17,521	5,496
Long-term prepaid expenses	986	1,828
Deferred tax assets	27,665	32,960
Other	25,365	32,552
Allowance for doubtful accounts	(19,144)	(10,184)
Total investments and other assets	77,287	91,747
Total non-current assets	1,349,775	1,557,581
Total assets	3,941,616	4,853,852
Liabilities		
Current liabilities		
Accounts payable - trade	403,841	483,705
Current portion of long-term loans payable	25,300	_
Accounts payable - other	178,424	207,751
Accrued expenses	10,692	12,671
Income taxes payable	171,871	259,561
Deposits received	5,345	5,933
Other	2,728	76,453
Total current liabilities	798,203	1,046,077
Non-current liabilities		
Guarantee deposited	119,245	129,626
Other	1,955	3,210
Total non-current liabilities	121,201	132,836
Total liabilities	919,404	1,178,913
Net assets		
Shareholders' equity		
Capital stock	701,787	710,656
Capital surplus		
Legal capital surplus	691,787	700,656
Total capital surpluses	691,787	700,656
Retained earnings		
Other retained earnings		
Retained earnings brought forward	1,628,807	2,264,308
Total retained earnings	1,628,807	2,264,308
Treasury shares	(171)	(682)
Total shareholders' equity	3,022,211	3,674,939
Total net assets	3,022,211	3,674,939
Total liabilities and net assets	3,941,616	4,853,852
ioiai nadinties and net assets	3,941,616	4,853,852

Non-consolidated statements of income

		(Thousands of yen)
	Fiscal year ended	Fiscal year ended
	July 31, 2018	July 31, 2019
Net sales	6,547,120	7,800,676
Cost of sales		
Beginning merchandise and finished goods	26,609	36,382
Cost of products manufactured	2,052,453	2,313,058
Cost of purchased goods	2,746,506	3,256,147
Total	4,825,569	5,605,588
Ending merchandise and finished goods	36,382	40,367
Total cost of sales	4,789,187	5,565,221
Gross profit	1,757,932	2,235,455
Selling, general and administrative expenses		
Salaries and allowances	175,441	208,240
Freightage expenses	238,077	239,906
Depreciation	40,276	50,930
Business consignment expenses	144,564	189,919
Advertising expenses	137,920	180,137
Bad debts expenses	265	5,632
Provision of allowance for doubtful accounts	4,339	4,356
Other	417,511	471,207
Total selling, general and administrative expenses	1,158,396	1,350,330
Operating profit	599,536	885,125
Non-operating income		
Interest income	6,536	7,956
Compensation income	72,658	97,040
Commission income	10,353	13,327
Other	10,986	14,756
Total non-operating income	100,534	133,081
Non-operating expenses		
Interest expenses	688	29
Rent expenses	7,463	11,952
Going public expenses	9,982	_
Bad debts expenses	_	1,589
Provision of allowance for doubtful accounts	1,595	1,806
Other	2,780	574
Total non-operating expenses	22,510	15,951
Ordinary profit	677,560	1,002,255
Extraordinary income		
Gain on sales of non-current assets	149	39
Total extraordinary income	149	39
Extraordinary losses		
Loss on sales of non-current assets	7,814	4,230
Loss on retirement of non-current assets	3,780	5,280
Total extraordinary losses	11,594	9,510
Profit before income taxes	666,116	992,783
Income taxes - current	234,058	362,578
Income taxes - deferred	768	(5,295
Total income taxes	234,826	357,282

Non-consolidated statements of changes in equity

Fiscal year ended July 31, 2018

(Thousands of yen)

			S	hareholders' equ	ıity			
		Capital	surplus	Retained	earnings			
	Capital stock	Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity	Total net assets
Balance at beginning of current period	10,495	495	495	1,197,517	1,197,517	_	1,208,507	1,208,507
Changes of items during period								
Issuance of new shares	687,125	687,125	687,125				1,374,250	1,374,250
Issuance of new shares - exercise of share acquisition rights	4,167	4,167	4,167				8,335	8,335
Profit				431,289	431,289		431,289	431,289
Purchase of treasury shares				·		(171)	(171)	(171)
Total changes of items during period	691,292	691,292	691,292	431,289	431,289	(171)	1,813,703	1,813,703
Balance at end of current period	701,787	691,787	691,787	1,628,807	1,628,807	(171)	3,022,211	3,022,211

Fiscal year ended July 31, 2019

(Thousands of yen)

	(
		Shareholders' equity						
		Capital	surplus	Retained earnings				
	Capital stock	Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity	Total net assets
Balance at beginning of current period	701,787	691,787	691,787	1,628,807	1,628,807	(171)	3,022,211	3,022,211
Changes of items during period								
Issuance of new shares - exercise of share acquisition rights	8,868	8,868	8,868				17,737	17,737
Profit				635,501	635,501		635,501	635,501
Purchase of treasury shares						(510)	(510)	(510)
Total changes of items during period	8,868	8,868	8,868	635,501	635,501	(510)	652,727	652,727
Balance at end of current period	710,656	700,656	700,656	2,264,308	2,264,308	(682)	3,674,939	3,674,939

Non-consolidated statements of cash flows

Cash flows from operating activities Fiscal year ended July 31, 2018 Profit before income taxes 666,116 992,783 Despreciation 1113,404 146,349 Increase (decrease) in allowance for doubtful accounts 3,680 (3,780) Interest and dividend income (6,535) (7,956) Interest expenses 688 2.9 Loss on retirement of non-current assets 3,780 5,280 Loss (gain) on sales of nun-current assets 7,664 4,191 Going public expenses 9,982 Decrease (increase) in inotes and accounts receivable - trade (109,063) (99,668) Decrease (increase) in inventories (12,882) (2,915) Increase (decrease) in accrued consumption taxes 36,408 82,295 Other, net (22,660) (23,201) Interest and dividend income received 6,534 1,171,271 Interest expenses paid (490) (211) Interest and dividend income received 6,536 7,956 Interest and mixing activities 506,720 906,566 Cash flows from			(Thousands of yen)
Cash flows from operating activities 666,116 92,783 Profit before income taxes 666,116 92,783 Depreciation 113,404 146,349 Increase (decrease) in allowance for doubtful accounts 3,680 3,780 Interest sand dividend income (6,536) 7,956 Interest expenses 688 29 Loss on retirement of non-current assets 3,780 5,280 Loss (gain) on sales of non-current assets 7,664 4,191 Going public expenses 9,982 - Decrease (increase) in notes and accounts receivable - trade (109,063) (99,668) Decrease (increase) in inventiones (12,852) 2,915 Interest (experses) in accrued consumption taxes (36,408) 82,255 Other, net 22,2600 (25,201) Subtotal 683,224 1,171,271 Interest (expenses) paid (406) (211) Interest expenses paid (406) (221) Interest and dividend income received 6,536 7,956 Interest sex paid (406) (22,26		Fiscal year ended	Fiscal year ended
Profit before income taxes		July 31, 2018	July 31, 2019
Depreciation	Cash flows from operating activities	·	
Increase (decrease) in allowance for doubtful accounts 3,680 (3,780) Interest and dividend income (6,536 (7,756) Interest expenses 688 29 Loss on retirement of non-current assets 3,780 5,280 Loss (gain) on sales of non-current assets 7,664 4,191 Cloing public expenses 9,982 c -		666,116	992,783
Increase (decrease) in allowance for doubtful accounts 3,680 (3,780) Interest and dividend income (6,536 (7,756) Interest expenses 688 29 Loss on retirement of non-current assets 3,780 5,280 Loss (gain) on sales of non-current assets 7,664 4,191 Cloing public expenses 9,982 c -	Depreciation		146,349
Interest and dividend income (6,536) (7,956) Interest expenses 688 29 1.0	-		
Interest expenses			
Loss on retirement of non-current assets 3,780 5,280 Loss (gain) on sales of non-current assets 7,664 4,191 Going public expenses 9,982 - Decrease (increase) in notes and accounts receivable - trade (109,063) (99,668) Decrease (increase) in inventories (12,852) (2,915) Increase (decrease) in notes and accounts payable - trade 65,430 79,864 Increase (decrease) in accrued consumption taxes (36,408) 82,295 Other, net (22,660) (25,201) Subtotal 683,224 1,171,271 Increast and dividend income received 6,536 7,956 Interest expenses spaid (496) (21) Income taxes paid (182,544) (272,639) Net cash provided by (used in) operating activities 506,720 906,566 Cash flows from investing activities 70,00 (20,00) Purchase of property, plant and equipment (692,472) (284,360) Pocrease from sales of property, plant and equipment (692,472) (284,360) Powents of loans receivable (8,917)	Interest expenses		· · ·
Loss (gain) on sales of non-current assets		3,780	5,280
Going public expenses 9,982 ————————————————————————————————————	Loss (gain) on sales of non-current assets		
Decrease (increase) in notes and accounts receivable - trade (10,9063) (99,668) Decrease (increase) in inventories (12,852) (2,915) Increase (decrease) in notes and accounts payable - trade 65,430 79,864 Increase (decrease) in accrued consumption taxes (36,408) 82,295 Other, net (22,660) (25,201) Subtotal 683,224 1,171,271 Interest and dividend income received 6,536 7,956 Interest apenses paid (496) (21) Income taxes paid (182,544) (272,639) Net eash provided by (used in) operating activities 506,720 906,566 Cash flows from investing activities 806,720 906,566 Cash flows from investing activities (692,472) (284,360) Purchase of property, plant and equipment (692,472) (284,360) Proceeds from sales of property, plant and equipment (8,917) (12,207) Collection of loans receivable (8,917) (12,207) Collection of loans receivable (8,917) (12,207) Proceeds from guarantee deposits received			_
Decrease (increase) in inventories (12,852) (2,915) Increase (decrease) in notes and accounts payable - trade 65,430 79,864 Increase (decrease) in accrued consumption taxes (36,408) 82,295 Other, net (22,600) (25,201) Subtotal 683,224 1,171,271 Interest and dividend income received 6,536 7,956 Interest and Expenses paid (496) (211) Income taxes paid (496) (211) Not cash provided by (used in) operating activities 506,720 906,566 Cash flows from investing activities Weather transport of the second of property, plant and equipment (692,472) (284,360) Purchase of property, plant and equipment (1,020) 1,700 Purchase of intangible assets (48,077) (51,925) Payments of loans receivable (8,917) (12,207) Collection of loans receivable (8,917) (12,207) Collection of loans receivable (8,917) (12,207) Proceeds from collection of leasehold and guarantee deposits 795 616 Repayments of lea			(99,668)
Increase (decrease) in notes and accounts payable - trade 65,430 79,864 Increase (decrease) in accrued consumption taxes (36,408) 82,295 Other, net (22,660) (25,201) Subtotal 683,224 1,171,271 Interest and dividend income received 6,536 7,956 Interest expenses paid (496) (21) Income taxes paid (496) (21) Net eash provided by (used in) operating activities 506,720 906,566 Cash flows from investing activities 692,472 (284,360) Purchase of property, plant and equipment (692,472) (284,360) Proceeds from sales of property, plant and equipment 1,000 1,700 Purchase of intangible assets (48,077) (51,925) Payments of loans receivable 17,993 15,460 Payments for leaschold and guarantee deposits 795 616 Proceeds from collection of leaschold and guarantee deposits 795 616 Repayments of guarantee deposits received 23,947 31,541 Purchase of other investments (5,655) (17,5		· · · · · · · · · · · · · · · · · · ·	* ' '
Increase (decrease) in accrued consumption taxes (36,408) 82,295 Other, net (22,660) (25,201) Subtotal 683,224 1,171,271 Interest and dividend income received 6,536 7,956 Interest expenses paid (496) (211) Income taxes paid (182,544) (272,639) Net cash provided by (used in) operating activities 506,720 906,566 Cash flows from investing activities 8 1,200 1,700 Purchase of property, plant and equipment (692,472) (284,360) Proceeds from sales of property, plant and equipment 1,020 1,700 Purchase of intangible assets (48,077) (51,925) Payments of loans receivable (8,917) (12,207) Collection of loans receivable 17,993 15,460 Payments for leasehold and guarantee deposits (305) (2,516) Proceeds from collection of leasehold and guarantee deposits 795 616 Repayments of guarantee deposits received 23,947 31,541 Purchase of other investments (5,655)			
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Purchase of property, plant and equipment (692,472) (284,360) Proceeds from sales of property, plant and equipment 1,020 1,700 Purchase of intangible assets (48,077) (51,925) Payments of loans receivable (8,917) (12,207) Collection of loans receivable 17,993 15,460 Payments for leasehold and guarantee deposits (305) (2,516) Proceeds from collection of leasehold and guarantee deposits 795 616 Repayments of guarantee deposits received (4,200) (4,846) Proceeds from guarantee deposits received 23,947 31,541 Purchase of other investments (5,655) (17,507) Net cash provided by (used in) investing activities (715,870) (324,044) Cash flows from financing activities (715,870) (324,044) Cash flows from financing activities (715,870) (324,044) Cash growther of long-term loans payable (200,000) - Procease in short-term loans payable (102,980) (25,300) Proceeds from exercise of share options 8,335 17,737 <td< td=""><td></td><td>300,720</td><td>900,300</td></td<>		300,720	900,300
Proceeds from sales of property, plant and equipment 1,020 1,700 Purchase of intangible assets (48,077) (51,925) Payments of loans receivable (8,917) (12,207) Collection of loans receivable 17,993 15,460 Payments for leasehold and guarantee deposits (305) (2,516) Proceeds from collection of leasehold and guarantee deposits 795 616 Repayments of guarantee deposits received (4,200) (4,846) Proceeds from guarantee deposits received 23,947 31,541 Purchase of other investments (5,655) (17,507) Net cash provided by (used in) investing activities (715,870) (324,044) Cash flows from financing activities 100,000 - Increase in short-term loans payable (200,000) - Pecrease in short-term loans payable (102,980) (25,300) Proceeds from issuance of common shares 1,374,250 - Proceeds from exercise of share options 8,335 17,737 Purchase of treasury shares (171) (510) Going public expenses (-	((02.472)	(294.2(0)
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Purchase of other investments (5,655) (17,507) Net cash provided by (used in) investing activities (715,870) (324,044) Cash flows from financing activities 100,000 - Increase in short-term loans payable (200,000) - Decrease in short-term loans payable (102,980) (25,300) Repayments of long-term loans payable (102,980) (25,300) Proceeds from issuance of common shares 1,374,250 - Proceeds from exercise of share options 8,335 17,737 Purchase of treasury shares (171) (510) Going public expenses (9,982) - Repayments of lease obligations (1,216) (1,216) Net cash provided by (used in) financing activities 1,168,234 (9,290) Net increase (decrease) in cash and cash equivalents 959,085 573,232 Cash and cash equivalents at beginning of period 728,156 1,687,241			
Net cash provided by (used in) investing activities Cash flows from financing activities Increase in short-term loans payable Decrease in short-term loans payable Repayments of long-term loans payable Proceeds from issuance of common shares Proceeds from exercise of share options Purchase of treasury shares Coing public expenses Repayments of lease obligations Repayments of lease obligations Net cash provided by (used in) financing activities Net increase (decrease) in cash and cash equivalents Cash and cash equivalents at beginning of period (715,870) (324,044) (715,870) (715,870) (100,000 — (100,000 — (102,980) (25,300) — (173,4250 — (173,737 — (171) (510) (1,216)			
Cash flows from financing activities Increase in short-term loans payable Decrease in short-term loans payable Repayments of long-term loans payable Repayments of long-term loans payable Proceeds from issuance of common shares Proceeds from exercise of share options Purchase of treasury shares (171) Going public expenses Repayments of lease obligations Net cash provided by (used in) financing activities Net increase (decrease) in cash and cash equivalents Cash and cash equivalents at beginning of period 100,000 - (200,000) - (102,980) (102,980) - (171) (510) (510) (1,216) (1,216) (1,216) 728,156 1,687,241	-		
Increase in short-term loans payable 100,000 — Decrease in short-term loans payable (200,000) — Repayments of long-term loans payable (102,980) (25,300) Proceeds from issuance of common shares 1,374,250 — Proceeds from exercise of share options 8,335 17,737 Purchase of treasury shares (171) (510) Going public expenses (9,982) — Repayments of lease obligations (1,216) (1,216) Net cash provided by (used in) financing activities 1,168,234 (9,290) Net increase (decrease) in cash and cash equivalents 959,085 573,232 Cash and cash equivalents at beginning of period 728,156 1,687,241	_	(715,870)	(324,044)
Decrease in short-term loans payable(200,000)-Repayments of long-term loans payable(102,980)(25,300)Proceeds from issuance of common shares1,374,250-Proceeds from exercise of share options8,33517,737Purchase of treasury shares(171)(510)Going public expenses(9,982)-Repayments of lease obligations(1,216)(1,216)Net cash provided by (used in) financing activities1,168,234(9,290)Net increase (decrease) in cash and cash equivalents959,085573,232Cash and cash equivalents at beginning of period728,1561,687,241			
Repayments of long-term loans payable(102,980)(25,300)Proceeds from issuance of common shares1,374,250-Proceeds from exercise of share options8,33517,737Purchase of treasury shares(171)(510)Going public expenses(9,982)-Repayments of lease obligations(1,216)(1,216)Net cash provided by (used in) financing activities1,168,234(9,290)Net increase (decrease) in cash and cash equivalents959,085573,232Cash and cash equivalents at beginning of period728,1561,687,241	_ :		=
Proceeds from issuance of common shares 1,374,250 — Proceeds from exercise of share options 8,335 17,737 Purchase of treasury shares (171) (510) Going public expenses (9,982) — Repayments of lease obligations (1,216) (1,216) Net cash provided by (used in) financing activities 1,168,234 (9,290) Net increase (decrease) in cash and cash equivalents 959,085 573,232 Cash and cash equivalents at beginning of period 728,156 1,687,241	* *		_
Proceeds from exercise of share options8,33517,737Purchase of treasury shares(171)(510)Going public expenses(9,982)-Repayments of lease obligations(1,216)(1,216)Net cash provided by (used in) financing activities1,168,234(9,290)Net increase (decrease) in cash and cash equivalents959,085573,232Cash and cash equivalents at beginning of period728,1561,687,241	* * * * * * * * * * * * * * * * * * * *	(102,980)	(25,300)
Purchase of treasury shares (171) (510) Going public expenses (9,982) — Repayments of lease obligations (1,216) (1,216) Net cash provided by (used in) financing activities 1,168,234 (9,290) Net increase (decrease) in cash and cash equivalents 959,085 573,232 Cash and cash equivalents at beginning of period 728,156 1,687,241	Proceeds from issuance of common shares	1,374,250	-
Going public expenses(9,982)-Repayments of lease obligations(1,216)(1,216)Net cash provided by (used in) financing activities1,168,234(9,290)Net increase (decrease) in cash and cash equivalents959,085573,232Cash and cash equivalents at beginning of period728,1561,687,241	Proceeds from exercise of share options	8,335	17,737
Repayments of lease obligations(1,216)(1,216)Net cash provided by (used in) financing activities1,168,234(9,290)Net increase (decrease) in cash and cash equivalents959,085573,232Cash and cash equivalents at beginning of period728,1561,687,241	•	(171)	(510)
Net cash provided by (used in) financing activities1,168,234(9,290)Net increase (decrease) in cash and cash equivalents959,085573,232Cash and cash equivalents at beginning of period728,1561,687,241		(9,982)	_
Net increase (decrease) in cash and cash equivalents959,085573,232Cash and cash equivalents at beginning of period728,1561,687,241	Repayments of lease obligations	(1,216)	(1,216)
Cash and cash equivalents at beginning of period 728,156 1,687,241	Net cash provided by (used in) financing activities	1,168,234	(9,290)
· · · · · · · · · · · · · · · · · · ·	Net increase (decrease) in cash and cash equivalents	959,085	573,232
· · · · · · · · · · · · · · · · · · ·	Cash and cash equivalents at beginning of period	728,156	1,687,241
	Cash and cash equivalents at end of period	1,687,241	2,260,473