

**Summary of Consolidated Financial Results**  
**for the Second Quarter of the Fiscal Year Ending October 31, 2020**  
**(Six Months Ended April 30, 2020)**

[Japanese GAAP]

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

Scheduled date of filing of Quarterly Report: June 30, 2020

Scheduled date of payment of dividend: —

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on June 26, 2020 at 15:30 (GMT +9).

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

**1. Consolidated Financial Results for the Six Months Ended April 30, 2020 (Nov. 1, 2019 – Apr. 30, 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	%
Six months ended Apr. 30, 2020	6,406	(3.0)	(160)	—	(235)	—	(272)	—
Six months ended Apr. 30, 2019	6,603	3.5	93	(47.1)	48	—	(114)	—

Note: Comprehensive income (million yen)

Six months ended Apr. 30, 2020: (302) (—%)

Six months ended Apr. 30, 2019: (120) (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Apr. 30, 2020	(26.31)	—
Six months ended Apr. 30, 2019	(11.20)	—

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Apr. 30, 2020	18,210	2,386	13.1
As of Oct. 31, 2019	17,437	2,772	15.9

Reference: Shareholders' equity (million yen)

As of Apr. 30, 2020: 2,386

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	—	0.00			
Fiscal year ending Oct. 31, 2020 (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, 2020 (Nov. 1, 2019 – Oct. 31, 2020)**

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit (loss) 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

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 Apr. 30, 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 Apr. 30, 2020: 821,005 shares As of Oct. 31, 2019: 814,605shares

3) Average number of shares outstanding during the period

Six months ended Apr. 30, 2020: 10,373,631 shares Six months ended Apr. 30, 2019: 10,234,795shares

\* 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.

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## 1. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	FY10/19 (As of Oct. 31, 2019)	Second quarter of FY10/20 (As of Apr. 30, 2020)
Assets		
Current assets		
Cash and deposits	1,243,637	1,153,155
Notes and accounts receivable-trade	1,660,752	1,580,711
Inventories	170,761	159,889
Deposits paid	1,055,158	991,969
Other	323,239	455,911
Allowance for doubtful accounts	(22,784)	(19,520)
Total current assets	4,430,764	4,322,117
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	8,617,594	11,863,302
Accumulated depreciation	(3,120,416)	(3,278,504)
Buildings and structures, net	5,497,178	8,584,797
Vehicles	16,606	13,158
Accumulated depreciation	(13,289)	(9,925)
Vehicles, net	3,316	3,233
Tools, furniture and fixtures	791,546	839,135
Accumulated depreciation	(545,540)	(568,101)
Tools, furniture and fixtures, net	246,006	271,033
Land	3,679,322	3,679,322
Lease assets	352,437	365,812
Accumulated depreciation	(321,682)	(278,738)
Lease assets, net	30,755	87,073
Construction in progress	2,436,186	63,516
Total property, plant and equipment	11,892,766	12,688,976
Intangible assets		
Goodwill	29,174	25,602
Other	73,056	78,852
Total intangible assets	102,230	104,455
Investments and other assets		
Investment securities	106,433	60,511
Stocks of subsidiaries and affiliates	5,000	5,000
Guarantee deposits	710,878	692,964
Long-term prepaid expenses	43,324	42,302
Deferred tax assets	20,326	28,894
Other	126,168	265,677
Total investments and other assets	1,012,131	1,095,351
Total noncurrent assets	13,007,128	13,888,783
Total assets	17,437,893	18,210,901

	(Thousands of yen)	
	FY10/19 (As of Oct. 31, 2019)	Second quarter of FY10/20 (As of Apr. 30, 2020)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	182,575	164,637
Short-term loans payable	170,000	870,000
Current portion of long-term loans payable	438,660	532,260
Lease obligations	11,735	21,425
Accounts payable-other	346,976	550,251
Accrued expenses	586,612	629,257
Income taxes payable	127,359	70,812
Advances received	5,052,702	4,968,669
Provision for bonuses	107,554	75,084
Allowance for cancellation of contract	15,279	13,304
Asset retirement obligations	3,756	3,756
Other	122,511	83,547
<b>Total current liabilities</b>	<b>7,165,721</b>	<b>7,983,005</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	7,237,775	7,504,545
Lease obligations	19,021	71,714
Deferred tax liabilities	16,982	16,820
Net defined benefit liability	114,730	124,041
Asset retirement obligations	99,349	113,972
Other	11,948	10,165
<b>Total noncurrent liabilities</b>	<b>7,499,807</b>	<b>7,841,257</b>
<b>Total liabilities</b>	<b>14,665,529</b>	<b>15,824,263</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	100,000	100,000
Capital surplus	10,982	10,982
Retained earnings	2,845,366	2,489,420
Treasury stock	(213,273)	(213,273)
<b>Total shareholders' equity</b>	<b>2,743,075</b>	<b>2,387,129</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	30,549	836
Foreign currency translation adjustment	(1,261)	(1,327)
<b>Total accumulated other comprehensive income</b>	<b>29,288</b>	<b>(491)</b>
<b>Total net assets</b>	<b>2,772,363</b>	<b>2,386,638</b>
<b>Total liabilities and net assets</b>	<b>17,437,893</b>	<b>18,210,901</b>

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

(Thousands of yen)

	First six months of FY10/19 (Nov. 1, 2018 – Apr. 30, 2019)	First six months of FY10/20 (Nov. 1, 2019 – Apr. 30, 2020)
Net sales	6,603,471	6,406,551
Cost of sales	5,186,650	5,096,468
Gross profit	1,416,821	1,310,083
Selling, general and administrative expenses	1,323,175	1,470,254
Operating income (loss)	93,645	(160,170)
Non-operating income		
Interest income	29	215
Dividends income	637	757
Other	14,890	9,086
Total non-operating income	15,556	10,058
Non-operating expenses		
Interest expenses	42,183	70,473
Commission fee	14,033	9,433
Other	4,174	5,534
Total non-operating expenses	60,391	85,440
Ordinary income (loss)	48,810	(235,553)
Extraordinary income		
Gain on change of rental contracts	—	27,223
Gain on sales of investment securities	—	20,285
Total extraordinary income	—	47,508
Extraordinary loss		
Loss on cancellation of rental contracts	—	5,697
Loss on retirement of noncurrent assets	6,337	1,694
Impairment loss	94,186	—
Loss on valuation of investment securities	5,323	—
Other	700	—
Total extraordinary losses	106,546	7,392
Profit (loss) before income taxes	(57,735)	(195,436)
Income taxes-current	69,384	70,542
Income taxes-deferred	(12,499)	6,960
Total income taxes	56,884	77,503
Profit (loss)	(114,620)	(272,939)
Profit (loss) attributable to owners of parent	(114,620)	(272,939)

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

(Thousands of yen)

	First six months of FY10/19 (Nov. 1, 2018 – Apr. 30, 2019)	First six months of FY10/20 (Nov. 1, 2019 – Apr. 30, 2020)
Profit (loss)	(114,620)	(272,939)
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,323)	(29,713)
Foreign currency translation adjustment	383	(66)
Total other comprehensive income	(5,940)	(29,779)
Comprehensive income	(120,560)	(302,719)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(120,560)	(302,719)
Comprehensive income attributable to non-controlling interests	—	—

**(3) Quarterly Consolidated Statements of Cash Flows**

(Thousands of yen)

	First six months of FY10/19 (Nov. 1, 2018 – Apr. 30, 2019)	First six months of FY10/20 (Nov. 1, 2019 – Apr. 30, 2020)
Net cash provided by (used in) operating activities		
Loss before income taxes	(57,735)	(195,436)
Depreciation	223,001	257,706
Amortization of goodwill	2,977	3,572
Amortization of long-term prepaid expenses	6,483	6,794
Impairment loss	94,186	—
Loss (gain) on valuation of interest swaps	1,755	(1,715)
Bad debts expenses	—	7,556
Increase (decrease) in allowance for doubtful accounts	(11,732)	(3,264)
Increase (decrease) in provision for bonuses	16,462	(32,469)
Increase (decrease) in allowance for cancellation of contract	(2,928)	(1,975)
Increase (decrease) in net defined benefit liability	12,270	9,310
Interest and dividends income	(666)	(972)
Interest expenses	42,183	70,473
Loss on retirement of property, plant and equipment	6,337	1,694
Loss (gain) on sales of investment securities	—	(20,285)
Loss (gain) on valuation of investment securities	5,323	—
Gain on change of rental contracts	—	(27,223)
Loss on cancellation of rental contracts	—	5,697
Commission fee	14,033	9,433
Share-based compensation expenses	—	23,187
Decrease (increase) in notes and accounts receivable-trade	22,107	72,484
Decrease (increase) in inventories	32,212	10,871
Decrease (increase) in deposits paid	(20,358)	63,188
Increase (decrease) in notes and accounts payable-trade	(13,665)	(17,938)
Increase (decrease) in accounts payable-other	41,053	(8,593)
Increase (decrease) in advances received	22,186	(84,032)
Increase (decrease) in deferred consumption tax	2,116	(165,748)
Decrease (increase) in consumption taxes refund receivable	13,616	(85,371)
Increase (decrease) in accrued consumption taxes	18,599	(36,806)
Other, net	(55,293)	1,589
Subtotal	414,526	(138,272)
Interest and dividends income received	666	972
Interest expenses paid	(41,033)	(69,814)
Income taxes paid	(20,648)	(124,478)
Income taxes refund	28,648	—
Payments for other operating activity	—	(1,797)
Net cash provided by (used in) operating activities	382,159	(333,390)



(Thousands of yen)

	First six months of FY10/19 (Nov. 1, 2018 – Apr. 30, 2019)	First six months of FY10/20 (Nov. 1, 2019 – Apr. 30, 2020)
Net cash provided by (used in) investing activities		
Payments into time deposits	(100,038)	(100,046)
Proceeds from withdrawal of time deposits	100,029	100,038
Purchase of investment securities	(620)	(537)
Proceeds from sales of investment securities	—	21,340
Purchase of property, plant and equipment	(817,140)	(731,168)
Purchase of intangible assets	(1,500)	(13,417)
Payments for asset retirement obligations	(6,581)	—
Payments for lease and guarantee deposits	(20,193)	(5,202)
Proceeds from collection of lease and guarantee deposits	7,425	19,216
Purchase of long-term prepaid expenses	(14,707)	(9,488)
Payments for absorption-type split	(70,000)	—
Other, net	(276)	32
Net cash provided by (used in) investing activities	(923,603)	(719,233)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(381,200)	700,000
Proceeds from long-term loans payable	3,662,700	587,500
Repayment of long-term loans payable	(2,374,175)	(227,130)
Repayments of lease obligations	(8,518)	(5,731)
Payments into restricted cash	(7,200)	—
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(5,000)	—
Cash dividends paid	(81,257)	(83,006)
Payments for commission fee	(14,033)	(9,433)
Net cash provided by (used in) financing activities	791,315	962,198
Effect of exchange rate change on cash and cash equivalents	(110)	(66)
Net increase (decrease) in cash and cash equivalents	249,760	(90,491)
Cash and cash equivalents at beginning of period	1,044,225	1,001,382
Cash and cash equivalents	1,293,985	910,891

#### (4) 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 six months of FY10/19(Nov. 1, 2018– Apr. 30, 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	2,299,417	2,772,007	758,550	25,101	265,840	6,120,917	482,553	6,603,471
Inter-segment sales or transfers	2,800	2,060	55,577	308,364	634	369,436	7,817	377,254
Total	2,302,217	2,774,068	814,127	333,466	266,474	6,490,354	490,371	6,980,726
Segment profit (loss)	(112,643)	16,292	4,606	4,316	17,278	(70,150)	8,963	(61,186)

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	(70,150)
Profits attributable to "Others"	8,963
Adjustments on unrealized profits	71
Corporate revenue/expenses (note1)	109,674
Other (note2)	251
Ordinary income on the quarterly consolidated statements of income	48,810

Note1: 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.

Note2: Others are mainly eliminations of transaction balances for companies that do not belong to any reporting segment (the Company, which is the holding company).

3. Information on impairment loss on fixed assets or goodwill by reportable segment

Not applicable

II. First six months of FY10/20(Nov. 1, 2019– Apr. 30, 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	2,308,421	2,836,272	586,727	26,776	82,110	5,840,309	566,242	6,406,551
Inter-segment sales or transfers	73	2,502	47,212	307,451	712	357,952	8,452	366,405
Total	2,308,495	2,838,774	633,940	334,228	82,823	6,198,262	574,695	6,772,957
Segment profit (loss)	(218,489)	18,451	10,566	6,285	(181,897)	(365,082)	13,543	(351,538)

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	(365,082)
Profits attributable to “Others”	13,543
Adjustments on unrealized profits	71
Corporate revenue/expenses (note1)	115,614
Other (note2)	300
Ordinary loss on the quarterly consolidated statements of income (loss)	(235,553)

Note1: 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.

Note2: Others are mainly eliminations of transaction balances for companies that do not belong to any reporting segment (the Company, which is the holding company).

3. Information on impairment loss on fixed assets or goodwill by 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.*