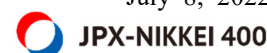


Note: This document is a translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the Japanese original, the latter shall prevail.

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



July 8, 2022



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 Listing: Tokyo Stock Exchange
 Securities code: 8194
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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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended May 31, 2022	185,780	-	5,520	(34.4)	5,720	(33.5)	3,981	(34.4)
Three months ended May 31, 2021	190,917	(2.2)	8,415	(3.4)	8,603	(2.6)	6,067	(2.0)

Note: Comprehensive income
 Three months ended May 31, 2022: ¥3,944 million [(33.8)%]
 Three months ended May 31, 2021: ¥5,957 million [(1.3)%]

Reference: Operating revenue is the total of net sales and receipts from operating revenue.

Net sales
 Three months ended May 31, 2022: ¥179,223 million [-%]
 Three months ended May 31, 2021: ¥185,079 million [(2.3)%]
 Receipts from operating revenue
 Three months ended May 31, 2022: ¥6,556 million [-%]
 Three months ended May 31, 2021: ¥5,837 million [0.7%]

	Earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
May 31, 2022	84.95	-
May 31, 2021	129.47	-

Note: The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ 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.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
May 31, 2022	270,559	112,446	41.6	2,399.26
February 28, 2022	270,229	110,299	40.8	2,353.44

Reference: Equity

As of May 31, 2022: ¥112,446 million

As of February 28, 2022: ¥110,299 million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ 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.

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2022	–	30.00	–	40.00	70.00
Fiscal year ending February 28, 2023	–				
Fiscal year ending February 28, 2023 (Forecast)		35.00	–	35.00	70.00

Notes: 1. Revisions to the forecast of cash dividends most recently announced: None

2. Breakdown of year-end dividend for the fiscal year ended February 28, 2022: Ordinary dividend of ¥30.00, and the 60th anniversary commemorative dividend of ¥10.00

3. Consolidated earnings forecasts for the fiscal year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending February 28, 2023	770,000	–	23,200	1.2	24,000	1.3	15,500	1.9	330.72

Note: Revisions to the consolidated earnings forecasts most recently announced: None

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc., from the beginning of the first quarter of the fiscal year ending February 28, 2023. Therefore, the above consolidated earnings forecasts represent the amounts calculated by applying the said accounting standard, etc., but do not include year-on-year changes for operating revenue as the accounting treatment method subject to comparison differs.

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting treatment to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
 - i. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - ii. Changes in accounting policies due to other reasons: None
 - iii. Changes in accounting estimates: None
 - iv. Restatement: None

Note: For details, please refer to 2. Quarterly consolidated financial statements and significant notes thereto, (3) Notes to quarterly consolidated financial statements, “Changes in accounting policies” on page 8 of the attached material.

- (4) Number of issued shares (ordinary shares)
 - i. Total number of issued shares at the end of the period (including treasury shares)

As of May 31, 2022	49,450,800 shares
As of February 28, 2022	49,450,800 shares
 - ii. Number of treasury shares at the end of the period

As of May 31, 2022	2,583,547 shares
As of February 28, 2022	2,583,502 shares
 - iii. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2022	46,867,292 shares
Three months ended May 31, 2021	46,867,625 shares

Note: The number of treasury shares at the end of the period includes the Company’s shares (90,300 shares as of May 31, 2022, and 90,300 shares as of February 28, 2022) held by Custody Bank of Japan, Ltd. (Trust Account) as the trust assets for the “Trust for Delivering Shares to Directors.”

In addition, the Company’s shares held by Custody Bank of Japan, Ltd. (Trust Account) are included in the treasury shares that are excluded from the calculation of the average number of shares during the period. (90,300 shares as of May 31, 2022, and 90,300 shares as of May 31, 2021)

* Quarterly financial results reports are not required to be subjected to quarterly financial reviews conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors. Please refer to “Explanation of consolidated earnings forecasts and other such forward-looking information” on page 3 of the attached material for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

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1. Qualitative information on quarterly financial results

(1) Explanation of operating results

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. from the first quarter of the current fiscal year. As a result, the accounting treatment method for revenues differs from that used in the first three months of the previous fiscal year; therefore, in the following explanation of operating results, no increase or decrease amounts or year-on-year comparisons (%) are shown for operating revenues and net sales. Moreover, the amounts of operating profit, etc., are those of the same period of the previous year due to the negligible impact.

During the first three months of the current fiscal year, the Japanese economy continued to face an uncertain outlook due to the tense situation in Ukraine and soaring resource prices, despite moves toward normalization of economic activities, including additional vaccinations against COVID-19 and the lifting of COVID-19 restrictions.

In the food supermarket industry, which is the Group’s area of business, the environment surrounding corporate operations is becoming increasingly severe. The demand for eating at home caused by COVID-19 has been calming down, competition is intensifying across industries and business categories, and various costs, including heating and lighting expenses, are rising.

In this economic environment, this fiscal year is positioned as the year for the total completion of the medium-term plan. This plan, commenced in fiscal 2018, aims to make each of our stores the No. 1 in the area with even greater trust from customers. In order to break away from homogeneous competition and promote differentiation, we are focusing on the development of original products such as “BIO-RAL” –a private brand that uses healthy materials and production methods for customers interested in health and natural products– expanding our online supermarket business including services for Amazon Prime members, and aggressively opening new stores. Our Central Square Yebisu Garden Place Store, which opened in April, is positioned as a next-generation supermarket that combined brick-and-mortar stores and online supermarkets with the business concepts of Central Square (“making daily shopping from convenience to fun”) and BIO-RAL (“organic, healthy, local, and sustainable”). It has received increasing attention from various media and has been getting support from many customers.

Furthermore, in March, as part of our efforts to realize a sustainable and flourishing society, we started full-scale operation of one of the largest bio-gas power generation facilities in the Japanese retail industry at Tempozan, which reduces food residues and creates renewable energy.

We opened four new stores: Central Square Yebisu Garden Place Store (Tokyo) (mentioned above), Kameido Clock Store (Tokyo) and Horikawa Kitayama Store (Kyoto Prefecture) in April, and BIO-RAL Shinjuku Marui Store (Tokyo) in May. We also renovated the existing Shiki Store to expand the lineup of frozen foods, wine and pet foods, for which demand is growing.

The Group’s operating revenue totaled ¥185,780 million as a result of the expansion of new stores and online supermarkets, strengthening of private brand products such as BIO-RAL, and implementing product initiatives that sought to enhance taste. On the other hand, as for selling, general and administrative expenses, the Group saw increases in utilities expenses, various property expenses, rent expenses from opening new stores, and personnel expenses from increased hiring activities. Operating profit was ¥5,520 million (¥8,415 million in the same period of the previous year), ordinary profit was ¥5,720 million (¥8,603 million in the same period of the previous year), and profit attributable to owners of parent was ¥3,981 million (¥6,067 million in the same period of the previous year).

Results by segment are as follows:

(Retail Business)

Operating revenue was ¥185,733 million, with net sales of ¥179,223 million, and segment profit of ¥5,656 million (¥8,595 million in the same period of the previous year).

Net sales by department were ¥78,704 million for fresh produce, ¥79,400 million for general food, ¥15,528 million for lifestyle products, and ¥5,590 million for apparel.

(Other Business)

Operating revenue from LIFE FINANCIAL SERVICE was ¥621 million (¥587 million in the same period of the previous year), with segment profit of ¥63 million (¥8 million in the same period of the previous year).

(2) Explanation of financial position

Assets, liabilities, and net assets

Total assets at the end of the first quarter of the current fiscal year were ¥270,559 million, an increase of ¥330 million from the end of the previous fiscal year.

Current assets totaled ¥72,146 million, a decrease of ¥2,334 million from the end of the previous fiscal year. This was mainly due to a ¥6,485 million decrease in accounts receivable - other (other current assets), while cash and deposits increased by ¥1,367 million, accounts receivable - trade increased by ¥1,504 million, merchandise and finished goods increased by ¥1,082 million.

Non-current assets totaled ¥198,413 million, an increase of ¥2,664 million from the end of the previous fiscal year. This was mainly due to an increase of ¥2,377 million in property, plant and equipment after depreciation, resulting from new store openings.

Total liabilities at the end of the first quarter of the current fiscal year were ¥158,112 million, a decrease of ¥1,817 million from the end of the previous fiscal year. This was mainly due to decreases of ¥1,737 million in total short-term borrowings and long-term borrowings and ¥4,413 million in accounts payable - other (other current liabilities), while accounts payable - trade increased by ¥3,659 million compared to the end of the previous fiscal year.

Total net assets at the end of the first quarter of the current fiscal year were ¥112,446 million, an increase of ¥2,147 million from the end of the previous fiscal year. This was mainly due to a ¥2,183 million increase in retained earnings.

(3) Explanation of consolidated earnings forecasts and other such forward-looking information

There is no change in the consolidated earnings forecasts for the fiscal year ending February 28, 2023 from that announced on April 11, 2022 in the “Consolidated Financial Results for the Fiscal Year Ended February 28, 2022.”

Moreover, it remains difficult to reasonably foresee the impact of COVID-19 pandemic on the Group’s businesses in the future. The forecast for the second half of this fiscal year and beyond, in particular, has been prepared by taking into account as many factors as possible that we can assume at this point in time. However, we will closely monitor future economic and consumer spending trends, and if it becomes necessary to revise our consolidated earnings forecasts, we will disclose them promptly.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of February 28, 2022	As of May 31, 2022
Assets		
Current assets		
Cash and deposits	9,809	11,176
Accounts receivable - trade	8,133	9,637
Merchandise and finished goods	23,880	24,963
Raw materials and supplies	258	259
Other	32,399	26,109
Total current assets	74,480	72,146
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	86,648	86,710
Land	39,256	39,256
Other, net	24,584	26,901
Total property, plant and equipment	150,490	152,868
Intangible assets	3,508	3,405
Investments and other assets		
Guarantee deposits	24,086	24,216
Other	17,704	17,965
Allowance for doubtful accounts	(41)	(42)
Total investments and other assets	41,749	42,139
Total non-current assets	195,748	198,413
Total assets	270,229	270,559

(Millions of yen)

	As of February 28, 2022	As of May 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	41,666	45,325
Short-term borrowings	38,500	34,050
Current portion of long-term borrowings	14,865	14,431
Income taxes payable	3,901	2,498
Provision for bonuses	2,555	4,891
Provision for sales promotion expenses	1,963	26
Other	29,026	26,481
Total current liabilities	132,478	127,704
Non-current liabilities		
Long-term borrowings	12,248	15,395
Provision for share awards for directors (and other officers)	56	56
Retirement benefit liability	2,999	2,992
Asset retirement obligations	5,014	5,055
Other	7,132	6,908
Total non-current liabilities	27,451	30,408
Total liabilities	159,929	158,112
Net assets		
Shareholders' equity		
Share capital	10,004	10,004
Capital surplus	5,628	5,628
Retained earnings	99,221	101,405
Treasury shares	(3,930)	(3,930)
Total shareholders' equity	110,923	113,107
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	357	316
Revaluation reserve for land	(1,114)	(1,114)
Remeasurements of defined benefit plans	133	138
Total accumulated other comprehensive income	(623)	(660)
Total net assets	110,299	112,446
Total liabilities and net assets	270,229	270,559

(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income

Quarterly consolidated statement of income (cumulative)

(Millions of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Net sales	185,079	179,223
Cost of sales	127,976	123,722
Gross profit	57,103	55,501
Receipts from operating revenue	5,837	6,556
Operating gross profit	62,941	62,057
Selling, general and administrative expenses	54,525	56,536
Operating profit	8,415	5,520
Non-operating income		
Interest income	36	33
Dividend income	6	4
Income from recycling	61	78
Other	149	143
Total non-operating income	254	259
Non-operating expenses		
Interest expenses	50	43
Other	16	15
Total non-operating expenses	66	59
Ordinary profit	8,603	5,720
Extraordinary income		
Gain on sale of investment securities	249	-
Total extraordinary income	249	-
Extraordinary losses		
Loss on retirement of non-current assets	5	4
Loss on COVID-19	*1	22
Loss on sale of investment securities	7	-
Total extraordinary losses	35	4
Profit before income taxes	8,817	5,716
Income taxes - current	2,887	2,071
Income taxes - deferred	(137)	(336)
Total income taxes	2,749	1,735
Profit	6,067	3,981
Profit attributable to owners of parent	6,067	3,981

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Profit	6,067	3,981
Other comprehensive income		
Valuation difference on available-for-sale securities	(113)	(40)
Remeasurements of defined benefit plans, net of tax	3	4
Total other comprehensive income	(110)	(36)
Comprehensive income	5,957	3,944
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,957	3,944

(3) Notes to quarterly consolidated financial statements

Notes on premise of going concern

Not applicable.

Notes on the event of significant changes in the amount of shareholders' equity

Not applicable.

Changes in accounting policies

Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the first quarter of the current fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The main changes resulting from the application of the Accounting Standard for Revenue Recognition, etc., are as follows:

1. Revenue recognition for agency transactions

With respect to revenue from transactions in which purchase of goods, etc. is recognized at the time of sales thereof (*shoka shiire*), the Company previously recognized the total consideration received from customers as net sales and the total consideration paid to suppliers as cost of sales. However, as the Company's role, in such transactions, in providing goods, etc., to customers is determined to be that of an agent, the Company has changed its method of recognizing revenue to the net amount of the total consideration received from customers less the total consideration paid to suppliers. Moreover, these revenues are recorded in receipts from operating revenue and not net sales.

2. Revenue recognition for our point system

The Company offers a customer loyalty program, whereby members are awarded points based on the amount of purchases they make. Previously, to prepare for the redemption of points granted to customers, the amount expected to be required to redeem the points was recorded as provision for sales promotion expenses, whose transfer amount was recorded as selling, general and administrative expenses. However, the Company has changed its method to identify such points as performance obligations and allocate the transaction price by calculating the independent selling price of the points considering the expected future expiration and other factors.

As a result of this change, what was recorded as selling, general and administrative expenses is now deducted from net sales, and the liability for points awarded based on the purchase amount, which was presented as "provision for sales promotion expenses" on the consolidated balance sheet in the previous fiscal year, is now "contract liabilities" and included in "other" under current liabilities.

3. Revenue recognition related to company-issued coupons and points issued by other companies

Previously, the Company recorded the gross amount of company-issued coupons and points issued by other companies for sales to customers as net sales, and used company-issued coupons and granted points issued by other companies as sales promotion expenses in selling, general and administrative expenses. Now we have changed the method of recognizing revenue as the net amount of the total consideration received from customers less relevant costs.

The application of the Accounting Standard for Revenue Recognition, etc., is in accordance with the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retrospective application,

assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of the current fiscal year was added to or deducted from the opening balance of retained earnings of the first quarter of the current fiscal year, and thus the new accounting policy was applied from such opening balance.

For the first three months of the current fiscal year, as a result of this change, net sales decreased by ¥5,823 million, cost of sales decreased by ¥3,806 million, receipts from operating revenue increased by ¥722 million, and selling, general and administrative expenses decreased by ¥1,291 million, while operating profit, ordinary profit and profit before income taxes each decreased by ¥3 million. The opening balance of retained earnings increased by ¥80 million.

In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation. Furthermore, the information on disaggregation of revenue from contracts with customers during the first three months of the previous fiscal year has not been disclosed as allowed by the transitional treatment provided for in paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020).

Application of Accounting Standard for Fair Value Measurement, etc.

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), etc., from the beginning of the first quarter of the current fiscal year, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional treatment provided for in paragraph 19 of the Accounting Standard For Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no impact on the quarterly consolidated financial statements for the first three months of the current fiscal year.

Notes to quarterly consolidated statement of income

***1 Loss on COVID-19**

First three months of the previous fiscal year (March 1, 2021 to May 31, 2021)

The Company recorded a loss on COVID-19 in extraordinary losses resulting from the loss on abandonment of goods, disinfection expenses, and tenant support through rent concessions incurred in stores and other facilities caused by the spread of COVID-19.

First three months of the current fiscal year (March 1, 2022 to May 31, 2022)

Not applicable.

Segment information, etc.

[Segment information]

I First three months of the previous fiscal year (March 1, 2021 to May 31, 2021)

Information on operating revenue and profit or loss by reportable segment

(Millions of yen)

	Reportable segment	Other (Note 2)	Total	Adjustments	Amounts recorded in quarterly consolidated statement of income (Note 3)
	Retail Business				
Operating revenue (Note 1)					
Operating revenue from external customers	190,684	233	190,917	–	190,917
Intersegment operating revenue and transfers	0	354	355	(355)	–
Total	190,685	587	191,272	(355)	190,917
Segment profit	8,595	8	8,603	–	8,603

- Notes: 1. Operating revenue is the total of net sales and receipts from operating revenue.
 2. “Other” includes credit card business, etc.
 3. Segment profit is adjusted to ordinary profit in the quarterly consolidated statement of income.

II First three months of the current fiscal year (March 1, 2022 to May 31, 2022)

1. Information on operating revenue and profit or loss by reportable segment and on disaggregation of revenue

(Millions of yen)

	Reportable segment	Other (Note 2)	Total	Adjustments	Amounts recorded in quarterly consolidated statement of income (Note 3)
	Retail Business				
Operating revenue (Note 1)					
Revenue from contracts with customers	184,418	265	184,683	–	184,683
Other revenue (Note 4)	1,096	–	1,096	–	1,096
Operating revenue from external customers	185,514	265	185,780	–	185,780
Intersegment operating revenue and transfers	218	356	574	(574)	–
Total	185,733	621	186,355	(574)	185,780
Segment profit	5,656	63	5,720	–	5,720

- Notes: 1. Operating revenue is the total of net sales and receipts from operating revenue.
 2. “Other” includes credit card business, etc.
 3. Segment profit is adjusted to ordinary profit in the quarterly consolidated statement of income.
 4. Other revenue includes real estate lease revenue based on the Accounting Standard for Lease Transactions (ASBJ Statement No. 13).

2. Matters related to changes in reportable segments, etc.

As described in notes to “Changes in accounting policies,” the Company has applied the Accounting Standard for Revenue Recognition, etc., from the beginning of the first quarter of

the current fiscal year, and changed the accounting treatment for revenue recognition. Accordingly, the Company has changed the method of calculating profit or loss of operating segments.

As a result of this change, compared to the previous method, in the Retail Business, net sales decreased by ¥5,823 million (the full amount is revenue from contracts with customers), receipts from operating revenue increased by ¥940 million (of which, revenue from contracts with customers of ¥722 million and intersegment operating revenue and transfers of ¥217 million), and segment profit decreased by ¥3 million for the first quarter of the current fiscal year.

Significant subsequent events

Not applicable.