



Financial Results for the 3rd Quarter of Fiscal Year Ending July 31, 2024

SILVER LIFE CO., LTD.

The Standard Market of the Tokyo Stock Exchange (9262)



Started handling from May
Frozen bento with rice

Fiscal Year Ending July 2024 3rd Quarter Performance Highlights

Fiscal Year Ending July 2024 Q3 Performance (vs YoY)

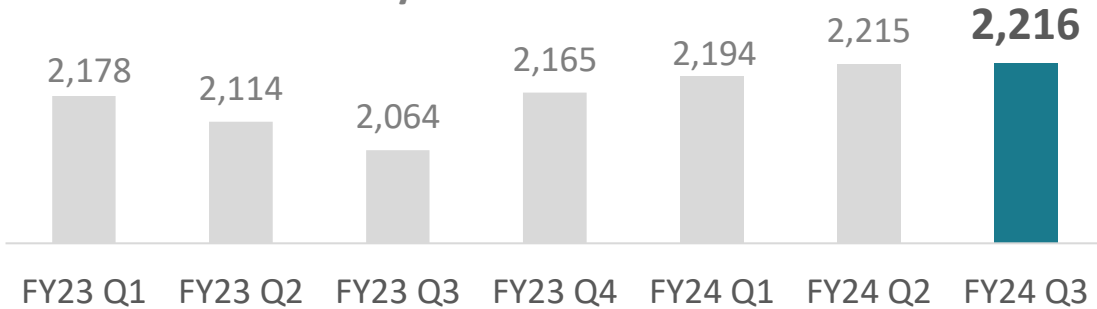


Net sales +11.5% Increase in all sales categories, with a moderate recovery in the main business of franchise stores.
 Gross profit +18.6% Profitability improved due to internalization of in-house production, but costs are ahead of schedule as the company prepares to "raise the internalization ratio from 60% to 80% from Q4."
 Operating profit +20.5% Freight costs increased due to in-house production of logistics, but gross profit improvement was greater and operating margin improved.

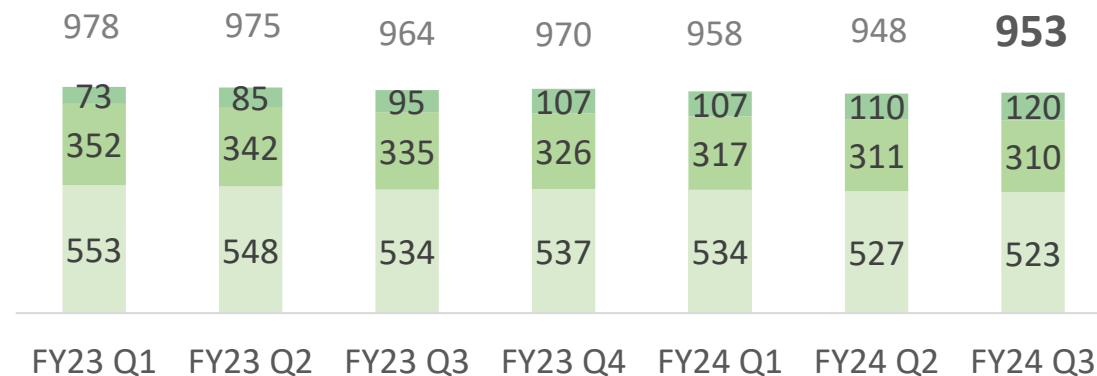
Unit : million yen	FY2024 Q3				FY2023 Q3		FY2024 Plan	
	Actual	Vs. FY2023 Q3 results	Sales ratio	Plan Progress rate	Results	Sales ratio	Plan	Sales ratio
Net sales	10,058	+11.5%	-	76.8%	9,022	-	13,100	-
Gross profit	3,226	+18.6%	32.1%	79.5%	2,720	30.1%	4,060	31.0%
Operating profit	667	+20.5%	6.6%	87.9%	554	6.1%	760	5.8%
Ordinary profit	822	+17.7%	8.2%	86.6%	698	7.7%	950	7.3%
Profit	506	+15.9%	5.0%	81.7%	437	4.8%	620	4.7%

Franchise chains

Sales Unit : million yen



Number of Stores



■ Takushoku Life ■ Haishokuno Fureai ■ Magokoro Bento

Vs. FY2023 Q3

+ 4.2%

Sales : Gradual recovery

Price revision in September 2023 (3% price increase) to maintain YoY growth
 Successful sales taking over withdrawn stores through external M&A sites Existing stores sales YoY: 109.2%*1

85% of food sales to franchisees are regular meals, 15% are special meals*2 Sales of regular meals are in the 500-yen range at stores and continue to grow (+6.0%) Sales of special meals will be in the 700-yen range at stores, and will decrease (-6.7%).

→ Price reductions are scheduled in the next fiscal year due to a change in the packing format upon arrival at stores.

Number of stores : 953 stores, with a continued back-and-forth between exits and withdrawals.

Started on-demand delivery of franchise information meetings as a store opening measure.

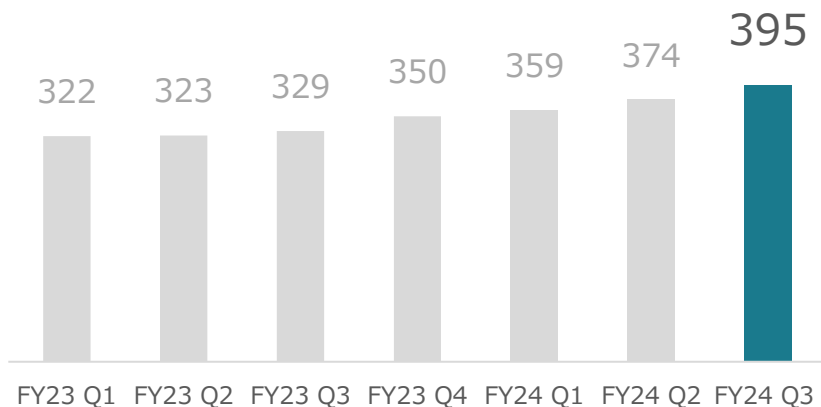
Started using an external M&A site as a measure for exiting franchisees.

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

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

Facilities for the elderly

Unit:million yen



Vs. FY2023 Q3

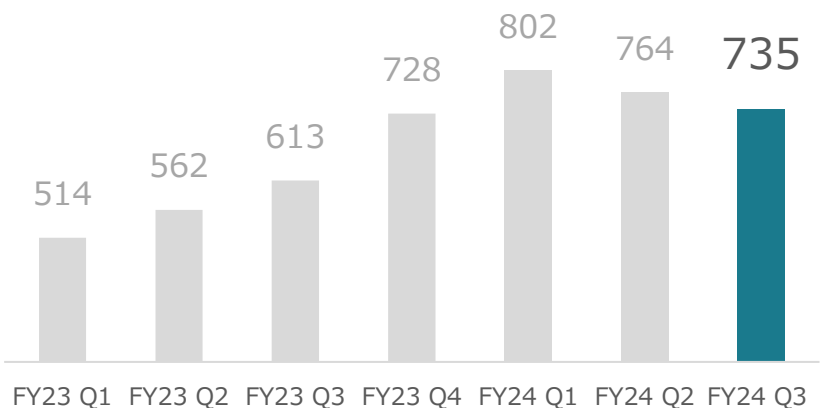
+ 15.9%

Chilled products maintained, frozen products increased
Demand for fully cooked products for facilities is strong due to labor shortage.
In addition to sales to facilities for the elderly, sales to facilities for the disabled were also strong.

Frozen: 60.4% of division sales
Chilled: 39.6% of division sales

Direct Sales / Others

Unit:million yen



Vs. FY2023 Q3

+ 36.2%

Direct sales:Decreased as planned (see p. 9 for details)
Q2 Decreased as planned; price increase of 4% resulted in a greater-than-expected decrease in both the number of meals and sales.
Q3 Decreased as planned, but sales are expected to recover in the next fiscal year due to a 10-15% price cut and a significant increase in the number of meals served. 66.2 % of sales with in the division
OEM:Increase, 29.6% of sales with in the division
Warehousing: Stable, 4.3% of sales with in the division

Change Analysis of Sales (Increased in all sectors, key word being labor shortage)

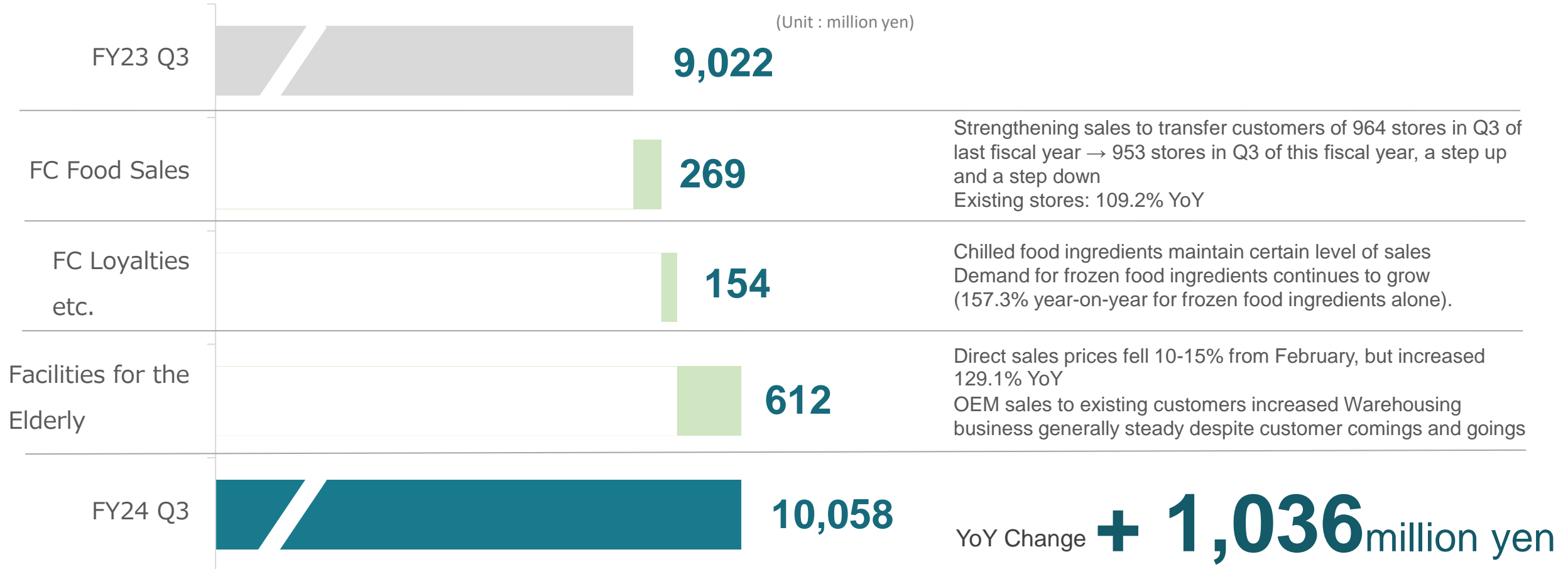


+11.5% YoY

Sales to franchise stores recovered moderately due to price revisions +3% and strengthened acquisitions of stores withdrawing from franchising, despite headwinds from the shortage of store delivery personnel.→A number of stores intentionally reduced the number of meals to within their delivery capacity by refusing orders or raising prices because they were unable to hire delivery personnel.

Sales of pre-prepared food ingredient packs to institutional customers increased continuously since Q1 of the previous fiscal year, driven by a shortage of cooks at institutional facilities.

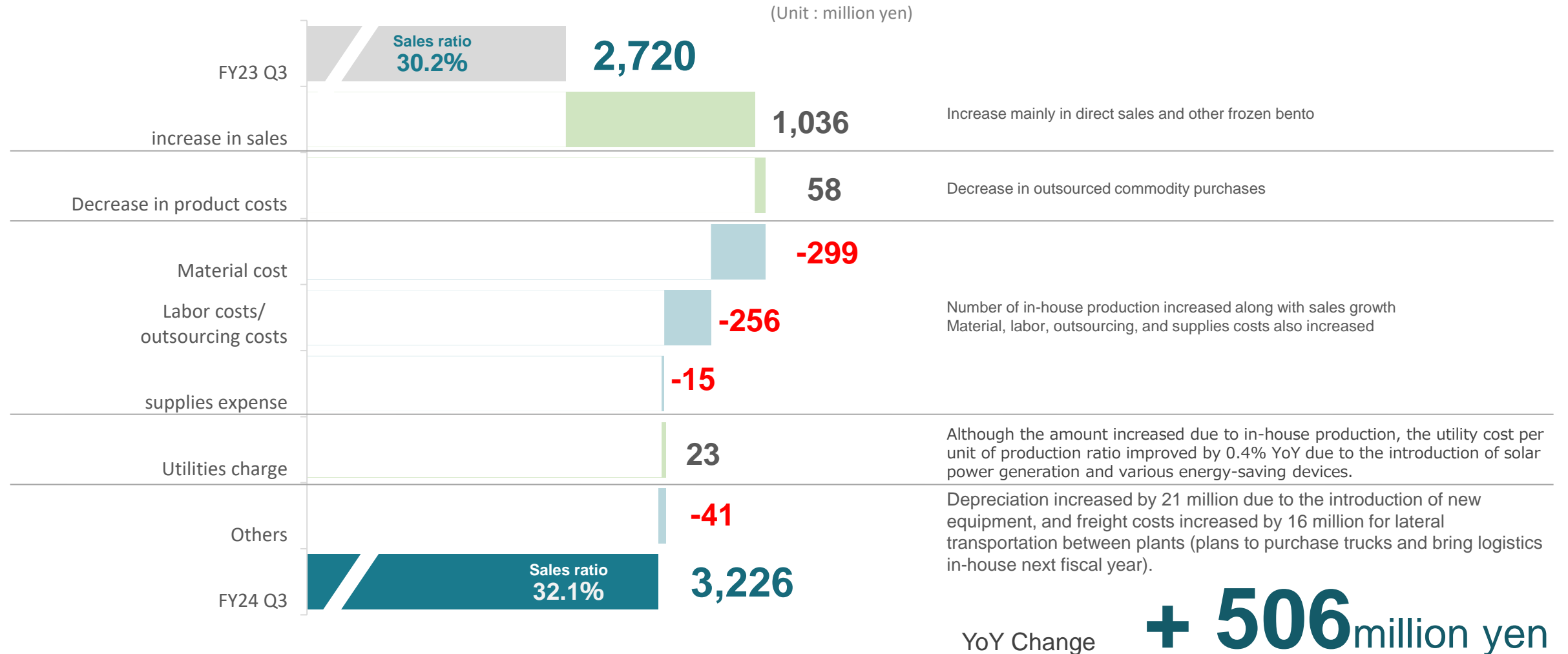
Direct sales and others increased mainly in frozen bento and OEM, where business is viable even without delivery staff



Change Analysis of Gross Profit (Decrease in cost of sales due to in-house production) SILVER LIFE

Sales increased by 18.6% and gross profit margin improved by 1.9%.

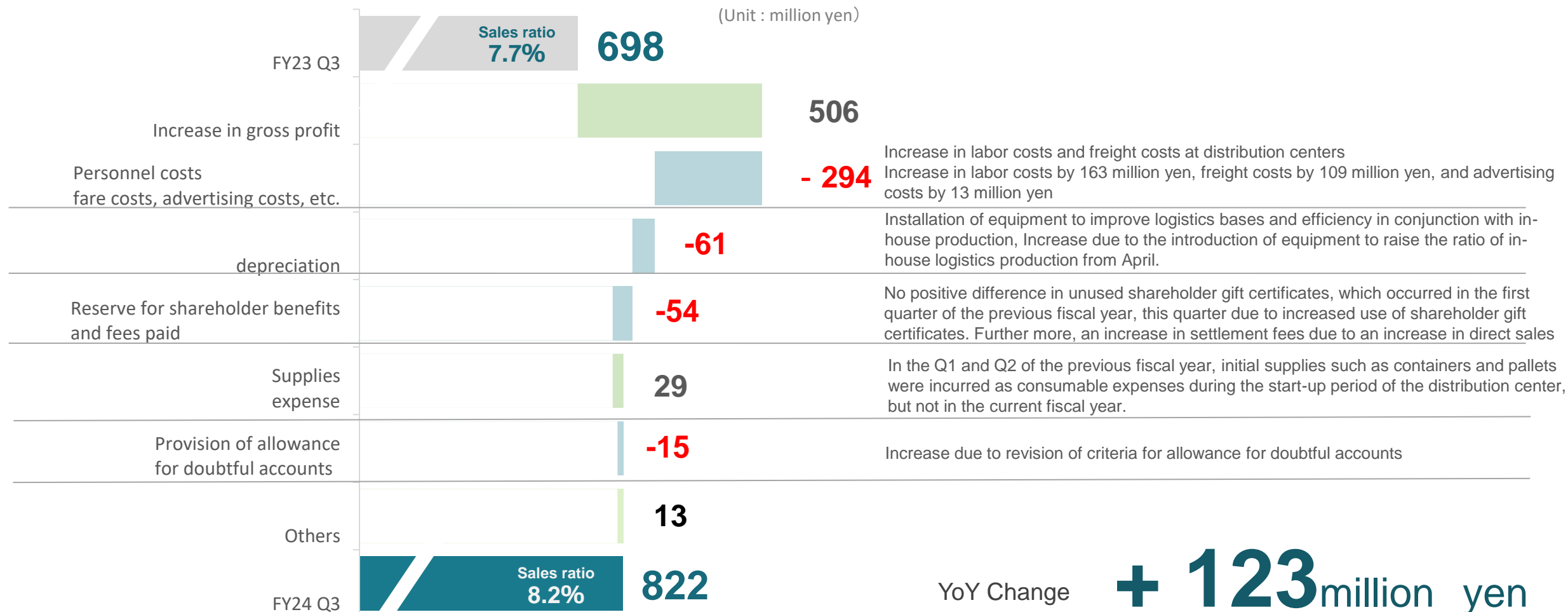
The shift to in-house production (from 40% to 60%), which started in October 2022, has run its course and stabilized the production site. However, costs increased in Q3 due to advance procurement in preparation for a further increase in in-house production ratio (from 60% to 80%) from Q4.



Change Analysis of Ordinary Profit (Decrease in cost vs. increase in SG&A expenses)

Value increased 17.7%, ordinary income margin improved 0.5%

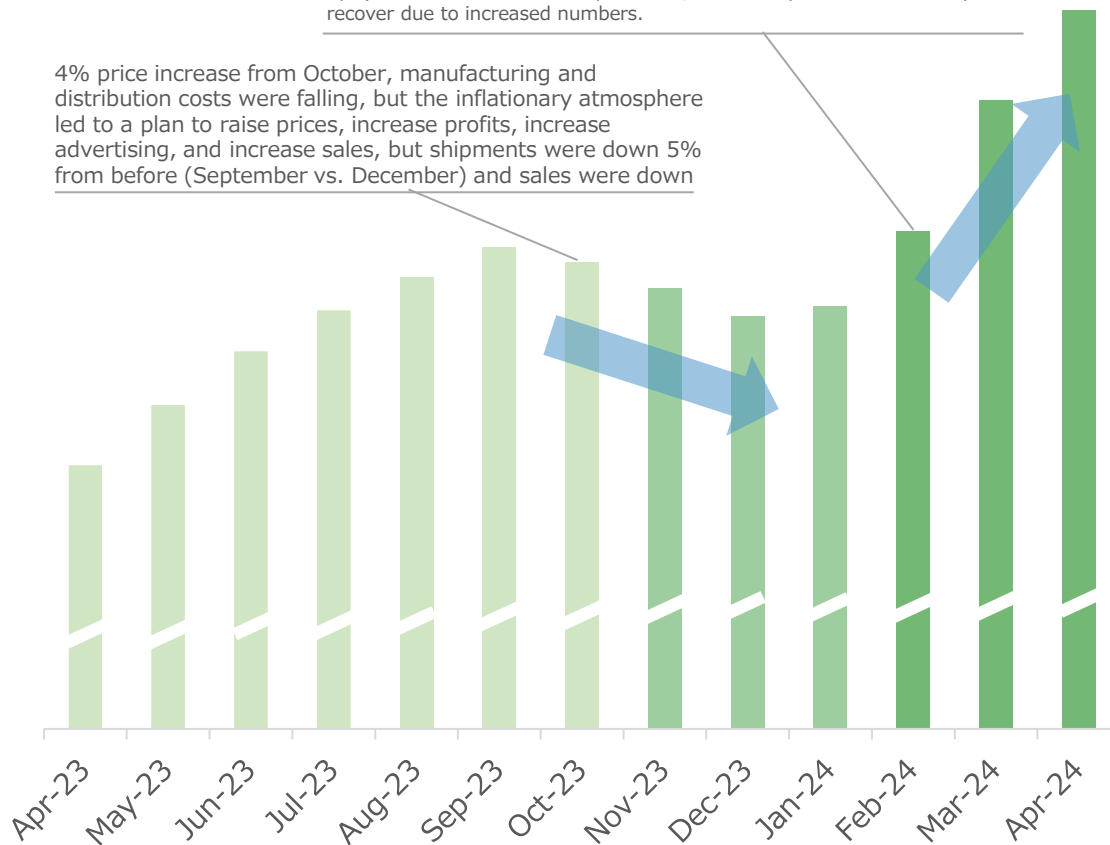
The volume of shipments from the company will increase due to the shift to in-house production starting in October 2022. In addition, the centralization of delivery to the company's own bases in the Q3 led to an increase in distribution center labor costs, freight costs, depreciation, etc. (The logistics cost, which used to be included in the cost of goods purchased from other companies, is now included in the company's SG&A expenses. However, in the end, the increase in SG&A costs was absorbed by the significant effect of cost reductions



Number of Shipments in Magokoro Care Meals

Decided that raising prices was a failure, lowered prices by 10-15% in February, and even though advertising costs were reduced, the number of customers increased dramatically, and shipments increased 22.1% (Jan. vs. Apr.) Sales decreased due to price cuts, but are expected to eventually recover due to increased numbers.

4% price increase from October, manufacturing and distribution costs were falling, but the inflationary atmosphere led to a plan to raise prices, increase profits, increase advertising, and increase sales, but shipments were down 5% from before (September vs. December) and sales were down



In-house production and logistics have enabled the company to increase productivity through capital investment. The company has succeeded in maintaining raw material purchase prices through economies of scale and “now” has the capacity to reduce prices.

On the production line

In 2023, 10 workers can barely produce 1,200 pieces per hour.
In 2024, 10 workers can produce 2,100 pieces per hour.

On the distribution line, too

Let the cost of shipping work per box in 2023 be 10.
The cost per box in 2024 is now 7.

Competitive price comparison of frozen lunches (including tax, excluding shipping)

Price per unit	our company	Company A	Company B
first time	190	390	527
Lowest price for regular service	364	465	599

(Unit :yen)

*As of May 2024, according to our research.

Efforts after April

「Magokoro Care Food Omakase Kobachi」 Sales to start in April

- ✓ Contributing to the reduction of waste emissions, a key sustainability issue for the Company
- ✓ Pricing can be set based on labor and packaging costs alone, without considering the cost of raw materials due to surplus materials

[「まごころケア食 おまかせ小鉢」販売開始に関するお知らせ](#)



※Information as of the end of May 2024

「Unattended Employee Cafeteria」 Service to begin in May

- ✓ Price in the 300-yen range per meal achieved through economies of scale and proprietary manufacturing know-how
- ✓ Over 90 varieties of bento with 1 main dish + 2 side dishes and rice

[「無人で運営できる社員食堂」サービス開始のお知らせ](#)



※ Frozen bento with rice

Influencer Marketing Available to the public from May

- ✓ Tested to expand awareness and increase sales of Magokoro Care Meals
- ✓ Started to open to the public, including the following channels

[「父と子つなぐお弁当」チャンネル](#)



[「最強ばあちゃんときどき玄孫」チャンネル](#)



FY2024 Financial Plan

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

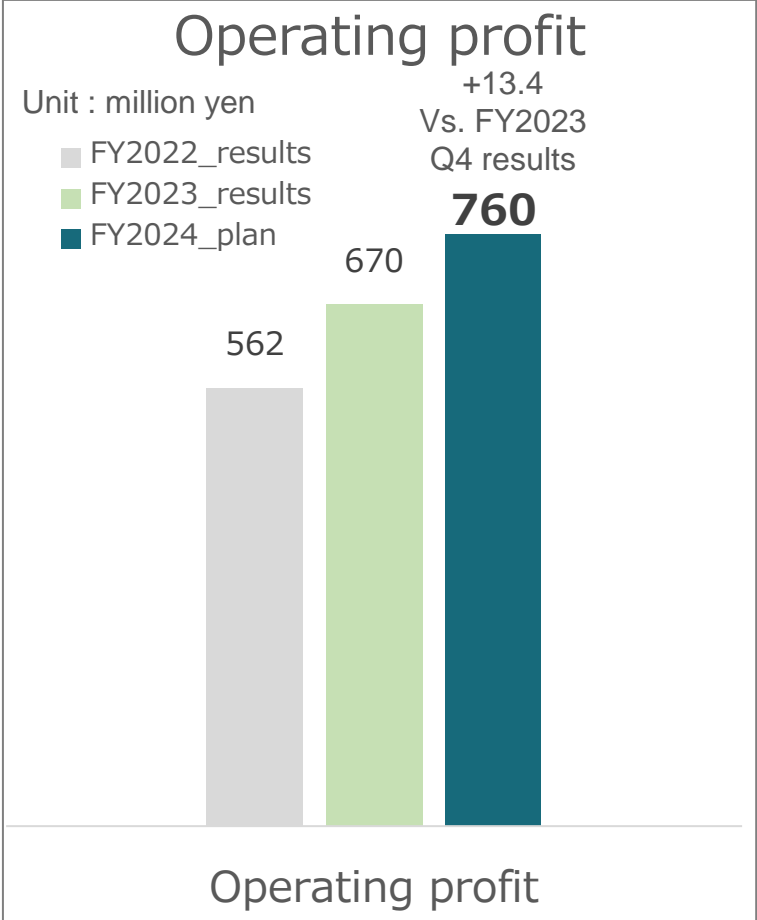
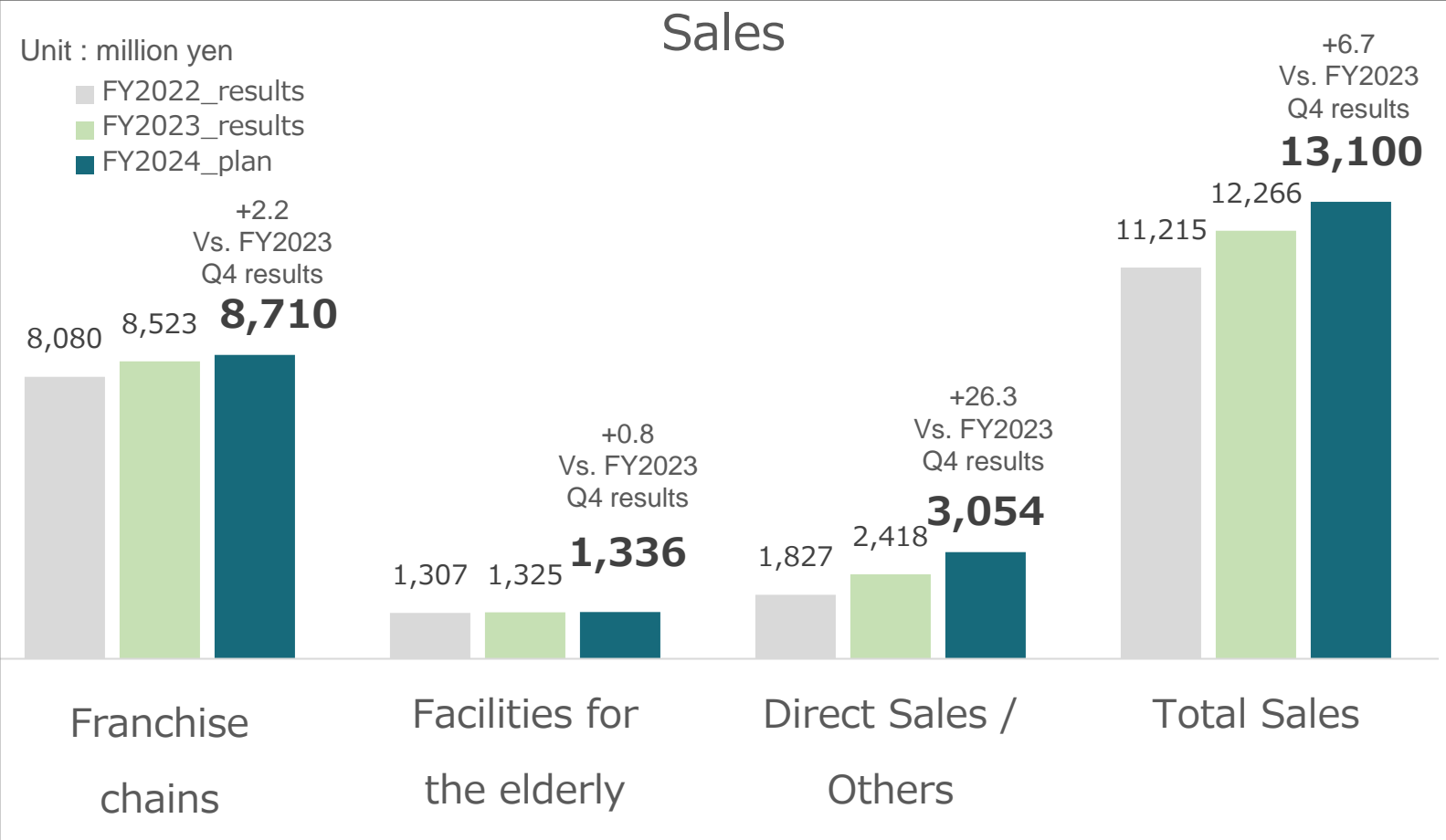
	FY2023 Results	FY2024 Plan	fluctuation
Net Sales	12,266	13,100	+833
Operating Profit	670 Sales ratio 5.5%	760 5.8%	+89 +0.3%
Ordinary Profit	857 Sales ratio 7.0%	950 7.3%	+92 +0.3%
Profit	602 Sales ratio 4.9%	620 4.7%	+17 -0.2%

*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)



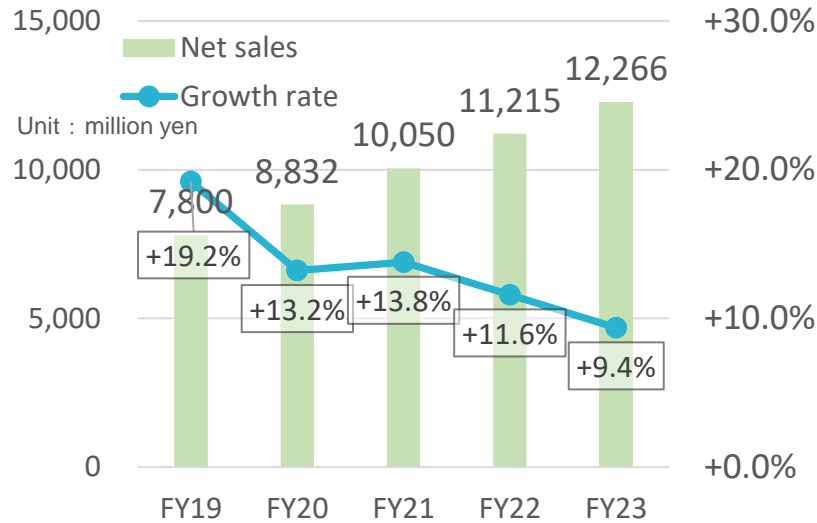
Sales are expected to grow only moderately in Franchise chains, Facilities for the elderly. Direct Sales / Others grew strongly with increased demand for frozen bento meals, with overall growth of 6.7%. Operating profit improved significantly due to the in-house production that had been undertaken since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



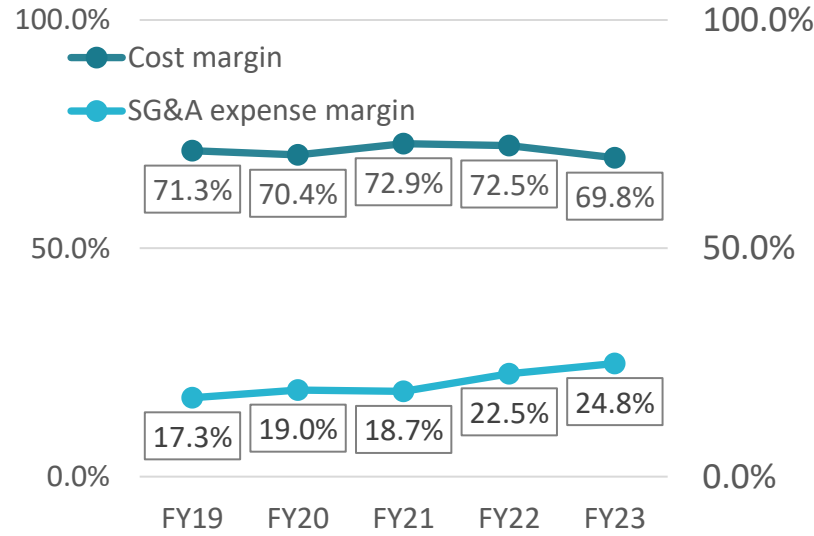
Reference : Management index



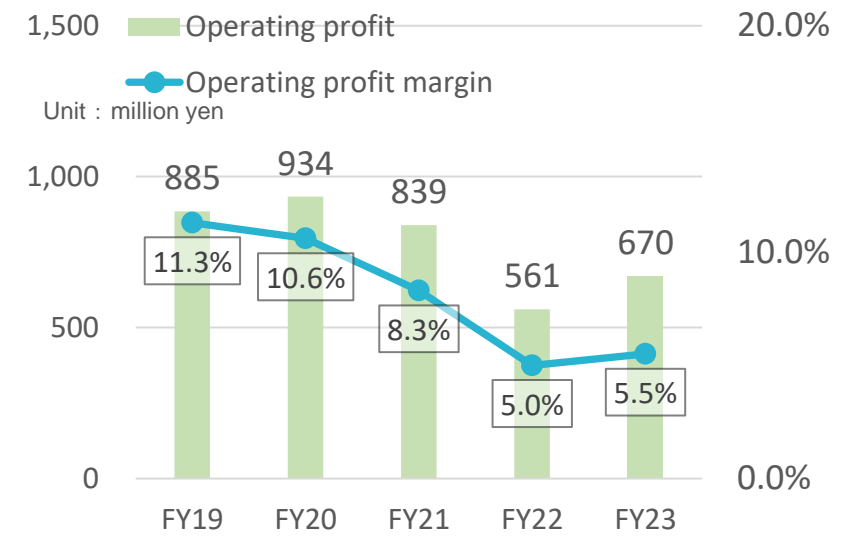
Net sales



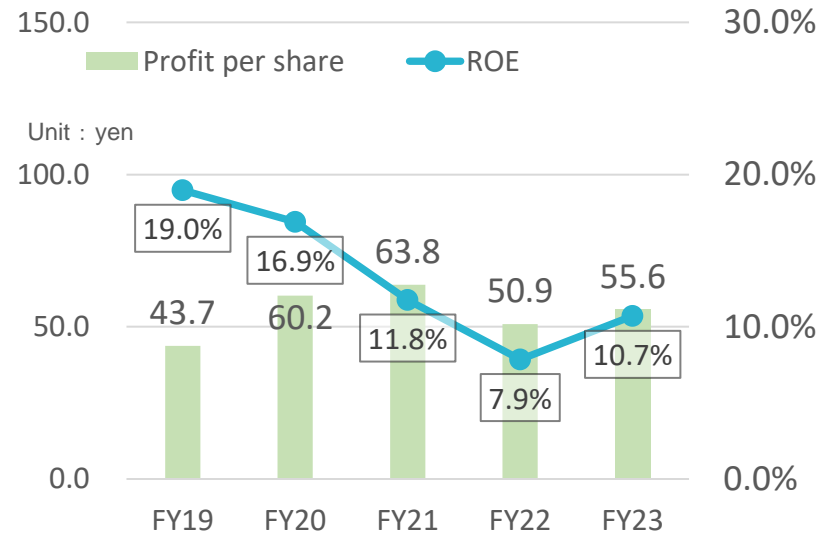
Cost of sales margin & SG&A expense margin



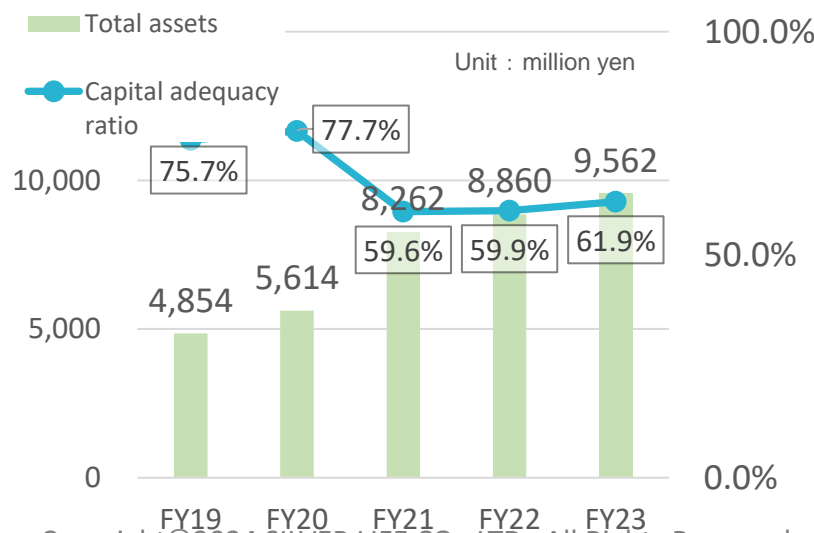
Operating profit margin



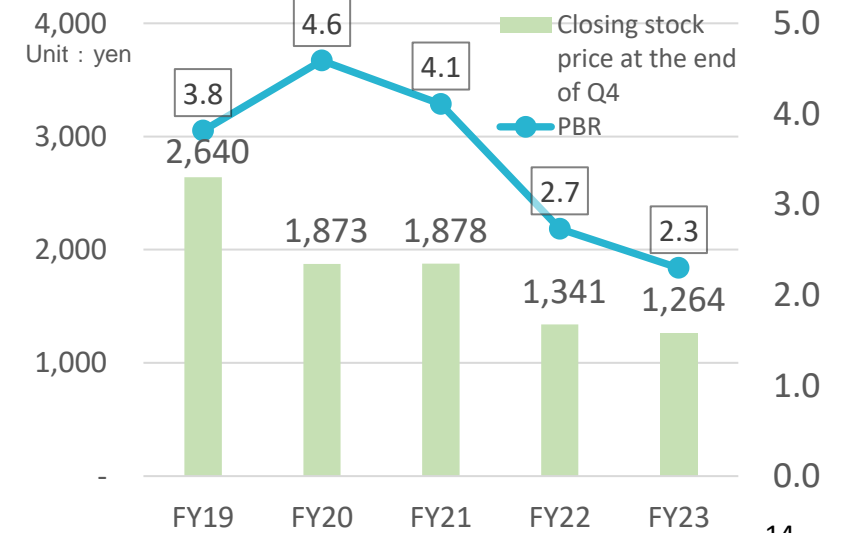
ROE



Capital adequacy margin

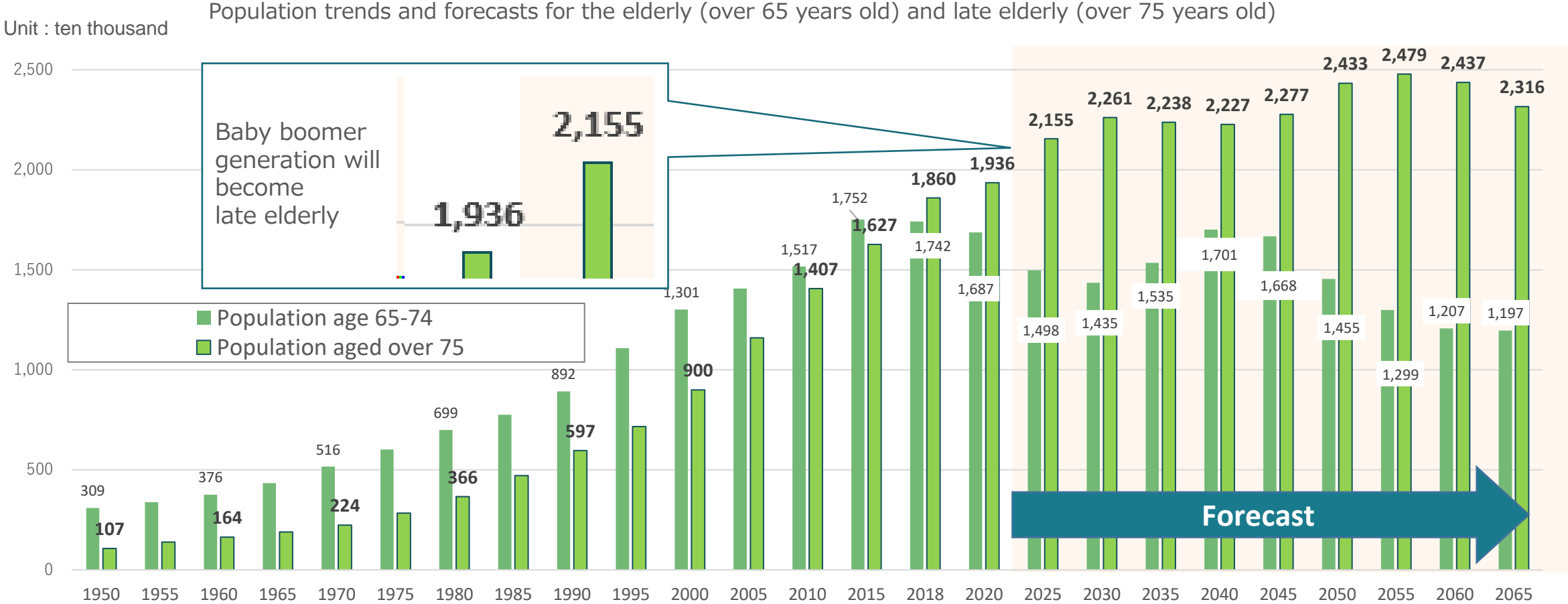


PBR



The Market to which we belong

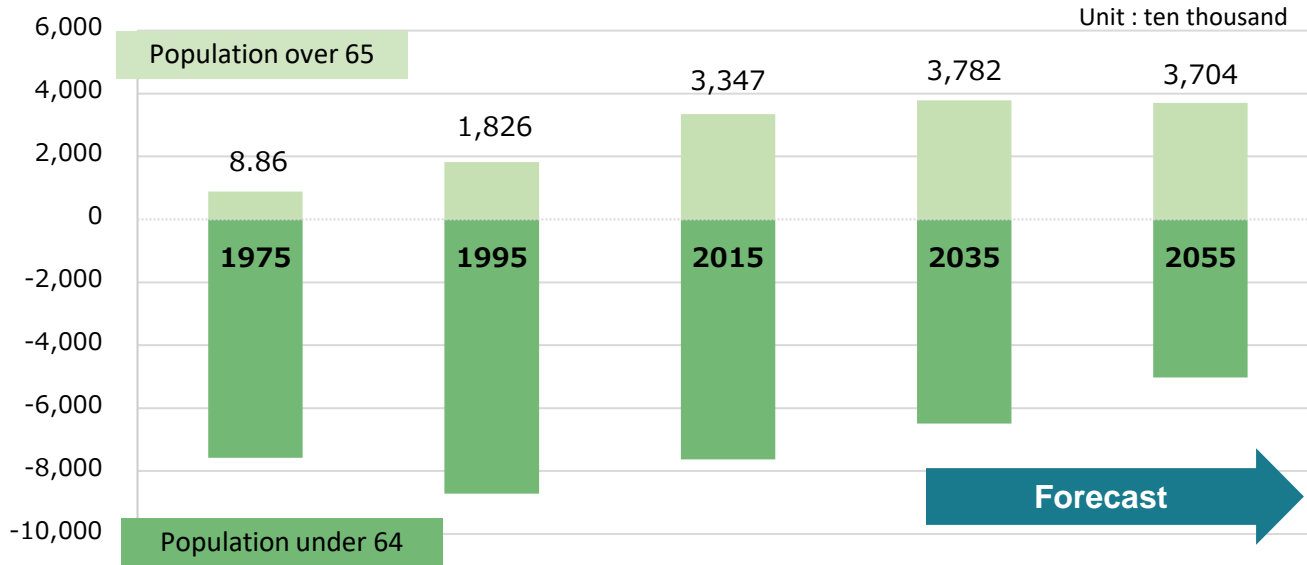
Our main target, the late elderly, will increase exponentially beyond 2025



Source: Government materials

External Environment (a business that does not rely on care insurance)

Changes in the Working Generation and the Elderly Population

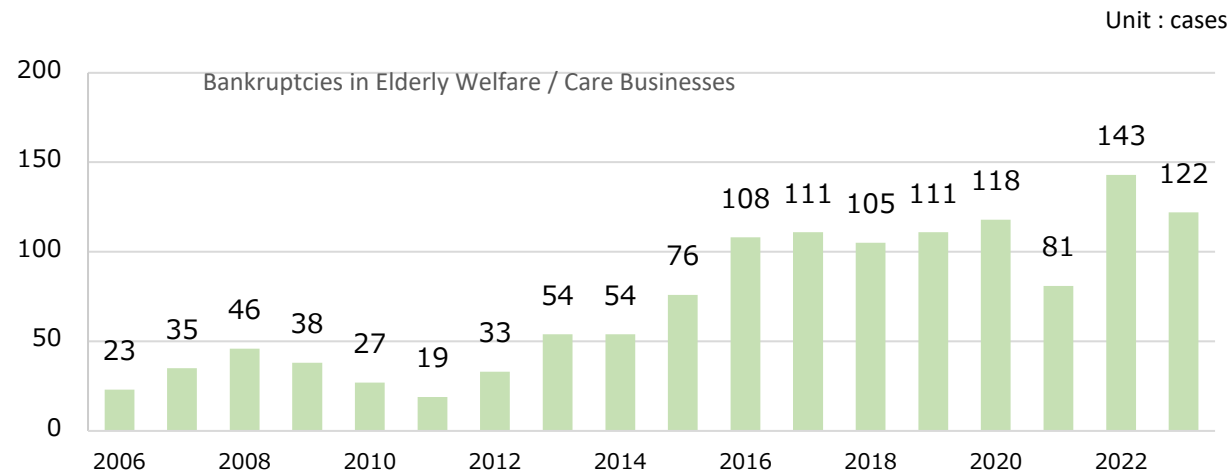


Source: Government materials

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



Source: local Government materials

(90% of sales rely on care insurance) care business is destined to become difficult in the future.

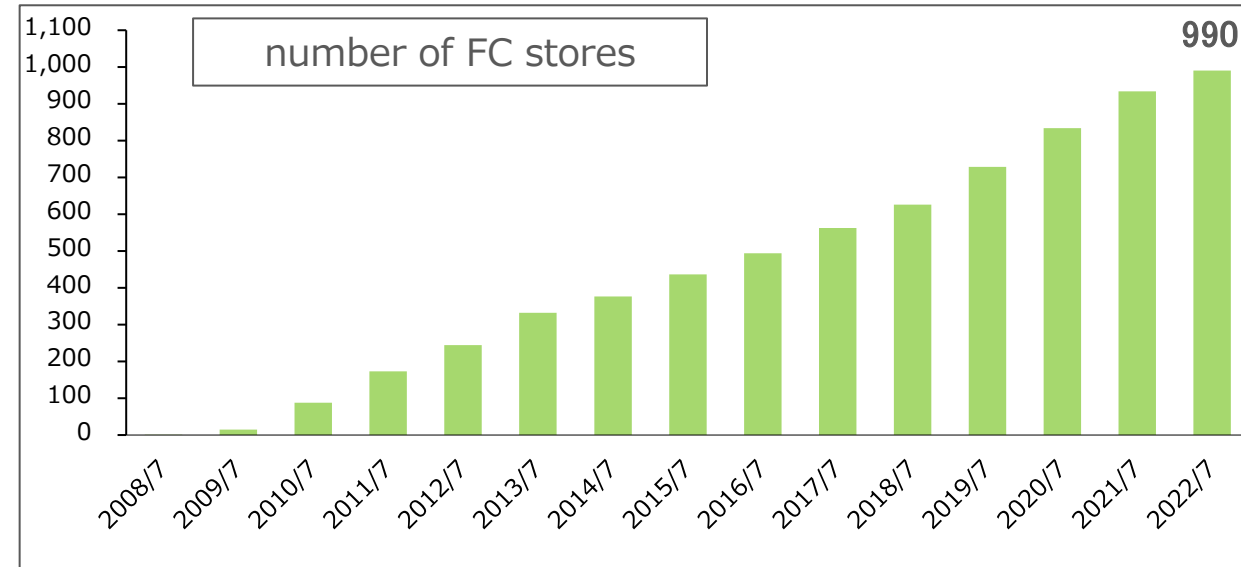
In this upcoming era, only businesses such as food distribution services for the elderly, which can be managed without relying on insurance, can support the lives of the rapidly increasing elderly population

Our Company Advantages

Our Advantage : FC Network

Overwhelming number of stores

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



Low-cost opening

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

profit and loss statement of FC stores

Sales	100	* Available at the lowest price on the market
Costs	40	* Stable purchase of high quality without cooking
Gross profit	60	
		* 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.

Our Advantage : Production System

High-mix random production

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

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

Manufacturing line required for food distribution service (line that can handle random production of other varieties)

Since meals are distributed daily, the same product group cannot be provided every day. 12 items made today, 12 items made , all should be different



Diversity of products

In addition to more than 1,000 chilled meals, we manufacture a wide range of frozen bento 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



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

Business introduction



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

Product Development

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

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



(Product Development)

Quality and Sanitation Management

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

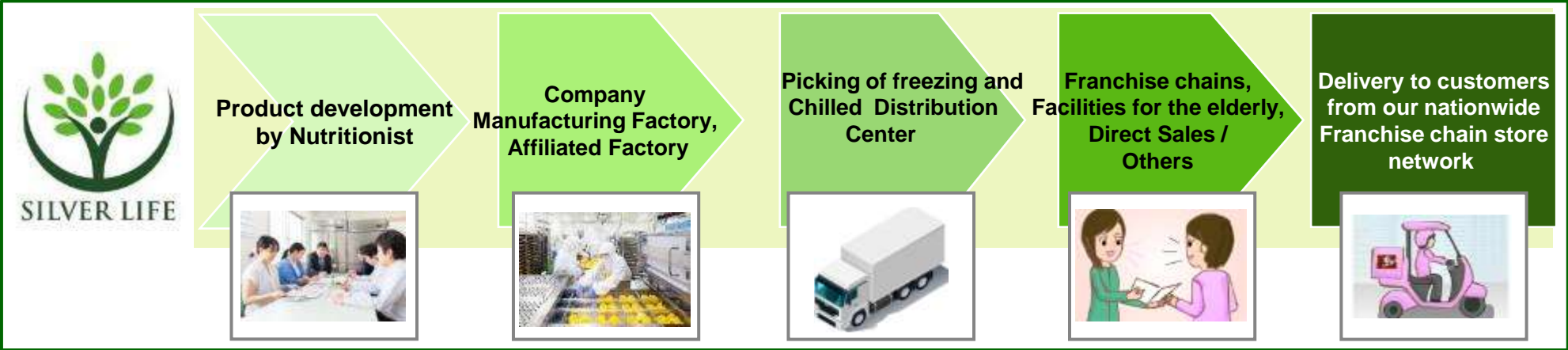
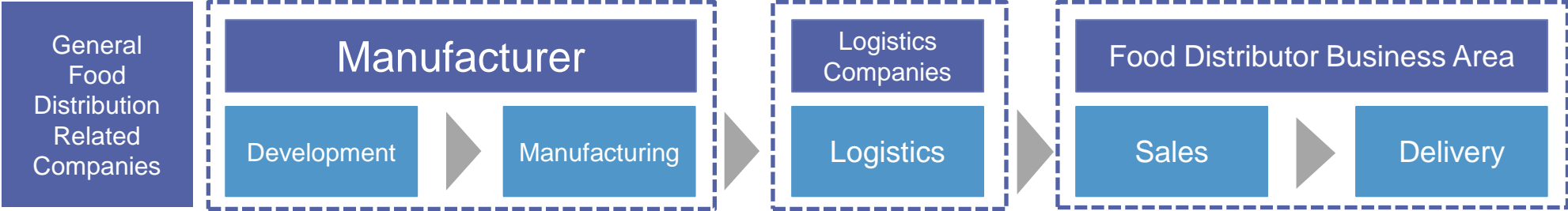


(foreign matter inspection)



(Bacterial testing)

Our Advantage : Consistent System



Feedback from franchise chain stores and customers

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



【Management Philosophy】

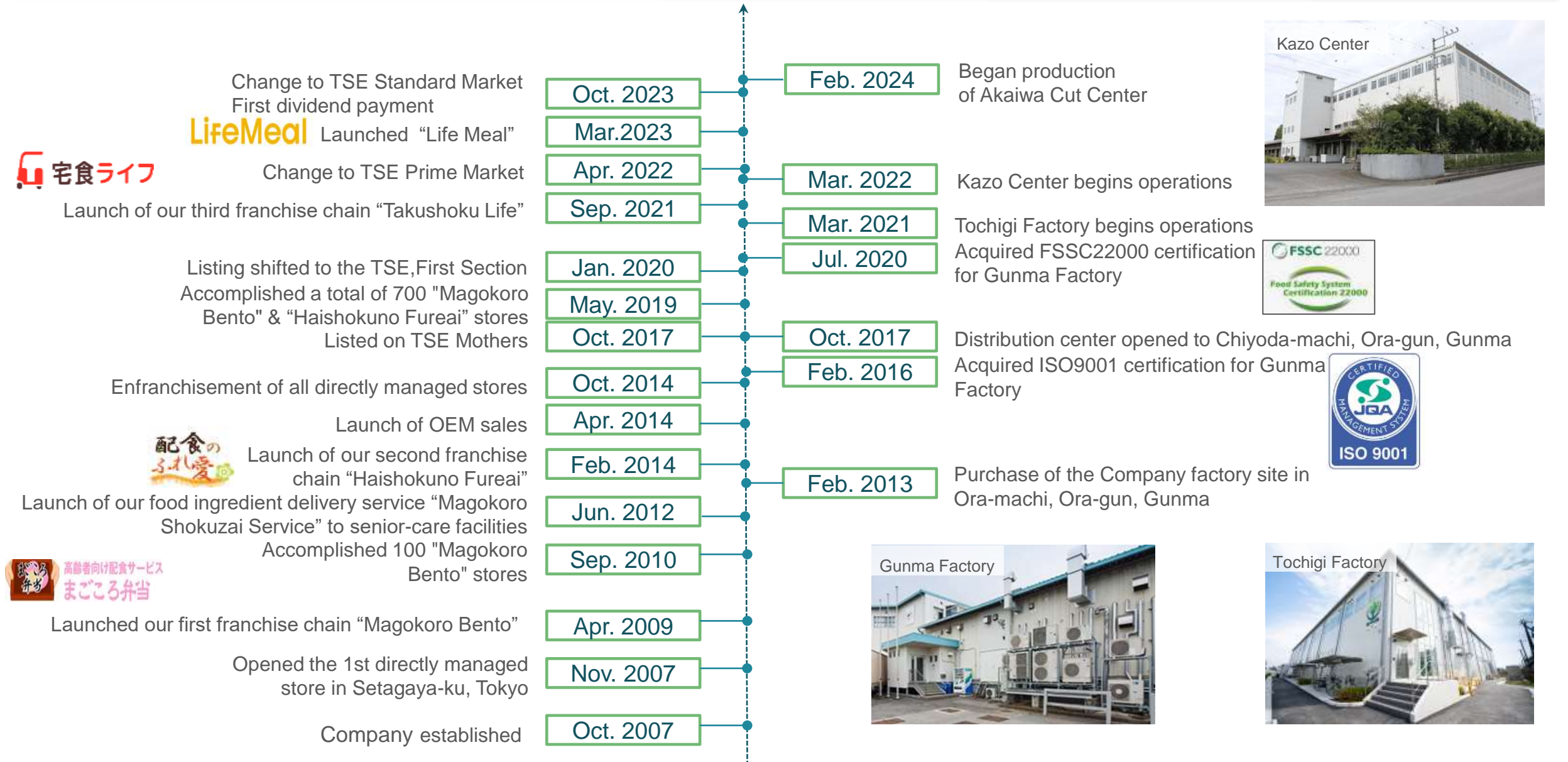
We will create a society where everyone can grow old with peace of mind from the perspective of food.

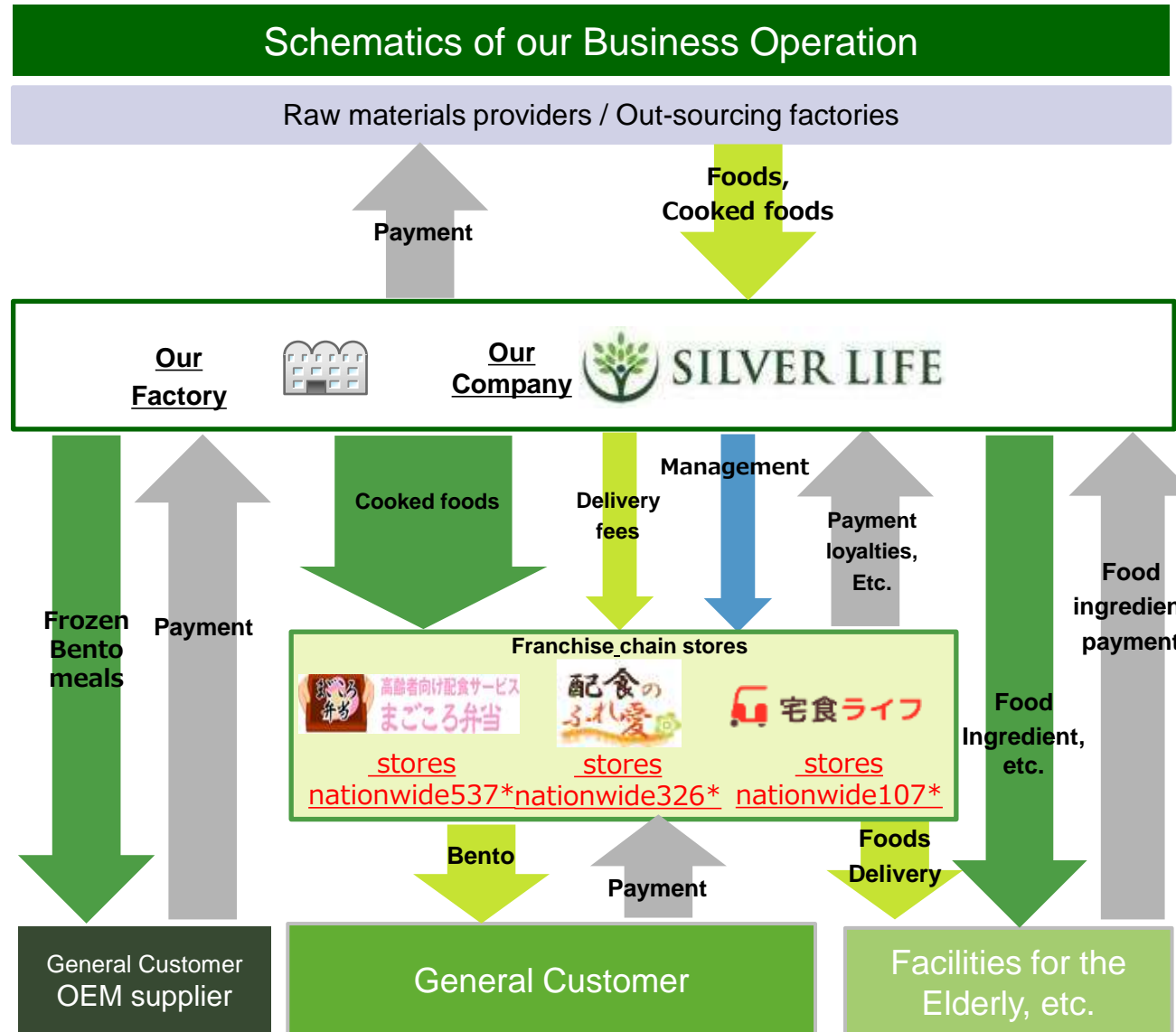
【Our Mission】

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

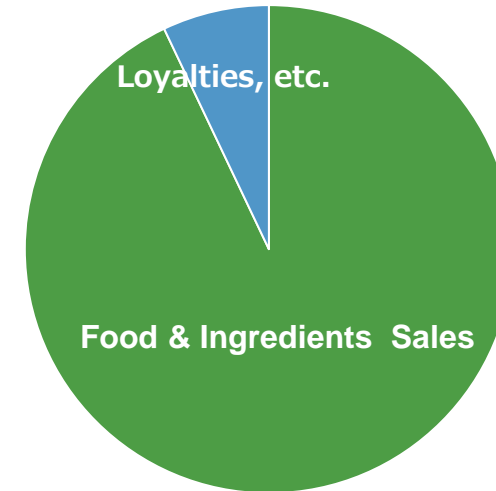
Company Name	SILVER LIFE Co., Ltd.
Representative	President, CEO : Takahisa Shimizu
Established	October 2007
Capital Stock	730 million yen (as of July 31, 2023)
Address	Highness Lofty Level 2, 4-32-4, Nishishinjuku, Shinjuku-ku, Tokyo, 160-0023, Japan
Businesses	<ul style="list-style-type: none">▪ Franchise management of food delivery service for the elderly (Service names: “Magokoro Bento”, “Haishokuno Fureai”, “Takushoku Life”)▪ Food ingredient sales to senior-care facilities (Service names: “Magokoro Shokuzai Service”, “Kodawari Chef”)▪ Own brand and OEM sales of frozen bento meals (Service name: “Magokoro Care Shoku”)
Website	https://www.silver-life.co.jp/
Employees	417 (Full-time: 232 / Part-time: 185) As of the end of July 2023
Factory	<ul style="list-style-type: none">▪ Gunma Factory:1678-1, Nakano, Ora-machi, Ora-gun, Gunma, 370-0603, Japan▪ Tochigi Factory:576-6, Hakaricho, Ashikaga-shi, Tochigi, 326-0327, Japan
Distribution Center	<ul style="list-style-type: none">▪ Kazo Center:376, Sakae, Kazo-shi, Saitama, 349-0213, Japan

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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