



LIFE CORPORATION Financial Results Briefing For the First Half of FY2022

(First Six Months of the Fiscal Year Ending February 28, 2023)

October 12, 2022

1. FY2022 First Half (H1) performance overview

Key points for FY2022 H1 earnings

1. Net sales posted 100.2% YoY*

Net sales of existing stores posted 98.7% YoY*

*Results are compared using the figures before applying the “Accounting Standard for Revenue Recognition”

2. Gross profit ratio posted 30.9%* (+0.3% YoY*)

Expansion of high-value-added products and delicatessens
Effective use of food process centers

*Results are compared using the figures before applying the Accounting Standard for Revenue Recognition

3. Ordinary profit posted ¥9.3 billion due to increased selling, general and administrative expenses (down ¥6.2 billion YoY)

Up ¥3.3 billion compared with FY2019, the period before COVID-19

FY2022 H1 performance overview (consolidated)

| Unit: Millions of yen | FY2021 H1 | FY2022 H1 | Change |
|-----------------------|-----------|----------------|---------------|
| Operating revenue | 387,093 | 377,563 | *1 — |
| Operating profit | 15,251 | 8,914 | *2 (41.6%) |
| Ordinary profit | 15,603 | 9,331 | *2 (40.2%) |
| Profit | 10,782 | 6,412 | *2 (40.5%) |

*1: Accounting treatment methods are different for comparative periods due to the application of the “Accounting Standard for Revenue Recognition.” Accordingly, changes in operating revenue from the previous period are not stated.

*2: Accounting treatment methods are different for comparative periods due to the application of the “Accounting Standard for Revenue Recognition.” However, changes from the previous period are stated because the effects on amounts are immaterial.

Effects of the application of the “Accounting Standard for Revenue Recognition”

(Unit: Millions of yen)

| | | FY2022 H1 | | |
|---|---|------------------------|----------|-----------------------|
| | | Before the application | Effect | After the application |
| ① | Operating revenue (② + ⑤) | 387,817 | (10,254) | 377,563 |
| ② | Net sales | 376,092 | (11,841) | 364,251 |
| ③ | Cost of sales | 260,045 | (7,637) | 252,407 |
| ④ | Gross profit | 116,046 | (4,203) | 111,843 |
| ⑤ | Receipts from operating revenue | 11,724 | +1,586 | 13,311 |
| ⑥ | Operating gross profit | 127,771 | (2,616) | 125,155 |
| ⑦ | Selling, general and administrative expenses | 118,850 | (2,609) | 116,241 |
| ⑧ | Operating profit | 8,921 | (6) | 8,914 |

* Major factors derive from the changes in accounting methods of, among others, rents for tenants, our point system, and transactions in which purchase of goods, etc. is recognized at the time of sales thereof (*shoka shiire*)

* Effect on each profit item below operating profit to profit before income taxes is equivalent to the effect on operating profit

YoY changes before the application of the “Accounting Standard for Revenue Recognition”

(Unit: Millions of yen)

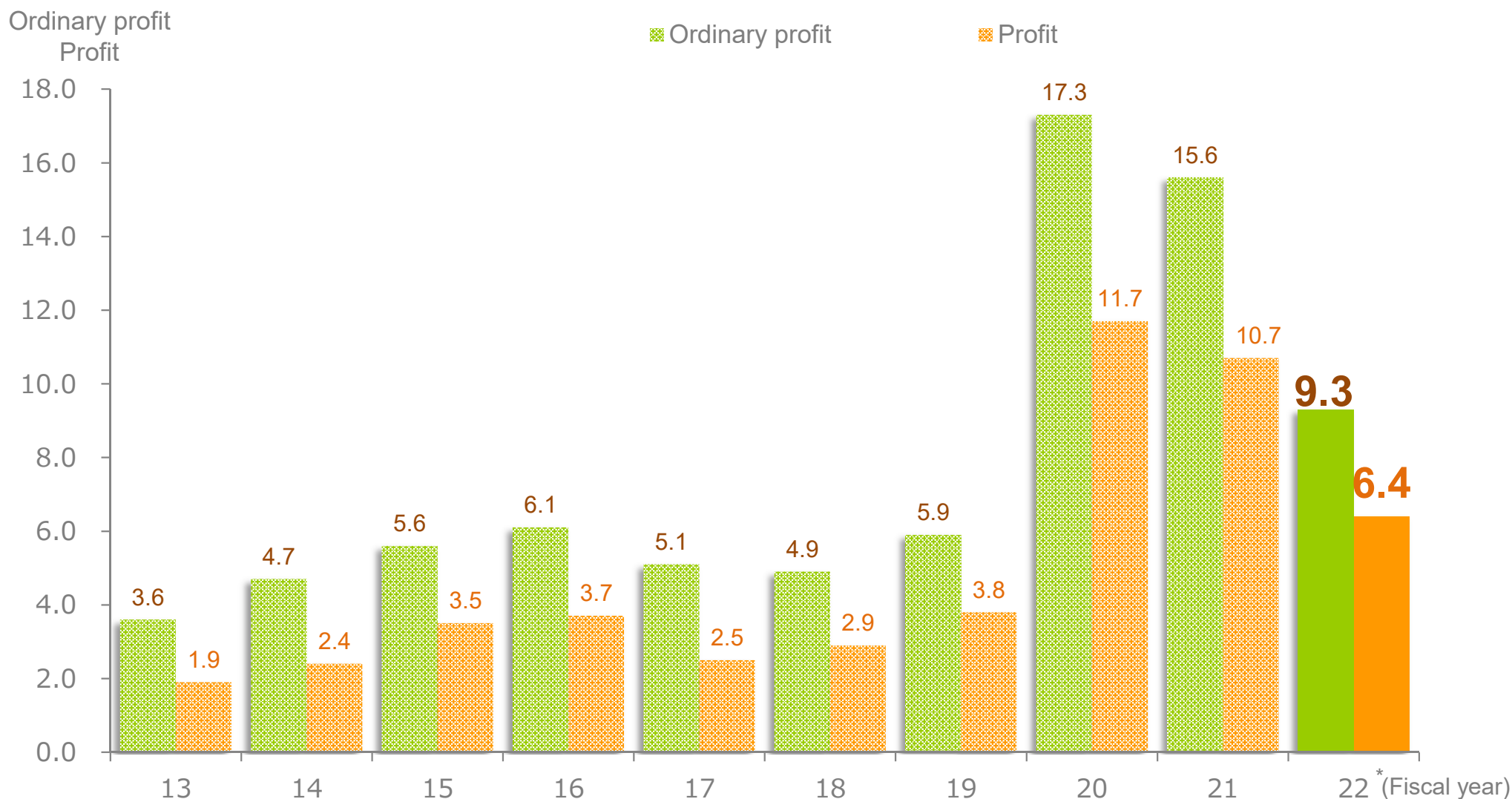
| | | FY2022 H1 | FY2021 H1 | Change |
|---|---|-----------|-----------|---------|
| ① | Operating revenue (② + ⑤) | 387,817 | 387,093 | +724 |
| ② | Net sales | 376,092 | 375,382 | +709 |
| ③ | Cost of sales | 260,045 | 260,368 | (322) |
| ④ | Gross profit | 116,046 | 115,014 | +1,032 |
| ⑤ | Receipts from operating revenue | 11,724 | 11,710 | +14 |
| ⑥ | Operating gross profit | 127,771 | 126,725 | +1,046 |
| ⑦ | Selling, general and administrative expenses | 118,850 | 111,473 | +7,377 |
| ⑧ | Operating profit | 8,921 | 15,251 | (6,330) |

* Effect on each profit item below operating profit to profit before income taxes is equivalent to the effect on operating profit

Ordinary profit and profit trends (FY2022 H1)

Third highest ordinary profit following FY2020 and FY2021 that showed growth in demand for eating at home

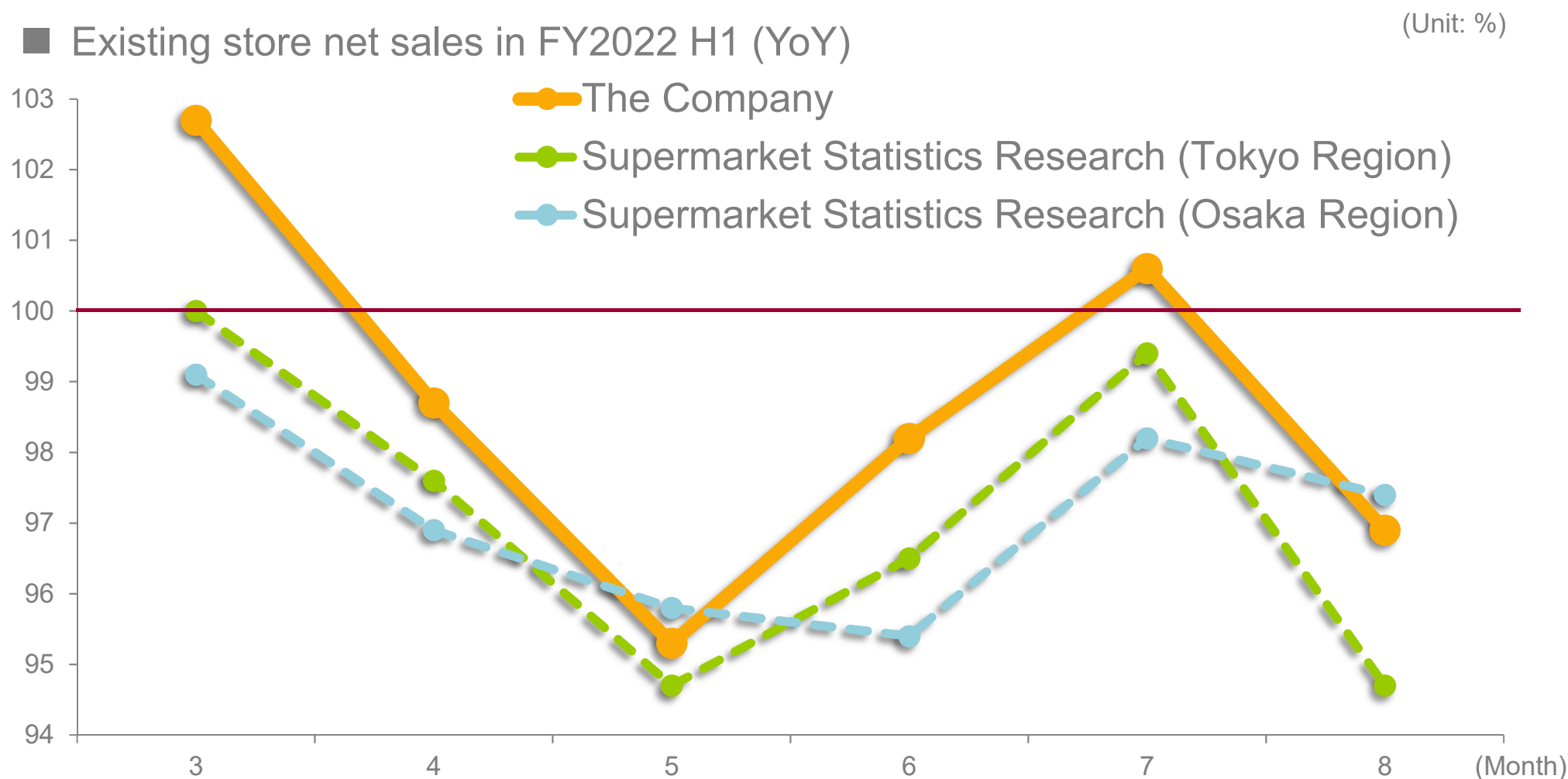
(Unit: Billions of yen)



*Figures after the application of the "Accounting Standard for Revenue Recognition"

Changes in demand for eating at home (industry trends)

Demand for eating at home soared during COVID-19, but is on a course to settle down. Except for the data in the Osaka Region for May and August, the monthly net sales of our existing stores exceeded the figures of the statistics data (the Supermarket Statistics Research) for the Tokyo Region and the Osaka Region in which we operate our stores.

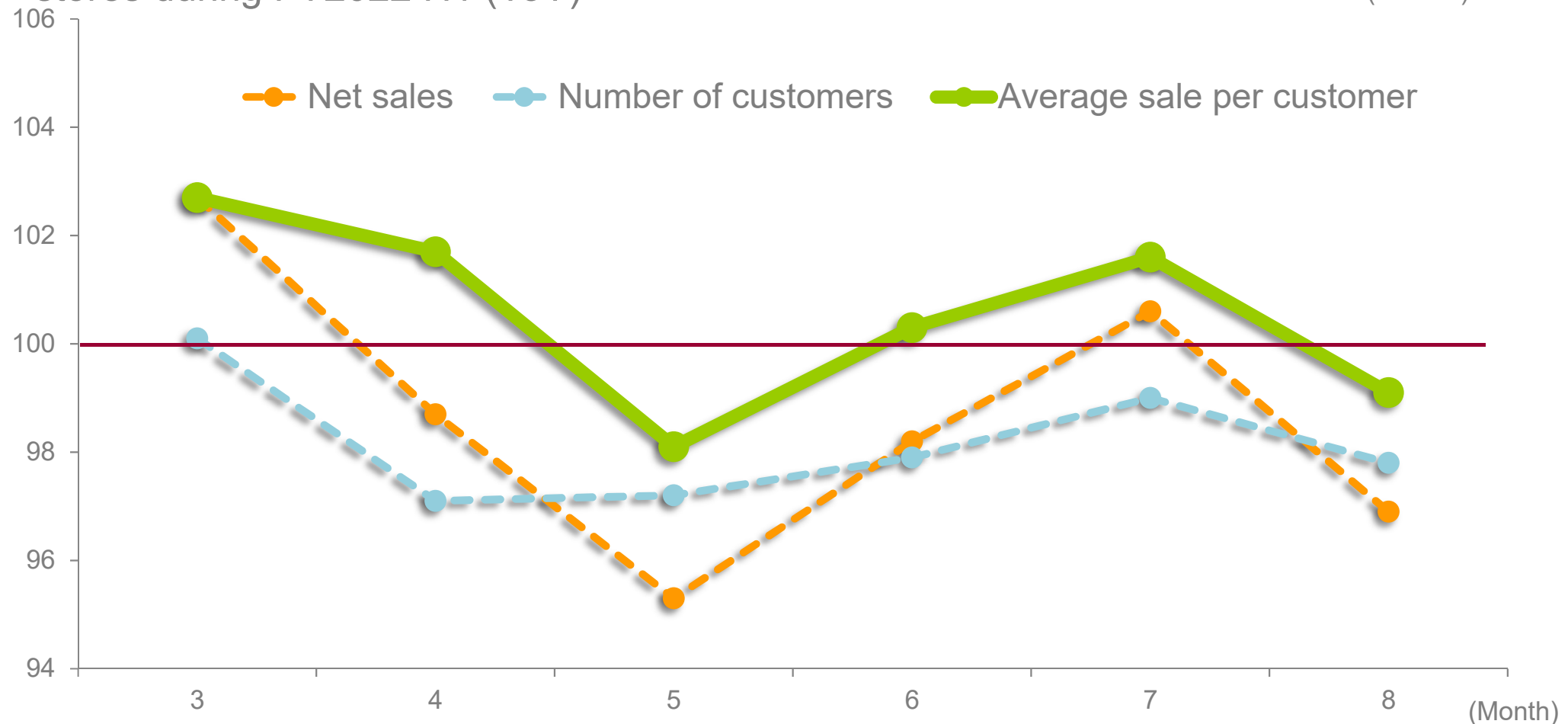


Changes in demand for eating at home (trends in number of customers and average sale per customer)

Soaring demand for eating at home is on a course to settle down. The number of customers falls below the FY2021 level, but an average sale per customer remains flat

■ Net sales, number of customers, and average sale per customer in existing stores during FY2022 H1 (YoY)

(Unit: %)



Changes in demand for eating at home (trends in unit price and number of items purchased)

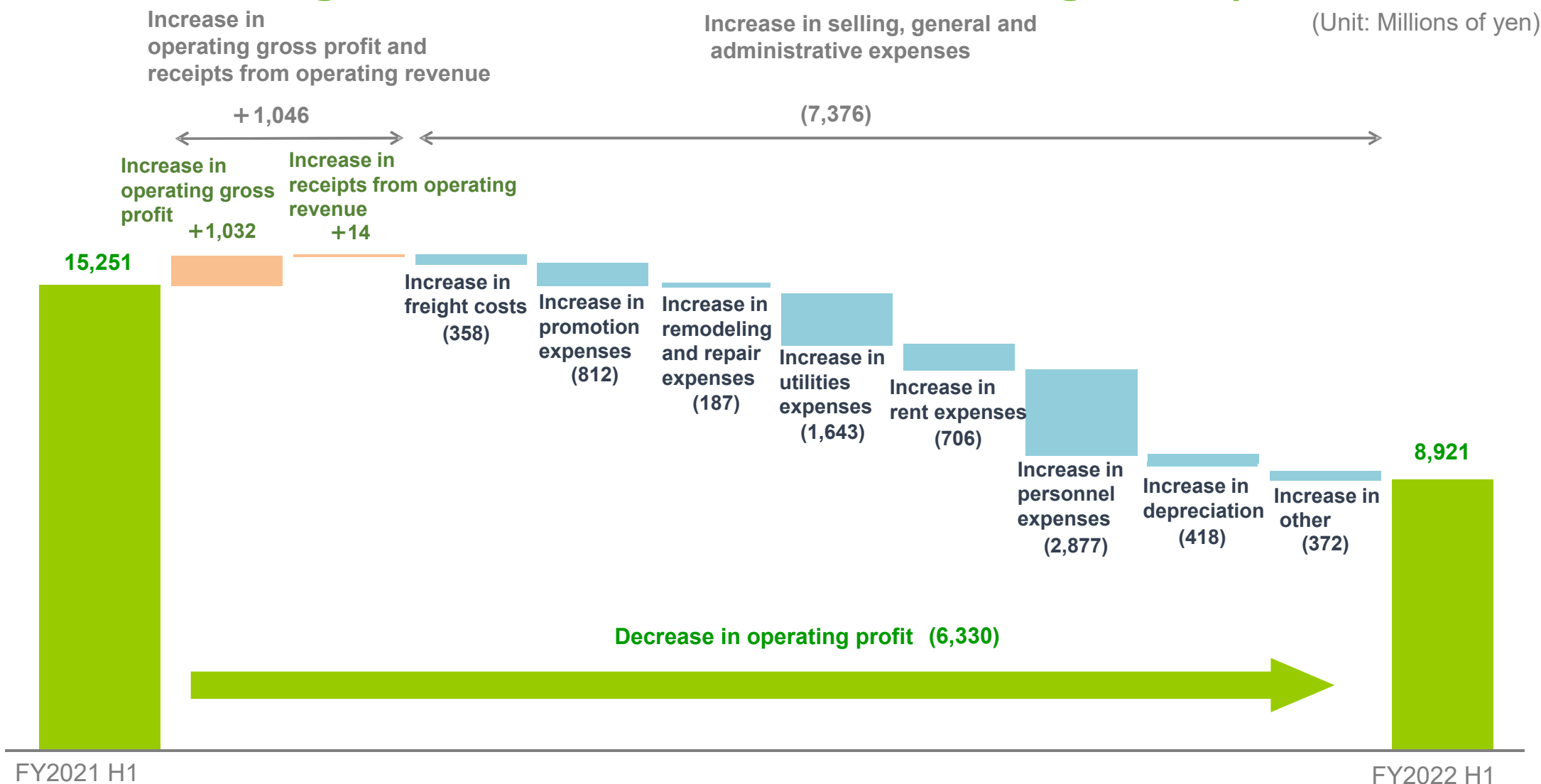
The number of items purchased per shopping falls below the FY2021 level, but unit price remains relatively high due to the expansion of value-added products and revision of prices. An average sale per customer remains flat.

■ Average sale per customer, unit price, and number of items purchased in existing stores during FY2022 H1 (YoY) (Unit: %)



Reference: Factors of changes in operating profit during FY2022 H1 (on a basis before the application of the Accounting Standard for Revenue Recognition)

(Unit: Millions of yen)



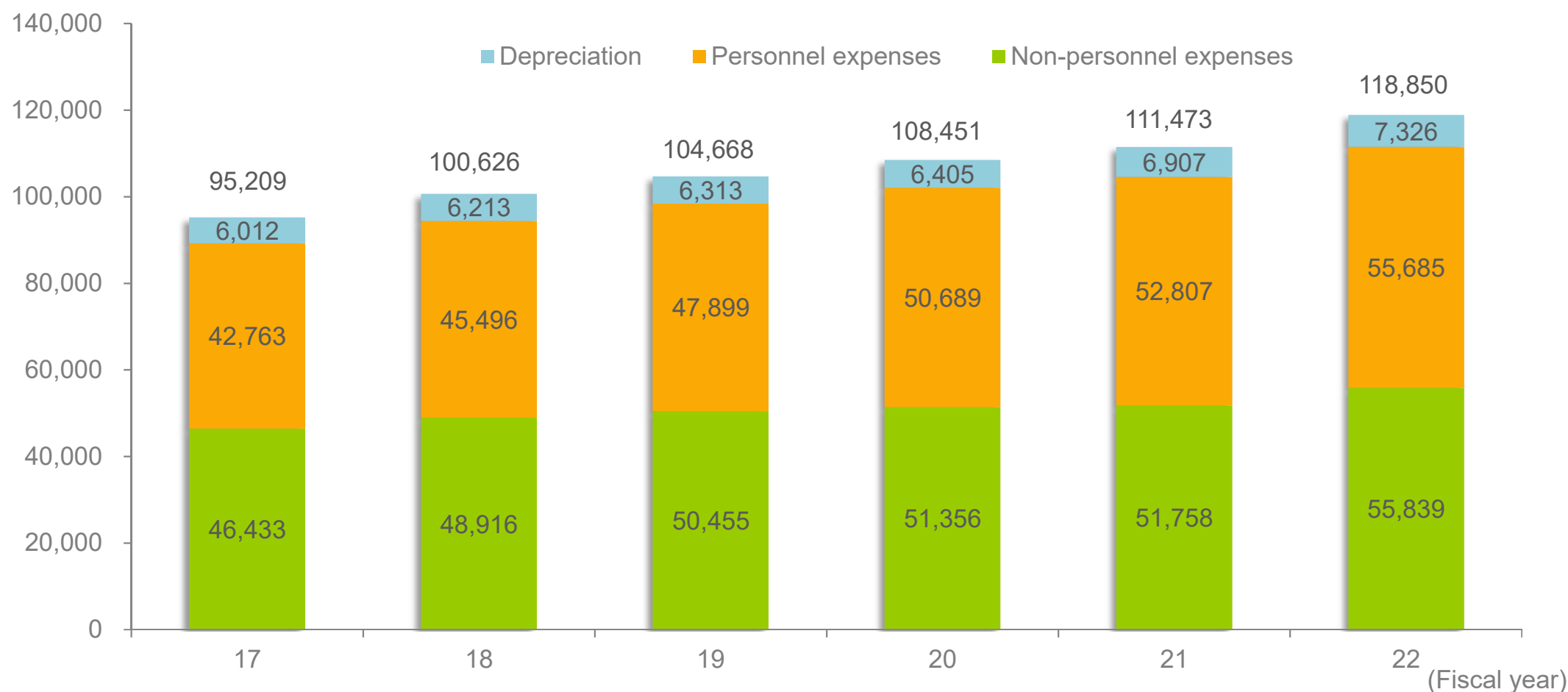
Reference: Trends in selling, general and administrative expenses during FY2022 H1

(on a basis before the application of the Accounting Standard for Revenue Recognition)

Selling, general and administrative expenses shows an increasing trend due to growth investment and changes in the social environment

■ Breakdown of selling, general and administrative expenses

(Unit: Millions of yen)

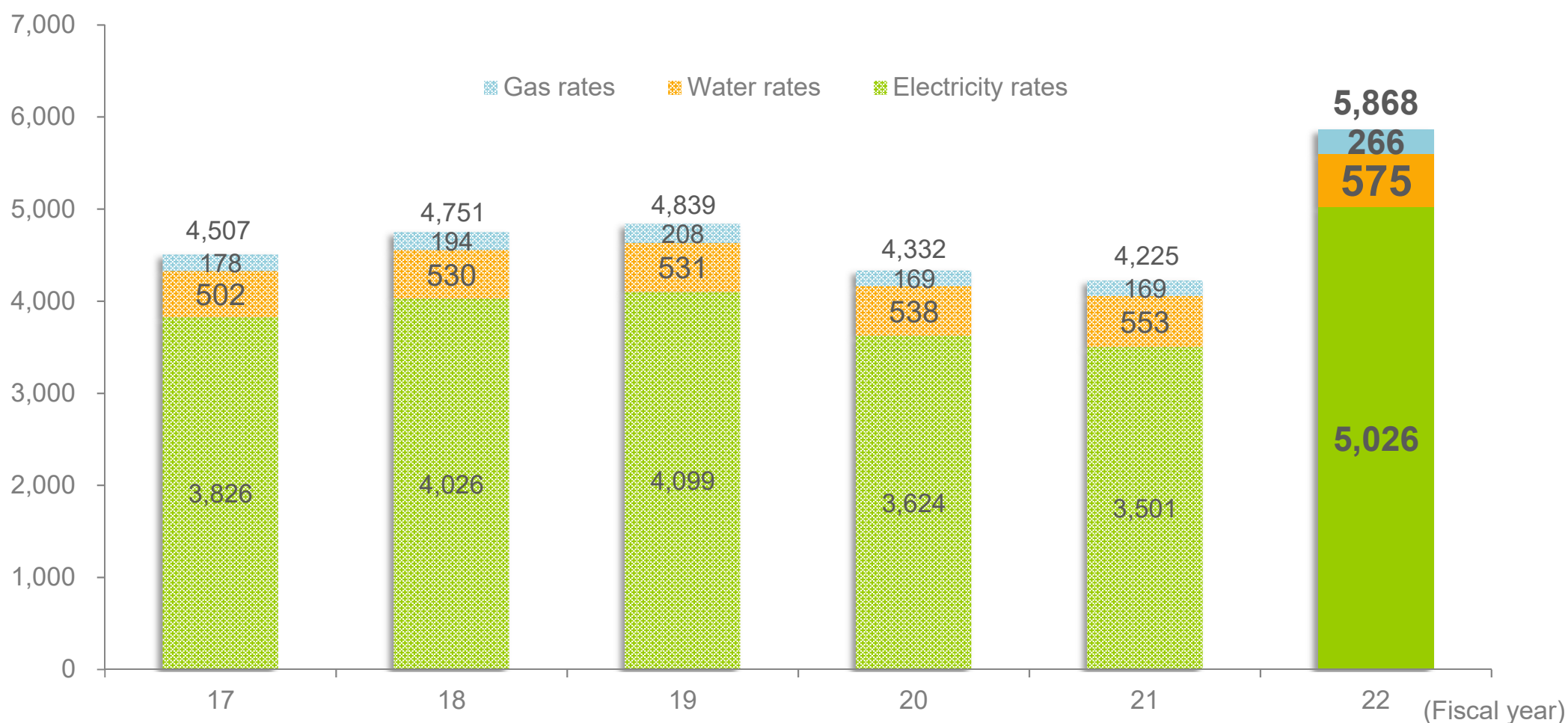


Trends in utilities expenses (FY2022 H1)

Utilities expenses increased by ¥1.6 billion from FY2021 mainly due to soaring electricity rates

■ Breakdown of utilities expenses

(Unit: Millions of yen)



Net sales/gross profit ratio by division*1

Purchase prices soared due to soaring raw material expenses, but gross profit ratio increased by 0.3%

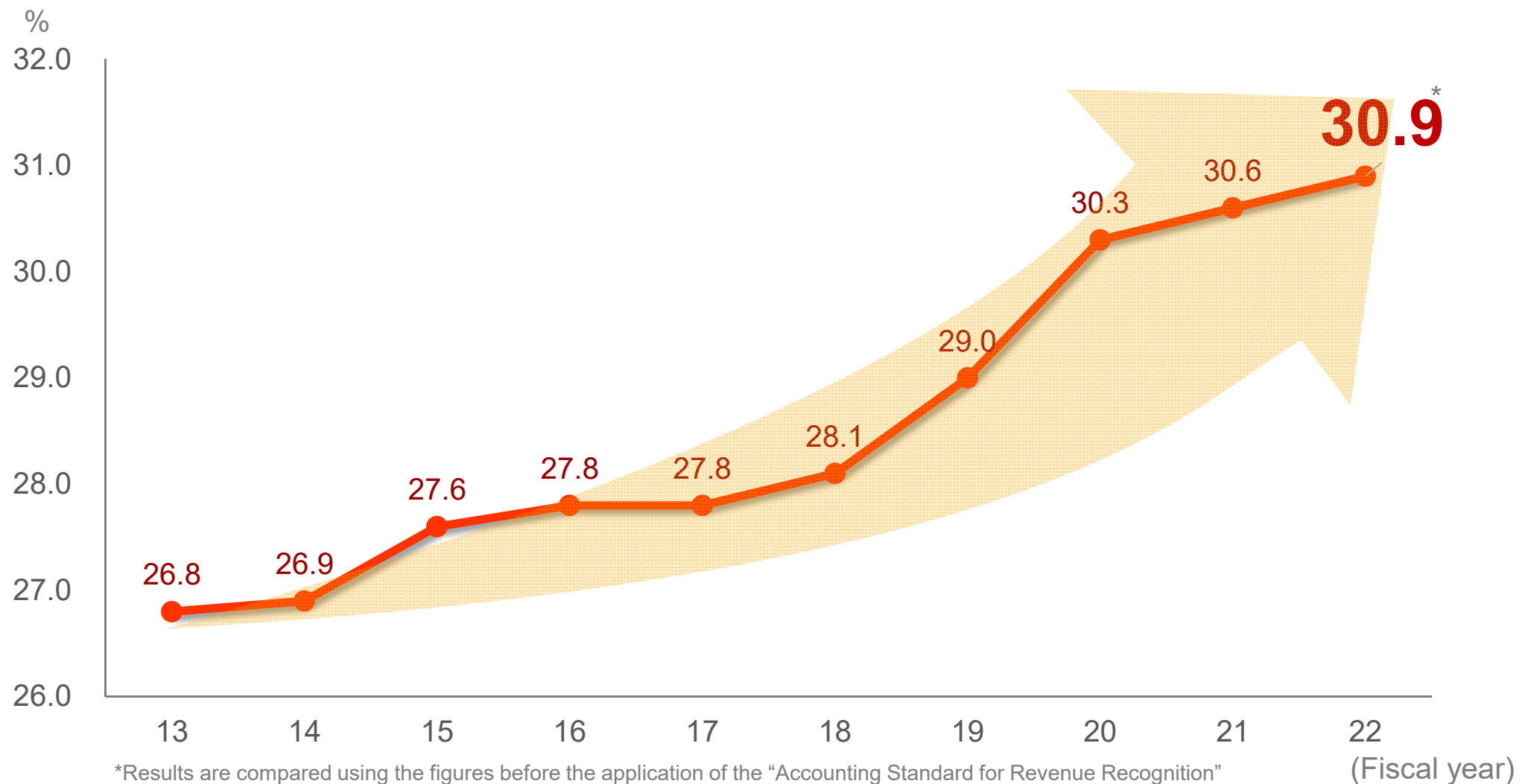
| Net sales (Unit: Millions of yen, %) | | | | | Gross profit ratio (Unit: Millions of yen, %) | | |
|---|----------------|--------------------------|-----------------|--------------|--|---------------------------|---------------------------|
| Department | FY2022 H1 | | | | FY2022 H1 | | |
| | | All stores vs. FY2021 | Existing stores | | | Change | |
| | | | vs. FY2021 | vs. FY2019 | | Difference from FY2021 | Difference from FY2019 |
| Food products | 327,135 | 100.2 | 98.4 | 106.2 | 31.3 | +0.3 | +1.9 |
| Produce | 51,154 | 102.9 | 101.1 | 112.2 | 29.1 | +0.2 | +2.3 |
| Seafood | 28,854 | 97.1 | 95.2 | 106.7 | 32.2 | (0.4) | +2.8 |
| Meat | 40,821 | 98.5 | 96.6 | 108.0 | 30.5 | (0.4) | +1.9 |
| Delicatessen | 42,911 | 104.4 | 101.9 | 107.5 | 55.5 | +0.3 | +1.8 |
| Groceries*2 | 163,394 | 99.3 | 97.7 | 103.8 | 25.6 | +0.2 | +1.3 |
| Lifestyle products | 32,370 | 100.1 | 100.1 | 102.3 | 26.9 | +0.3 | +2.1 |
| Apparel | 11,429 | 98.9 | 100.8 | 88.1 | 40.1 | +0.8 | +1.8 |
| Others | 5,157 | 105.0 | 106.8 | 105.5 | 9.9 | (0.3) | ±0 |
| Total | 376,092 | 100.2 | 98.7 | 105.2 | 30.9 | +0.3 | +1.9 |

*1 FY2022 results show the figures before the application of the "Accounting Standard for Revenue Recognition"

*2 Groceries: including dairy and frozen

Trends in gross profit ratio (FY2022 H1)

Gross profit ratio improved due to the development of unique products, including BIO-RAL and delicatessens, and the effective use of process centers



Consolidated balance sheet

(Unit: Millions of yen, %)

| | End-February, 2022 | End-August, 2022 | Change |
|---|--------------------|------------------|-------------|
| Current assets | 74,480 | 73,103 | (1.8) |
| Cash and deposits | 9,809 | 7,275 | (25.8) |
| Inventories | 24,138 | 24,527 | +1.6 |
| Accounts receivable - trade | 8,133 | 10,126 | +24.5 |
| Accounts receivable - other | 28,544 | 26,020 | (8.8) |
| Other | 3,854 | 5,153 | +33.7 |
| Non-current assets | 195,748 | 200,104 | +2.2 |
| Property, plant and equipment | 150,490 | 155,391 | +3.3 |
| Intangible assets | 3,508 | 3,405 | (2.9) |
| Investments and other assets | 41,749 | 41,307 | (1.1) |
| Total assets | 270,229 | 273,208 | +1.1 |
| Total liabilities | 159,929 | 158,225 | (1.1) |
| (Interest-bearing liabilities) | 69,108 | 65,964 | (4.5) |
| Total net assets | 110,299 | 114,983 | +4.2 |
| Total liabilities and net assets | 270,229 | 273,208 | +1.1 |

Consolidated cash flow

(Unit: Millions of yen)

| | FY2020 H1 | FY2021 H1 | FY2022 H1 | Change |
|--|-----------|-----------------------|-----------------|----------|
| Cash flows from operating activities | 2,053 | (10,252) [*] | 18,037 | +28,289 |
| Cash flows from investing activities | (12,606) | (11,211) | (14,689) | (3,478) |
| Cash flows from financing activities | 13,990 | 15,129 | (5,881) | (21,010) |
| Cash and cash equivalents at end of period | 16,250 | 8,608 | 6,875 | (1,733) |

*The decrease in operating cash flows results mainly from the settlement of liabilities in FY2021 H1 for the purchasing of products and other activities, which were pending because the last day of FY2020 fell under the holiday of financial institutions

2. Full-year forecast for FY2022

Changes in the external environment

- Soaring electricity rates
 - Electricity rates increase higher than expected due to a surge in resource prices
- Soaring procurement prices
 - Procurement prices soar due to an increase in global raw material prices
- Increasing personnel expenses
 - Intensifying recruitment competition across industries
- Increasing logistics expenses
 - An increase in fuel expenses and a lack of workers
- Soaring construction expenses
 - A surge in construction material expenses and a lack of workers

Revisions to full-year forecast for FY2022 (consolidated)

We revised our full-year forecasts because the impact of changes in the external environment exceeds our initial assumptions significantly

(Unit: Millions of yen, %)

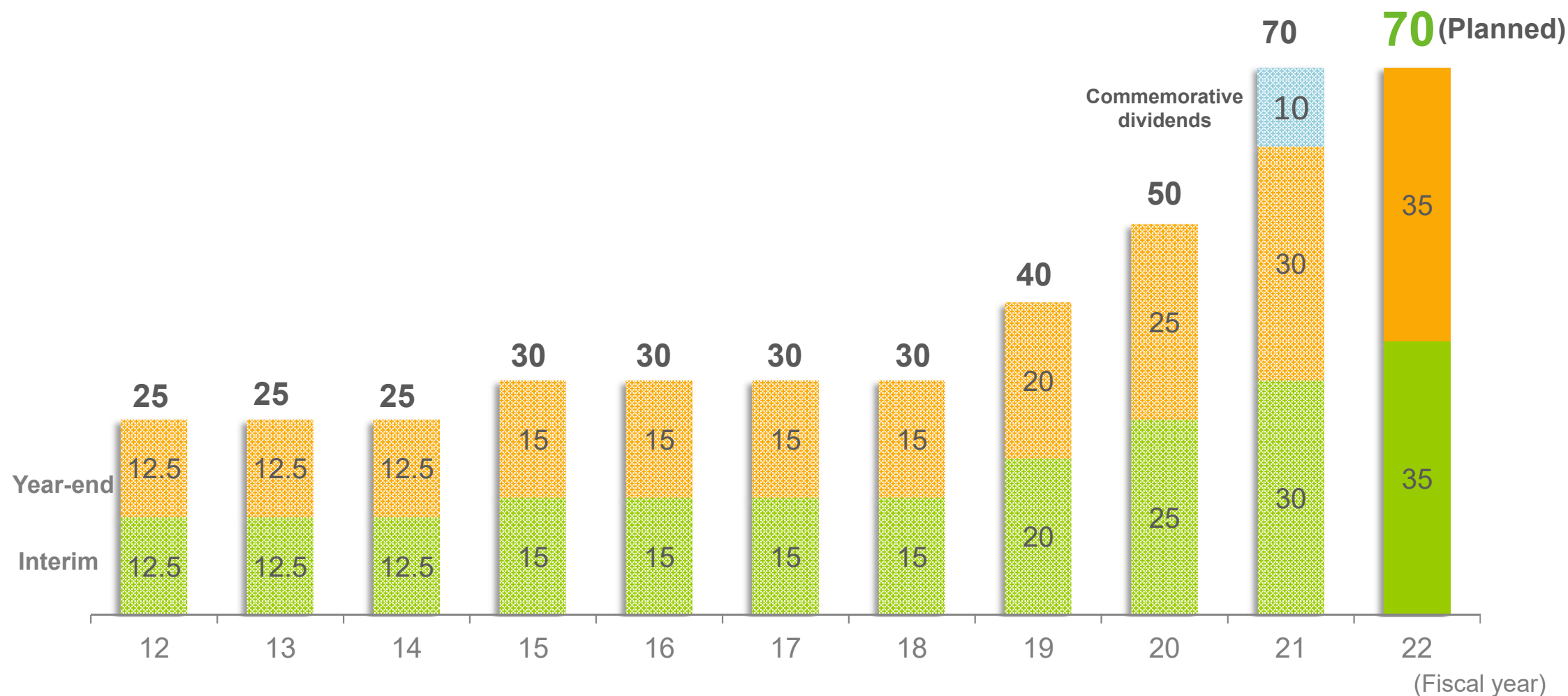
| | Previously announced forecast | Revised forecast | Change | Change |
|----------------------|----------------------------------|------------------|---------|--------|
| Operating revenue | 770,000 | 763,000 | (7,000) | (0.9) |
| Operating profit | 23,200 | 17,000 | (6,200) | (26.7) |
| Ordinary profit | 24,000 | 18,000 | (6,000) | (25.0) |
| Profit | 15,500 | 11,500 | (4,000) | (25.8) |

*The “Accounting Standard for Revenue Recognition” has been applied since the beginning of FY2022, and our forecasts are based on this standard and others.

Dividends per share for FY2022

No dividend forecasts are changed accompanying these revisions to earnings forecasts, and interim dividends and year-end dividends are scheduled to be paid as planned

(Unit: yen)



Investment plan

(Unit: Millions of yen)

| | FY2022 H1 | | Full-year FY2022 (plan) | | | |
|------------------------|-----------|---|-------------------------|--------------|---------|---|
| | | | | Initial plan | Change | |
| New stores | 9,828 | Open 6 new stores, etc. | 17,600 | 16,500 | +1,100 | 11 new stores (plan) |
| Renovation | 831 | Renovation for 3 stores | 1,200 | 2,400 | (1,200) | Revision of renovation plans, etc. |
| IT and digital systems | 1,301 | Expand the use of electronic price tags and POS carts, etc. | 3,500 | 6,500 | (3,000) | Revision to the plan of introducing electronic price tags, etc. |
| Other | 1,337 | | 3,900 | 4,100 | (200) | |
| Total | 13,297 | | 26,200 | 29,500 | (3,300) | |

3. FY2022 initiatives

Differentiating ourselves from the homogeneous competition

Initiatives to differentiate ourselves from the homogeneous competition

- Pursuing unique products
- Investing in new stores
- Expanding online supermarkets

Pursuing unique products (BIO-RAL business)

Opened the BIO-RAL Shinjuku Marui Store in May 2022, our fifth BIO-RAL store
Installed a large-sized BIO-RAL section for new stores

■ BIO-RAL Shinjuku Marui Store

Opened in the Shinjuku Marui Main Building that attracts approx. 8.4 million visitors annually

Set up a cafe attached to our store, in which visitors can get relaxed while commuting

■ BIO-RAL section of our new stores

Cater to the enhanced needs for peace of mind and safety as well as health consciousness

Offer various products full of natural blessings



Shinjuku Marui Main Building



Agricultural produce section



Central Square Yebisu Garden Place Store



Moriguchi Takii Store



BIO-RAL Cafe



Light meal section



Nishiogikubo Store



Horikawa Kitayama Store

Pursuing unique products (BIO-RAL business)

Offer delicatessens and bento boxes in line with BIO - RAL's concept of “organic,” “local,” “healthy,” and “sustainability” in addition to private brands for processed foods

■ Delicatessens and bento boxes focusing on ingredients and production methods

Offer delicatessens and bento boxes full of natural blessings to cater to further growing needs for ready-to-eat foods resulting from demand changes in the society



Over-the-counter sale of delicatessens



Rice ball section



Rice balls made of organic brown rice (edible brown algae)



Bento boxes including dried red bream with edible fishbone (uzsing organic brown rice)



Bento box section

Pursuing unique products (BIO-RAL business)

■ Further expand product lineups

189 items → **247 items**
(End-February, 2022) (End-August, 2022)

■ BIO-RAL net sales during FY2022 H1

¥1.2 billion → **¥2.4 billion**
(End-August, 2021) (End-August, 2022)

■ Popular on social media

“Ginger ale using ginger juice made in Kochi Prefecture”



[Sales results]
Sold over **130,000**
bottles within five
months after initiating
the sales



■ New products appear one after another



Organic oatmeal



Oatmeal



Thin noodles made of whole wheat flour



Organic parboiled vegetables



Ice cream made from jersey milk

Investment in new stores (Central Square Yebisu Garden Place Store)

Achieve the brand concept of “delicious,” “exciting,” and “happy” backed by our brand-new initiatives and products introduced for the first time in the Tokyo Region

Some of these know-how and products will be introduced for new stores and existing stores

■ Water tanks containing live fish

Prepare fresh fish for cooking at the store according to customers' preferences after driving a spike directly into the hindbrain and draining blood from live fish (*ike-jime*) and severing the major artery and spinal cord of live fish (*shinkei-nuki*). These techniques allow for offering fresh fish



■ Over-the-counter sale of grilled chicken with Japanese breed brand chicken (*Junwaakadori*)

Grill skewered chicken elaborately inside our store, the level of which is comparable to specialty stores



■ Custom-made bento boxes

Broil and offer steaks, hamburger steaks, etc. using splendid Japanese black beef after receiving orders



■ Gift section

Offer a wide variety of gifts suitable as a gift, including an assortment of fruits



■ Sale of local foods

Arrange various foods offered by restaurants, etc. operating in Yebisu



■ Handmade bread with fermented ingredients added

Add the ingredients fermented inside our store to our bread for further enhancing its taste and flavor and offer it only at our Yebisu Store



■ Investing in new stores (FY2022 H1)

Opened six stores during FY2022 H1

Set up large-scale frozen foods, wine, and other sections catering to customers' needs

■ Nishiogikubo Store

Our largest-scale frozen food sections catering to a great need of our customers



■ Moriguchi Takii Store

Greengrocery-like handmade salad section using fresh vegetables procured by our agricultural produce department



■ Kameido Clock Store

Wine section associated with a winery



■ Horikawa Kitayama Store

Kyoto vegetable section with traditional Kyoto vegetables and branded vegetables



■ Investing in new stores (FY2022 H2 plan)

Plan to open five stores during FY2022 H2 (11 stores in total for full-year FY2022)
Open one store in the Tokyo Region and two stores in the Osaka Region in September

■ Toyosu Store (opens on September 10)

Offer a wide variety of fresh foods, such as fresh fish directly delivered from the Toyosu Market, and Life's largest-size frozen food counter
Set up a terrace area inside the eat-in section where visitors can enjoy drinking organic coffee



■ Hanazono Central Park Store (opens on September 17)



■ Shijo Omiya Store (opens on September 28)



■ VIERRA Maita Store (opens on October 20)



Ichigayayakuoji
Store

Expanding online supermarkets

From March to June 2022, demand decreased due to the lifting of activity restrictions.

During FY2022 H1, however, net sales posted approx. ¥6.7 billion

Both Life online supermarkets and Life's Amazon online supermarket expanded their delivery areas significantly

During FY2022 H2, we plan to encourage users to further use our services leveraging our expanded number of members and delivery areas

■ Life online supermarkets

Expand the number of stores proactively

[Total] **83 stores**
(End-August, 2022)

[Increase during the first half] **+17 stores**

[Increase in the Tokyo Region] **+4 stores**

[increase in the Osaka Region] **+13 stores**

■ Life's Amazon online supermarket

Expand delivery areas further

[Increase in the Tokyo Region]

Tokyo **+3 cities**

Kanagawa **+1 city**

Saitama **+5 cities**

[increase in the Osaka Region]

Osaka **+3 cities, +1 district (*gun*)**

Hyogo **+1 city**

4. ESG initiatives

Integrated report

Published the Integrated Report 2022, our first version of an integrated report



Reduction of environmental burden <Reduction in food wastes>

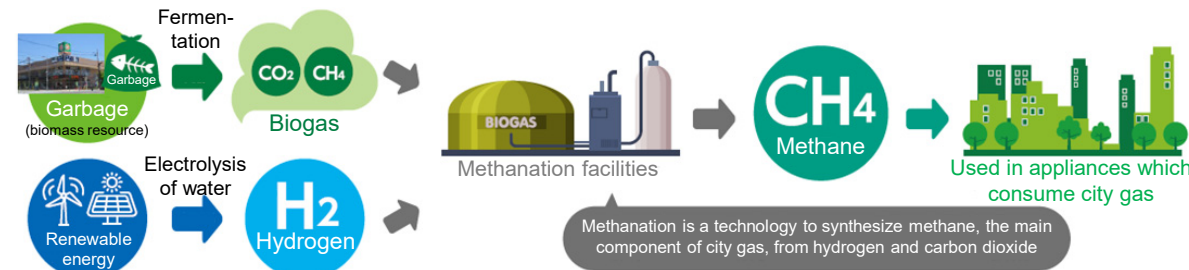
Target: Reduce final food waste per net sales by 50% by 2030 (vs. 2017)

■ Biogas power generation

Established and initiated the full operation of a biogas power generation facility at Tempozan Food Process Center, Japan's largest-size power generation facility in the retail industry.



At the EXPO 2025 held in Osaka, we plan to produce methane from garbage-derived biogas and use it for the heat supply facilities and gas-based kitchens inside the venue. We will join the experiment and make use of the garbage emitted from our company (1 t per day).



■ Curb the occurrence of food waste

Review of selling periods

Reduce a loss resulting from food waste by increasing sales opportunities

■ Reuse Food bank activity

Donate foods, including those whose selling periods have expired or whose packages are broken

■ Recycle Food recycle

Recycle food residues for fertilizers and feeds

**Reduce food waste to increase net sales and profit
by improving the processing costs for food waste of ¥1.0 billion
and the loss amount resulting from food waste of ¥2.1 billion *FY2021 results**

Reduction of environmental burden <Reduction in plastics>

■ Use lighter and more simple packages

- Eg., Change the package for our private brand *oden**1 from a drawstring pouch to a pillow shape
Results: Reducing the amount of plastics used and packaging costs

*1: Japanese dish containing various ingredients cooked in a special broth of soy sauce, etc.



■ Reduction in use of petroleum-derived plastics

- Adopt paper packages for some of the BIO-RAL products
- Switch to wooden- or paper-cutlery



■ Strengthen resource recycling activities

- Newly collect transparent trays
- Strengthen recycling pet bottles



Reduce plastics used and curb packaging costs and also the burden charge for recycling containers and packages (¥260 million*2), thereby improving profitability

*2: FY2021 results

Reduction of environmental burden <Reduction in CO₂ emissions>

Target: Reduce CO₂ emissions (Scope 1 & 2) by 50% by 2030 (vs. 2013)

■ Energy conservation

Replacement with high-efficiency cooling cases and air conditioners
Introduction of LED lights and motion sensor lights for every store
Make use of covers to prevent leakage of cold air from open showcases after closing
Construct ZEB (Net Zero Energy Building) stores

■ Energy creation

Solar power generation
Biogas power generation

■ Renewable energies

Use renewable energies both at our eastern and western headquarters



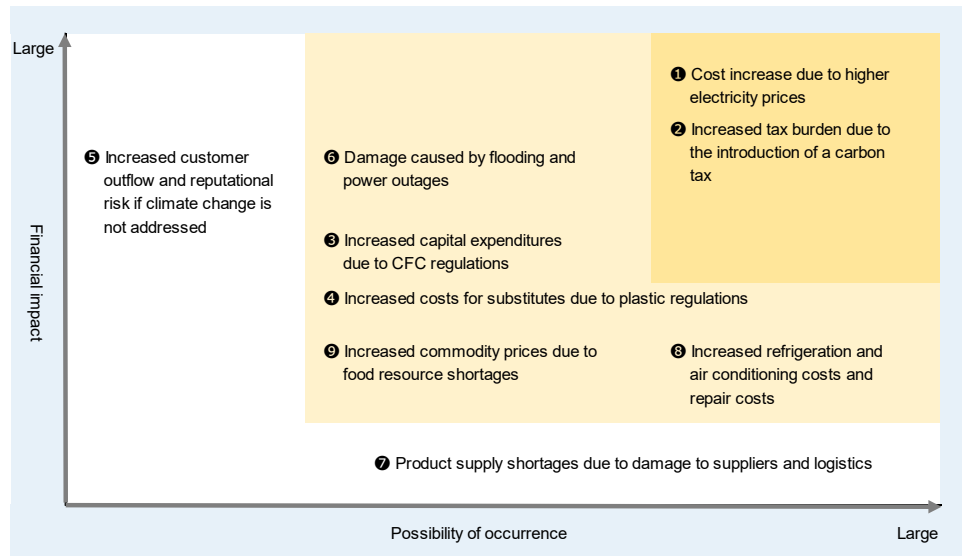
Toyosu Store with ZEB certificate



Responses to the TCFD (Task Force on Climate-Related Financial Disclosures) Recommendations

We consider climate change-related social and environmental issues as urgent problems. In line with the concept of TCFD, we collect and analyze necessary data.

■ Create a risk map on the axes of climate change-related “impact on financials” and “probability of occurrence”
Our supermarket business model entails many risks that are based on assumptions by scenario. We will lower the impact on our businesses and financials by seizing opportunities steadily and prioritizing and bolstering our risk responses.



◆ Financial impact from assumed risks at 2030

| Scenario | Assumptions | |
|---|--|----------------------------|
| Carbon tax | Increased costs associated with carbon taxation (annual) | 1,425 to 1,852 million yen |
| Electricity rates derived from renewable energy | Increase in procurement cost of electricity derived from renewable energy (annual) | 170 to 680 million yen |
| Damage due to flooding, power outages, etc. | Decrease in gross profit due to store closings (1 store per day) | 2 to 4 million yen |
| | Decrease in gross profit due to center shutdown (1 day for all centers) | 80 to 120 million yen |

■ Opportunities

Enhancement of environmental consciousness and changes in lifestyles

- > Expand sales of our environmentally-friendly BIO-RAL brands and their products
- > Expand sales of products packed with environmentally-friendly packages and trays

Changes in corporate evaluation

- > Increase the number of customers by enhancing our corporate image as an environmentally-friendly company
- > Ensure our competitive edge in recruitment activities
- > Raise funds under favorable conditions

Further disclose of English documents

In light of diversifying shareholders and investors, we have expanded our scope of English disclosure to disclose our financial presentation materials and earnings briefings (full texts) in English from the fiscal year ended February 28, 2022.

We also plan to publish our integrated report in English in autumn 2022

■ Financial presentation materials



■ Earnings briefings

Note: This document is a translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the Japanese original, the latter shall prevail.

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending February 28, 2023 (under Japanese GAAP)

July 8, 2022

JPX-NIKKEI 400

Company name: **LIFE CORPORATION**
 Listing: Tokyo Stock Exchange
 Securities code: 8194
 URL: <https://www.lifecorp.co.jp/>
 Representative: Takaharu Iwasaki, Representative Director and President
 Inquiries: Keisaku Miyata, General Manager, Investor Relations Department
 TEL: +81-3-5807-5111 (from overseas)

Scheduled date to file Quarterly Securities Report: July 15, 2022
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results meeting: None

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

1. Consolidated financial results for the first three months of the fiscal year ending February 28, 2023 (from March 1, 2022 to May 31, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

| | Operating revenue | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---|-------------------|--------|------------------|--------|-----------------|--------|---|--------|
| Three months ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| May 31, 2022 | 105,789 | - | 8,539 | (14.4) | 5,720 | (11.5) | 3,081 | (14.4) |
| May 31, 2021 | 190,917 | (22.1) | 8,413 | (1.4) | 8,003 | (2.6) | 4,087 | (2.8) |
| Note: Comprehensive income | | | | | | | | |
| Three months ended May 31, 2022: ¥3,984 million (13.3%) | | | | | | | | |
| Three months ended May 31, 2021: ¥3,957 million (11.3%) | | | | | | | | |
| Reference: Operating revenue in the total of net sales and receipts from operating revenue. | | | | | | | | |
| Net sales | | | | | | | | |
| Three months ended May 31, 2022: ¥179,223 million (1.7%) | | | | | | | | |
| Three months ended May 31, 2021: ¥185,079 million (12.1%) | | | | | | | | |
| Receipts from operating revenue | | | | | | | | |
| Three months ended May 31, 2022: ¥6,591 million (1.7%) | | | | | | | | |
| Three months ended May 31, 2021: ¥5,877 million (6.7%) | | | | | | | | |

| | Earnings per share | Diluted earnings per share |
|--------------------|--------------------|----------------------------|
| Three months ended | Yes | Yes |
| May 31, 2022 | 84.09 | - |
| May 31, 2021 | 129.47 | - |

Note: The Company has applied the "Accounting Standard for Revenue Recognition" (ASB Statement No. 29), etc., from the beginning of the first quarter of the fiscal year ending February 28, 2023.

Figures for the three months ended May 31, 2022 represent the amounts after applying the said accounting standard, etc., and do not include year-on-year changes for operating revenue.

