



# **LIFE CORPORATION**

## **Financial Results Briefing**

### **for FY2021**

**(Fiscal year ended February 28, 2022)**

**April 12, 2022**

# 1. Full-year FY2021 performance overview

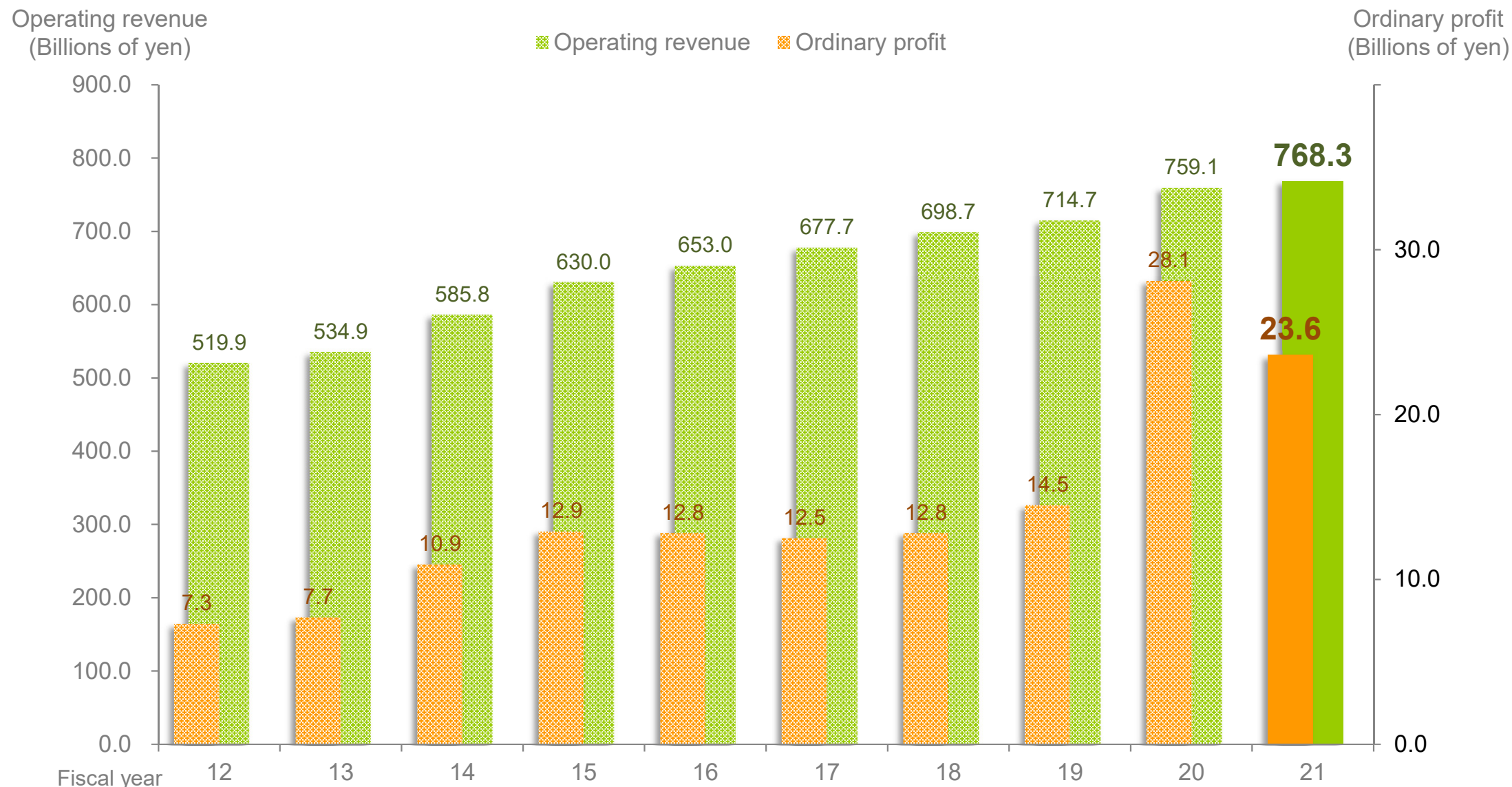
# Full-year FY2021 performance overview (consolidated)

Unit: Millions of yen	Full-year FY2020	Full-year FY2021	Change	(Reference) Full-year FY2021 Initial forecast
Operating revenue	759,146	<b>768,335</b>	+1.2%	760,000
Operating profit	27,388	<b>22,932</b>	(16.3%)	19,000
Ordinary profit	28,156	<b>23,695</b>	(15.8%)	20,000
Profit	17,824	<b>15,208</b>	(14.7%)	12,500



# Operating revenue/Ordinary profit trends

■ Operating revenue was record high, ordinary profit was second highest level

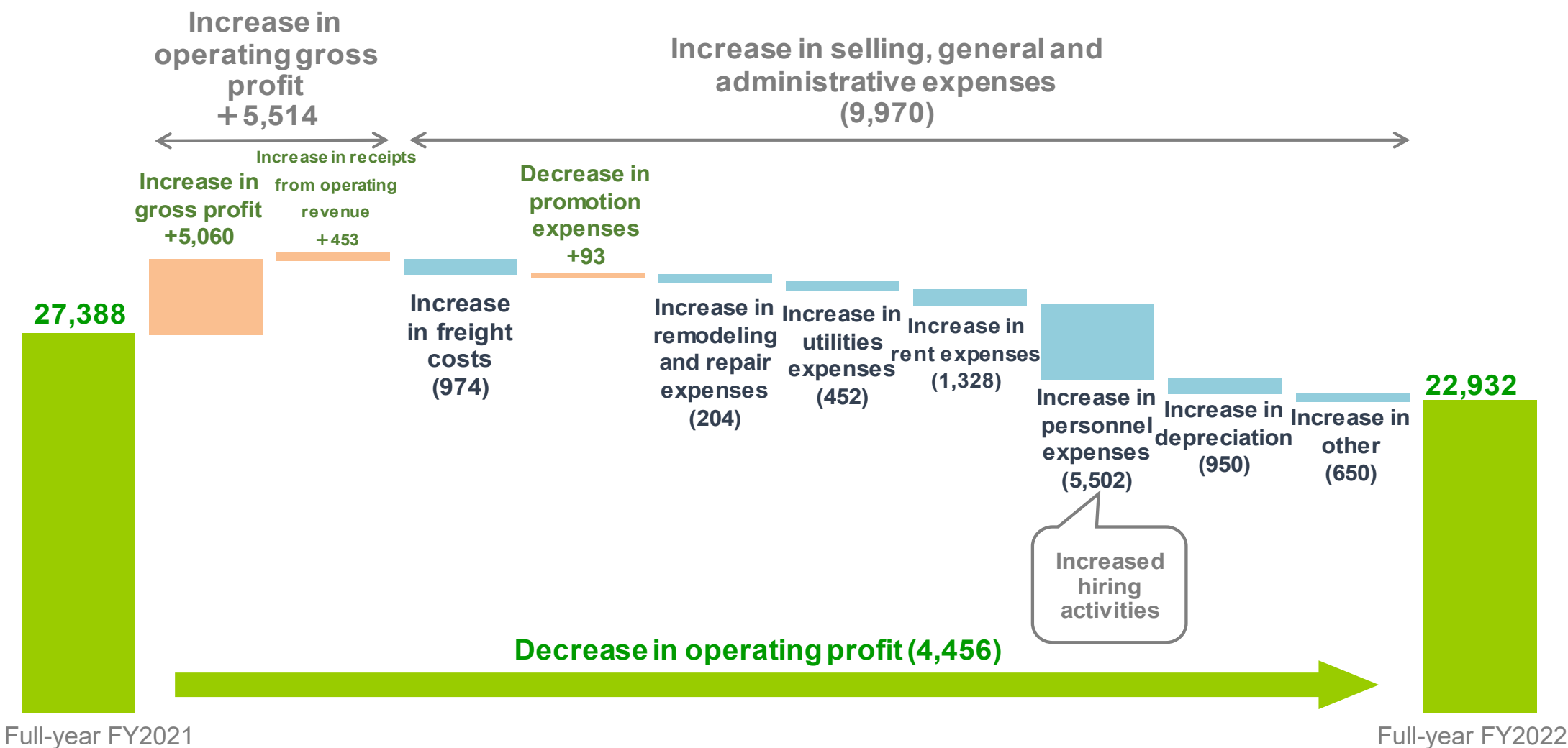




# Factors for change in operating profit (consolidated)

(Unit: Millions of yen)

- Increased personnel expenses in order to increase hiring activities for more powerful sales capabilities



# Investment results

- Strengthened renovations on existing stores. Conducted among most renovations on target stores.

Completed center reorganization; can support up to 400 stores across Japan

(Unit: Millions of yen)

	Full-year FY2021	Major changes
<b>New stores</b>	7,179	Opened 8 new stores
<b>Renovation</b>	6,468	Strengthened renovations on existing stores; major renovations on 32 stores
<b>IT and digital systems</b>	2,591	Expanded adoption of semi-self checkout Introduction of electronic price tags, etc.
<b>Others</b>	6,610	Tempozan PC Biogas power generation Existing store facilities, etc.
<b>Total</b>	<b>22,848</b>	

# Consolidated cash flow

(Unit: Millions of yen)

	Full-year FY2020	Full-year FY2021	Change
Cash flows from operating activities	41,747	(7,926)	(49,673)
Cash flows from investing activities	(20,587)	(20,303)	+283
Cash flows from financing activities	(19,029)	22,695	+41,725
Cash and cash equivalents at end of period	14,943	9,409	(5,533)



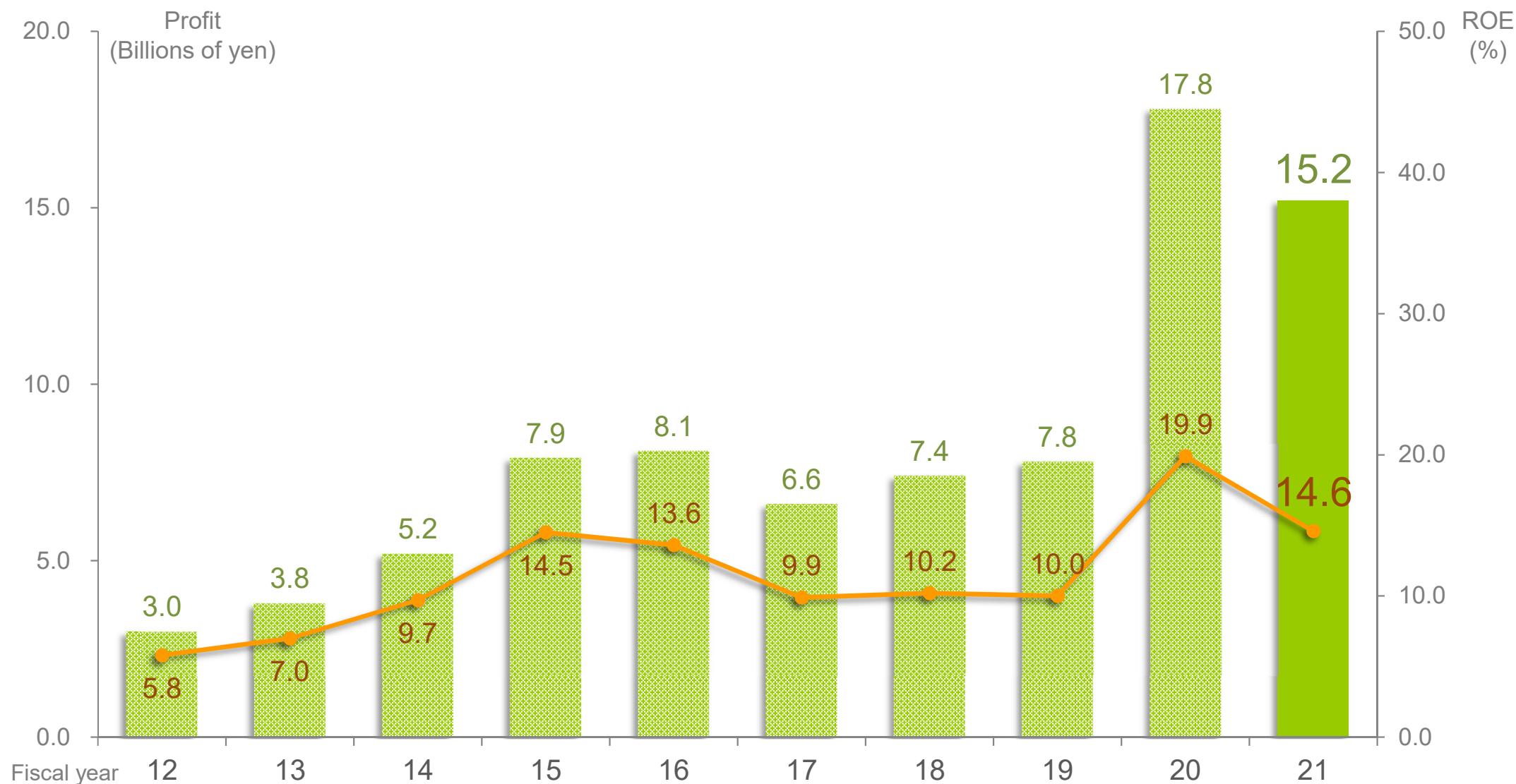
# Consolidated balance sheet

(Unit: Millions of yen, %)

	End-February, 2021	End-February, 2022	Change
Current assets	74,668	<b>74,480</b>	(0.3)
Cash and deposits	15,343	<b>9,809</b>	(36.1)
Inventories	23,383	<b>24,138</b>	+3.2
Accounts receivable - trade	5,524	<b>8,133</b>	+47.2
Accounts receivable - other	27,383	<b>28,544</b>	+4.2
Other	3,033	<b>3,854</b>	+27.1
Non-current assets	193,638	<b>195,748</b>	+1.1
Property, plant and equipment	147,452	<b>150,490</b>	+2.1
Intangible assets	3,635	<b>3,508</b>	(3.5)
Investments and other assets	42,551	<b>41,749</b>	(1.9)
<b>Total assets</b>	<b>268,307</b>	<b>270,229</b>	<b>+0.7</b>
Total liabilities	170,747	<b>159,929</b>	+6.3
(Interest-bearing liabilities)	42,790	<b>69,108</b>	+61.5
Total net assets	97,560	<b>110,299</b>	+13.1
<b>Total liabilities and net assets</b>	<b>268,307</b>	<b>270,229</b>	<b>+0.7</b>

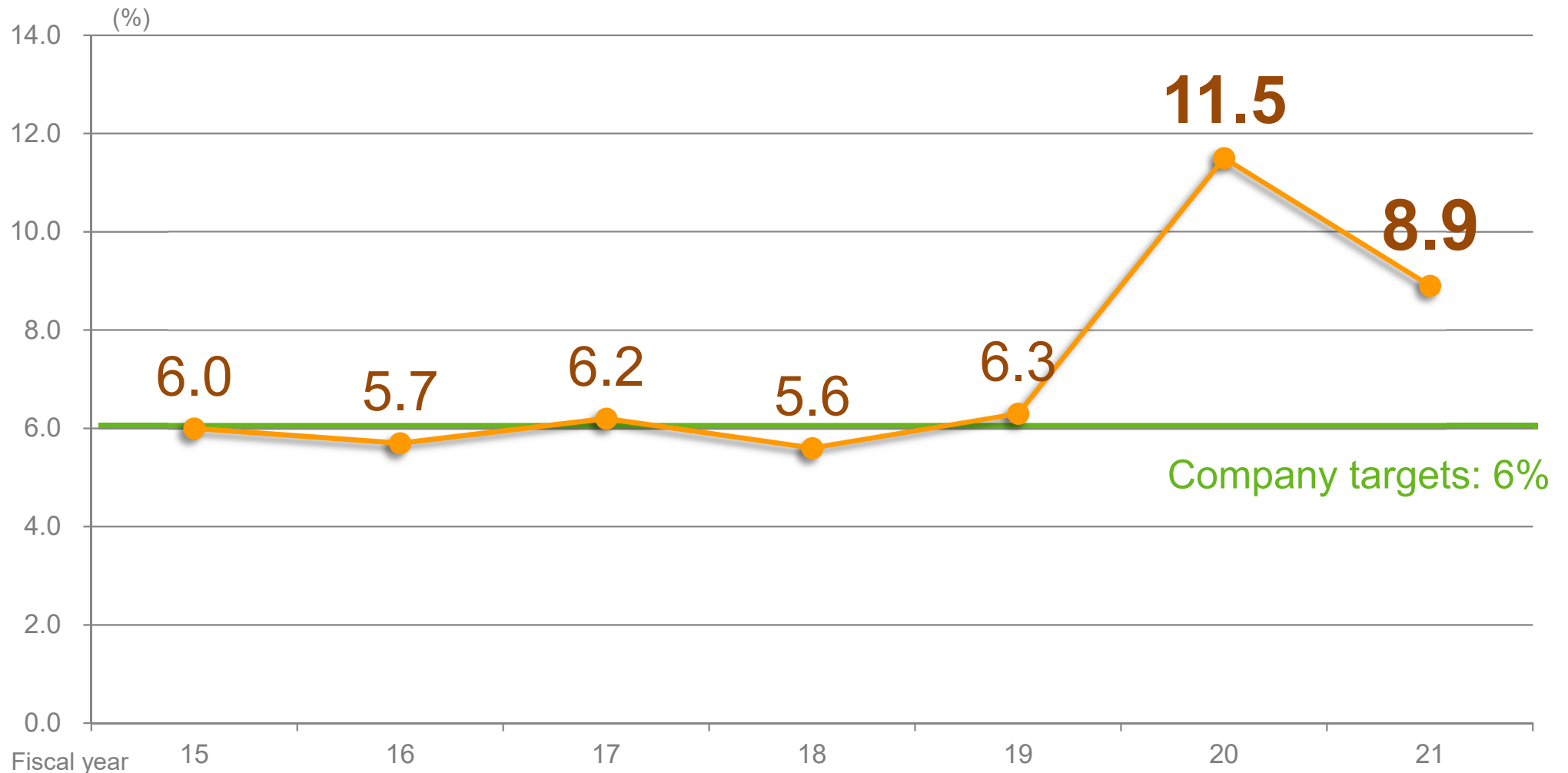
# Profit/ROE trends

■ ROE continued to maintain high levels.



# ROIC (Return on invested capital)

- ROIC is set as important indicator; target set at 6% from 5th Medium-Term Plan
- Operating profit was higher than targets again this fiscal year, clearing targets





## Key points for full-year FY2021 earnings

- 1. 18 consecutive years of sales growth**  
(Operating revenue: 768,335 million yen)
- 2. Second highest ordinary profit**  
(Ordinary profit: 23,695 million yen)
- 3. Record high renovation investments**  
(Renovation investments: 6,468 million yen)

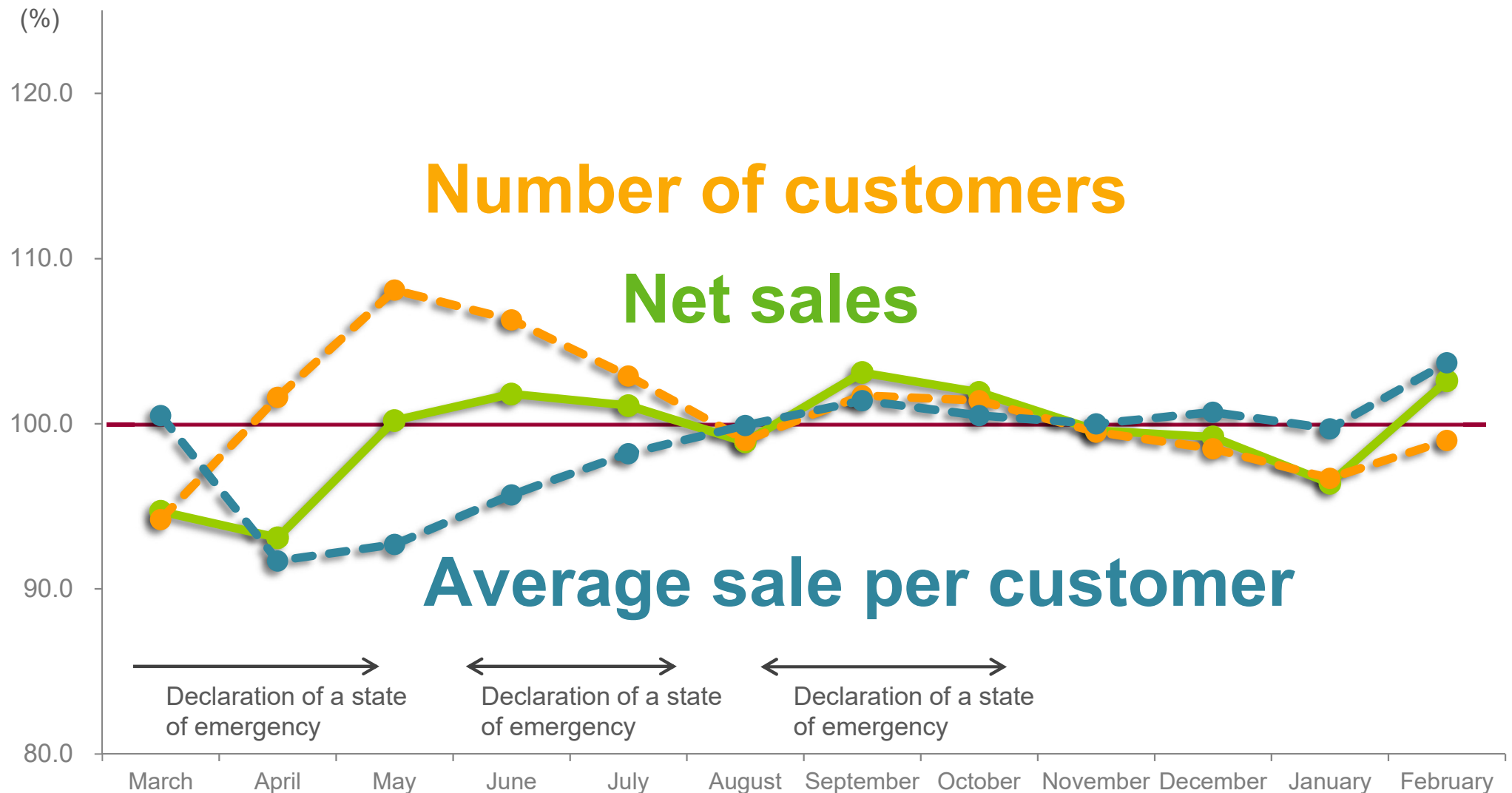
## Key points for full-year FY2021 earnings

### ■ Causes for surpassing initial forecasts

1. Ongoing growth in demand for eating at home
2. New store openings and store renovations going ahead smoothly
3. Results of measures to improve gross profit ratio

## Existing store net sales, number of customers and average sale per customer vs. FY2020 (monthly)

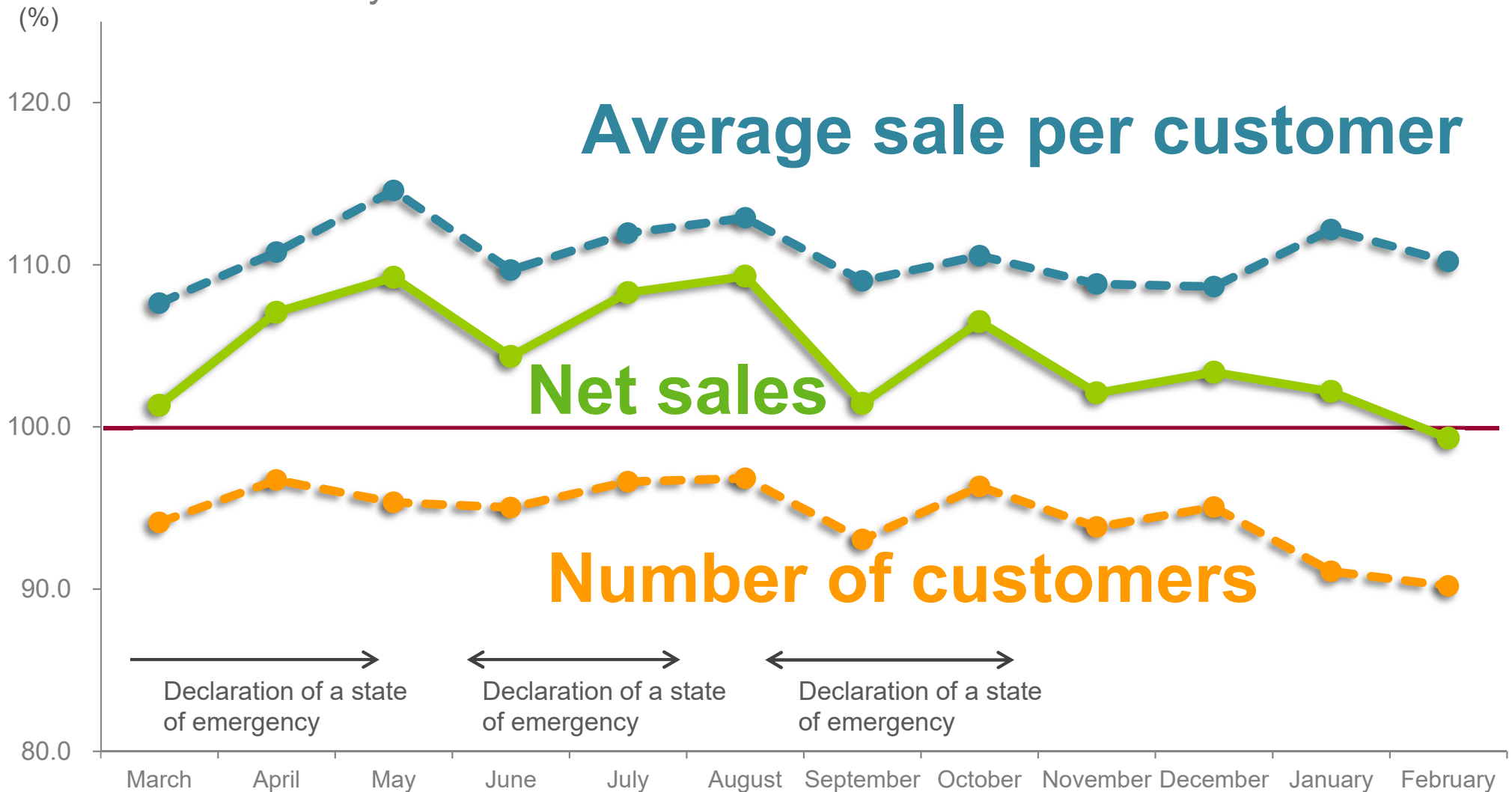
■ Compared with FY2020, both the number of customers and average sale per customer seem to be in line...





## Existing store net sales, number of customers and average sale per customer vs. FY2019 (monthly)

■ Compared with FY2019, frequency of visiting stores was down and people continued to buy in bulk



## (Reference) Existing store net sales, number of customers and average sale per customer (trends by period)

Existing store net sales, number of customers and average sale per customer **vs. FY2020** (%)

	FY2021/1Q	FY2021/2Q	FY2021/3Q	FY2021/4Q
Net sales	96.0	100.6	101.6	99.3
Number of customers	101.1	102.6	100.9	98.1
Average sale per customer	95.0	98.0	100.6	101.3
	First half		Second half	
Net sales	98.2		100.4	
Number of customers	101.8		99.5	
Average sale per customer	96.5		100.9	
	Full year			
Net sales	99.3			
Number of customers	100.7			
Average sale per customer	98.6			

Existing store net sales, number of customers and average sale per customer **vs. FY2019** (%)

	FY2021/1Q	FY2021/2Q	FY2021/3Q	FY2021/4Q
Net sales	105.9	107.3	103.3	101.7
Number of customers	95.3	96.1	94.4	92.2
Average sale per customer	111.1	111.5	109.4	110.3
	First half		Second half	
Net sales	106.5		102.5	
Number of customers	95.7		93.3	
Average sale per customer	111.4		109.8	
	Full year			
Net sales	104.6			
Number of customers	94.6			
Average sale per customer	110.5			

# Net sales/gross profit ratio by division

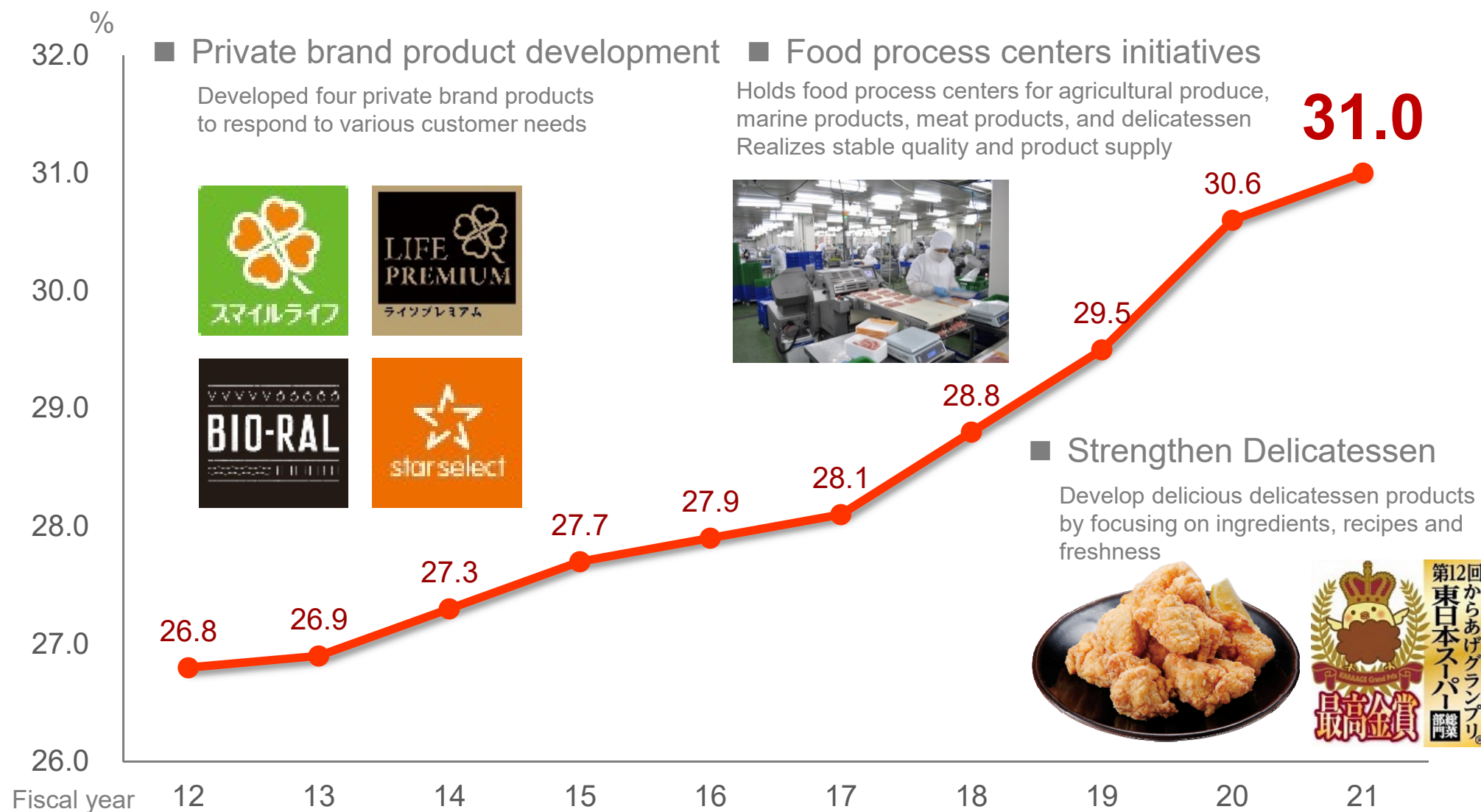
■ Total gross profit ratio increased mainly because sales recovered in delicatessen

Net sales (Unit: Millions of yen, %)					Gross profit ratio (Unit: %)		
Department	FY2020 Full-year	Full-year FY2021			FY2020 Full-year	Full-year FY2021	
			YoY	Compared with existing			Change
Food products	636,177	<b>647,426</b>	101.8	99.6	31.1	<b>31.4</b>	+0.4
Agricultural produce	98,563	<b>98,578</b>	100.0	98.0	28.8	<b>29.5</b>	+0.7
Marine products	57,700	<b>59,063</b>	102.4	100.1	32.3	<b>32.3</b>	±0.0
Meat products	83,262	<b>83,448</b>	100.2	98.0	31.1	<b>31.0</b>	(0.1)
Delicatessen	75,257	<b>81,992</b>	109.0	106.1	54.7	<b>54.9</b>	+0.2
Process and groceries	321,393	<b>324,343</b>	100.9	99.0	26.0	<b>26.0</b>	±0.0
Lifestyle products	66,971	<b>64,823</b>	96.8	95.9	26.9	<b>26.7</b>	(0.2)
Apparel	23,516	<b>23,150</b>	98.4	99.0	38.8	<b>39.4</b>	+0.5
Others	9,680	<b>9,680</b>	100.0	102.0	10.3	<b>10.2</b>	(0.1)
<b>Total</b>	<b>736,346</b>	<b>745,080</b>	<b>101.2</b>	<b>99.3</b>	<b>30.6</b>	<b>31.0</b>	<b>+0.3</b>



# Initiatives to improve gross profit ratio

- Improved gross profit ratio through product development for appealing original products and utilization of the food process centers

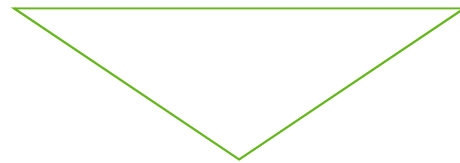


## **2. Realize a sustainable and flourishing society**

## Revision of corporate philosophy

Revised corporate philosophy to meet the changing times while inheriting the ideas from the founding

Through “reliable management with noble aspirations”  
contribute to **improving societal development**



Through “reliable management with noble aspirations”  
contribute towards **the realization of a sustainable and flourishing society**

Richness  
of things

Richness  
of heart

# BIO-RAL business

Business composed of 4 concepts: Organic, Local, Healthy and Sustainability

Contribute to the realization of a sustainable and flourishing society through our main business of product manufacturing and sales

**Gentle on the Earth,  
gentle on People**

By designing, manufacturing, and selling products that don't use pesticides, chemical fertilizers, and food additives as much as possible, BIO-RAL supports the healthy living of people and aims to realize the environmentally-friendly and sustainable world envisioned in SDGs.





# BIO-RAL business

Opened new stores, the second in both Osaka Region and Tokyo Region in FY2021; plans to open new stores in FY2022 as well

Proactively introduced BIO-RAL corners in existing stores and expanded the business

Opened EKI MARCHE OSAKA Store in October 2021



Opened Shimokitazawa Ekimae Store in February 2022



BIO-RAL corners at existing stores





# BIO-RAL business

Strengthened development of private brand products to achieve a lineup of approximately 200 items



**BIO-RAL business (stores + private brand products)**

**net sales grew to approximately ¥4.0 billion; aim for ¥10 billion in short-term**



# Sustainability promotion activities

## ■ Bio-gas power generation

Invested approximately ¥900 million into the Tempozan Food Process Center and newly established one of the largest bio-gas power generation facilities in Japan as a retail business.

By utilizing the remaining food residues generated by the Food Process Center, this initiative aims to **reduce food residues and generate power.**



## Reduction in food residues

Approximately **4,380** tons a year

## Generated power volume

Approximately **700,000** kWh a year  
(Powers approximately 160 households)

# Sustainability promotion activities

## ■ ZEB (Net Zero Energy Building) certification

Acquired **ZEB certification (ZEB Ready)** as a building that realizes energy-saving for the first time at the Toyosu Store in FY2022. Also, plan to acquire ZEB certification at the Yokohama Hananokicho building.



Toyosu Store



Yokohama Hananokicho building





## Sustainability promotion activities

### ■ Implemented renewable energy

From April 2022, procured all electricity from renewable energy at the Tokyo Headquarters, Osaka Headquarters and neighboring Central Square Nishi-miyahara Store.

## Reduced CO2

Approximately **1,300** tons a year

### ■ Solar power generation

Set up solar power generation facilities at 15 locations at stores and Food Process Center in order to generate power



## Generated power volume

Approximately **1.4 million** kWh a year  
(Powers approximately 320 households)

# Sustainability promotion activities

- Introduced environmentally-friendly cutlery  
Switched from plastic to paper/wood straws and spoons provided at stores



## Reduction of plastic straws/spoons

Approximately **17** million pieces  
(**30** tons) a year

- Activities to educate on food and food loss  
Held education sessions teaching the importance of food at elementary schools and nursery schools



## Food education sessions

Reached **25,099** students  
at **322** schools in FY2021

### **3. FY2021/FY2022 initiatives**

**Differentiating ourselves from the competition**





## **Differentiating ourselves from the competition by:**

- **Strengthening development of original products**
- **Proactively investing in new stores and renovations**
- **Expanding online supermarkets**
- **Promoting card business**
- **Utilizing digital technology**



# Strengthening development of private brand

Strengthen development of four private brand products

Brand name	Results (millions of yen)	YoY	Number of items	Sales composition
 Smile Life	43,381	102.1	800	5.8
 LIFE PREMIUM	8,124	104.7	153	1.1
 BIO-RAL	2,900	160.3	189	0.4
 star select	10,823	94.6	207	1.5
<b>Total</b>	<b>65,228</b>	<b>103.6</b>	<b>1,349</b>	<b>8.8</b>

## High acclaim from top chef on TV ranking corner

(TBS “LOVE it!”/“SATURDAY PLUS”)

- Meat sauce category No. 1
- Grilled meat sauce flavor category No. 1
- Yogurt category No. 2
- Frozen pizza category No. 2

## Popular products raved about on TV!



# Strengthening development of original products

Develop highly fresh and high added-value products that utilize food process centers



Hot pot set



Chicken meatballs with collagen



Miso-marinated silver salmon using BIO-RAL's long-fermented no-food-additive organic miso



Bento boxes/salads





# Proactively investing in new stores and renovations

Opened 8 new stores, including stores in large commercial facilities, small urban stores, and BIO-RAL



March 2021  
Higashinippori Store



April 2021  
Mizonokuchi Store



September 2021  
Shijo karasuma Store



November 2021  
SEVEN PARK Amami Store



December 2021  
HIRAKATA T-SITE Store



October 2021  
EKI MARCHE OSAKA Store



February 2022  
Shimokitazawa Ekimae Store



September 2021  
Hongo 3-chome Ekimae Store



Utilize own food process centers and satellite delicatessen centers, to realize strong product capabilities and full lineups even in small urban stores



# Proactively investing in new stores and renovations

Performed 32 large-scale renovations to create Life-style stores that meet customer needs

## <Major renovations>

- Opened online supermarkets
- Implemented BIO-RAL corner
- Implemented semi-self checkouts
- Enhanced lineup that meets regional needs and high demand for eating at home
- Converted to energy-saving and highly-efficient frozen cases
- Communications environment in stores, etc.

## Renovated Kyodo Store

Before



After



Expand and install BIO-RAL corners for food/lifestyle products





# Proactively investing in new stores and renovations

In FY2022, plans to open the Central Square Yebisu Garden Place Store as a flagship, along with 11 new stores, primarily large stores

## ■ Central Square Yebisu Garden Place Store (opens on April 15)



## ■ Horikawa Kitayama Store (opens on April 27)



## ■ Kameido Clock Store (opens on April 28)



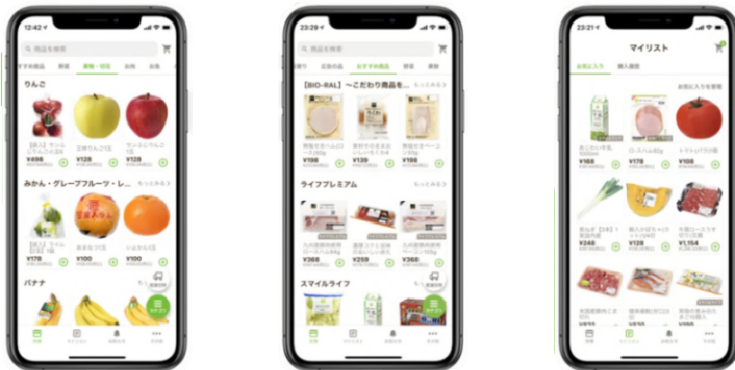
## ■ Toyosu Store



# Expanding online supermarkets

Conduct app development and systems development for online supermarkets to improve convenience and enhance store work efficiency

## ■ Developed online supermarket app/systems



## ■ NPS® Benchmarks 2021 Claimed top spot two years in a row



The Company received positive reviews for both products (richness of lineup, freshness of fresh food products) and services (high quality distribution, including delivery staff service and packaging) to claim the top spot for the second consecutive year

## ■ Established LIFE HOME DELIVERY

In order to achieve stable distribution and high quality services, the Company established LIFE HOME DELIVERY as a joint venture with the Maguchi Group and began operations from June. In the midst of a serious logistics crisis, the Company prepared distribution functions itself to achieve an important role that connect last mile delivery.





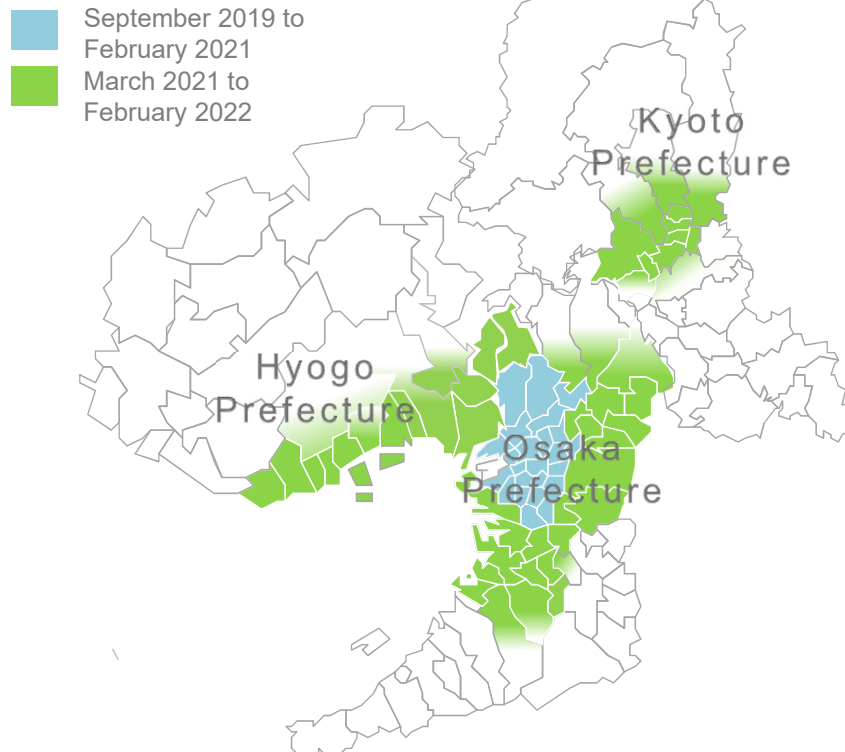
# Expanding online supermarkets

Increased speed and expanded service area of Life's Amazon online supermarket

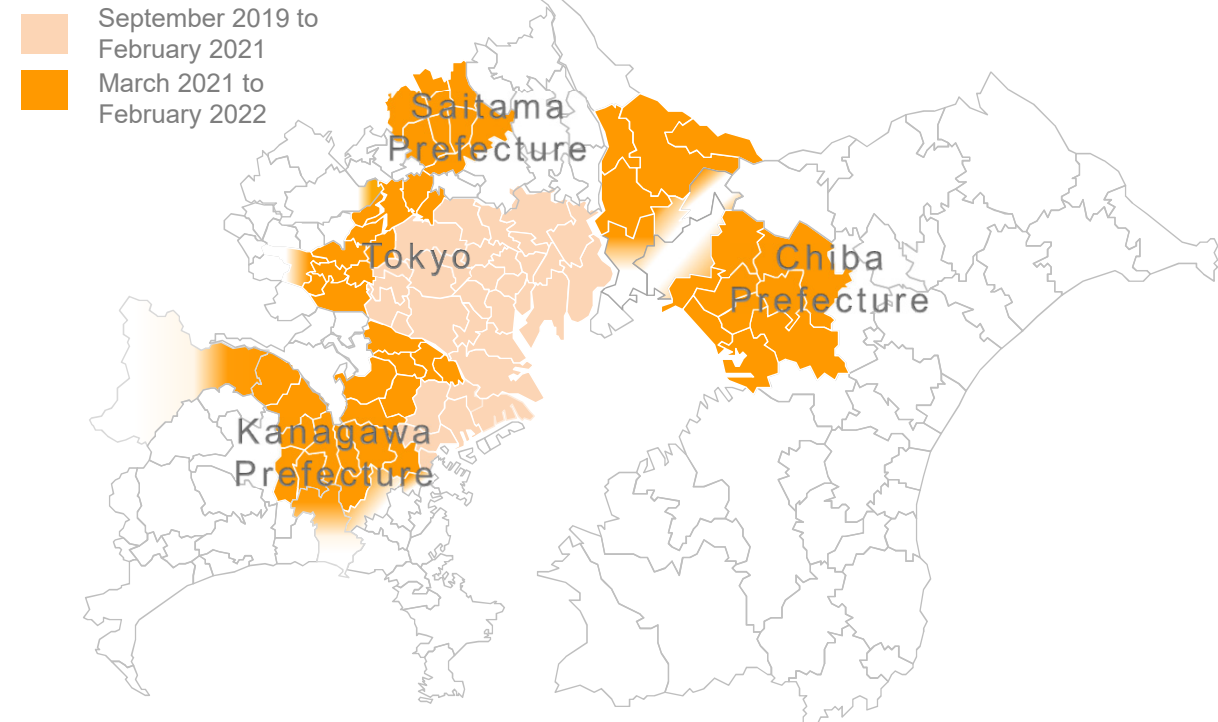
## ■ Current service areas

	Osaka Prefecture	Kyoto Prefecture	Hyogo Prefecture	Tokyo	Kanagawa Prefecture	Saitama Prefecture	Chiba Prefecture
End-February, 2021	4 cities (21 wards of Osaka City)			23 wards/ 4 cities	2 cities		
End-February, 2022	23 cities (23 wards of Osaka City)	3 cities	6 cities	23 wards/13 cities	8 cities	5 cities	13 cities

[Osaka Region Service Area]



[Tokyo Region Service Area]



\*Service area for each prefecture is only certain areas

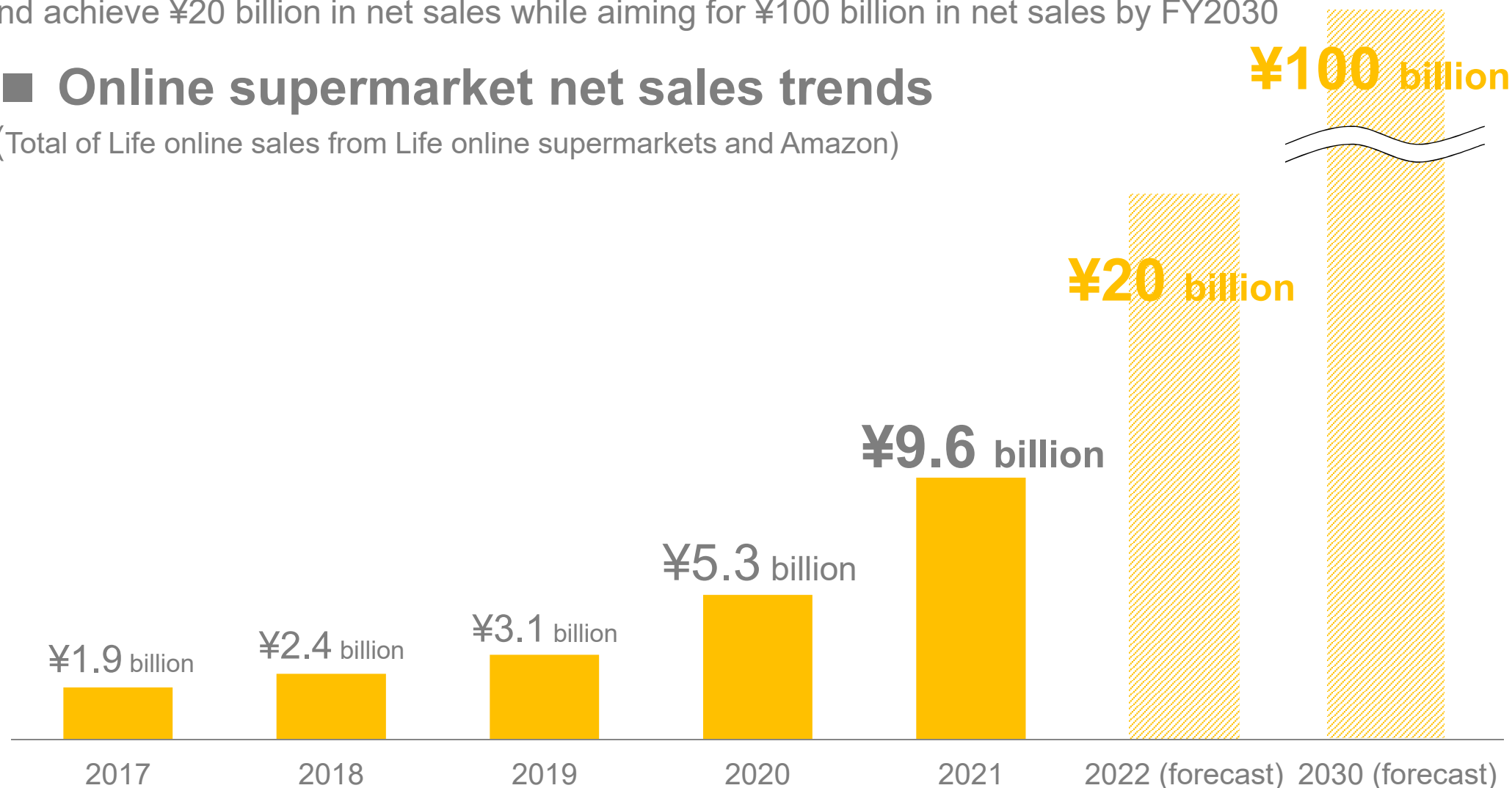


# Expanding online supermarkets

After opening locations and expanding capacity of existing stores, FY2021 net sales ended roughly in line with forecasts at approximately ¥9.6 billion. In FY2022, the Company will further expand capacity and achieve ¥20 billion in net sales while aiming for ¥100 billion in net sales by FY2030

## ■ Online supermarket net sales trends

(Total of Life online sales from Life online supermarkets and Amazon)



# Promoting card business

Aimed for ongoing use and creating regular customers by strengthening entrance and use of the company credit card, the LC JCB Card.

This is the most valuable card for customers looking to earn Life Points.

There are also merits to the Company as it reduces the handling fees from other company credit cards.

## ■ Plans to promote membership and use of LC JCB Card

Maximized and strengthened LC JCB Card membership promotion plans through FY2021

## ■ Number of members



Company credit card  
LC JCB Card



E-money membership card  
LaCuCa

Approximately **4.9 million** people  
(+340,000 persons YoY)

## ■ Ratio of cashless payment (as of February 2022)

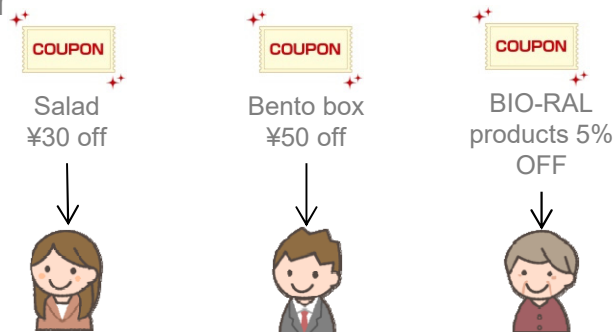
**56.1%** (+2.9% YoY)

# Utilizing digital technology

Utilized digital technology to execute marketing suited to each customer. Also improved efficiency of employee working environment, used generated free time for customer service and sales display building, and further enhanced the service level of stores

## ■ One to One marketing

Provide coupons and information that suits each Life member



## ■ Expanded categories that support AI ordering

Used for groceries until now, but expanded to other categories

## ■ Implemented POS cart experiments

By registering products while shopping, significantly shrink the waiting time at the register and improve efficiency of cashiering



## ■ Expanded electronic price tags

Plans to implement in all stores in Tokyo Region in FY2022. Reduces work to create and replace price tags daily; significantly improves work efficiency



New supermarket...

“**SUPERMARKET 4.0**”

from Central Square Yebisu Garden Place Store

# Evolution of our supermarket

## SUPERMARKET

# 1.0

Self service method  
(1953-)

## SUPERMARKET

# 2.0

Online supermarkets  
(2000s-)

## SUPERMARKET

# 3.0

Expand organic products  
(2010s-)



Kinokuniya opened first self service supermarket in Japan in Aoyama in 1953



In the 2000s, major supermarkets and grocery stores entered the field on online supermarkets



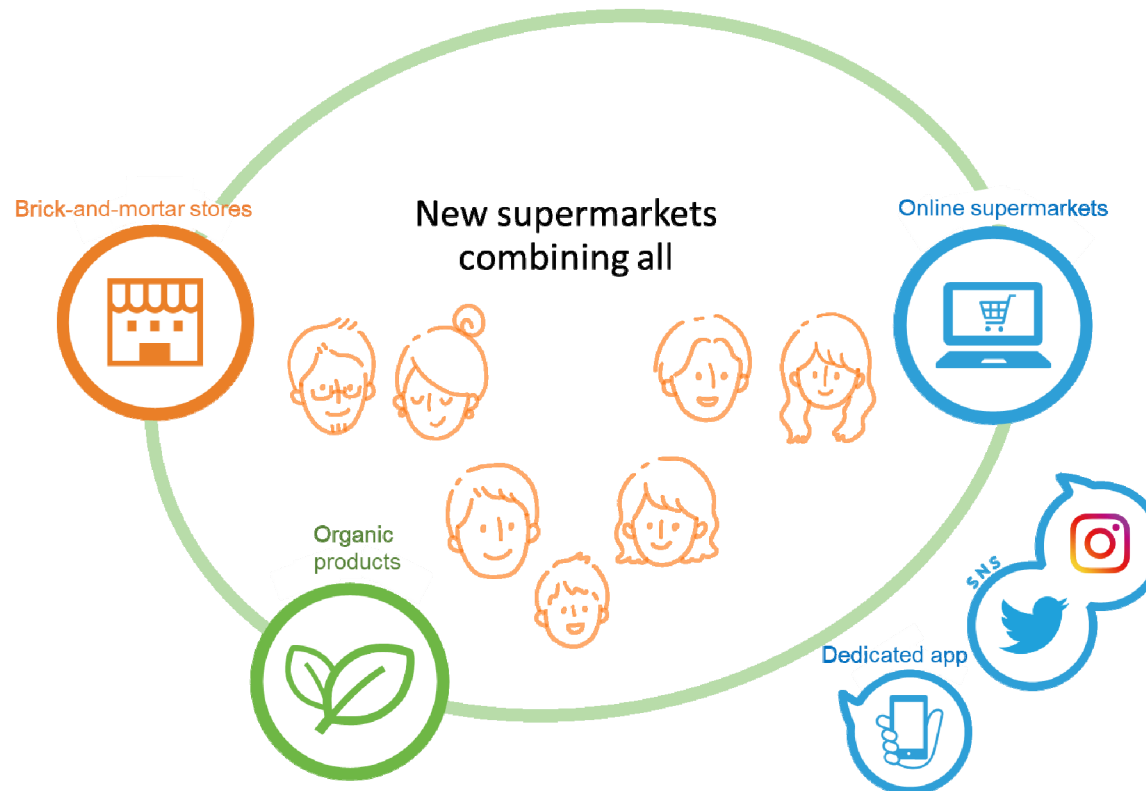
In the 2010s, the age of organic products began after the “Organic Equivalency Arrangement” was agreed upon regarding organic products in Japan and the US

# Evolution of our supermarket

SUPERMARKET

4.0

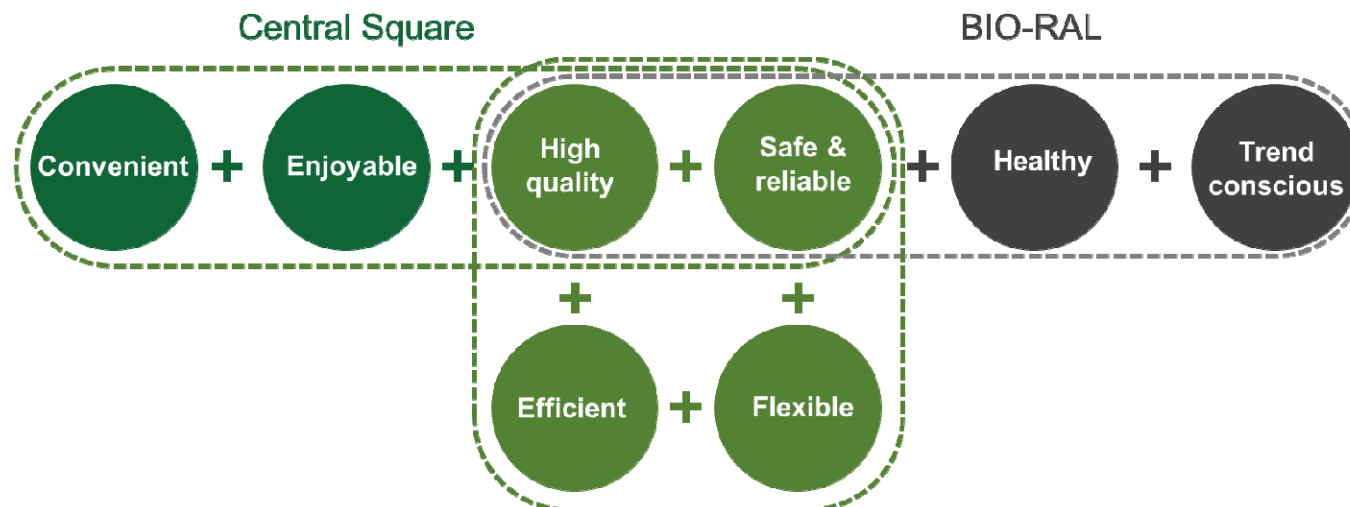
Brick and mortar stores, online supermarkets, and organic products lead to newly shaped supermarkets that connect seamlessly and cross borders



# “SUPERMARKET 4.0”

First next-generation supermarkets in Japan  
that fuse two formats of Central Square and BIO-RAL: brick and mortar  
stores and online stores

Providing a rich food experience while supporting people’s health  
and creating a fun and convenient shopping environment.  
Yebisu Garden Place Store will realize a new type of supermarket that can  
be continuously chosen by people in many regions  
by expanding use need and life scenes.

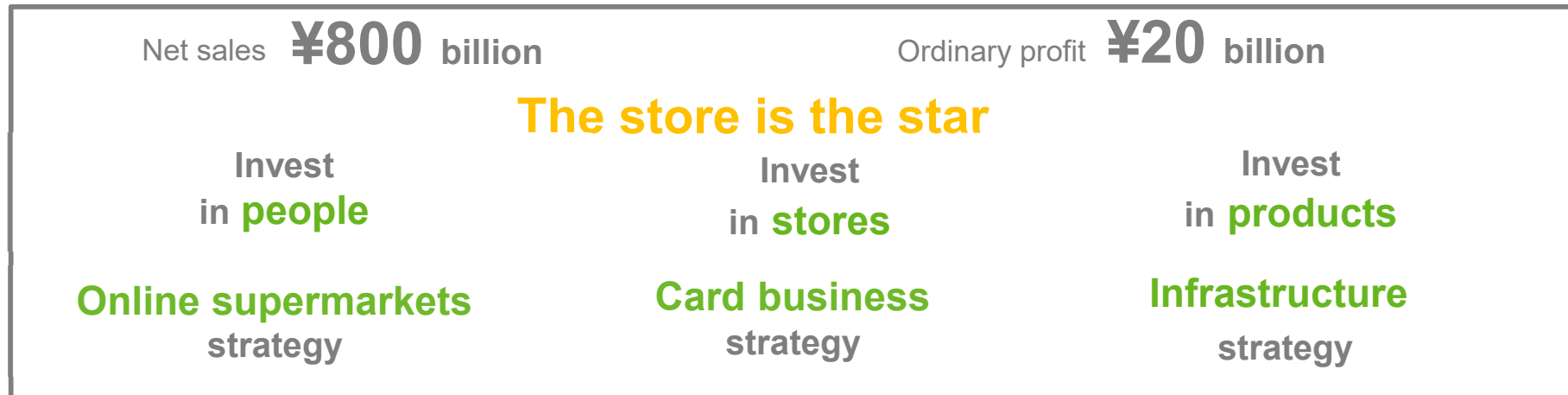




## 4. Full-year forecast for FY2022

# Medium-Term Plan

## ■ 6th Medium-Term Plan (FY2018-)



Progress exceeded forecasts, however some issues remain due to COVID-19...



FY2022 is positioned as the “**year of completion**”  
for the 6th Medium-Term Plan



**Start new Medium-Term Plan from FY2023**

# Full-year forecast for FY2022 (consolidated)

- Achieve ¥20 billion in ordinary profit target as the year of completion of 6th Medium-Term Management Plan

Unit: Millions of yen	Full-year FY2019	Full-year FY2020	Full-year FY2021	Full-year FY2022	Change	
					Vs. Full-year FY2019	Vs. Full-year FY2021
Operating revenue	714,684	759,146	768,335	<b>770,000</b>	*	*
Operating profit	13,879	27,388	22,932	<b>23,200</b>	+67.2%	+1.2%
Ordinary profit	14,558	28,156	23,695	<b>24,000</b>	+64.9%	+1.3%
(Reference) Medium-Term Plan Ordinary profit targets	13,200	15,500	20,000	<b>20,000</b>		
Profit	7,834	17,824	15,208	<b>15,500</b>	+97.9%	+1.9%

\*Life Corporation has applied the revised “Accounting Standard for Revenue Recognition,” etc. from the beginning of FY2022. Forecasts are made based on these standards.

However, change is not included due to different assumptions in calculation methods for operating revenue. Operating revenue is expected to decrease by approximately ¥22.0 billion.

## Investment plan

- In FY2022, open many large stores and increase investments in new stores  
Also proactively invest in systems and strengthen sales capabilities

(Unit: Millions of yen)

	Full-year FY2021	Full-year FY2022	Major changes
<b>New stores</b>	7,179	16,500	Open 11 new stores
<b>Renovation</b>	6,468	2,400	11 major store renovations
<b>IT and digital systems</b>	2,591	6,500	Expand use of electronic price tags, etc.
<b>Others</b>	6,610	4,100	Existing store facilities, etc.
<b>Total</b>	<b>22,848</b>	<b>29,500</b>	

