

September 14, 2018

Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending October 31, 2018
(Nine Months Ended July 31, 2018)

[Japanese GAAP]

Company name: LONGLIFE HOLDING Co., Ltd. Listing: Tokyo Stock Exchange (JASDAQ)
 Stock code: 4355 URL: <http://www.longlife-holding.co.jp>
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Scheduled date of filing of Quarterly Report: September 14, 2018

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on September 14, 2018 at 15:30 (GMT +9).

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended July 31, 2018 (Nov. 1, 2017 – Jul. 31, 2018)

(1) Consolidated results of operations (Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Jul. 31, 2018	9,591	6.4	214	(27.6)	(19)	—	(118)	—
Nine months ended Jul. 31, 2017	9,014	—	296	—	249	25.5	83	(3.9)

Note: Comprehensive income (million yen) Nine months ended Jul. 31, 2018: (121) (—%)

Nine months ended Jul. 31, 2017: 93 (up 86.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Jul. 31, 2018	(11.61)	—
Nine months ended Jul. 31, 2017	8.13	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jul. 31, 2018	16,290	3,127	19.2	305.56
As of Oct. 31, 2017	15,168	3,332	22.0	325.58

Reference: Shareholders' equity (million yen) As of Jul. 31, 2018: 3,127 As of Oct. 31, 2017: 3,332

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ending Oct. 31, 2017	-	0.00	-	8.00	8.00
Fiscal year ending Oct. 31, 2018	-	0.00	-	-	-
Fiscal year ending Oct. 31, 2018 (forecasts)	-	-	-	8.00	8.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending October 31, 2018 (Nov. 1, 2017 – Oct. 31, 2018)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	13,000	5.7	700	38.8	500	7.7	250	7.0	24.43

Note: Revisions to the most recently announced consolidated forecast: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): None

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at end of period (including shares of treasury stock)

As of Jul. 31, 2018:11,190,400 shares As of Oct. 31, 2017:11,190,400 shares

2) Number of shares of treasury stock at end of period

As of Jul. 31, 2018:955,605 shares As of Oct. 31, 2017:955,605shares

3) Average number of shares outstanding during the period

Nine months ended Jul. 31, 2018:10,234,795 shares Nine months ended Jul. 31, 2017:10,234,795 shares

Indication of quarterly review procedure implementation status

The current quarterly financial report is exempted from quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the review procedures for the quarterly consolidated financial statements have been completed.

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1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	FY10/17 (As of Oct. 31, 2017)	Third quarter of FY10/18 (As of Jul. 31, 2018)
Assets		
Current assets		
Cash and deposits	1,833,234	1,296,043
Notes and accounts receivable-trade	1,657,895	1,662,496
Inventories	60,455	205,054
Deferred tax assets	68,446	16,650
Deposits paid	1,400,339	1,113,542
Other	246,794	514,758
Total current assets	5,267,166	4,808,545
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	7,131,050	8,745,767
Accumulated depreciation	(2,704,196)	(2,904,580)
Buildings and structures, net	4,426,854	5,841,186
Vehicles	16,807	16,807
Accumulated depreciation	(6,523)	(10,040)
Vehicles, net	10,283	6,766
Tools, furniture and fixtures	557,452	759,745
Accumulated depreciation	(402,438)	(458,887)
Tools, furniture and fixtures, net	155,014	300,858
Land	3,299,427	3,679,322
Lease assets	329,875	340,413
Accumulated depreciation	(287,323)	(302,490)
Lease assets, net	42,551	37,923
Construction in progress	1,075,409	590,555
Total property, plant and equipment	9,009,541	10,456,612
Intangible assets		
Other	23,542	48,650
Total intangible assets	23,542	48,650
Investments and other assets		
Investment securities	135,003	131,484
Guarantee deposits	560,675	659,558
Long-term prepaid expenses	52,515	62,519
Other	119,758	123,416
Total investments and other assets	867,952	976,978
Total noncurrent assets	9,901,036	11,482,241
Total assets	15,168,202	16,290,786

(Thousands of yen)

	FY10/17 (As of Oct. 31, 2017)	Third quarter of FY10/18 (As of Jul. 31, 2018)
Liabilities		
Current liabilities		
Accounts payable-trade	220,181	233,462
Short-term loans payable	170,000	302,300
Current portion of long-term loans payable	523,015	385,346
Lease obligations	21,763	17,234
Accounts payable-other	233,474	404,076
Accrued expenses	592,789	593,539
Income taxes payable	118,804	13,830
Advances received	5,485,300	5,166,719
Provision for bonuses	158,645	63,055
Allowance for cancellation of contract	15,741	6,750
Other	95,970	104,589
Total current liabilities	7,635,685	7,290,904
Noncurrent liabilities		
Long-term loans payable	3,958,329	5,610,800
Lease obligations	22,786	19,926
Deferred tax liabilities	38,396	35,893
Net defined benefit liability	84,547	98,182
Asset retirement obligations	94,502	95,599
Other	1,698	12,100
Total noncurrent liabilities	4,200,260	5,872,502
Total liabilities	11,835,945	13,163,407
Net assets		
Shareholders' equity		
Capital stock	100,000	100,000
Retained earnings	3,444,423	3,242,046
Treasury stock	(251,175)	(251,175)
Total shareholders' equity	3,293,248	3,090,871
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	41,638	38,980
Foreign currency translation adjustment	(2,629)	(2,471)
Total accumulated other comprehensive income	39,008	36,508
Total net assets	3,332,257	3,127,379
Total liabilities and net assets	15,168,202	16,290,786

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
**Quarterly Consolidated Statements of Income
(For the Nine-month Period)**

(Thousands of yen)

	First nine months of FY10/17 (Nov. 1, 2016– Jul. 31, 2017)	First nine months of FY10/18 (Nov. 1, 2017– Jul. 31, 2018)
Net sales	9,014,599	9,591,953
Cost of sales	6,939,591	7,529,982
Gross profit	2,075,008	2,061,970
Selling, general and administrative expenses	1,778,390	1,847,100
Operating income	296,618	214,870
Non-operating income		
Interest income	141	29
Dividends income	2,470	2,657
Revenue of facility usage charge	785	715
Subsidy income	1,485	2,576
Share of profit of entities accounted for using equity method	—	1,722
Other	9,208	4,010
Total non-operating income	14,090	11,710
Non-operating expenses		
Interest expenses	46,266	58,450
Equity in losses of affiliates	108	—
Commission fee	10,457	152,523
Taxes and dues	—	19,722
Other	4,600	15,715
Total non-operating expenses	61,431	246,412
Ordinary income	249,277	(19,831)
Extraordinary income		
Gain on sales of non-current assets	3,006	—
Total extraordinary income	3,006	—
Extraordinary loss		
Loss on retirement of non-current assets	663	283
Loss on cancellation of rental contracts	392	1,127
Loss on litigation	—	536
Total extraordinary losses	1,056	1,946
Profit before income taxes	251,227	(21,778)
Income taxes-current	100,805	42,943
Income taxes-deferred	67,262	54,113
Total income taxes	168,068	97,057
Profit	83,159	(118,835)
Profit attributable to owners of parent	83,159	(118,835)

**Quarterly Consolidated Statements of Comprehensive Income
(For the Nine-month Period)**

(Thousands of yen)

	First nine months of FY10/17 (Nov. 1, 2016 – Jul. 31, 2017)	First nine months of FY10/18 (Nov. 1, 2017– Jul. 31, 2018)
Income before minority interests	83,159	(118,835)
Other comprehensive income		
Valuation difference on available-for-sale securities	10,095	(2,658)
Share of other comprehensive income of associates accounted for using equity method	(108)	228
Foreign currency translation adjustment	108	—
Total other comprehensive income	10,095	(2,429)
Comprehensive income	93,254	(121,265)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	93,254	(121,265)

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

I. First nine months of FY10/17(Nov. 1, 2016 – Jul. 31, 2017)

1. Information related to sales and profit (or loss) for each reportable segment

	Reportable segment						Others (note)	Total
	Nursing home	In-home nursing care	Nursing care equipment	Food	Resort	Subtotal		
Sales								
External sales	3,237,210	4,166,043	1,069,126	27,395	108,023	8,557,800	456,799	9,014,599
Inter-segment sales or transfers	—	1,354	63,239	431,253	980	496,828	29,162	525,990
Total	3,237,210	4,177,397	1,132,366	458,649	109,004	9,054,629	485,961	9,540,590
Segment profit (loss)	104,520	24,710	39,895	11,481	(146,155)	34,452	(5,786)	28,666

(Thousands of yen)

Note: "Others" segment is not included in any of the reportable segments and includes dispensing pharmacy business and investment business.

2. Reconciliation of reported quarterly consolidated statements of income with total profit (or loss) for reportable segments

Reconciliation items (Thousands of yen)

Profit	Amount
Total for reportable segments	34,452
Profits (losses) attributable to "Others"	(5,786)
Adjustments on unrealized profits	107
Amortization of goodwill	220,127
Corporate revenue/expenses (note)	376
Ordinary income on the quarterly consolidated statements of income	249,277

Note: Corporate revenue/expenses represent consulting fee income from the group companies to the Company and costs of the Company for administration of the group companies.

3. Information related to impairment losses on noncurrent assets, goodwill, etc. for each reportable segment

Not applicable.

II. First nine months of FY10/18 (Nov. 1, 2017– Jul. 31, 2018)

1. Information related to sales and profit (or loss) for each reportable segment

(Thousands of yen)

	Reportable segment						Others (note)	Total
	Nursing home	In-home nursing care	Nursing care equipment	Food	Resort	Subtotal		
Sales								
External sales	3,320,927	4,266,656	1,263,435	45,972	162,003	9,058,995	532,958	9,591,953
Inter-segment sales or transfers	2,250	2,025	66,457	452,435	1,336	524,505	14,228	538,733
Total	3,323,177	4,268,681	1,329,893	498,407	163,340	9,583,500	547,186	10,130,686
Segment profit (loss)	9,137	45,730	18,547	20,865	(191,105)	(96,823)	(13,706)	(110,530)

Note: "Others" segment is not included in any of the reportable segments and includes dispensing pharmacy business and investment business.

2. Reconciliation of reported quarterly consolidated statements of income with total profit (or loss) for reportable segments

Reconciliation items

(Thousands of yen)

Profit	Amount
Total for reportable segments	(96,823)
Profits (losses) attributable to "Others"	(13,706)
Adjustments on unrealized profits	107
Corporate revenue/expenses (note)	84,744
Other	5,847
Ordinary income on the quarterly consolidated statements of income	(19,831)

Note: Corporate revenue/expenses represent consulting fee income from the group companies to the Company and costs of the Company for administration of the group companies.

3. Information related to impairment losses on noncurrent assets, goodwill, etc. for each reportable segment

Not applicable.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.