

Non-consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending July 31, 2021
(Nine Months Ended April 30, 2021)



[Japanese GAAP]

June 14, 2021

Company name: LeTech Corporation Listing: Tokyo Stock Exchange (Mothers)
 Stock code: 3497 URL: <https://www.letech-corp.net/>
 Representative: Tetsuji Hirano, President and Representative Director
 Contact: Takashi Mizumukai, Director, General Manager of Administration Division
 Tel: +81-(0)6-6362-3355
 Scheduled date of filing of Quarterly Report: June 14, 2021
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: None
 Holding of quarterly financial results meeting: None

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

1. Non-consolidated Financial Results for the Third Quarter of the Fiscal Year Ending July 31, 2021
(August 1, 2020 – April 30, 2021)

(1) Results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended Apr. 30, 2021	15,240	(17.6)	881	(35.6)	181	(61.1)	106	-
Nine months ended Apr. 30, 2020	18,505	3.0	1,369	(20.9)	464	(46.5)	0	(100.0)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Apr. 30, 2021	34.25	33.55
Nine months ended Apr. 30, 2020	0.01	0.01

(2) Financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Apr. 30, 2021	35,260	4,149	11.8
As of Jul. 31, 2020	40,981	4,012	9.8

Reference: Shareholders' equity (millions of yen) As of Apr. 30, 2021: 4,149 As of Jul. 31, 2020: 4,012

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Jul. 31, 2020	-	0.00	-	6.00	6.00
Fiscal year ending Jul. 31, 2021	-	0.00	-	-	-
Fiscal year ending Jul. 31, 2021 (forecast)	-	-	-	-	-

Notes: 1. Revisions to the most recently announced dividend forecast: None

2. There is currently no forecast for a year-end dividend for the fiscal year ending July 31, 2021.

3. Earnings Forecasts for the Fiscal Year Ending July 31, 2021 (August 1, 2020 – July 31, 2021)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	26,643	(0.2)	1,209	(32.1)	290	(53.5)	141	40.9	45.53

Note: Revisions to the most recently announced earnings forecasts: None

*** Notes**

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

(2) Changes in accounting policies and accounting 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 estimates: None
- 4) Restatements: None

(3) Number of shares outstanding (common shares)

1) Number of shares outstanding as of the end of the period (including treasury shares)

As of Apr. 30, 2021:	3,153,478 shares	As of Jul. 31, 2020:	3,152,978 shares
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2) Number of treasury shares as of the end of the period

As of Apr. 30, 2021:	30,058 shares	As of Jul. 31, 2020:	2,332 shares
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3) Average number of outstanding shares during the period

Nine months ended Apr. 30, 2021:	3,105,037 shares	Nine months ended Apr. 30, 2020:	3,003,758 shares
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* This quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available at the time these materials were prepared, but are not promises by LeTech Corp. regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to “1. Qualitative Information on Quarterly Financial Performance, (3) Explanation of Earnings Forecasts and Other Forward-looking Statements” on page 3 for forecast assumptions and precautions concerning the use of forecasts.

The net income per share forecast for the fiscal year ending July 31, 2021 was calculated by taking into account the effects of exercise of share acquisition rights.

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1. Qualitative Information on Quarterly Financial Performance

(1) Explanation of Results of Operations

The COVID-19 pandemic continued to impact the Japanese economy during the first nine months of the fiscal year ending July 31, 2021. Nevertheless, there are signs of a recovery because of the benefits of government measures to support the economy and improvements in the economies of other countries.

The outlook for the economy remains extremely unclear because of concerns about the risk of another wave of infections and the length of the pandemic, as shown by Japan's third declaration of a state of emergency in April 2021.

In Japan's real estate industry, the environment for buying homes is still favorable because of government measures to assist homebuyers and low interest rates on mortgages. On the other hand, there are negative effects of the intense competition for purchasing land and the consistently high cost of constructing residences. In 2021, the national average official price of land in all categories decreased for the first time in six years. The COVID-19 crisis is having a big impact on the real estate market by disrupting supply chains, increasing the time needed for construction projects, and reducing the interest in buying properties due to restrictions on travel and other outings and to economic downturns in Japan and other countries.

During the first nine months, there were many activities for achieving the targets of the current business plan. Activities were also focused on financial soundness, the consistent growth of corporate value and becoming a provider of a comprehensive line of real estate services. Net sales decreased 17.6% from one year earlier to 15,240 million yen, with operating profit down 35.6% to 881 million yen, ordinary profit down 61.1% to 181 million yen, and a profit of 106 million yen, compared with a 0 million yen profit one year earlier. Profit increased because an extraordinary loss for a contract cancellation penalty held down earnings in the first nine months of the previous fiscal year.

Business segment performance was as follows:

1) Real Estate Solutions

Segment sales decreased 18.1% year on year to 13,480 million yen and earnings decreased 9.6% to 1,548 million yen. There was a large volume of activities for the purchase and sale of real estate for sale in accordance with the initial business plan for Real Estate Solutions. Due to the increasing cost of purchasing real estate, we are taking full advantage of our real estate market insight and knowledge when selecting real estate for sale to acquire. Most of our purchases are real estate that come on the market only infrequently, such as properties near railway stations.

In the first nine months of the current fiscal year, segment performance was supported by sales of properties with high profit margins, including properties using the core LEGALAND brand. However, sales and earnings were lower because sales of large properties contributed to segment sales one year earlier.

Orders in the first nine months totaled 8,829 million yen and the order backlog at the end of the third quarter was 1,653 million yen.

2) Real Estate Leasing

Segment sales decreased 27.4% year on year to 1,001 million yen and earnings were down 59.1% to 206 million yen. This segment is a source of consistent income that is primarily from income-producing properties owned by LeTech Corp. and properties that are held temporarily until they are sold. Although occupancy rates at leased properties remained steady in the first nine months, there were sales of real estate for sale due to considerations involving the balance between the long-term income from these properties and the high level of interest among buyers in these properties. As a result, the number of leased properties decreased. The first nine months declines in sales and earnings are also attributable to the decrease in private lodging demand as the number of hotel guests declined because COVID-19 shut out most foreign tourists.

We plan to build an even stronger basis for sales and earnings in this segment by increasing the volume of income-producing properties we own while maintaining high occupancy rates.

3) Other business

Segment sales increased 13.3% year on year to 758 million yen and earnings decreased 25.7% to 57 million yen. Real estate consulting is the main activity in this segment. One major component is brokerage services, mostly for short sales of properties where owners are unable to make loan payments. This segment also includes the operation of private nursing homes and, in accordance with Japan's Long-term Care Insurance Law, the provision of services for helping seniors prevent conditions that require nursing care and the provision of home nursing care service.

The nursing care business performed well because occupancy rates were high at all locations, including newly opened facilities. However, in the real estate consulting business, there were decreases in the number of short property sales and the associated brokerage commissions. The result was higher sales but lower earnings.

(2) Explanation of Financial Position

Assets

Total assets were 35,260 million yen, 5,721 million yen lower than at the end of the previous fiscal year.

Current assets decreased 4,783 million yen to 29,011 million yen. The main changes were a 11,486 million yen decrease in real estate for sale in process, chiefly the result of completion of real estate development projects, and a 6,817 million yen increase in real estate for sale.

Non-current assets decreased 937 million yen to 6,248 million yen. This was mainly due to a 754 million yen decrease in land and a 246 million yen decrease in buildings mainly due to the change in the purpose of ownership.

Liabilities

Total liabilities decreased 5,859 million yen to 31,110 million yen.

Current liabilities decreased 1,398 million yen to 19,441 million yen. The main changes were a 1,644 million yen decrease in short-term borrowings mainly due to repayments associated with property sales, a 626 million yen decrease in current portion of long-term borrowings, a 758 million yen increase in advances received.

Non-current liabilities decreased 4,460 million yen to 11,669 million yen. The main reason was the 4,294 million yen decrease in long-term borrowings mainly because of transfer to current portion of long-term borrowings and repayments associated with property sales.

Net assets

Total net assets increased 137 million yen to 4,149 million yen. This was mainly due to a profit of 106 million yen, an increase in capital surplus of 49 million yen due to the disposal of treasury shares as remuneration and dividends from surplus of 18 million yen. The equity ratio increased to 11.8% from 9.8% at the end of the previous fiscal year.

(3) Explanation of Earnings Forecasts and Other Forward-looking Statements

In the real estate solutions business, there are big changes in sales and earnings regardless of the number of sales contracts signed in each quarter. Since sales are recorded only when a sale closes, sales and earnings are high when a large number of sales are completed and ownership is transferred to buyers. As a result, there may be significant differences in the quarterly performance of this business in each fiscal year and from one fiscal year to the next.

As was announced in the press release "Notice Concerning Transfer of a Subsidiary (Share Transfer)" (Japanese version only) dated June 14, 2021, all shares of subsidiary Nishinohon Health Care Co., Ltd. are to be sold on July 1, 2021. We are currently examining the effect of this sale on the forecast for the fiscal year ending in July 2021 that was announced on September 14, 2020. An announcement will be made promptly if there is a need to revise this forecast.

2. Quarterly Non-consolidated Financial Statements and Notes**(1) Quarterly Non-consolidated Balance Sheet**

(Thousands of yen)

	FY7/20 (As of Jul. 31, 2020)	Third Quarter of FY7/21 (As of Apr. 30, 2021)
Assets		
Current assets		
Cash and deposits	1,982,825	1,115,236
Trade accounts receivable	215,835	202,901
Real estate for sale	10,939,358	17,756,719
Real estate for sale in process	20,006,201	8,520,163
Other	655,050	1,447,258
Allowance for doubtful accounts	(3,670)	(30,419)
Total current assets	33,795,601	29,011,858
Non-current assets		
Property, plant and equipment		
Buildings, net	2,960,883	2,714,309
Land	3,425,424	2,671,342
Other, net	31,340	18,981
Total property, plant and equipment	6,417,647	5,404,633
Intangible assets	35,375	30,696
Investments and other assets	733,362	813,123
Total non-current assets	7,186,386	6,248,454
Total assets	40,981,987	35,260,312
Liabilities		
Current liabilities		
Trade accounts payable	514,613	371,723
Short-term borrowings	5,813,636	4,169,543
Current portion of bonds payable	28,000	28,000
Current portion of long-term borrowings	13,332,258	12,705,502
Income taxes payable	99,880	81,107
Provision for bonuses	57,310	52,647
Other	993,999	2,032,498
Total current liabilities	20,839,697	19,441,022
Non-current liabilities		
Bonds payable	74,000	46,000
Long-term borrowings	15,732,643	11,437,976
Other	323,470	185,795
Total non-current liabilities	16,130,114	11,669,772
Total liabilities	36,969,811	31,110,794
Net assets		
Shareholders' equity		
Share capital	790,016	790,091
Capital surplus	700,016	749,824
Retained earnings	2,522,178	2,609,616
Treasury shares	(36)	(13)
Total shareholders' equity	4,012,175	4,149,518
Total net assets	4,012,175	4,149,518
Total liabilities and net assets	40,981,987	35,260,312

(2) Quarterly Non-consolidated Statement of Income
(For the Nine-month Period)

(Thousands of yen)

	First nine months of FY7/20 (Aug. 1, 2019 – Apr. 30, 2020)	First nine months of FY7/21 (Aug. 1, 2020 – Apr. 30, 2021)
Net sales	18,505,999	15,240,140
Cost of sales	14,800,760	12,259,727
Gross profit	3,705,239	2,980,413
Selling, general and administrative expenses	2,336,050	2,098,475
Operating profit	1,369,188	881,938
Non-operating income		
Interest income	68	37
Dividend income	151	189
Subsidy income	-	9,808
Penalty income	-	5,902
Surrender value of insurance policies	30,073	81
Other	6,514	7,026
Total non-operating income	36,806	23,045
Non-operating expenses		
Interest expenses	840,674	647,732
Commission expenses	91,563	37,512
Other	8,854	38,699
Total non-operating expenses	941,092	723,944
Ordinary profit	464,902	181,038
Extraordinary losses		
Cancellation penalty	410,000	-
Loss on retirement of non-current assets	18,143	1,177
Total extraordinary losses	428,143	1,177
Profit before income taxes	36,759	179,861
Income taxes-current	229,036	204,392
Income taxes-deferred	(192,293)	(130,871)
Total income taxes	36,742	73,520
Profit	16	106,341

(3) Notes to Quarterly Non-consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

On March 12, 2021, LeTech Corp. disposed of 48,400 shares of treasury shares for restricted stock as remuneration for employees pursuant to the resolution of the Board of Directors on February 15, 2021. As a result, capital surplus increased 49,732 thousand yen to 749,824 thousand yen, and treasury shares decreased 22 thousand yen to 13 thousand yen at the end of the third quarter of FY7/21.

This financial 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.