

Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending October 31, 2020
(Three Months Ended January 31, 2020)

[Japanese GAAP]

Company name: LONGLIFE HOLDING Co., Ltd. Listing: Tokyo Stock Exchange (JASDAQ)
 Stock code: 4355 URL: <http://www.longlife-holding.co.jp>
 Representative: Hiromi Kojima, CEO
 Contact: Ryota Ooasa, Managing Director and General Manager, Administration Division Tel: +81-(0) 6-6373-9191

Scheduled date of filing of Quarterly Report: March 13, 2020

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 March 13, 2020 at 15:30 (GMT +9).

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

1. Consolidated Financial Results for the Three Months January 31, 2020 (Nov. 1, 2019 – Jan. 31, 2020)

(1) Consolidated results of operations

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit (loss) attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jan. 31, 2020	3,162	(2.8)	(125)	—	(149)	—	(193)	—
Three months ended Jan. 31, 2019	3,253	2.7	(35)	—	(60)	—	(189)	—

Note: Comprehensive income (million yen)

Three months ended Jan. 31, 2020: (210) (—%)

Three months ended Jan. 31, 2019: (200) (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jan. 31, 2020	(18.69)	—
Three months ended Jan. 31, 2019	(18.49)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jan. 31, 2020	19,604	2,478	12.6	238.93
As of Oct. 31, 2019	17,437	2,772	15.9	267.20

Reference: Shareholders' equity (million yen)

As of Jan. 31, 2020: 2,478

As of Oct. 31, 2019: 2,772

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ending Oct. 31, 2019	—	0.00	—	8.00	8.00
Fiscal year ending Oct. 31, 2020	—				
Fiscal year ending Oct. 31, 2020 (forecasts)		0.00	—	8.00	8.00

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

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		Net income		Net income 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

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 Jan. 31, 2020 : 11,190,400 shares As of Oct. 31, 2019 : 11,190,400 shares

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

As of Jan. 31, 2020 : 816,805 shares As of Oct. 31, 2019 : 814,605 shares

3) Average number of shares outstanding during the period

Three months ended Jan. 31, 2020 : 10,374,625 shares Three months ended Jan. 31, 2019 : 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.

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

Note concerning forward-looking statements

Forecasts of future performance in these materials are based on certain assumptions 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

1. Quarterly Consolidated Financial Statements	2
(1) Quarterly Consolidated Balance Sheets	2
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	4
Quarterly Consolidated Statements of Income	
(For the Three-month Period)	4
Quarterly Consolidated Statements of Comprehensive Income	5
(For the Three-month Period)	
(3) Notes to Quarterly Consolidated Financial Statements	6
Going Concern Assumption	6
Significant Changes in Shareholders' Equity	6
Significant subsequent events	6
Segment and Other Information	6

1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	FY10/19 (As of Oct. 31, 2019)	first quarter of FY10/20 (As of Jan. 31, 2020)
Assets		
Current assets		
Cash and deposits	1,243,637	880,704
Notes and accounts receivable-trade	1,660,752	1,572,734
Inventories	170,761	164,679
Deposits paid	1,055,158	1,002,634
Other	323,239	333,186
Allowance for doubtful accounts	(22,784)	(20,096)
Total current assets	4,430,764	3,933,843
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	8,617,594	8,694,039
Accumulated depreciation	(3,120,416)	(3,197,795)
Buildings and structures, net	5,497,178	5,496,243
Vehicles	16,606	16,606
Accumulated depreciation	(13,289)	(13,634)
Vehicles, net	3,316	2,972
Tools, furniture and fixtures	791,546	804,473
Accumulated depreciation	(545,540)	(546,837)
Tools, furniture and fixtures, net	246,006	257,636
Land	3,679,322	3,679,322
Lease assets	352,437	2,839,009
Accumulated depreciation	(321,682)	(324,787)
Lease assets, net	30,755	2,514,222
Construction in progress	2,436,186	2,649,392
Total property, plant and equipment	11,892,766	14,599,789
Intangible assets		
Goodwill	29,174	27,388
Other	73,056	75,847
Total intangible assets	102,230	103,235
Investments and other assets		
Investment securities	106,433	80,715
Shares of subsidiaries and associates	5,000	5,000
Guarantee deposits	710,878	695,688
Long-term prepaid expenses	43,324	41,279
Deferred tax assets	20,326	16,345
Other	126,168	129,086
Total investments and other assets	1,012,131	968,115
Total noncurrent assets	13,007,128	15,671,140
Total assets	17,437,893	19,604,984

	(Thousands of yen)	
	FY10/19 (As of Oct. 31, 2019)	first quarter of FY10/20 (As of Jan. 31, 2020)
Liabilities		
Current liabilities		
Accounts payable-trade	182,575	159,482
Short-term loans payable	170,000	270,000
Current portion of long-term loans payable	438,660	438,660
Lease obligations	11,735	27,862
Accounts payable-other	346,976	312,524
Accrued expenses	586,612	590,373
Income taxes payable	127,359	45,657
Advances received	5,052,702	5,065,127
Provision for bonuses	107,554	79,445
Allowance for cancellation of contract	15,279	16,337
Asset retirement obligations	3,756	3,756
Other	122,511	117,936
Total current liabilities	7,165,721	7,127,163
Noncurrent liabilities		
Long-term loans payable	7,237,775	7,266,910
Lease obligations	19,021	2,487,176
Deferred tax liabilities	16,982	16,780
Net defined benefit liability	114,730	118,131
Asset retirement obligations	99,349	99,690
Other	11,948	10,536
Total noncurrent liabilities	7,499,807	9,999,225
Total liabilities	14,665,529	17,126,388
Net assets		
Shareholders' equity		
Capital stock	100,000	100,000
Capital surplus	10,982	10,982
Retained earnings	2,845,366	2,568,417
Treasury stock	(213,273)	(213,273)
Total shareholders' equity	2,743,075	2,466,126
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,549	14,057
Foreign currency translation adjustment	(1,261)	(1,588)
Total accumulated other comprehensive income	29,288	12,469
Total net assets	2,772,363	2,478,595
Total liabilities and net assets	17,437,893	19,604,984

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

(Thousands of yen)

	First Three months of FY10/19 (Nov. 1, 2018 – Jan. 31, 2019)	First Three months of FY10/20 (Nov. 1, 2019 – Jan. 31, 2020)
Net sales	3,253,022	3,162,054
Cost of sales	2,618,332	2,545,095
Gross profit	634,689	616,959
Selling, general and administrative expenses	670,023	742,185
Operating income (loss)	(35,334)	(125,226)
Non-operating income		
Interest income	24	119
Dividends income	637	757
Gain on valuation of interest-rate swaps	—	1,378
Other	6,001	3,267
Total non-operating income	6,664	5,522
Non-operating expenses		
Interest expenses	21,034	24,051
Commission fee	6,647	4,966
Other	4,120	578
Total non-operating expenses	31,801	29,596
Ordinary loss	(60,471)	(149,300)
Extraordinary income		
Impairment loss	—	20,285
Total extraordinary income	—	20,285
Extraordinary losses		
Impairment loss	94,186	—
Loss on valuation of investment securities	5,323	—
Loss on retirement of noncurrent assets	3,121	4,310
Loss on cancellation of leasehold contracts	—	1,639
Other	700	—
Total extraordinary losses	103,330	5,949
Income before income taxes and minority interests	(163,801)	(134,965)
Income taxes-current	25,609	46,489
Income taxes-deferred	(182)	12,487
Total income taxes	25,427	58,977
Profit (loss)	(189,229)	(193,942)
Profit (loss) attributable to owners of parent	(189,229)	(193,942)

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

(Thousands of yen)

	First three months of FY10/19 (Nov. 1, 2018– Jan. 31, 2019)	First three months of FY10/20 (Nov. 1, 2019– Jan. 31, 2020)
Profit (loss)	(189,229)	(193,942)
Other comprehensive income		
Valuation difference on available-for-sale securities	(12,230)	(16,491)
Foreign currency translation adjustment	587	(327)
Total other comprehensive income	(11,642)	(16,819)
Comprehensive income	(200,871)	(210,762)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(200,871)	(210,762)
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Significant subsequent events

Not applicable.

Segment and Other Information

I. First three months of FY10/2019 (Nov. 1, 2018– Jan. 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	1,134,660	1,382,986	363,073	21,610	111,858	3,014,189	238,832	3,253,022
Inter-segment sales or transfers	900	818	23,522	163,788	340	189,369	3,688	193,058
Total	1,135,560	1,383,804	386,596	185,399	112,199	3,203,559	242,521	3,446,081
Segment profit (loss)	(78,812)	(18,014)	(6,284)	2,688	(16,248)	(116,671)	610	(116,060)

Note: "Others" segment is not included in any of the reportable segments and includes dispensing pharmacy business, healthcare business, investment business, and consulting 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	(116,671)
Profits (losses) attributable to "Others"	610
Adjustments on unrealized profits	35
Corporate revenue/expenses (note)	56,354
Other	(801)
Ordinary loss on the quarterly consolidated statements of income	(60,471)

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.

II. First three months of FY10/20 (Nov. 1, 2019– Jan. 31, 2020)

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	1,143,505	1,421,762	283,140	22,916	32,071	2,903,396	258,657	3,162,054
Inter-segment sales or transfers	73	1,013	14,700	161,937	429	178,155	1,403	179,558
Total	1,143,579	1,422,776	297,840	184,853	32,501	3,081,551	260,061	3,341,612
Segment profit (loss)	(115,594)	(183)	(5,025)	1,949	(103,791)	(222,645)	(3,326)	(225,971)

Note: “Others” segment is not included in any of the reportable segments and includes dispensing pharmacy business, healthcare business, investment business, and consulting 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	(222,645)
Profits (losses) attributable to “Others”	(3,326)
Adjustments on unrealized profits	35
Corporate revenue/expenses (note)	76,485
Other	150
Ordinary loss on the quarterly consolidated statements of income	(149,300)

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.

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.

This summary report has been translated from a part of the Japanese original.