Non-consolidated Financial Results
for the First Quarter of the Fiscal Year Ending July 31, 2021
(Three Months Ended October 31, 2020)

[Japanese GAAP]

December 15, 2020

Company name: LEGAL CORPORATION Listing: Tokyo Stock Exchange (Mothers)
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Scheduled date of filing of Quarterly Report: December 15, 2020
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 First Quarter of the Fiscal Year Ending July 31, 2021 (August 1, 2020 – October 31, 2020)

(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	%
Three months ended Oct. 31, 2020	5,640	47.9	334	9.2	71	962.9	35	-
Three months ended Oct. 31, 2019	3,813	(52.4)	306	(65.6)	6	(98.8)	(20)	-

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Oct. 31, 2020	11.26	11.04
Three months ended Oct. 31, 2019	(6.97)	-

Note: Diluted net income per share for the three months ended October 31, 2019 is not presented because net loss was posted although there were outstanding dilutive shares.

(2) Financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Oct. 31, 2020	37,797	4,028	10.7
As of Jul. 31, 2020	40,981	4,012	9.8

Reference: Shareholders' equity (millions of yen) As of Oct. 31, 2020: 4,028 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	-				
Fiscal year ending Jul. 31, 2021 (forecast)		0.00	-	-	-

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	45.81

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 Oct. 31, 2020:	3,153,478 shares	As of Jul. 31, 2020:	3,152,978 shares

2) Number of treasury shares as of the end of the period

As of Oct. 31, 2020:	77,458 shares	As of Jul. 31, 2020:	2,332 shares

3) Average number of outstanding shares during the period

Three months ended Oct. 31, 2020:	3,136,027 shares	Three months ended Oct. 31, 2019:	2,897,259 shares

* 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 Legal 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.

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1. Qualitative Information on Quarterly Financial Performance

(1) Explanation of Results of Operations

Economic activity in Japan slowly resumed in the first quarter of the fiscal year ending July 31, 2021 following the end of the state of emergency despite the continuing effects of the COVID-19 crisis. Although the Japanese economy is recovering gradually, the economic outlook remains uncertain because of the worldwide increase in COVID-19 cases, another COVID-19 upturn in Japan and other reasons.

In Japan's real estate industry, the number of transactions was held down when the COVID-19 outbreak started due to slowing economic activities. However, real estate activity subsequently began to recover, mainly for residential properties. Despite this recovery, caution is still required about the real estate market because of rising office building vacancies in large cities, lower profitability of hotels because of the plunge in the number of foreign tourists and other effects of COVID-19.

During the first quarter, there were many activities for achieving the targets of the current business plan. Activities were also focused on becoming a provider of a comprehensive line of real estate services.

Net sales increased 47.9% from one year earlier to 5,640 million yen, with operating profit up 9.2% to 334 million yen, ordinary profit up 962.9% to 71 million yen, and profit of 35 million yen compared with a 20 million yen loss one year earlier.

Business segment performance was as follows:

1) Real Estate Solutions

Segment sales increased 61.1% year on year to 5,031 million yen and earnings increased 52.3% to 533 million yen. There was a large volume of purchases of real estate for sale as well as sales of real estate in accordance with the initial business plan for Real Estate Solutions. We are taking full advantage of our real estate market insight and knowledge when selecting real estate for sale to acquire as well as taking into account the current direction of real estate prices. Most of our purchases are real estate that come on the market only infrequently, such as properties near railway stations.

Sales activities were primarily for the core LEGALAND brand. First quarter performance also reflected an increase in the average price per unit sold. The result was higher sales and earnings than one year earlier.

Orders received were generally as expected in relation to the outlook for sales. Orders in the first quarter totaled 1,515 million yen and the order backlog at the end of the first quarter was 2,317 million yen.

2) Real Estate Leasing

Segment sales decreased 27.0% year on year to 353 million yen and earnings were down 54.6% to 101 million yen. This segment is a source of consistent income that is primarily from income-producing properties owned by Legal Corp. and properties that are held temporarily until they are sold. Although occupancy rates at leased properties remained steady in the first quarter, 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 purchasing these properties. As a result, the number of leased properties decreased. The first quarter 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 and to an increase in expenses for maintenance and renovations.

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 23.6% year on year to 256 million yen and earnings increased 17.1% to 17 million yen. Real estate consulting is the main activity in this segment. One major component is brokerage services, mostly

for voluntary 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.

First quarter sales and earnings increased mainly because of high occupancy rates in the nursing care business and the opening of a new nursing care facility.

(2) Explanation of Financial Position

Assets

Total assets were 37,797 million yen, 3,184 million yen lower than at the end of the previous fiscal year.

Current assets decreased 2,206 million yen to 31,589 million yen. The main changes in current assets were a 1,034 million yen decrease in cash and deposits, an 8,410 million yen decrease in real estate for sale in process, chiefly the result of completion of real estate development projects, and a 7,360 million yen increase in real estate for sale.

Non-current assets decreased 978 million yen to 6,207 million yen. This was mainly due to a 751 million yen decrease in land and a 177 million yen decrease in buildings mainly due to the change in the purpose of ownership.

Liabilities

Total liabilities decreased 3,201 million yen to 33,768 million yen.

Current liabilities decreased 1,635 million yen to 19,204 million yen. The main changes were an 873 million yen decrease in the current portion of long-term borrowings mainly due to repayments associated with property sales, a 409 million yen decrease in short-term borrowings and a 308 million yen decrease in trade accounts payable as payments were made to construction companies.

Non-current liabilities decreased 1,566 million yen to 14,564 million yen. This was mainly the result of decreases of 1,458 million yen in long-term borrowings due to repayments associated with property sales and 88 million yen in long-term security deposits received because of sales of properties.

Net assets

Total net assets increased 16 million yen to 4,028 million yen. This was mainly due to the first quarter profit of 35 million yen and dividends from surplus of 18 million yen. The equity ratio increased to 10.7% 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.

We still need to be cautious about economic uncertainty to determine the effects of COVID-19 on our business activities and earnings forecasts. However, there is no change in the fiscal year forecast announced on September 14, 2020 because first quarter performance was generally consistent with this forecast.

An announcement will be made promptly if there is a need to revise the 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)	First Quarter of FY7/21 (As of Oct. 31, 2020)
Assets		
Current assets		
Cash and deposits	1,982,825	948,220
Trade accounts receivable	215,835	185,725
Real estate for sale	10,939,358	18,299,550
Real estate for sale in process	20,006,201	11,595,247
Other	655,050	565,307
Allowance for doubtful accounts	(3,670)	(4,634)
Total current assets	33,795,601	31,589,415
Non-current assets		
Property, plant and equipment		
Buildings, net	2,960,883	2,783,067
Land	3,425,424	2,674,088
Other, net	31,340	24,210
Total property, plant and equipment	6,417,647	5,481,366
Intangible assets	35,375	32,856
Investments and other assets	733,362	693,770
Total non-current assets	7,186,386	6,207,993
Total assets	40,981,987	37,797,409
Liabilities		
Current liabilities		
Trade accounts payable	514,613	205,754
Short-term borrowings	5,813,636	5,403,803
Current portion of bonds payable	28,000	28,000
Current portion of long-term borrowings	13,332,258	12,459,079
Income taxes payable	99,880	50,487
Provision for bonuses	57,310	69,753
Other	993,999	987,702
Total current liabilities	20,839,697	19,204,580
Non-current liabilities		
Bonds payable	74,000	60,000
Long-term borrowings	15,732,643	14,274,594
Other	323,470	229,513
Total non-current liabilities	16,130,114	14,564,108
Total liabilities	36,969,811	33,768,688
Net assets		
Shareholders' equity		
Share capital	790,016	790,091
Capital surplus	700,016	700,091
Retained earnings	2,522,178	2,538,573
Treasury shares	(36)	(36)
Total shareholders' equity	4,012,175	4,028,720
Total net assets	4,012,175	4,028,720
Total liabilities and net assets	40,981,987	37,797,409

(2) Quarterly Non-consolidated Statement of Income

(For the Three-month Period)

(Thousands of yen)

	First three months of FY7/20 (Aug. 1, 2019 – Oct. 31, 2019)	First three months of FY7/21 (Aug. 1, 2020 – Oct. 31, 2020)
Net sales	3,813,760	5,640,327
Cost of sales	2,803,462	4,633,299
Gross profit	1,010,298	1,007,027
Selling, general and administrative expenses	704,030	672,631
Operating profit	306,268	334,396
Non-operating income		
Interest income	41	20
Dividend income	151	189
Subsidy income	-	2,682
Penalty income	-	4,320
Surrender value of insurance policies	28,944	1
Other	3,061	1,552
Total non-operating income	32,197	8,767
Non-operating expenses		
Interest expenses	294,452	222,222
Commission expenses	34,849	17,228
Other	2,463	32,488
Total non-operating expenses	331,764	271,939
Ordinary profit	6,700	71,223
Extraordinary losses		
Loss on retirement of non-current assets	-	896
Total extraordinary losses	-	896
Profit before income taxes	6,700	70,327
Income taxes-current	118,718	39,886
Income taxes-deferred	(91,832)	(4,858)
Total income taxes	26,886	35,028
Profit (loss)	(20,185)	35,298

(3) Notes to Quarterly Non-consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

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.