

December 13, 2019

**Summary of Consolidated Financial Results for the Fiscal Year Ended October 31, 2019**

[Japanese GAAP]

Company name: LONGLIFE HOLDING Co., Ltd.

Listing: Tokyo Stock Exchange (JASDAQ)

Stock code: 4355

URL: <http://longlife-holding.co.jp>

Representative: Masakazu Endo, CEO

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Administration Division

Scheduled date of Annual General Meeting of Shareholders: January 29, 2020

Scheduled date of filing of Annual Securities Report: January 29, 2020

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for analysts and institutional investors)

*Note: The original disclosure in Japanese was released on December 13, 2019 at 14:55 (GMT +9).**(All amounts are rounded down to the nearest million yen)***1. Consolidated Financial Results for the Fiscal Year Ended October 31, 2019 (Nov. 1, 2018 – Oct. 31, 2019)**

(1) Consolidated results of operations (Percentages shown for net sales and incomes 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                             | % |
| Fiscal year ended Oct. 31, 2019 | 13,220      | 2.8 | 110              | (62.5) | 26              | (33.3) | (318)                                   | — |
| Fiscal year ended Oct. 31, 2018 | 12,866      | 4.4 | 295              | (43.6) | 39              | (91.5) | (115)                                   | — |

Note: Comprehensive income (million yen)

Fiscal year ended Oct. 31, 2019: (327) (- %)

Fiscal year ended Oct. 31, 2018: (115) (- %)

|                                 | Profit per share | Diluted profit per share | Return on equity | Ordinary income on total assets | Operating income on net sales |
|---------------------------------|------------------|--------------------------|------------------|---------------------------------|-------------------------------|
|                                 | Yen              | Yen                      | %                | %                               | %                             |
| Fiscal year ended Oct. 31, 2019 | (30.91)          | —                        | (10.8)           | 0.2                             | 0.8                           |
| Fiscal year ended Oct. 31, 2018 | (11.26)          | —                        | (3.6)            | 0.2                             | 2.3                           |

Reference: Investment gain (loss) by equity method (million yen)

Fiscal year ended Oct. 31, 2019: -

Fiscal year ended Oct. 31, 2018: 1

(2) Consolidated financial position

|                     | Total assets | Net assets  | Equity ratio | Net assets per share |
|---------------------|--------------|-------------|--------------|----------------------|
|                     | Million yen  | Million yen | %            | Yen                  |
| As of Oct. 31, 2019 | 17,437       | 2,772       | 15.9         | 267.20               |
| As of Oct. 31, 2018 | 16,609       | 3,132       | 18.9         | 306.08               |

Reference: Shareholders' equity (million yen)

As of Oct. 31, 2019: 2,772

As of Oct. 31, 2018: 3,132

(3) Consolidated cash flows

|                                 | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
|                                 | Million yen                          | Million yen                          | Million yen                          | Million yen                                |
| Fiscal year ended Oct. 31, 2019 | 353                                  | (1,640)                              | 1,244                                | 1,001                                      |
| Fiscal year ended Oct. 31, 2018 | 287                                  | (2,398)                              | 1,555                                | 1,044                                      |

**2. Dividends**

|  | Dividend per share |        |        |          |       | Total dividends | Dividend payout ratio (consolidated) | Dividend on equity (consolidated) |
|--|--------------------|--------|--------|----------|-------|-----------------|--------------------------------------|-----------------------------------|
|  | 1Q-end             | 2Q-end | 3Q-end | Year-end | Total |                 |                                      |                                   |
|  | Yen                | Yen    | Yen    | Yen      | Yen   | Million yen     | %                                    | %                                 |
| Fiscal year ended Oct. 31, 2018              | —                  | 0.00   | —      | 8.00     | 8.00  | 81              | —                                    | 2.6                               |
| Fiscal year ended Oct. 31, 2019              | —                  | 0.00   | —      | 8.00     | 8.00  | 83              | —                                    | 2.8                               |
| Fiscal year ending Oct. 31, 2020 (forecasts) | —                  | 0.00   | —      | 8.00     | 8.00  |                 | 75.5                                 |                                   |

### 3. Consolidated Forecast for the Fiscal Year Ending October 31, 2020 (Nov. 1, 2019 – Oct. 31, 2020)

(Percentages represent year-over-year changes)

|           | Net sales   |     | Operating income |       | Ordinary income |       | Profit attributable to owners of parent |   | Profit per share |
|-----------|-------------|-----|------------------|-------|-----------------|-------|---|---|------------------|
|           | Million yen | %   | Million yen      | %     | Million yen     | %     | Million yen                             | % | Yen              |
| Full year | 14,000      | 5.9 | 300              | 170.4 | 220             | 738.6 | 110                                     | — | 10.60            |

#### \* Notes

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

Newly added: -

Excluded: -

(2) 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

(3) Number of outstanding shares (common stock)

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

As of Oct. 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 Oct. 31, 2019:814,605 shares As of Oct. 31, 2018:955,605 shares

3) Average number of shares outstanding during the period

Fiscal year ended Oct. 31, 2019:10,301,439 shares Fiscal year ended Oct. 31, 2018:10,234,795 shares

#### For reference: Summary of Non-consolidated Financial Results

##### Non-consolidated Financial Results for the Fiscal Year Ended October 31, 2019(Nov. 1, 2018 – Oct. 31, 2019)

(1) Non-consolidated results of operations

(Percentages represent year-over-year changes)

|                                 | Net sales   |       | Operating income |        | Ordinary income |        | Profit      |   |
|---------------------------------|-------------|-------|------------------|--------|-----------------|--------|-------------|---|
|                                 | Million yen | %     | Million yen      | %      | Million yen     | %      | Million yen | % |
| Fiscal year ended Oct. 31, 2019 | 1,008       | (3.0) | 267              | (22.1) | 268             | 57.0   | 127         | — |
| Fiscal year ended Oct. 31, 2018 | 1,039       | 11.5  | 343              | 7.3    | 170             | (47.4) | (351)       | — |

|                                 | Profit per share | Diluted Profit per share |
|---------------------------------|------------------|--------------------------|
|                                 | Yen              | Yen                      |
| Fiscal year ended Oct. 31, 2019 | 12.37            | —                        |
| Fiscal year ended Oct. 31, 2018 | (34.32)          | —                        |

(2) Non-consolidated financial position

|                     | Total assets | Net assets  | Equity ratio | Net assets per share |
|---------------------|--------------|-------------|--------------|----------------------|
|                     | Million yen  | Million yen | %            | Yen                  |
| As of Oct. 31, 2019 | 4,734        | 438         | 9.3          | 42.22                |
| As of Oct. 31, 2018 | 5,102        | 353         | 6.9          | 34.56                |

Reference: Shareholders' equity (million yen)

As of Oct. 31, 2019

438

As of Oct. 31, 2018

353

Indication of audit procedure implementation status

The current financial report is not subject to the audit procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the audit procedures for the consolidated financial statements have not been completed.

Cautionary statement with respect to forecasts of future performance and special items

Forecasts of future performance in these materials are based on certain standards judged to be valid and information available to the Company's management at the time the materials were prepared. Actual results may differ significantly from these forecasts for a number of reasons.

Contents of Attachments

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**1. Consolidated Financial Statements**
**(1) Consolidated Balance Sheets**

(Thousands of yen)

|  | FY10/18<br>(As of Oct. 31, 2018) | FY10/19<br>(As of Oct. 31, 2019) |
|--|----------------------------------|----------------------------------|
| <b>Assets</b>                              |                                  |                                  |
| <b>Current assets</b>                      |                                  |                                  |
| Cash and deposits                          | 1,279,263                        | 1,243,637                        |
| Notes and accounts receivable-trade        | 1,682,523                        | 1,660,752                        |
| Inventories                                | 217,871                          | 170,761                          |
| Deposits paid                              | 1,140,345                        | 1,055,158                        |
| Other                                      | 409,351                          | 323,239                          |
| Allowance for doubtful accounts            | (11,732)                         | (22,784)                         |
| <b>Total current assets</b>                | <b>4,717,622</b>                 | <b>4,430,764</b>                 |
| <b>Noncurrent assets</b>                   |                                  |                                  |
| <b>Property, plant and equipment</b>       |                                  |                                  |
| Buildings and structures                   | 8,809,438                        | 8,617,594                        |
| Accumulated depreciation                   | (2,977,119)                      | (3,120,416)                      |
| Buildings and structures, net              | 5,832,318                        | 5,497,178                        |
| Vehicles                                   | 16,807                           | 16,606                           |
| Accumulated depreciation                   | (11,213)                         | (13,289)                         |
| Vehicles, net                              | 5,594                            | 3,316                            |
| Tools, furniture and fixtures              | 799,330                          | 791,546                          |
| Accumulated depreciation                   | (487,144)                        | (545,540)                        |
| Tools, furniture and fixtures, net         | 312,185                          | 246,006                          |
| Land                                       | 3,679,322                        | 3,679,322                        |
| Lease assets                               | 340,413                          | 352,437                          |
| Accumulated depreciation                   | (307,074)                        | (321,682)                        |
| Lease assets, net                          | 33,338                           | 30,755                           |
| Construction in progress                   | 914,418                          | 2,436,186                        |
| <b>Total property, plant and equipment</b> | <b>10,777,178</b>                | <b>11,892,766</b>                |
| <b>Intangible assets</b>                   |                                  |                                  |
| Goodwill                                   | —                                | 29,174                           |
| Other                                      | 46,499                           | 73,056                           |
| <b>Total intangible assets</b>             | <b>46,499</b>                    | <b>102,230</b>                   |
| <b>Investments and other assets</b>        |                                  |                                  |
| Investment securities                      | 126,031                          | 106,433                          |
| Stocks of subsidiaries and affiliates      | 0                                | 5,000                            |
| Guarantee deposits                         | 740,594                          | 710,878                          |
| Long-term prepaid expenses                 | 57,097                           | 43,324                           |
| Deferred tax assets                        | 20,104                           | 20,326                           |
| Other                                      | 124,605                          | 126,168                          |
| <b>Total investments and other assets</b>  | <b>1,068,433</b>                 | <b>1,012,131</b>                 |
| <b>Total noncurrent assets</b>             | <b>11,892,111</b>                | <b>13,007,128</b>                |
| <b>Total assets</b>                        | <b>16,609,734</b>                | <b>17,437,893</b>                |

|   | (Thousands of yen)               |                                  |
|---|----------------------------------|----------------------------------|
|   | FY10/18<br>(As of Oct. 31, 2018) | FY10/19<br>(As of Oct. 31, 2019) |
| <b>Liabilities</b>                                    |                                  |                                  |
| <b>Current liabilities</b>                            |                                  |                                  |
| Accounts payable-trade                                | 191,102                          | 182,575                          |
| Short-term loans payable                              | 551,200                          | 170,000                          |
| Current portion of long-term loans payable            | 378,660                          | 438,660                          |
| Lease obligations                                     | 14,475                           | 11,735                           |
| Accounts payable-other                                | 396,653                          | 346,976                          |
| Accrued expenses                                      | 585,298                          | 586,612                          |
| Income taxes payable                                  | 20,546                           | 127,359                          |
| Advances received                                     | 5,353,030                        | 5,052,702                        |
| Provision for bonuses                                 | 96,536                           | 107,554                          |
| Allowance for cancellation of contract                | 14,554                           | 15,279                           |
| Asset retirement obligations                          | —                                | 3,756                            |
| Other   | 71,653                           | 122,511                          |
| <b>Total current liabilities</b>                      | <b>7,673,710</b>                 | <b>7,165,721</b>                 |
| <b>Noncurrent liabilities</b>                         |                                  |                                  |
| Long-term loans payable                               | 5,540,135                        | 7,237,775                        |
| Lease obligations                                     | 17,353                           | 19,021                           |
| Deferred tax liabilities                              | 22,016                           | 16,982                           |
| Net defined benefit liability                         | 99,728                           | 114,730                          |
| Asset retirement obligations                          | 112,905                          | 99,349                           |
| Other   | 11,197                           | 11,948                           |
| <b>Total noncurrent liabilities</b>                   | <b>5,803,336</b>                 | <b>7,499,807</b>                 |
| <b>Total liabilities</b>                              | <b>13,477,046</b>                | <b>14,665,529</b>                |
| <b>Net assets</b>                                     |                                  |                                  |
| <b>Shareholders' equity</b>                           |                                  |                                  |
| Capital stock   | 100,000                          | 100,000                          |
| Capital surplus                                       | —                                | 10,982                           |
| Retained earnings                                     | 3,245,695                        | 2,845,366                        |
| Treasury stock  | (251,175)                        | (213,273)                        |
| <b>Total shareholders' equity</b>                     | <b>3,094,520</b>                 | <b>2,743,075</b>                 |
| <b>Accumulated other comprehensive income</b>         |                                  |                                  |
| Valuation difference on available-for-sale securities | 40,742                           | 30,549                           |
| Foreign currency translation adjustment               | (2,575)                          | (1,261)                          |
| <b>Total accumulated other comprehensive income</b>   | <b>38,167</b>                    | <b>29,288</b>                    |
| <b>Total net assets</b>                               | <b>3,132,687</b>                 | <b>2,772,363</b>                 |
| <b>Total liabilities and net assets</b>               | <b>16,609,734</b>                | <b>17,437,893</b>                |

**(2) Consolidated Statements of Income and Comprehensive Income**
**Consolidated Statements of Income**

|   | FY10/18<br>(Nov. 1, 2017 – Oct. 31, 2018) | FY10/19<br>(Nov. 1, 2018 – Oct. 31, 2019) |
|---|---|---|
| Net sales   | 12,866,561                                | 13,220,909                                |
| Cost of sales   | 10,097,199                                | 10,352,006                                |
| Gross profit  | 2,769,362                                 | 2,868,902                                 |
| Selling, general and administrative expenses                  | 2,473,736                                 | 2,757,943                                 |
| Operating income  | 295,626                                   | 110,958                                   |
| Non-operating income  |   |   |
| Interest income   | 68  | 47  |
| Dividends income  | 2,657                                     | 2,916                                     |
| Insurance claims  | 369                                       | 13,576                                    |
| Share of profit of entities accounted for using equity method | 1,890                                     | —   |
| Other   | 10,741                                    | 18,439                                    |
| Total non-operating income                                    | 15,726                                    | 34,979                                    |
| Non-operating expenses  |   |   |
| Interest expenses   | 78,805                                    | 88,782                                    |
| Commission paid   | 157,762                                   | 23,466                                    |
| Taxes and dues  | 20,551                                    | —   |
| Other   | 14,897                                    | 7,456                                     |
| Total non-operating expenses                                  | 272,016                                   | 119,705                                   |
| Ordinary income   | 39,335                                    | 26,233                                    |
| Extraordinary loss  |   |   |
| Impairment loss   | —   | 112,627                                   |
| Loss on valuation of investment securities                    | 5,939                                     | 5,323                                     |
| Settlement  | —   | 32,885                                    |
| Bad debt losses   | —   | 18,666                                    |
| Loss on sales of property, plant and equipment                | 1,177                                     | —   |
| Other   | 14,929                                    | 15,053                                    |
| Total extraordinary losses                                    | 22,046                                    | 184,556                                   |
| Profit (loss) before income taxes                             | 17,289                                    | (158,323)                                 |
| Income taxes-current  | 97,531                                    | 159,999                                   |
| Income taxes-deferred   | 34,955                                    | 127                                       |
| Total income taxes  | 132,487                                   | 160,126                                   |
| Profit (loss)   | (115,197)                                 | (318,450)                                 |
| Profit (loss) attributable to owners of parent                | (115,197)                                 | (318,450)                                 |

**Consolidated Statements of Comprehensive Income**

(Thousands of yen)

|  | FY10/18<br>(Nov. 1, 2017 – Oct. 31, 2018) | FY10/19<br>(Nov. 1, 2018 – Oct. 31, 2019) |
|--|---|---|
| Profit (loss)  | (115,197)                                 | (318,450)                                 |
| Other comprehensive income                                     |   |   |
| Valuation difference on available-for-sale securities          | (895)                                     | (10,193)                                  |
| Foreign currency translation adjustment                        | 124                                       | 1,314                                     |
| Total other comprehensive income                               | (770)                                     | (8,878)                                   |
| Comprehensive income   | (115,968)                                 | (327,329)                                 |
| Comprehensive income attributable to                           |   |   |
| Comprehensive income attributable to owners of the parent      | (115,968)                                 | (327,329)                                 |
| Comprehensive income attributable to non-controlling interests | —   | —   |



**(3) Consolidated Statement of changes in equity**

FY10/18(Nov. 1, 2017 – Oct. 31, 2018)

(Thousands of yen)

|  | Shareholders' equity |                   |                |                            |
|--|----------------------|-------------------|----------------|----------------------------|
|  | Capital stock        | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of current period           | 100,000              | 3,444,423         | (251,175)      | 3,293,248                  |
| Changes of items during the period                   |                      |                   |                |                            |
| Retained earnings                                    |                      | (81,878)          |                | (81,878)                   |
| Profit attributable to owners of parent              |                      | (115,197)         |                | (115,197)                  |
| Change of scope of consolidation                     |                      | (1,652)           |                | (1,652)                    |
| Net changes of items other than shareholders' equity |                      |                   |                |                            |
| Total changes of items during the period             | —                    | (198,728)         | —              | (198,728)                  |
| Balance at the end of current period                 | 100,000              | 3,245,695         | (251,175)      | 3,094,520                  |

|  | Accumulated other comprehensive income                |   |  | Non-controlling interests | Total net assets |
|--|---|---|--|---------------------------|------------------|
|  | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total changes of items during the period |                           |                  |
| Balance at the beginning of current period           | 41,638  | (2,629)                                 | 39,008                                   | —                         | 3,332,257        |
| Changes of items during the period                   |   |   |  |                           |                  |
| Retained earnings                                    |   |   |  |                           | (81,878)         |
| Profit attributable to owners of parent              |   |   |  |                           | (115,197)        |
| Change of scope of consolidation                     |   |   |  |                           | (1,652)          |
| Net changes of items other than shareholders' equity | (895)   | 54                                      | (841)                                    | —                         | (841)            |
| Total changes of items during the period             | (895)   | 54                                      | (841)                                    | —                         | (199,569)        |
| Balance at the end of current period                 | 40,742  | (2,575)                                 | 38,167                                   | —                         | 3,132,687        |

FY10/19(Nov. 1, 2018 – Oct. 31, 2019)

(Thousands of yen)

|  | Shareholders' equity |                 |                   |                |                            |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of current period           | 100,000              | —               | 3,245,695         | (251,175)      | 3,094,520                  |
| Changes of items during the period                   |                      |                 |                   |                |                            |
| Retained earnings                                    |                      |                 | (81,878)          |                | (81,878)                   |
| Disposal of treasury stock                           |                      | 10,982          |                   | 37,901         | 48,883                     |
| Profit attributable to owners of parent              |                      |                 | (318,450)         |                | (318,450)                  |
| Net changes of items other than shareholders' equity |                      |                 |                   |                |                            |
| Total changes of items during the period             | —                    | 10,982          | (400,328)         | 37,901         | (351,444)                  |
| Balance at the end of current period                 | 100,000              | 10,982          | 2,845,366         | (213,273)      | 2,743,075                  |

|  | Accumulated other comprehensive income                |   |  | Non-controlling interests | Total net assets |
|--|---|---|--|---------------------------|------------------|
|  | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total changes of items during the period |                           |                  |
| Balance at the beginning of current period           | 40,742  | (2,575)                                 | 38,167                                   | —                         | 3,132,687        |
| Changes of items during the period                   |   |   |  |                           |                  |
| Retained earnings                                    |   |   |  |                           | (81,878)         |
| Disposal of treasury stock                           |   |   |  |                           | 48,883           |
| Profit attributable to owners of parent              |   |   |  |                           | (318,450)        |
| Net changes of items other than shareholders' equity | (10,193)  | 1,314                                   | (8,878)                                  | —                         | (8,878)          |
| Total changes of items during the period             | (10,193)  | 1,314                                   | (8,878)                                  | —                         | (360,323)        |
| Balance at the end of current period                 | 30,549  | (1,261)                                 | 29,288                                   | —                         | 2,772,363        |

**(4) Consolidated Statements of Cash Flows**

(Thousands of yen)

|  | FY10/18<br>(Nov. 1, 2017 – Oct. 31, 2018) | FY10/19<br>(Nov. 1, 2018 – Oct. 31, 2019) |
|--|---|---|
| Cash flows from operating activities                                 |   |   |
| Profit (loss) before income taxes                                    | 17,289                                    | (158,323)                                 |
| Depreciation   | 407,105                                   | 450,708                                   |
| Amortization of goodwill   | —   | 6,549                                     |
| Amortization of long-term prepaid expenses                           | 28,730                                    | 12,776                                    |
| Impairment loss  | —   | 112,627                                   |
| Settlement   | —   | 32,885                                    |
| Bad debt losses  | —   | 18,666                                    |
| Increase (decrease) in allowance for doubtful accounts               | 11,732                                    | 11,051                                    |
| Increase (decrease) in provision for bonuses                         | (62,109)                                  | 11,018                                    |
| Increase (decrease) in allowance for cancellation of contract        | (1,187)                                   | 725                                       |
| Increase (decrease) in net defined benefit liability                 | 15,180                                    | 15,001                                    |
| Share of (profit) loss of entities accounted for using equity method | (1,890)                                   | —   |
| Interest and dividends income  | (2,725)                                   | (2,963)                                   |
| Interest expenses  | 78,805                                    | 88,782                                    |
| Commission fee   | 157,762                                   | 23,466                                    |
| Stock-based compensation expenses                                    | —   | 24,091                                    |
| Loss (gain) on sales of non-current assets                           | 1,177                                     | —   |
| Loss on retirement of non-current assets                             | 1,432                                     | 6,394                                     |
| Loss on retirement of intangible fixed assets                        | —   | 1,164                                     |
| Loss (gain) on sales and valuation of investment securities          | 1,231                                     | —   |
| Loss (gain) on valuation of investment securities                    | 5,939                                     | 5,323                                     |
| Decrease (increase) in notes and accounts receivable-trade           | (18,960)                                  | 21,770                                    |
| Decrease (increase) in inventories                                   | (157,416)                                 | 47,110                                    |
| Decrease (increase) in deposits paid                                 | 260,860                                   | 85,187                                    |
| Increase (decrease) in notes and accounts payable-trade              | (29,079)                                  | (8,527)                                   |
| Increase (decrease) in accounts payable-other                        | 145,192                                   | (39,063)                                  |
| Increase (decrease) in advances received                             | (137,936)                                 | (300,328)                                 |
| Increase (decrease) in accrued consumption taxes                     | (28,140)                                  | (56,087)                                  |
| Decrease (increase) in consumption taxes refund receivable           | (126,019)                                 | 125,815                                   |
| Other payments   | 10,384                                    | (44,518)                                  |
| Subtotal   | 577,361                                   | 491,304                                   |
| Interest and dividends income received                               | 2,725                                     | 2,963                                     |
| Interest expenses paid   | (81,332)                                  | (90,301)                                  |
| Settlement payment   | —   | (22,845)                                  |
| Refund of corporate taxes, etc.                                      | —   | 28,648                                    |
| Income taxes paid  | (211,034)                                 | (55,917)                                  |
| Net cash provided by (used in) operating activities                  | 287,719                                   | 353,851                                   |

|   | (Thousands of yen)             |                               |
|---|--------------------------------|-------------------------------|
|   | FY10/18                        | FY10/19                       |
|   | (Nov. 1, 2017 – Oct. 31, 2018) | (Nov. 1, 2018– Oct. 31, 2019) |
| Cash flows from investing activities  |                                |                               |
| Payments into time deposits   | (200,038)                      | (235,055)                     |
| Proceeds from withdrawal of time deposits   | 200,021                        | 235,038                       |
| Purchase of investment securities   | (200,866)                      | (1,301)                       |
| Proceeds from sales of investment securities  | 198,768                        | –                             |
| Purchase of property, plant and equipment   | (2,135,554)                    | (1,542,858)                   |
| Proceeds from sales of property, plant and equipment                                    | 240                            | –                             |
| Purchase of intangible assets   | (31,423)                       | (35,680)                      |
| Payments for lease and guarantee deposits   | (186,069)                      | (21,794)                      |
| Proceeds from collection of lease and guarantee deposits                                | 6,149                          | 54,780                        |
| Purchase of long-term prepaid expenses  | (38,009)                       | (15,170)                      |
| Expenditures from absorption splits   | –                              | (70,000)                      |
| Other, net  | (11,270)                       | (8,379)                       |
| Net cash provided by (used in) investing activities                                     | (2,398,053)                    | (1,640,420)                   |
| Cash flows from financing activities  |                                |                               |
| Net increase (decrease) in short-term loans payable                                     | 381,200                        | (381,200)                     |
| Proceeds from long-term loans payable   | 4,899,000                      | 2,151,300                     |
| Repayment of long-term loans payable  | (3,461,549)                    | (393,660)                     |
| Repayments of lease obligations   | (23,259)                       | (14,404)                      |
| Payments for deposits of restricted deposits  | –                              | (7,200)                       |
| Payments for acquisition of subsidiary shares without changes in scope of consolidation | –                              | (5,000)                       |
| Cash dividends paid   | (81,754)                       | (81,533)                      |
| Payments for commission fee   | (157,762)                      | (23,466)                      |
| Net cash provided by (used in) financing activities                                     | 1,555,874                      | 1,244,835                     |
| Effect of exchange rate change on cash and cash equivalents                             | 471                            | (1,108)                       |
| Net increase (decrease) in cash and cash equivalents                                    | (553,987)                      | (42,842)                      |
| Cash and cash equivalents at beginning of period  | 1,598,213                      | 1,044,225                     |
| Cash and cash equivalents at end of period  | 1,044,225                      | 1,001,382                     |

**(5) Notes to Consolidated Financial Statements**

**Going Concern Assumption**

Not applicable.

**Segment and Other Information**

a. Segment data

1. Overview of reportable segment

Segments used for financial reporting are the Group's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The LONGLIFE Group uses a pure holding company structure in which individual operating companies determine comprehensive strategies for their respective activities in Japan and other countries and conduct those activities.

Consequently, there are five reportable business segments that are determined by service categories based on the activities of operating companies: the nursing home business, the in-home nursing care business, the nursing care equipment business, the food business and the resort business.

2. Calculation methods for sales, profit (or loss), assets, liabilities, and other items for each reportable segment

The accounting methods for reportable segments are generally the same as those listed in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements."

Profits for reportable segments are generally ordinary income figures.

Inter-segment sales or transfers are based on market prices.

3. Information related to sales, profit (or loss), assets, liabilities, and other items for each reportable segment  
 FY10/18 (Nov. 1, 2017 – Oct. 31, 2018)

(Thousands of yen)

|   | Reportable segment |                            |                              |         |           |            | Others<br>(note) | Total      |
|---|--------------------|----------------------------|------------------------------|---------|-----------|------------|------------------|------------|
|   | Nursing<br>home    | In-home<br>nursing<br>care | Nursing<br>care<br>equipment | Food    | Resort    | Subtotal   |                  |            |
| Sales   |                    |                            |                              |         |           |            |                  |            |
| External sales  | 4,495,552          | 5,672,206                  | 1,681,252                    | 57,100  | 256,538   | 12,162,650 | 703,910          | 12,866,561 |
| Inter-segment sales<br>or transfers   | —                  | 2,672                      | 101,809                      | 601,673 | 1,808     | 707,963    | 25,186           | 733,149    |
| Total   | 4,495,552          | 5,674,878                  | 1,783,061                    | 658,773 | 258,347   | 12,870,614 | 729,097          | 13,599,711 |
| Segment profit (loss)   | 27,100             | 51,121                     | 19,948                       | 23,530  | (242,296) | (120,595)  | (11,672)         | (132,267)  |
| Segment assets  | 9,857,587          | 1,492,235                  | 738,298                      | 166,859 | 3,890,727 | 16,145,708 | 430,881          | 16,576,589 |
| Other items   |                    |                            |                              |         |           |            |                  |            |
| Depreciation and<br>amortization  | 170,379            | 38,976                     | 9,006                        | 1,430   | 171,558   | 391,351    | 3,510            | 394,862    |
| Interest expenses   | 29,994             | 6,160                      | 2,065                        | —       | 31,881    | 70,102     | 3,726            | 73,829     |
| Equity in losses of<br>affiliates   | —                  | —                          | —                            | —       | —         | —          | 1,890            | 1,890      |
| Increase in<br>property, plant<br>and equipment<br>and intangible<br>assets | 1,127,673          | 45,741                     | 10,008                       | 975     | 988,268   | 2,172,667  | 13,944           | 2,186,612  |

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

FY10/19 (Nov. 1, 2018 – Oct. 31, 2019)

(Thousands of yen)

|   | Reportable segment |                            |                              |         |           |            | Others<br>(note) | Total      |
|---|--------------------|----------------------------|------------------------------|---------|-----------|------------|------------------|------------|
|   | Nursing<br>home    | In-home<br>nursing<br>care | Nursing<br>care<br>equipment | Food    | Resort    | Subtotal   |                  |            |
| Sales   |                    |                            |                              |         |           |            |                  |            |
| External sales  | 4,572,324          | 5,636,210                  | 1,490,453                    | 42,190  | 497,144   | 12,238,323 | 982,585          | 13,220,909 |
| Inter-segment sales<br>or transfers   | 3,700              | 4,753                      | 86,001                       | 606,409 | 1,435     | 702,299    | 12,565           | 714,865    |
| Total   | 4,576,024          | 5,640,963                  | 1,576,454                    | 648,599 | 498,580   | 12,940,623 | 995,151          | 13,935,774 |
| Segment profit (loss)   | (286,273)          | 45,535                     | (15,501)                     | 13,022  | (22,099)  | (265,316)  | 22,310           | (243,006)  |
| Segment assets  | 10,648,675         | 1,574,792                  | 597,673                      | 178,048 | 3,571,973 | 16,571,163 | 496,888          | 17,068,052 |
| Other items   |                    |                            |                              |         |           |            |                  |            |
| Depreciation and<br>amortization  | 175,389            | 33,822                     | 8,381                        | 1,478   | 212,699   | 431,771    | 6,174            | 437,945    |
| Interest expenses   | 42,984             | 5,710                      | 2,859                        | —       | 36,108    | 87,662     | 4,142            | 91,804     |
| Equity in losses of<br>affiliates   | —                  | —                          | —                            | —       | —         | —          | —                | —          |
| Increase in<br>property, plant<br>and equipment<br>and intangible<br>assets | 1,585,874          | 25,057                     | 6,712                        | 3,175   | 28,200    | 1,649,019  | 55,607           | 1,704,627  |

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

## 4. Reconciliation of reported consolidated financial statements with total profit (or loss) for reportable segments

Reconciliation items (Thousands of yen)

| Sales  | FY10/18    | FY10/19    |
|--|------------|------------|
| Total for reportable segments                  | 12,870,614 | 12,940,623 |
| Sales attributable to "Others"                 | 729,097    | 995,151    |
| Eliminations for inter-segment transactions    | (733,149)  | (714,865)  |
| Sales on the consolidated financial statements | 12,866,561 | 13,220,909 |

(Thousands of yen)

| Profit   | FY10/18   | FY10/19   |
|--|-----------|-----------|
| Total for reportable segments                            | (120,595) | (265,316) |
| Profits attributable to "Others"                         | (11,672)  | 22,310    |
| Adjustments on unrealized profits                        | 143       | 143       |
| Corporate revenue/expenses (note)                        | 170,969   | 268,496   |
| Others   | 491       | 600       |
| Ordinary income on the consolidated financial statements | 39,335    | 26,233    |

Notes: 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.

(Thousands of yen)

| Assets  | FY10/18     | FY10/19     |
|---|-------------|-------------|
| Total for reportable segments                         | 16,145,708  | 16,571,163  |
| Assets attributable to the "Others"                   | 430,881     | 496,888     |
| Offsetting of receivables                             | (5,068,916) | (4,364,214) |
| Corporate assets (note)                               | 5,102,060   | 4,734,055   |
| Total assets on the consolidated financial statements | 16,609,734  | 17,437,893  |

Note: Corporate assets represent the assets of the Company.

(Thousands of yen)

| Other items   | Total for reportable segments |           | Others  |         | Adjustments |         | Amounts shown on consolidated financial statements |           |
|---|-------------------------------|-----------|---------|---------|-------------|---------|--|-----------|
|   | FY10/18                       | FY10/19   | FY10/18 | FY10/19 | FY10/18     | FY10/19 | FY10/18  | FY10/19   |
| Depreciation and amortization   | 391,351                       | 431,771   | 3,510   | 6,174   | 12,242      | 12,763  | 407,105  | 450,708   |
| Interest expenses   | 70,102                        | 87,662    | 3,726   | 4,142   | 4,976       | (3,022) | 78,805   | 88,782    |
| Share of profit or loss of entities accounted for using equity method | —                             | —         | 1,890   | —       | —           | —       | 1,890  | —         |
| Increase in property, plant and equipment and intangible assets       | 2,172,667                     | 1,649,019 | 13,944  | 55,607  | 33,940      | 46,183  | 2,220,552  | 1,750,810 |

Notes: 1. Adjustments to depreciation and amortization consist of adjustments to corporate expenses and to unrealized profits.  
 2. Adjustments to interest expenses are not allocated to reportable segments.  
 3. Adjustments to an increase in property, plant and equipment and intangible assets consist of the capital investments in the Company.



b. Related information

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

1. Information by product or service

This information is omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

Not applicable since the Company has no external sales outside Japan.

(2) Property, plant and equipment

Not applicable because there is no property, plant and equipment outside Japan.

3. Information by major client

(Thousands of yen)

| Company name  | Net sales | Business segment   |
|---|-----------|--|
| Osaka Federation of National Health Insurance Organizations | 4,452,362 | Nursing home, in-home nursing care, nursing care equipment |

FY10/19 (Nov. 1, 2018 – Oct. 31, 2019)

1. Information by product or service

This information is omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

Not applicable since the Company has no external sales outside Japan.

(2) Property, plant and equipment

This information is omitted because the Company has no external sales outside Japan.

3. Information by major client

(Thousands of yen)

| Company name  | Net sales | Business segment   |
|---|-----------|--|
| Osaka Federation of National Health Insurance Organizations | 4,388,413 | Nursing home, in-home nursing care, nursing care equipment |

c. Information related to impairment of noncurrent assets for each reportable segment

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

Not applicable

FY10/19 (Nov. 1, 2018 – Oct. 31, 2019)

(Thousands of yen)

|                 | Nursing home | In-home nursing care | Nursing care equipment | Food | Resort | Others | Elimination or corporate | Total   |
|-----------------|--------------|----------------------|------------------------|------|--------|--------|--------------------------|---------|
| Impairment loss | 97,190       | 2,613                | —                      | —    | —      | 7,053  | 5,768                    | 112,627 |

## d. Information related to goodwill amortization and the unamortized balance for each reportable segment

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

Not applicable

FY10/19 (Nov. 1, 2018 – Oct. 31, 2019)

(Thousands of yen)

|                             | Nursing home | In-home nursing care | Nursing care equipment | Food | Resort | Others | Elimination or corporate | Total  |
|-----------------------------|--------------|----------------------|------------------------|------|--------|--------|--------------------------|--------|
| Amortization for the period | —            | —                    | —                      | —    | —      | 6,549  | —                        | 6,549  |
| Balance at end of period    | —            | —                    | —                      | —    | —      | 29,174 | —                        | 29,174 |

Note: Elimination or corporate is the amortization of goodwill associated with the acquisition of stock of a subsidiary that cannot be allocated to any reportable segment.

## e. Information related to gain on bargain purchase for each reportable segment

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

Not applicable.

FY10/19 (Nov. 1, 2018 – Oct. 31, 2019)

Not applicable.

## f. Per Share Information

(Yen)

|                      | FY10/18<br>(Nov. 1, 2017 – Oct. 31, 2018) | FY10/19<br>(Nov. 1, 2018 – Oct. 31, 2019) |
|----------------------|---|---|
| Net assets per share | 306.08                                    | 267.20                                    |
| Net income per share | (11.26)                                   | (30.91)                                   |

Notes: 1. Diluted net income per share is not presented since the Company has no outstanding dilutive securities.

2. The following is a reconciliation of net income per share

(Thousands of yen)

| Items  | FY10/18<br>(Nov. 1, 2017 – Oct. 31, 2018) | FY10/19<br>(Nov. 1, 2018 – Oct. 31, 2019) |
|--|---|---|
| Profit attributable to owners of parent                            | (115,197)                                 | (318,450)                                 |
| Amounts not available to common shareholders                       | —   | —   |
| Profit attributable to owners of parent available to common shares | (115,197)                                 | (318,450)                                 |
| Average number of common shares outstanding during the period      | 10,234,795 shares                         | 10,301,439 shares                         |

*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.*