

Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending October 31, 2019
(Nine Months Ended July 31, 2019)

[Japanese GAAP]

Company name: LONGLIFE HOLDING Co., Ltd. Listing: Tokyo Stock Exchange (JASDAQ)
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Scheduled date of filing of Quarterly Report: September 13, 2019

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 13, 2019 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, 2019 (Nov. 1, 2018 – Jul. 31, 2019)

(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, 2019	9,852	2.7	(11)	—	(72)	—	(312)	—
Nine months ended Jul. 31, 2018	9,591	6.4	214	(27.6)	(19)	—	(118)	—

Note: Comprehensive income (million yen) Nine months ended Jul. 31, 2019: (321) (—%)

Nine months ended Jul. 31, 2018: (121) (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Jul. 31, 2019	(30.39)	—
Nine months ended Jul. 31, 2018	(11.61)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jul. 31, 2019	17,079	2,778	16.3	267.70
As of Oct. 31, 2018	16,609	3,132	18.9	306.08

Reference: Shareholders' equity (million yen) As of Jul. 31, 2019: 2,778 As of Oct. 31, 2018: 3,132

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ending Oct. 31, 2018	—	0.00	—	8.00	8.00
Fiscal year ending Oct. 31, 2019	—	0.00	—		
Fiscal year ending Oct. 31, 2019 (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, 2019 (Nov. 1, 2018 – Oct. 31, 2019)

(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	14,100	9.6	420	42.1	340	764.4	85	—	8.31

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, 2019:11,190,400 shares As of Oct. 31, 2018:11,190,400 shares

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

As of Jul. 31, 2019:812,605 shares As of Oct. 31, 2018:955,605shares

3) Average number of shares outstanding during the period

Nine months ended Jul. 31, 2019:10,275,873 shares Nine months ended Jul. 31, 2018:10,234,795 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)

	FY10/18 (As of Oct. 31, 2018)	Third quarter of FY10/19 (As of Jul. 31, 2019)
Assets		
Current assets		
Cash and deposits	1,279,263	1,094,022
Notes and accounts receivable-trade	1,682,523	1,684,620
Inventories	217,871	191,281
Deposits paid	1,140,345	1,140,626
Other	409,351	363,702
Allowance for doubtful accounts	(11,732)	—
Total current assets	4,717,622	4,474,254
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	8,809,438	8,597,633
Accumulated depreciation	(2,977,119)	(3,041,523)
Buildings and structures, net	5,832,318	5,556,110
Vehicles	16,807	16,606
Accumulated depreciation	(11,213)	(12,720)
Vehicles, net	5,594	3,886
Tools, furniture and fixtures	799,330	777,659
Accumulated depreciation	(487,144)	(512,475)
Tools, furniture and fixtures, net	312,185	265,183
Land	3,679,322	3,679,322
Lease assets	340,413	348,310
Accumulated depreciation	(307,074)	(318,674)
Lease assets, net	33,338	29,636
Construction in progress	914,418	1,975,840
Total property, plant and equipment	10,777,178	11,509,980
Intangible assets		
Goodwill	—	30,960
Other	46,499	53,269
Total intangible assets	46,499	84,230
Investments and other assets		
Investment securities	126,031	106,179
Stocks of subsidiaries and affiliates	0	5,000
Guarantee deposits	740,594	712,884
Long-term prepaid expenses	57,097	49,634
Deferred tax assets	20,104	10,134
Other	124,605	126,933
Total investments and other assets	1,068,433	1,010,766
Total noncurrent assets	11,892,111	12,604,977
Total assets	16,609,734	17,079,231

(Thousands of yen)

	FY10/18 (As of Oct. 31, 2018)	Third quarter of FY10/19 (As of Jul. 31, 2019)
Liabilities		
Current liabilities		
Accounts payable-trade	191,102	170,002
Short-term loans payable	551,200	170,000
Current portion of long-term loans payable	378,660	428,660
Lease obligations	14,475	11,265
Accounts payable-other	396,653	334,060
Accrued expenses	585,298	610,513
Income taxes payable	20,546	70,391
Advances received	5,353,030	5,126,192
Provision for bonuses	96,536	85,520
Allowance for cancellation of contract	14,554	6,335
Other	71,653	133,528
Total current liabilities	7,673,710	7,146,469
Noncurrent liabilities		
Long-term loans payable	5,540,135	6,896,440
Lease obligations	17,353	16,849
Deferred tax liabilities	22,016	17,423
Net defined benefit liability	99,728	114,106
Asset retirement obligations	112,905	97,213
Other	11,197	12,628
Total noncurrent liabilities	5,803,336	7,154,661
Total liabilities	13,477,046	14,301,131
Net assets		
Shareholders' equity		
Capital stock	100,000	100,000
Capital surplus	—	10,982
Retained earnings	3,245,695	2,851,506
Treasury stock	(251,175)	(213,273)
Total shareholders' equity	3,094,520	2,749,215
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	40,742	30,478
Foreign currency translation adjustment	(2,575)	(1,593)
Total accumulated other comprehensive income	38,167	28,884
Total net assets	3,132,687	2,778,100
Total liabilities and net assets	16,609,734	17,079,231

(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 FY10/18 (Nov. 1, 2017– Jul. 31, 2018)	First nine months of FY10/19 (Nov. 1, 2018– Jul. 31, 2019)
Net sales	9,591,953	9,852,099
Cost of sales	7,529,982	7,830,675
Gross profit	2,061,970	2,021,424
Selling, general and administrative expenses	1,847,100	2,032,924
Operating income	214,870	(11,499)
Non-operating income		
Interest income	29	29
Dividends income	2,657	2,916
Insurance claims	229	10,549
Share of profit of entities accounted for using equity method	1,722	—
Other	7,072	15,825
Total non-operating income	11,710	29,319
Non-operating expenses		
Interest expenses	58,450	65,570
Commission fee	152,523	18,750
Taxes and dues	19,722	—
Other	15,715	5,677
Total non-operating expenses	246,412	89,997
Ordinary income	(19,831)	(72,177)
Extraordinary loss		
Impairment loss	—	99,954
Loss on valuation of investment securities	—	5,323
Other	1,946	20,978
Total extraordinary losses	1,946	126,256
Profit before income taxes	(21,778)	(198,433)
Income taxes-current	42,943	103,078
Income taxes-deferred	54,113	10,797
Total income taxes	97,057	113,876
Profit	(118,835)	(312,310)
Profit attributable to owners of parent	(118,835)	(312,310)

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

(Thousands of yen)

	First nine months of FY10/18 (Nov. 1, 2017 – Jul. 31, 2018)	First nine months of FY10/19 (Nov. 1, 2018– Jul. 31, 2019)
Income before minority interests	(118,835)	(312,310)
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,658)	(10,264)
Share of other comprehensive income of associates accounted for using equity method	228	981
Total other comprehensive income	(2,429)	(9,282)
Comprehensive income	(121,265)	(321,592)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(121,265)	(321,592)
Comprehensive income attributable to non-controlling shareholders	—	—

(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 FY10/18(Nov. 1, 2017 – Jul. 31, 2018)

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	3,320,927	4,107,275	1,263,435	45,972	162,003	8,899,614	692,338	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	4,109,301	1,329,893	498,407	163,340	9,424,119	706,566	10,130,686
Segment profit (loss)	9,137	50,079	18,547	20,865	(191,105)	(92,474)	(18,055)	(110,530)

(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	(92,474)
Profits (losses) attributable to "Others"	(18,055)
Adjustments on unrealized profits	107
Amortization of goodwill	84,744
Corporate revenue/expenses (note)	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.

II. First nine months of FY10/19 (Nov. 1, 2018– Jul. 31, 2019)

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	3,401,066	4,207,668	1,145,320	28,683	339,672	9,122,411	729,688	9,852,099
Inter-segment sales or transfers	3,400	3,626	73,764	456,609	1,095	538,495	9,967	548,463
Total	3,404,466	4,211,294	1,219,084	485,292	340,768	9,660,907	739,655	10,400,562
Segment profit (loss)	(263,088)	4,686	10,273	5,110	(44,867)	(287,885)	17,758	(270,127)

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	(287,885)
Profits (losses) attributable to "Others"	17,758
Adjustments on unrealized profits	107
Corporate revenue/expenses (note)	197,392
Other	450
Ordinary income on the quarterly consolidated statements of income	(72,177)

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.