

April 11, 2023



LIFE CORPORATION

Financial Results Briefing

For FY2022

(Fiscal year ended February 28, 2023)

- 1. Full-year FY2022 performance overview**
- 2. Review of the 6th Medium-Term Plan**
- 3. Overview of the 7th Medium-Term Plan**
- 4. Shareholder return policy**
- 5. Full-year forecast for FY2023**

1. Full-year FY2022 performance overview

Key points for full-year FY2022 earnings

1. 19 consecutive years of sales growth*

- Existing store net sales almost 100% YOY*

2. Ordinary profit ¥20.0 billion

- ¥10.6 billion ordinary profit in FY2022 2H: second highest
- Full-year ordinary profit: ¥5.4 billion higher than FY2019 (pre-COVID-19)

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

Full-year FY2022 performance overview (consolidated)

(Unit: Millions of yen)

Item	Full-year FY2022	Full-year FY2021	Change
Operating revenue	765,426	768,335	— ^{*1}
Operating profit	19,148	22,932	(16.5%) ^{*2}
Ordinary profit	20,015	23,695	(15.5%) ^{*2}
Profit	13,327	15,208	(12.4%) ^{*2}

*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.

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

(Unit: Millions of yen)

		Full-year FY2022		
		Before the application	Effect	After the application
①	Operating revenue (② + ⑤)	785,627	(20,200)	765,426
②	Net sales	761,873	(23,378)	738,494
③	Cost of sales	523,697	(14,785)	508,911
④	Gross profit	238,176	(8,593)	229,582
⑤	Receipts from operating revenue	23,753	3,177	26,931
⑥	Operating gross profit	261,929	(5,415)	256,514
⑦	Selling, general and administrative expenses	242,774	(5,409)	237,365
⑧	Operating profit	19,155	(6)	19,148

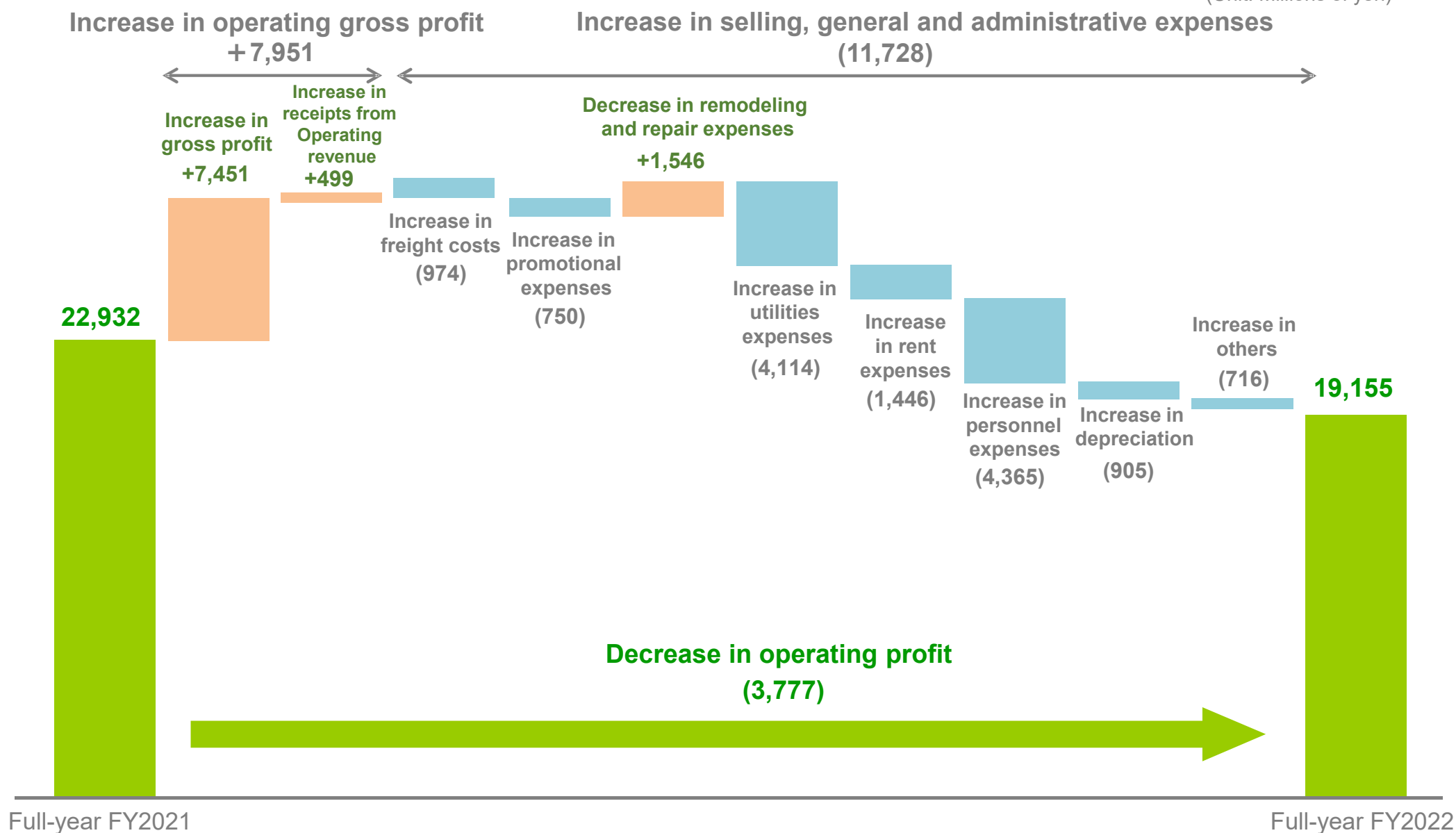
* Major factors derive from the changes in accounting methods of, among others, rents for tenants, our point system, and transactions in which purchase of goods, etc. is recognized at the time of sales thereof (*shoka shiire*)

* Effects on each profit item below operating profit are immaterial.

Factors of changes in operating profit

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

(Unit: Millions of yen)

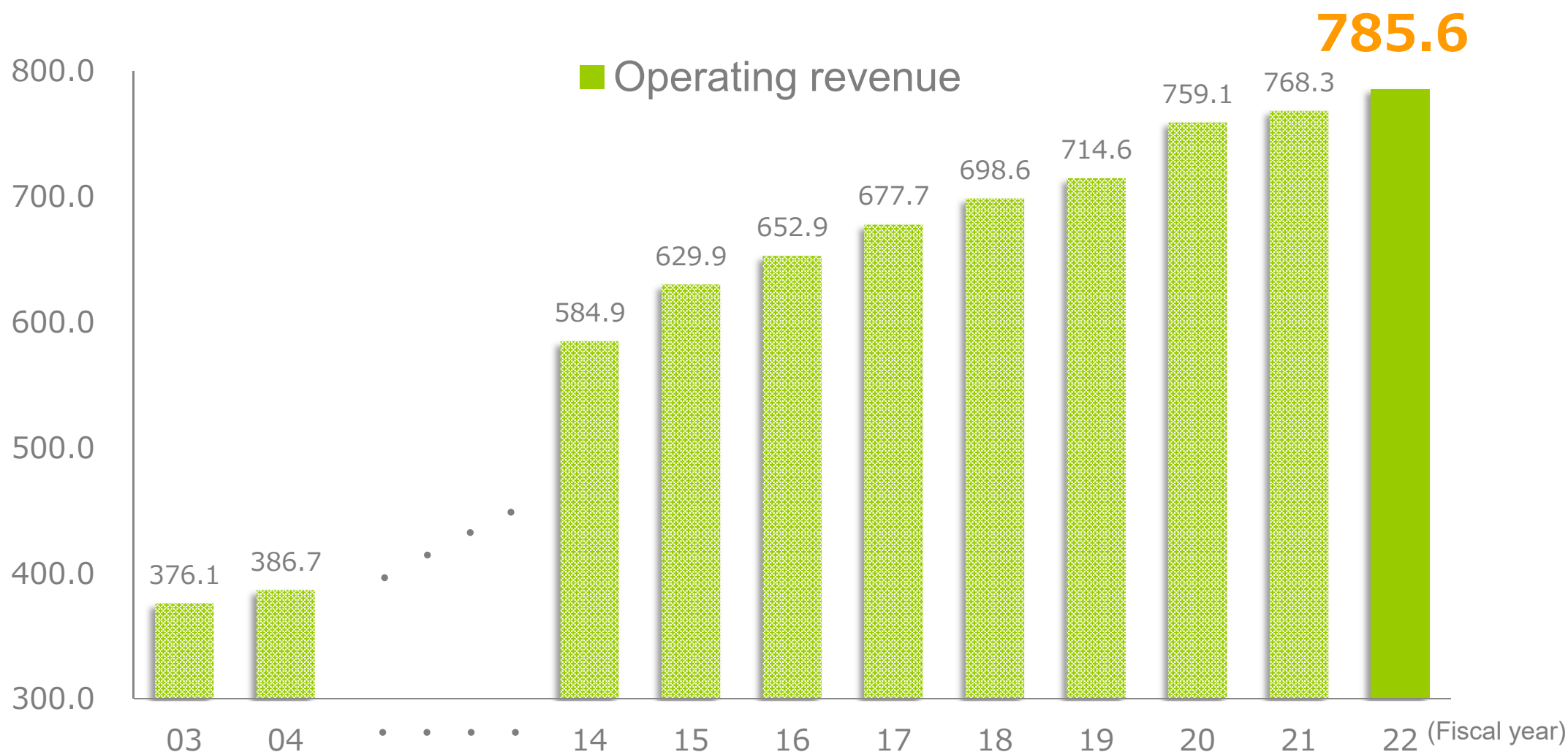


Operating revenue trends

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

- Operating revenue increased due to stores opening, existing stores being remodeled, and the expansion of online supermarkets and the BIO-RAL section in FY2021 and FY2022.

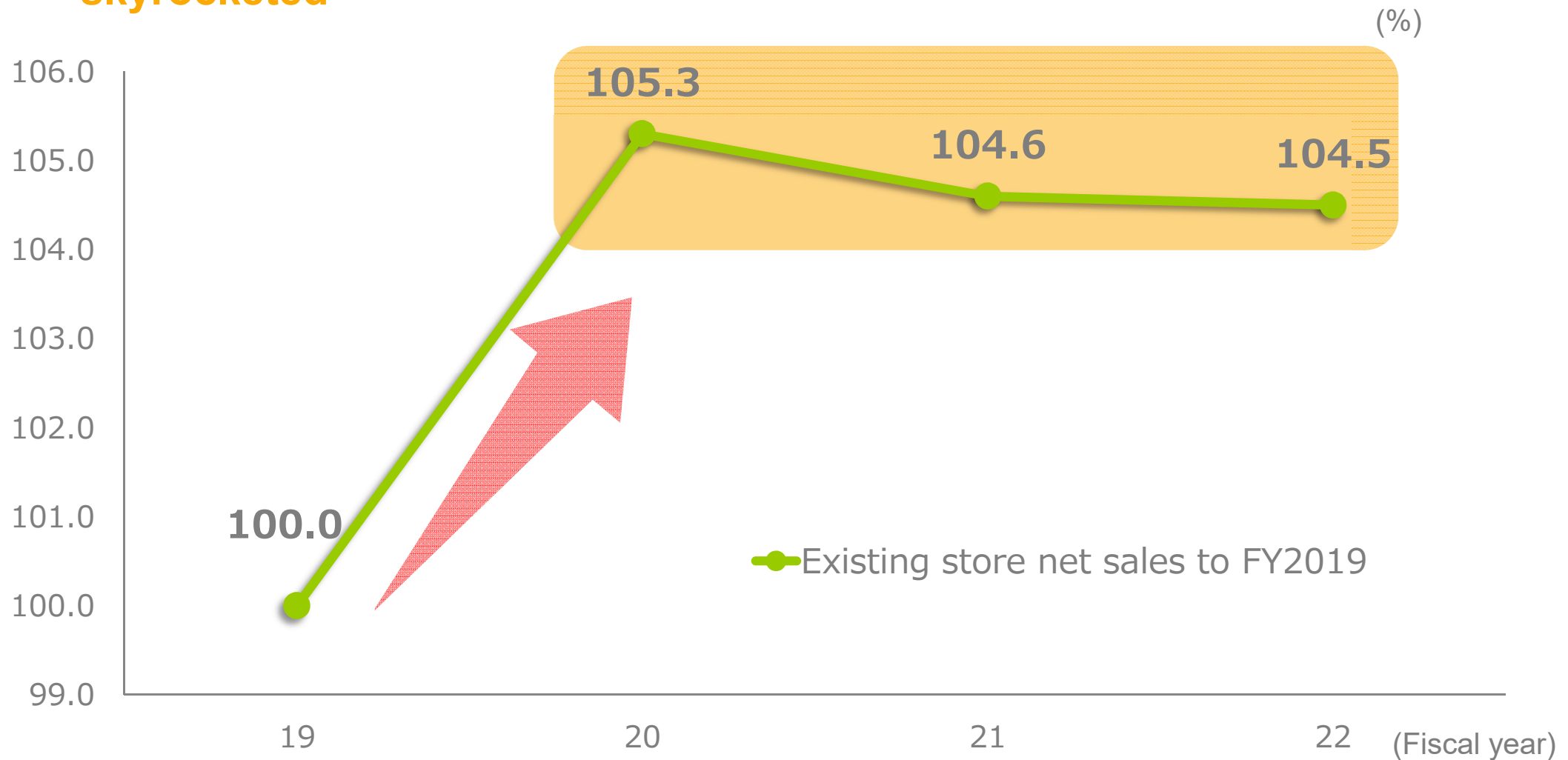
(Unit: Billions of yen)



Existing store net sales trends

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

- Existing store net sales of 104.5% compared to FY2019 before COVID-19
- Comparable level to FY2020 **when demand for eating at home skyrocketed**



Net sales/gross profit ratio by division

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

- Gross profit ratio increased due to increased sales of original products and products with high functionality

Net sales (Unit: Millions of yen, %)					Gross profit ratio (Unit: %,)		
Department	Full-year FY2022					Full-year FY2022	
	All stores vs. FY2021	Existing stores		Change			
		vs. FY2021	vs. FY2019	Difference from FY2021		Difference from FY2019	
Food products	662,769	102.4	99.7	105.5	31.7	+0.3	+1.8
produce	101,673	103.1	100.6	109.6	29.6	+0.1	+2.3
Seafood	58,555	99.1	96.3	104.7	32.0	(0.3)	+2.2
Meat	85,012	101.9	99.2	107.7	31.2	+0.2	+1.9
Delicatessen	86,692	105.7	102.5	107.1	55.0	+0.1	+1.3
Groceries	330,835	102.0	99.5	103.5	26.3	+0.3	+1.4
Lifestyle products	65,751	101.4	100.6	100.0	27.2	+0.5	+2.3
Apparel	23,289	100.6	101.3	91.5	40.1	+0.8	+1.7
Others	10,063	103.9	105.4	104.5	10.0	(0.2)	+0.1
Total	761,873	102.3	99.9	104.5	31.3	+0.3	+1.8

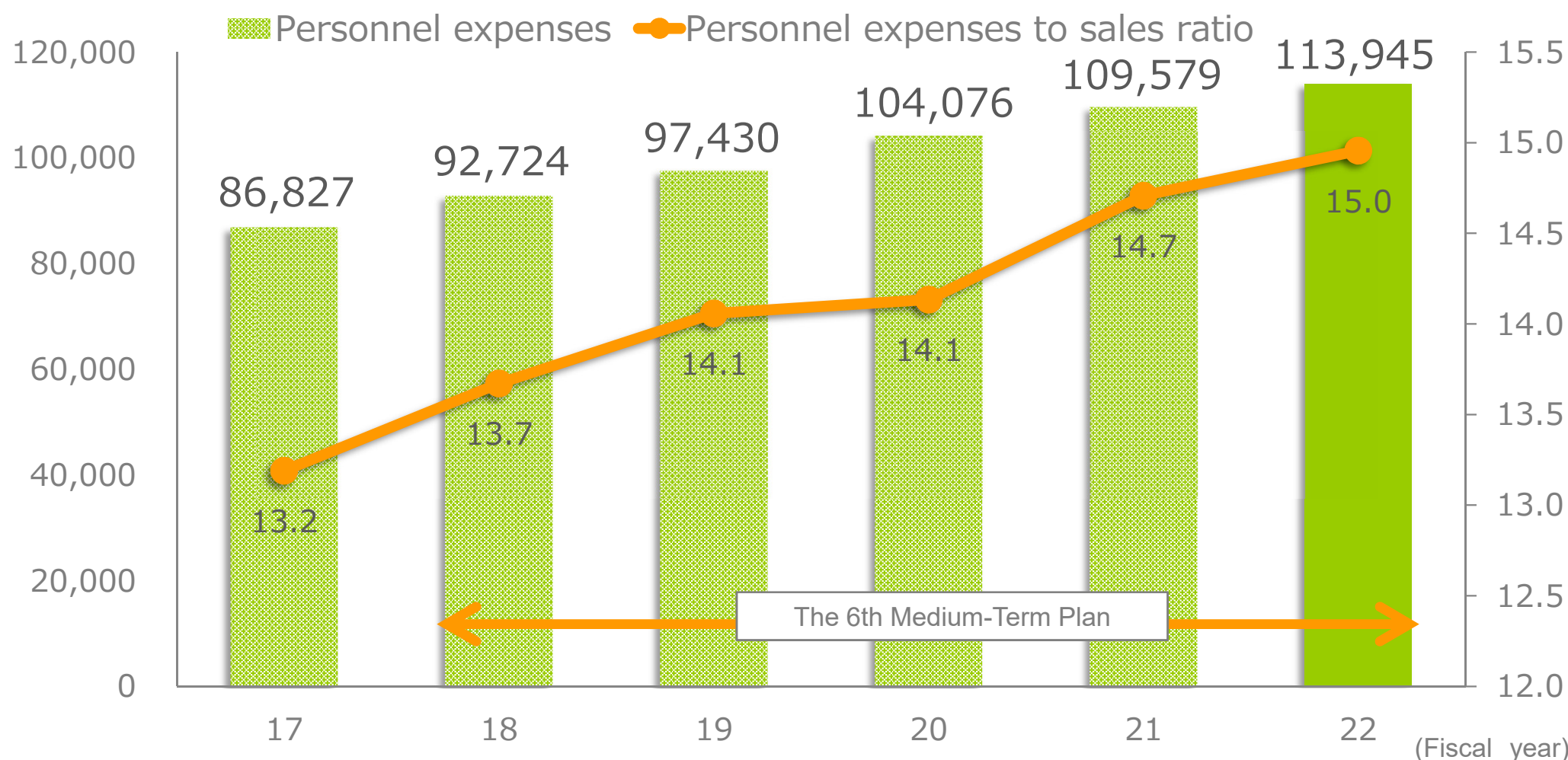
Selling, general and administrative expenses [personnel expenses]

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

- Continue to improve compensation as part of investment in employees
Personnel expenses were ¥4.3 billion higher than FY2021

Trends in personnel expenses and the sales ratio

(Unit: Millions of yen, %)



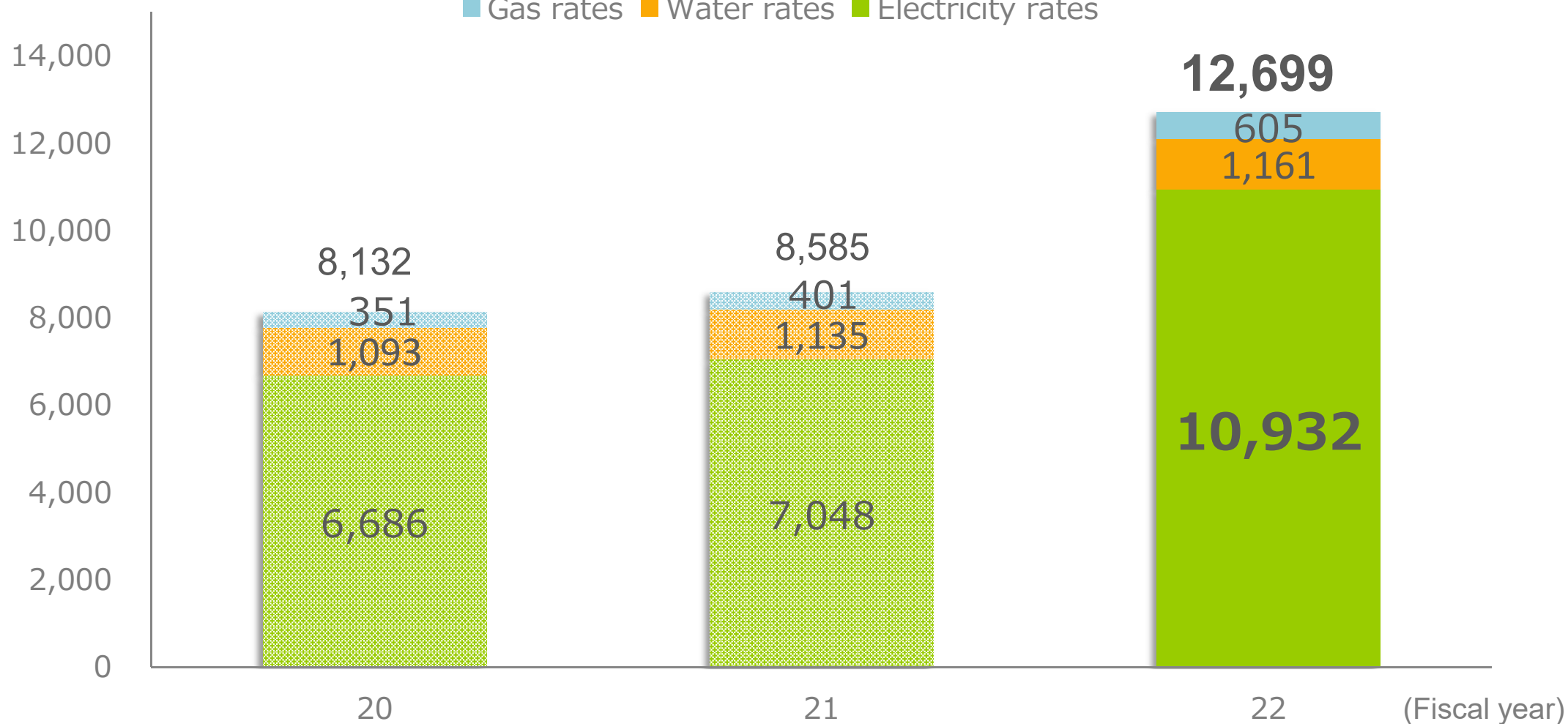
Selling, general and administrative expenses [utilities expenses]

- Electricity rates continued in increase, **¥3.9 billion more than FY2021**
- Electricity rates are expected to increase in FY2023

■ Breakdown of utilities expenses

(Unit: Millions of yen)

■ Gas rates ■ Water rates ■ Electricity rates



Initiatives to improve corporate structure

- Continued to improve gross profit ratio, cost optimization and productivity while maintaining sales capabilities

■ Improving gross profit ratio

- Expanding original products
- Expanding private brand products
- Expanding utilization of food process centers

■ Improving productivity

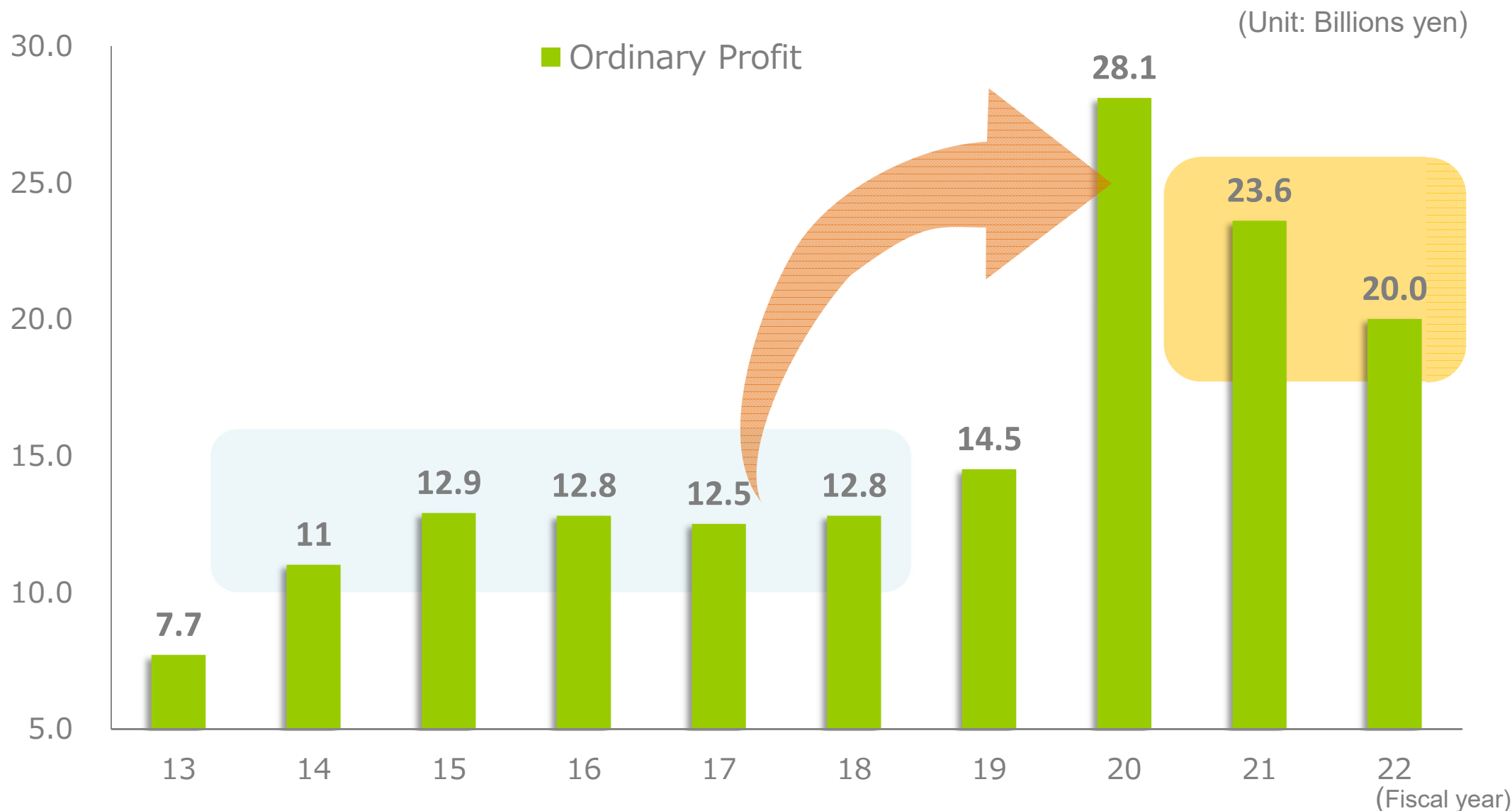
- Utilizing AI ordering
- Introducing electronic price tags (83 stores in the Tokyo region)

■ Cost optimization

- Implementing effective sales promotions
- Revising and abolishing materials and others
- Bringing some operations in-house
- Expanding stores with semi-self checkouts
- Promoting paperless operations (partially system introduction)

Ordinary profit trends

- Increased profit due to improved corporate structure



Consolidated balance sheet

(Unit: Millions of yen, %)

	End-February, 2023	End-February, 2022	Change
Current assets	80,490	74,480	+8.1
Cash and deposits	9,727	9,809	(0.8)
Inventories	26,061	24,138	+8.0
Accounts receivable - trade	9,209	8,133	+13.2
Accounts receivable - other	29,664	28,544	+3.9
Others	5,826	3,854	+51.2
Non-current assets	200,319	195,748	+2.3
Property, plant and equipment	155,880	150,490	+3.6
Intangible assets	3,218	3,508	(8.3)
Investments and other assets	41,220	41,749	(1.3)
Total assets	280,810	270,229	+3.9
Total liabilities	158,807	159,929	(0.7)
(Interest-bearing liabilities)	74,170	69,108	+7.3
Total net assets	122,002	110,299	+10.6
Total liabilities and net assets	280,810	270,229	+3.9

Consolidated cash flow

(Unit: Millions of yen)

	Full-year FY2022	Full-year FY2021	Change
Cash flows from operating activities	23,899	(7,926)*	+31,825
Cash flows from investing activities	(23,839)	(20,303)	(3,536)
Cash flows from financing activities	(142)	22,695	(22,837)
Cash and cash equivalents at the end of period	9,327	9,409	(82)

* The decrease in operating cash flows results mainly from the settlement of liabilities in FY2021 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. Review of the 6th Medium-Term Plan

Review of the 6th Medium-Term Plan

Investment in employees

Made stores more suited to local needs by delegating authority

Investment in products

Expansion of delicatessen, private brand products and value-added products contributed to improve gross profit ratio

Investment in stores

Store renovations contributed to improve profitability

Strengthening infrastructure (process centers)

Expanding utilization of food process centers contributed to improved sales capabilities of stores

Strengthening card business

Expanding card business revenue
Utilizing marketing

Despite ongoing initiatives, the 6th Medium-Term Plan was largely achieved

Investment in employees

- Ongoing investments to utilize human resources as a driving force for growth
- Maintaining a rewarding work environment
 - Delegating authority to stores ▶ Achieve product line-ups suited to local needs
 - Corporate culture that allows free suggestion ▶ BIO-RAL (developed, deepened, new)
 - Personnel change based on internal recruitment ▶ Promoting highly motivated employees
- Treatment improvement
 - Personnel system reform ▶ Increased opportunities for a wide range of employees
 - Continuous wage increases ▶ Increased returns to employees

Employee satisfaction improved

Investment in products

- Continued aggressive product development, and “taste” and “quality” are topics of conversation

Highly rated in a national TV program ranking project

Crab sticks category **No. 1**
 Ketchup category **No. 1**
 Men-tsuyu category **No. 3**
 Mapo tofu seasoning category **No. 3**



LIFE PREMIUM
Crab umami
condensed
crab flavor kamaboko







BIO-RAL
Organic JAS Tomato
Ketchup



LIFE PREMIUM
Luxurious thick tsuyu
boasting Umami and
broth



LIFE PREMIUM
Addictive spiciness and
umami Mapo tofu
seasoning

	Private brand name	Net sales (Unit: Millions of yen)	YoY (%)	Sales composition (%)	Number of items
	Smile Life	44,723	103.1	5.9	829
	LIFE PREMIUM	7,588	93.4	1.0	158
	BIO-RAL	5,192	179.1	0.7	264
	start select	10,864	100.4	1.4	208
	Total	68,369	104.8	9.1	1,459

Investment in stores

- Strengthen sales capabilities by investing in aggressive store renovations



Implementing BIO-RAL corner



Expanding frozen food corner



Introducing Breeze Garden



Expanding pet food and baby food



Introducing Uo sushi corner



introducing face-to-face kitchen

Culmination of the 6th Medium-Term Plan

Central Square Yebisu Garden Place Store
Awarded **first place** in “STORE OF THE YEAR 2023”*



*What is “STORE OF THE YEAR 2023”?

Diamond Chain Store, a magazine specializing in the retail industry, ranks the stores opened that year, and it has an impact on the industry from the voting by readers, retailers, experts and others.

Strengthen infrastructure (process centers)

- Reorganizing the process centers in the Osaka region **dramatically expanded production capacity**
- Expanding the utilization of process centers and satellite kitchens contributed to **improving productivity** and the **full lineup of products** in stores

Expanding production of bento lunch boxes and the delicatessen



Shokado-style
compartment bento



The delicious taste of broth with flying fish!
Deep-fried young chicken thighs with
three kinds of soy sauce

Expanding fresh food processing



Fillet of silver salmon



Yakiniku set
(five kinds, six pieces)

Process center developed products



Roast chicken with quinoa
and tomato sauce



The delicious taste of broth!
Simmered hijiki seaweed

Utilization of satellite kitchens



Large slice!
Saikyo-yaki silver salmon bento
with seaweed

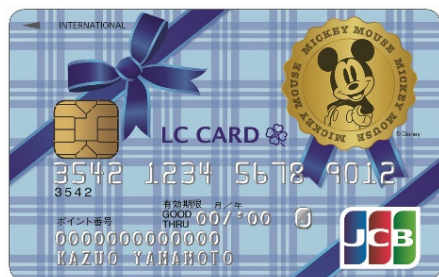


Gapao rice (10-grain rice)
& Gai Yang

Strengthening card business

- Strengthening company cards (credit cards and electronic money) contributed to group revenue

Company credit card



©Disney

LC JCB Card
(Disney design)



LC JCB Card
(Normal design)

500,000 members*

E-money



LaCuCa

4.71 million members*

Providing convenience
to customers

Marketing utilizing point
card information

Reducing cashless
settlement fees

*Number of members at the end of February 2023

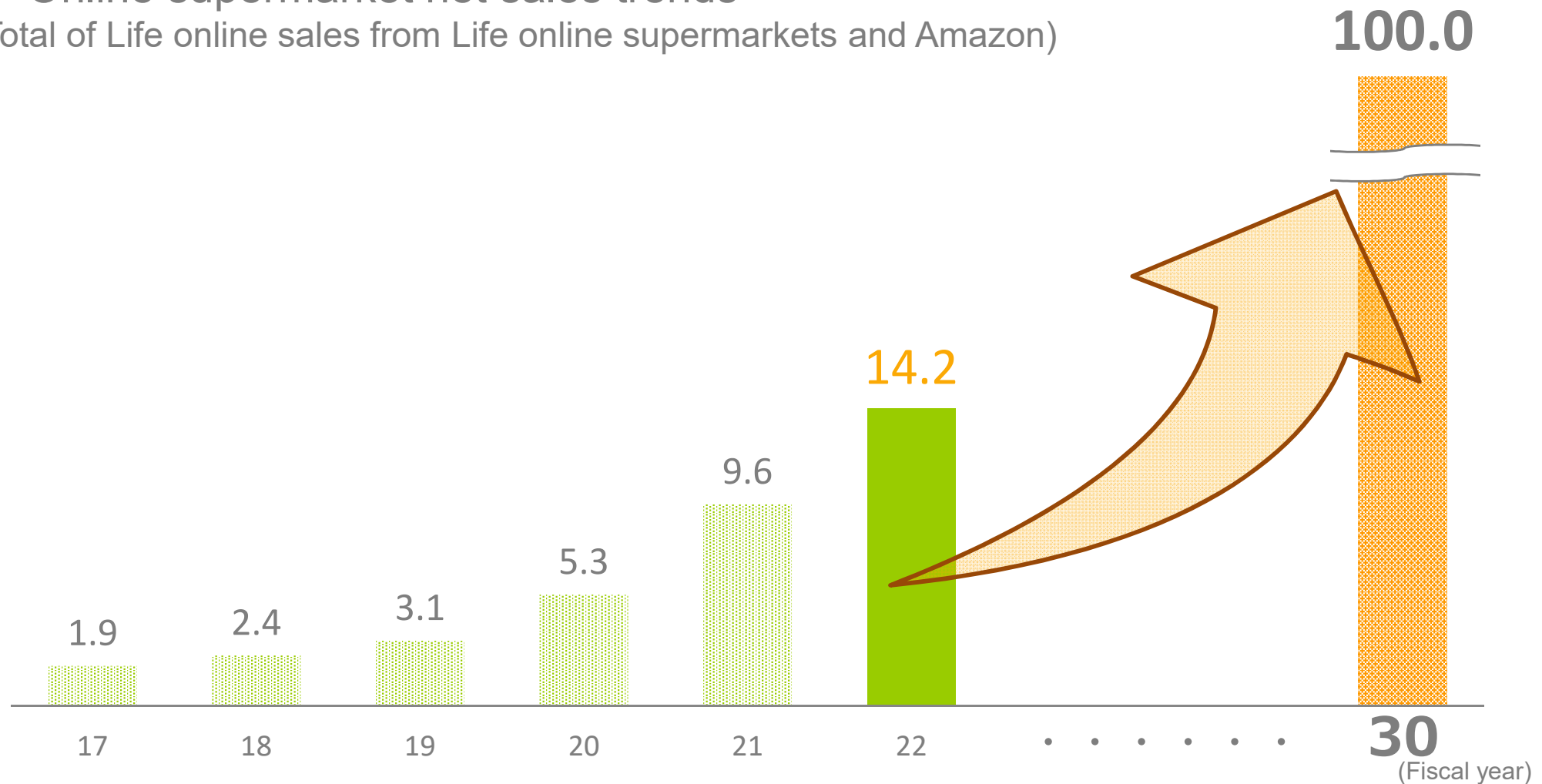
Online supermarkets

- Sales were 148% of previous year from opening new stores and increasing capacity at existing stores

(Unit: Billions of yen)

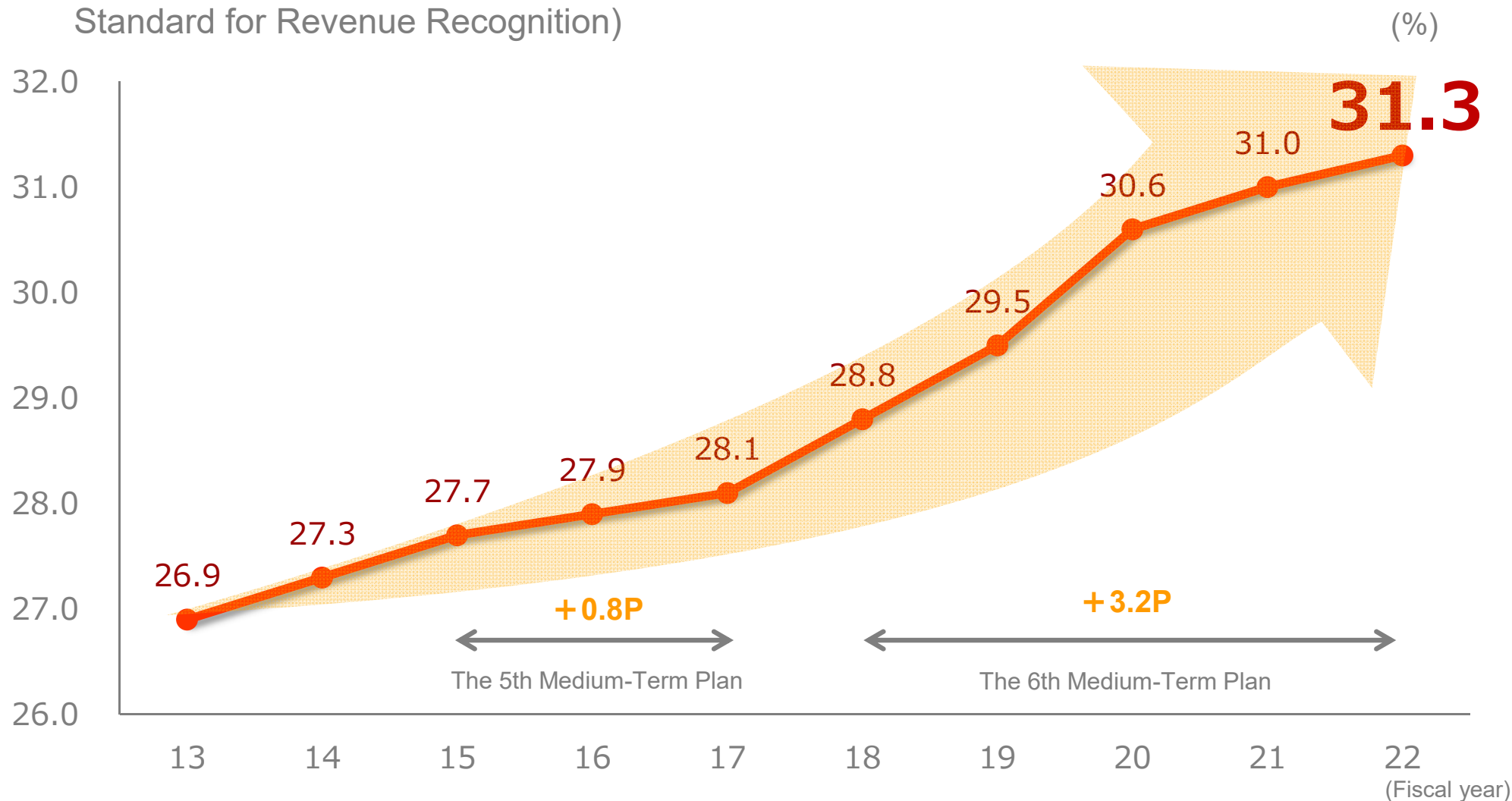
■ Online supermarket net sales trends

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



Company-wide initiatives under the 6th Medium-Term Plan

- Company-wide initiatives to improve the gross profit ratio under the 6th Medium-Term Plan resulted in **+3.2P improvement throughout the period**
- Gross profit ratio trends (on a basis before the application of the Accounting Standard for Revenue Recognition)



3. Overview of the 7th Medium-Term Plan (FY2023~FY2026)

Significance of formulating a Medium-Term Plan

- Realize the Corporate Philosophy with all employees in alignment and making it their own and continuing to take on challenges from a medium- to long-term perspective
- Steady improvement in ordinary profit since the start of the Medium-Term Plan

■ Ordinary profit trends

Began formulating a Medium-Term Plan

(Unit: Millions of yen)

(Fiscal year)	1998～2001	2002～2004	2005～2007	2008～2011	2012～2014	2015～2017	2018～2022
Medium-Term Plan	Un-enacted	The 1st	The 2nd	The 3rd	The 4th	The 5th	The 6th
Average ordinary profit/year	2,300	3,918	8,019	10,056	8,675	12,789	19,851

What we want to be in FY2030

- The plan does not set short-term goals but rather aims for “what we want to be in FY2030” from a medium- to long-term perspective, and the first four years through FY2030 were set as the 7th Medium-Term Plan.

【Qualitative targets】

LIFE will become a company that everyone says, “It’s my supermarket,” as a community-based supermarket.

What we want to be in FY2030

【Quantitative targets (financial)】

Item	Target:
Net sales	¥1 trillion
Ordinary profit	¥35 billion
Profit	¥22 billion
Number of stores	400 stores

What we want to be in FY2030

【Quantitative targets (non-financial)】

Item	Target:
CO2 emissions (Scope1・2)	50% reduction vs. FY2013
Food waste*	50% reduction vs. FY2017
Employee satisfaction (ES)	4.0 (out of a maximum of 5.0)
Ratio of female managers	20% (ratio within management)
Percentage of male employees taking childcare-related leave	100%

* Final food waste per net sales

External Environment

- Accelerated population decline and aging
- Competition intensifying further
- Rising resource prices and increasing operating costs
- Growing awareness of sustainability
- Development and acceleration of digitization

The keyword of the 7th Medium-Term Plan is “Linking”

- Responding to customer needs
- Providing a pleasant shopping experience through the products and services

- Reducing environmental impacts
- Contributing to local communities

Customers

Local community



Employees

- Realizing Corporate Philosophy

Business partners

Shareholders and Investors

- Sustainable trade
- Environmental considerations

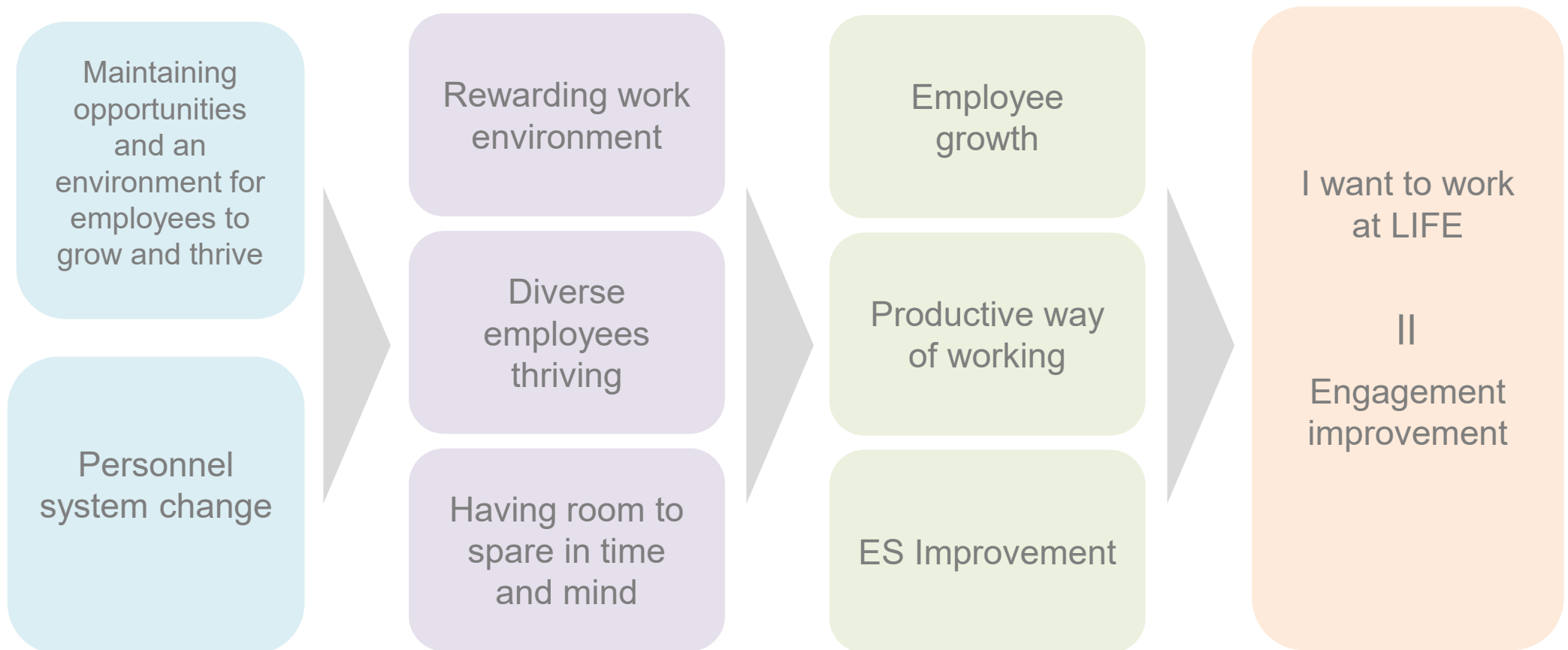
- Appropriate information dissemination
- Improve the quality of dialogue

The 7th Medium-Term Plan Main Themes

1. Investment in employees
 2. Breaking away from the homogeneous competition
 3. Contribution towards the realization of a sustainable and flourishing society
- “Linking the circle of Kaizen activities”
to promote the above

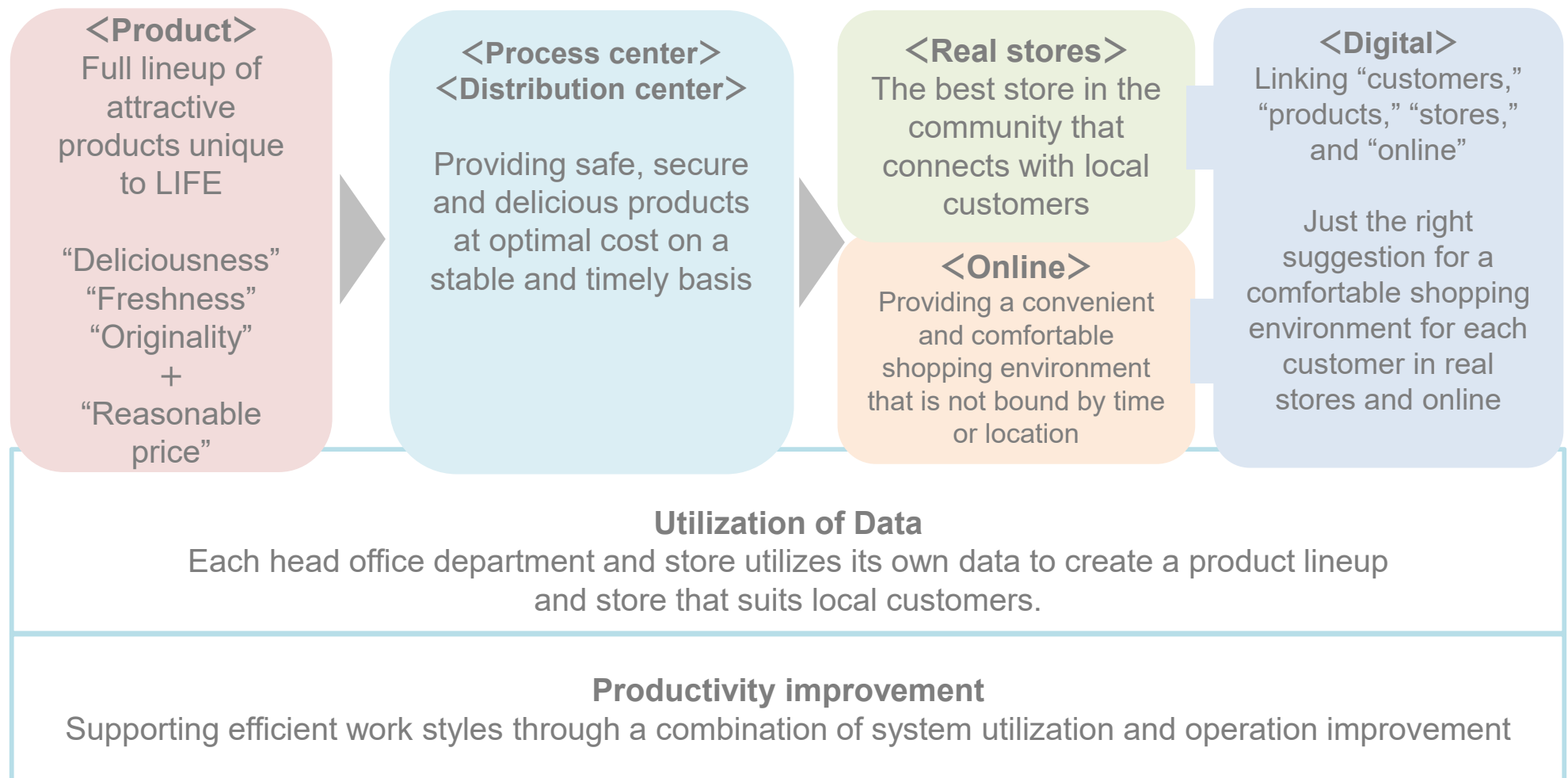
Main theme 1 “Investment in employees”

- Providing value to our customers by creating a “system and environment” to promote the success of diverse human resources and provide educational opportunities, leading to employee growth, highly productive work styles, and improved employee satisfaction (ES).
- Aiming to be a company where employees say, “I want to work at LIFE” and “I want to keep working at LIFE.”



Main theme 2 “Breaking away from the homogeneous competition”

- Providing a stable supply of products that can only be purchased at LIFE through our own supply network and making them available both in warm and attractive real stores and a convenient online environment.
- Aiming to provide “just right” proposals to each customer by utilizing digital and data.



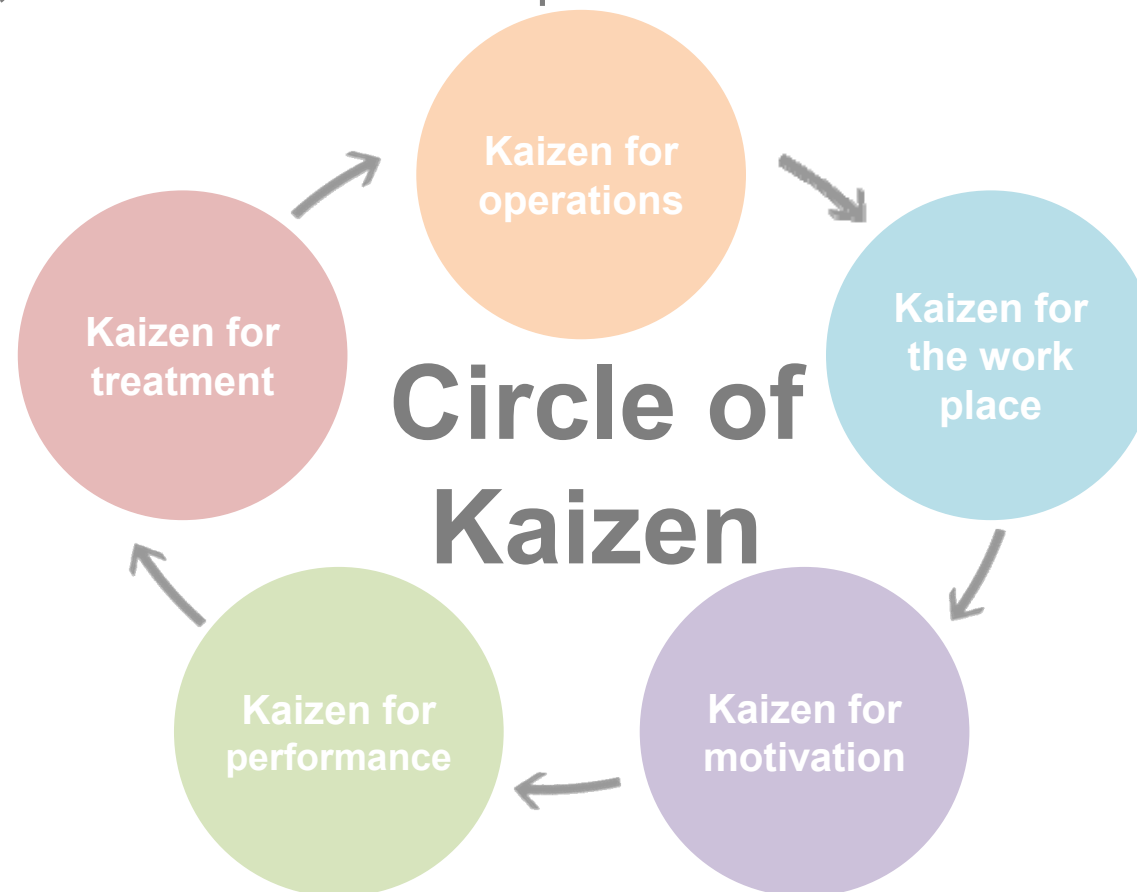
Main theme 3 “Contribution towards the realization of a sustainable and flourishing society”

- Establishing materiality in order to “contribute towards the realization of a sustainable and flourishing society,” as stated in our Corporate Philosophy
- In the 7th Medium-Term Plan, we aim to address these issues and achieve sustainable growth through the efforts of each department.

Category	E: Environment	S: Society			G: Governance
Materiality	Reducing the burden on the environment	Providing safe, high-value-added products and services	Contributing to local communities as infrastructure for everyday life	Creating a motivating workplace environment where diverse personnel can thrive	Development of an organization with high value and ethics
Initiative theme	<ul style="list-style-type: none"> • Reduce food waste • Reduce plastic waste • Reduce CO₂ emissions 	<ul style="list-style-type: none"> • Ensure safety and security • Promote responsible procurement • BIO-RAL business 	<ul style="list-style-type: none"> • Run stores stably • Diversification of shopping options • Contribute to local communities 	<ul style="list-style-type: none"> • Diversity • Health management • Human resource strategy 	<ul style="list-style-type: none"> • Corporate governance • Compliance

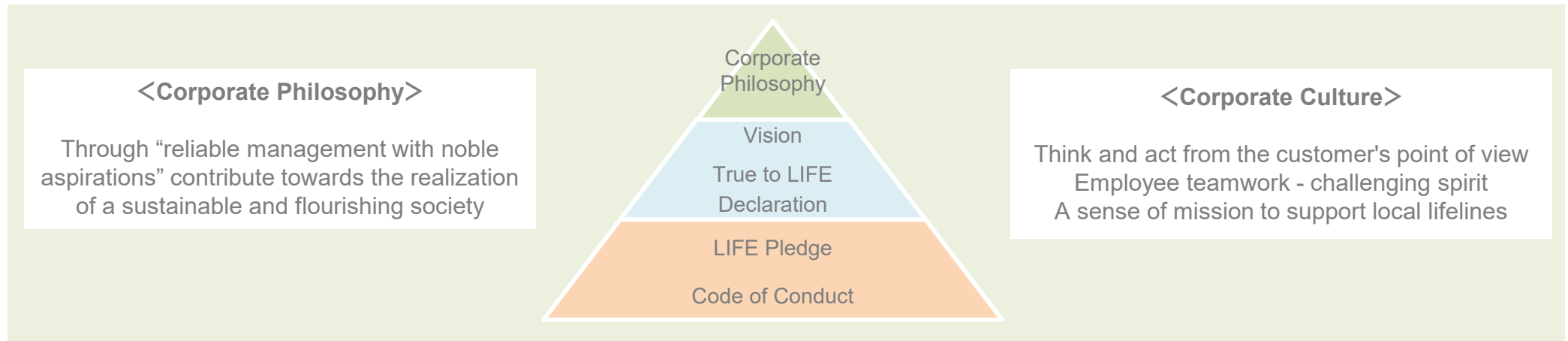
“Linking the circle of Kaizen activities”

- Company-wide efforts to continue to change for the better by not being satisfied with the status quo but by recognizing and solving problems on our own.
- Through this activity, we will improve productivity and optimize costs to grow the company, which will lead to improved treatment.



Overview of the 7th Medium-Term Plan

- We will become a company that local residents say, “It’s my supermarket,” by working on three main themes that are based on our Corporate Philosophy, which are the raison d’etre of our company, and on corporate culture.



<The 7th Medium-Term Plan Main Themes >



A company that everyone says, “It’s my supermarket”

4. Shareholder return policy

Shareholder return policy

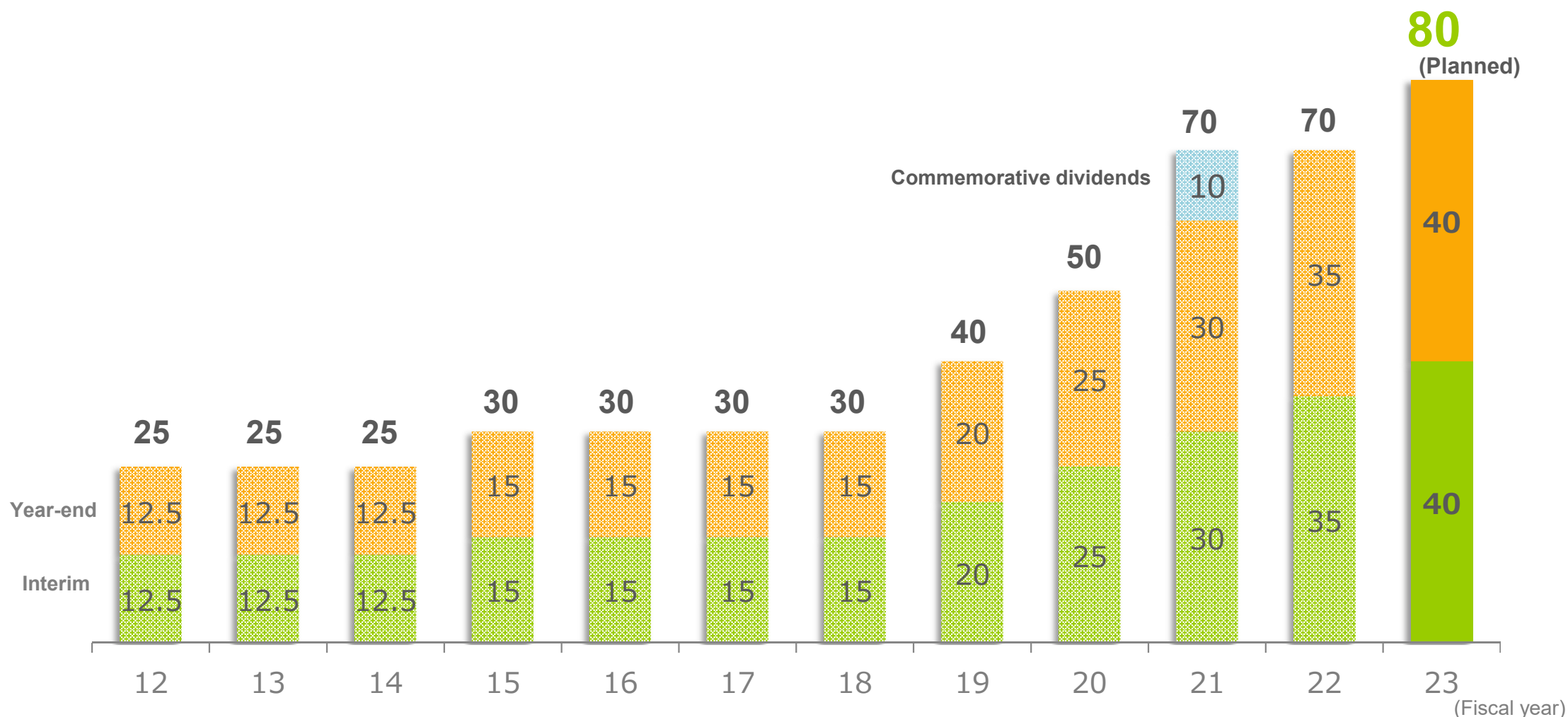
- Together with formulating the 7th Medium-Term Plan, whose period began in fiscal 2023, and while adhering to the previous basic policy, the Company has established a new shareholder return policy that reflects quantitative indicators based on the Company's belief in placing greater emphasis on the return of profit to its shareholders in conjunction with medium- to long-term growth of the Company.

While giving comprehensive consideration to strengthening the financial foundation looking ahead to fiscal 2030 and to future business development, and while maintaining a basic policy of paying dividends, targeting a dividend payout ratio of 30%, the Company will also remain mindful of continuing to pay stable dividends with a dividend on equity ratio (DOE) of 3% as a guide.

Reference: Dividend per share trends

- Based on the new shareholder return policy, the dividend will increase in FY2023 (a total of ¥80 per share planned)
- Continued to pay dividends without reductions** since listing

(Unit: yen)



5. Full-year forecast for FY2023

Full-year forecast for FY2023 (consolidated)

- Aiming to **increase sales and profit** in the first year of the 7th Medium-Term Plan

(Unit: Millions of yen, %)

	FY2023 Full-year	Full-year FY2022	Change	Change
Operating revenue	801,000	765,426	+35,574	+4.6
Operating profit	19,800	19,148	+652	+3.4
Ordinary profit	20,500	20,015	+485	+2.4
Profit	13,500	13,327	+173	+1.3

Full-year FY2023 initiatives

- Achieve a profit increase by absorbing the expected increase in electricity rates in FY2023

Item	Initiatives
Sales	<ul style="list-style-type: none"> Strengthening sales capabilities of existing stores 10 new stores Expanding online supermarkets
Gross profit	<ul style="list-style-type: none"> Expanding original products, such as the delicatessen Expanding private brand products Expanding utilization of process centers
SG&A	<ul style="list-style-type: none"> Electrical price tags will be introduced in all stores in the Tokyo region and will start introducing them in the Osaka region Expanding AI ordering fresh produce section “Linking the circle of Kaizen activities” <p>*Overall initiatives of the 7th Medium-Term Plan</p>

Investment plan

(Unit: Millions of yen)

	FY2023 Full-year	Full-year FY2022	Major contents
New stores	8,700	16,897	Open 10 new stores
Renovation	2,600	927	7 major store renovations
IT and digital systems	6,400	2,385	Expanding use of electrical price tags Cash register-related equipment, etc.
Process center	1,000	952	Production facilities, etc.
Others (expensive equipment, major repairs, etc.)	3,700	3,064	Existing store facilities, etc.
Total	22,400	24,225	

