

Financial Results for the Fiscal Year Ended March 31, 2020 [Japanese GAAP] (Consolidated)

May 12, 2020
Stock Listing: TSE

Name of Listed Company: UCHIYAMA HOLDINGS INC.
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Scheduled Date of Annual Meeting of Shareholders: June 24, 2020
Scheduled Date of Dividend Payment Start: June 25, 2020
Scheduled Date of Financial Statements Filing: June 25, 2020
Supplementary Materials for Financial Results: Yes
Investor Conference for Financial Results: No

(Amounts are rounded down to the nearest one million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(1) Consolidated Financial Results (% of change from previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2020	30,295	11.3	1,075	4.9	1,321	(0.4)	2	(99.8)
FY 2019	27,209	3.1	1,025	(13.9)	1,326	(1.9)	1,102	36.3

(Note) Comprehensive income FY 2020: ¥42 million (-95.9%) FY 2019: ¥1,026 million (29.0%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY 2020	0.14	—	0.0	4.4	3.6
FY 2019	57.02	—	7.0	4.4	3.8

(Reference) Equity in earnings of affiliated companies: FY 2020: ¥ - million FY 2019: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 2020	29,622	16,078	54.3	831.73
FY 2019	30,072	16,229	54.0	839.58

(Reference) Equity capital: FY 2020: ¥16,078 million FY 2019: ¥16,229 million

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY 2020	3,072	(1,672)	113	10,371
FY 2019	(317)	1,366	(1,227)	8,856

2. Dividends

	Dividends per share					Total dividends (annual)	Dividends payout ratio (consolidated)	Dividends on net assets (consolidated)
	End of the 1Q	End of the 2Q	End of the 3Q	Year-end	Annual			
FY 2019	Yen —	Yen 5.00	Yen —	Yen 5.00	Yen 10.00	Millions of Yen 193	% 17.5	% 1.2
FY 2020	—	5.00	—	5.00	10.00	194	7,288.9	1.2
FY 2021 (forecast)	—	—	—	—	—		—	

Note: Dividends for FY 2021 are still to be determined. We will announce them as soon as estimations become possible.

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2021 (April 1, 2020 - March 31, 2021)

It is difficult to reasonably calculate the impact on our business performance from the novel coronavirus at the present stage. Therefore, we have set our business forecast for the fiscal year ending March 31, 2021 to “pending.” We will promptly announce our business forecast when it becomes possible to do so in the future. Please refer to “(4) Future Outlook” on page 5 of the appendix for the reasons for this.

*Notes

(1) Changes in significant subsidiaries (changes of specified subsidiaries resulting in changes in scope of consolidation) during the current term: None

(2) Changes in accounting policies, accounting estimates and restatements:

- | | |
|---|------|
| 1) Changes in accounting policies due to revisions of accounting standards: | None |
| 2) Changes in accounting policies due to reasons other than above 1): | None |
| 3) Changes in accounting estimates: | None |
| 4) Restatements: | None |

(3) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury stock) at end of term	FY 2020	21,618,800 shares	FY 2019	21,618,800 shares
2) Number of treasury stock at end of term	FY 2020	2,287,777 shares	FY 2019	2,287,777 shares
3) Average number of shares	FY 2020	19,331,023 shares	FY 2019	19,331,023 shares

Note: The shares in the Company possessed by Trust & Custody Services Bank, Ltd. (Trust E) as a trust asset of the “stock benefit trust (J-ESOP)” (fiscal year ended March 31, 2020: 72,150 shares/fiscal year ended March 31, 2019: 72,150 shares) are included in the number of treasury stock at end of term. In addition, the shares in the Company possessed by Trust & Custody Services Bank, Ltd. (Trust E) are included in the treasury stocks to be deducted in the calculation of the average number of shares (fiscal year ended March 31, 2020: 72,150 shares/fiscal year ended March 31, 2019: 23,523 shares).

(Reference) Overview of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(1) Non-Consolidated Financial Results (% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2020	1,055	6.4	499	13.6	534	5.4	523	3.5
FY 2019	992	0.3	439	(5.3)	507	(5.5)	506	(4.0)

	Net income per share	Diluted net income per share
	Yen	Yen
FY 2020	27.09	—
FY 2019	26.18	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 2020	7,110	5,495	77.3	284.29
FY 2019	6,337	5,166	81.5	267.24

(Reference) Equity capital: FY 2020: ¥5,495 million FY 2019: ¥5,166 million

*Summary of financial results is out of scope of quarterly review by certified public accountant or audit corporation.

*Statement regarding the proper use of financial forecasts and other remarks

- Descriptions regarding the future, including the financial projections contained in this report, are based on certain assumptions currently available to the Company, which are, at the discretion of the Company, deemed reasonable. Actual financial results may significantly vary due to various factors.

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1. Business Performance Overview

(1) Business Performance Overview for Current Term

In the current consolidated fiscal year, the Japanese economy gradually recovered overall due to an improvement in corporate earnings and the employment environment. However, in addition to the increase in the consumption tax rate, novel coronavirus infections spread around the world. Therefore, the impact on personal consumption and corporate activities expanded. This means that the situation at the end of the fiscal year was extremely severe. Moreover, the outlook for the future is increasingly unclear and it is difficult to forecast when we will recover from this situation.

Amid this business environment, our corporate group has carried out sales activities, etc. actively based on our business strategies in each segment. In addition, we made efforts to improve the added values of our services, by planning and implementing various measures for boosting synergetic effects among Nursing Care, Karaoke, and Restaurant Businesses.

As for expenditures, we streamlined our business administration by reducing costs, to stabilize our business performance.

As a result, sales of the current consolidated fiscal year were 30,295,077 thousand yen (up 11.3% Year-on-Year (YoY)), operating income was 1,075,874 thousand yen (up 4.9% YoY), and ordinary income was 1,321,019 thousand yen (down 0.4% YoY). We examined the future recoverability of noncurrent assets, and decided to impair the book value to the recoverable value. Accordingly, we recorded an impairment loss of 1,078,457 thousand yen mainly in our Karaoke Business. As a result, profit attributable to owners of parent decreased by 1,099,557 thousand yen to 2,652 thousand yen (down 99.8% YoY).

The results of each segment were as follows.

a. Nursing Care Business

For the Nursing Care Business segment, we opened two new fee-charging retirement homes with nursing care and a new home-visit nursing station. As a result of these efforts, we now have 182 offices in 104 locations as of the end of the current consolidated fiscal year.

We further promoted industry-academia-government collaboration in the current consolidated fiscal year. We strived to train in-house qualified oral care certified persons in cooperation with Kyushu Dental University. We now have 1,117 such persons at the end of the current consolidated fiscal year. Improving oral care promotes the prevention of diseases such as aspiration pneumonia.

We conducted nursing care staff behavior analysis verification tests using IoT technology in cooperation with Kyushu Institute of Technology. We would also like to utilize AI, etc. to improve operational efficiency of personnel.

We are developing a resident information collection tool called a life map under the theme of making life worthwhile in cooperation with Kyushu University. We are working to utilize that to further enrich lives after entering facilities.

In addition, at existing facilities, we aimed to stabilize occupancy ratio by promoting the cementing of cooperation with nearby hospitals and home care support offices by visiting them. Consequently, the average occupancy ratio of existing facilities in the current consolidated fiscal year was 94.4% (average in the previous term: 95.7%). On the other hand, we were not able to secure the number of caregivers we sought for in our initial plans. Therefore, we had to supplement them with temporary workers. As a result, temporary worker costs exceeded our estimate in terms of expenses. As a result, sales were 19,050,915 thousand yen (up 6.5% YoY) and segment income was 1,106,496 thousand yen (down 10.7% YoY).

b. Karaoke Business

For the Karaoke Business, we newly opened three stores and closed three stores. As a result, the number of stores is 91 at the end of the current consolidated fiscal year (91 stores in the same period of a year earlier). We increased repeat customers in our existing facilities. We did this by proactively sending customers coupons utilizing social networking services. Also, we changed the menu and ran campaigns in which we gave 10 times the number of membership points to enhance our product appeal. However, successive natural disasters occurred. Heavy rains fell on the northern part of Kyushu in August and a large typhoon directly hit the Tokyo metropolitan area in September. In addition to this, the Rugby World Cup 2019 was held in Japan from September to November. This attracted a great deal of attention from people.

Furthermore, this period overlapped with the consumption tax hike in October. Accordingly, the number of customers we attracted fell below our expectations. In addition, customer traffic has slowed down. This is due to the spread of restraint on going out and events at the end of the current consolidated fiscal year, which resulted from the impact of novel coronavirus infections that permeates the world. As a result, sales were 6,832,737 thousand yen (down 6.4% YoY) and segment income was 569,271 thousand yen (down 35.4% YoY).

c. Restaurant Business

For the Restaurant Business segment, one store was closed. Accordingly, the number of stores at the end of the current consolidated fiscal year is 16 inside Japan, and 2 outside Japan. In terms of sales, we saw a slowdown in the attraction of customers due to the impact of the Rugby World Cup and the natural disasters as well as the restraint on going out due to the spread of novel coronavirus infections in the same way as in our Karaoke Business. As a result, sales were 1,249,241 thousand yen (down 21.3% YoY) and segment loss was 5,119 thousand yen (segment income of 51,848 thousand yen at the same period of the previous year).

d. Real Estate Business

For the Real Estate Business, both sales and profit significantly grew owing to the large-scale real estate for sale that the Company sold and other factors. As a result, sales were 2,955,853 thousand yen (197,478 thousand yen at the same period of the previous year) and segment income was 556,820 thousand yen (20,046 thousand yen at the same period of the previous year).

e. Other businesses

In the other businesses segment, the Company made efforts to increase guests, secure bookings for parties, promote day trips for bathing, etc. in the hotel business. Nevertheless, the number of customers we attracted decreased. This was due to the impact of the natural disasters and novel coronavirus infections in the same way as with the Karaoke Business and Restaurant Business. As a result, sales were 206,328 thousand yen (down 9.8% YoY) and segment loss was 76,881 thousand yen (segment loss was 53,660 thousand yen during the same term last year).

(2) Financial Standing Overview for Current Term

Total assets at the end of the current consolidated fiscal year were 29,622,290 thousand yen, down 449,744 thousand yen from the end of the previous consolidated fiscal year.

Current assets were 15,075,227 thousand yen, down 474,302 thousand yen from the end of the previous consolidated fiscal year. The major factors for the change were the decrease of 2,215,059 thousand yen in real estate for sale, the increase of 1,519,071 thousand yen in cash and deposit and the increase of 116,728 thousand yen in notes and accounts receivable-trade.

Noncurrent assets were 14,547,062 thousand yen, up 24,558 thousand yen from the end of the previous consolidated fiscal year. The major factors for the change were the increase of 918,199 thousand yen in construction in progress and 244,312 thousand yen in other (investments and other assets), and the decrease of 846,110 thousand yen in buildings and structures and 270,973 thousand yen in land.

Liabilities at the end of the current consolidated fiscal year were 13,544,085 thousand yen, down 298,050 thousand yen from the end of the previous consolidated fiscal year.

Current liabilities were 6,298,234 thousand yen, down 458,615 thousand yen from the end of the previous consolidated fiscal year. The major factors for the change were the decrease of 399,517 thousand yen in current portion of long-term loans payable, 245,400 thousand yen in income taxes payable and 553,617 thousand yen in other (current liabilities), and the increase of 722,600 thousand yen in short-term loans payable.

Noncurrent liabilities were 7,245,851 thousand yen, up 160,564 thousand yen from the end of the previous consolidated fiscal year. The major factors for the change were the increase of 315,478 thousand yen in long-term loans

payable and the decrease of 100,506 thousand yen in noncurrent liabilities (other).

Net assets at the end of the current consolidated fiscal year were 16,078,205 thousand yen, down 151,694 thousand yen from the end of the previous consolidated fiscal year. The major factor for the change was the decrease of 191,379 thousand yen in retained earnings as a result of recording profit attributable to owners of parent and payment of dividends of surplus.

(3) Cash Flow Overview for Current Term

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of the current consolidated fiscal year stood at 10,371,661 thousand yen, up 1,515,574 thousand yen from the end of the previous consolidated fiscal year.

The status of each cash flow is as follows:

(Cash flow from operating activities)

Funds obtained in operating activities were 3,072,233 thousand yen (funds used in the previous year were 317,132 thousand yen). The major breakdown of income was 774,095 thousand yen in depreciation and amortization, 1,078,457 thousand yen in impairment loss and the decrease of 2,220,175 thousand yen in inventories. The major breakdown of expenditure was the decrease of 303,308 thousand yen in other current liabilities and 769,105 thousand yen in income taxes paid.

(Cash flow from investing activities)

Funds used by investing activities were 1,672,948 thousand yen (funds obtained in the previous year were 1,366,683 thousand yen). The major breakdown of income was 354,176 thousand yen in proceeds from sales of investment securities and 283,806 thousand yen in proceeds from withdrawal of time deposits. The major breakdown of expenditure was 1,621,825 thousand yen in purchase of property, plant and equipment, 200,000 thousand yen in purchase of investment securities and 285,036 thousand yen in payments into time deposits.

(Cash flow from financing activities)

Funds obtained in financing activities were 113,655 thousand yen (funds used in the previous year were 1,227,551 thousand yen). The major breakdown of income was the increase of 722,600 thousand yen in short-term loans payable and 2,680,000 thousand yen in proceeds from long-term loans payable. The major breakdown of expenditure was 2,764,039 thousand yen in repayment of long-term loans payable, 270,767 thousand yen in repayments of installment payables and 194,137 thousand yen in cash dividends paid.

(Reference) Trend of Cash Flow Related Indicators

	FY ended March 2016	FY ended March 2017	FY ended March 2018	FY ended March 2019	FY ended March 2020
Equity ratio (%)	49.4	48.7	51.3	54.0	54.3
Equity ratio on market price basis (%)	33.1	28.2	38.3	29.6	20.9
Debt repayment period (years)	13.3	6.5	5.1	—	3.2
Interest coverage ratio (times)	7.4	21.2	30.2	—	49.8

Equity ratio: equity capital/total assets

Equity ratio on market price basis: total market value of stock/total assets

Debt repayment period: interest-bearing debt/operating cash flow

Interest coverage ratio: operating cash flow/interest payments

(Notes)

1. All are calculated using financial figures on consolidated base.

2. Cash flow is using cash flow from operating activities.
3. Total market value of stock is calculated as end-of-the-term share value multiplied by the number of outstanding shares at end of term (after excluding treasury stocks).
4. Interest-bearing debt includes all debts that are included in the consolidated balance sheet, for which interests are paid.
5. Our operating cash flow for the fiscal year ended March 31, 2019 was negative. Therefore, we have not calculated debt repayment period and interest coverage ratio.

(4) Future Outlook

We have set our consolidated business performance forecast for the next fiscal year to “pending.” This is because it is difficult to reasonably calculate the impact from the novel coronavirus at the present stage.

We have closed 43 karaoke stores and 11 izakaya bars since April 8, 2020 in the seven prefectures where a state of emergency has been declared in our group’s Karaoke Business and Restaurant Business. Furthermore, we temporarily closed as necessary karaoke stores in areas where their closure was requested by prefectural governors with the expansion of the area covered under the state of emergency declaration to the entire country by the government from April 16, 2020. We resumed some operations upon shortening business hours in the areas where the request for their closure has been canceled since May 7, 2020. Nevertheless, 67 of our karaoke stores and 5 of our izakaya bars are closed as of today. Even if the state of emergency declaration is completely lifted in the future and we resume operations, it may take some time for customers to return as before the crisis depending on the progress in terms of how the infections come to an end and the degree of recovery in consumer confidence. We will promptly announce our business forecast when it becomes possible to do so in the future.

2. Basic Principles of Selecting Accounting Standards

Currently, the activities of our corporate group are mainly conducted in Japan. Therefore, the Japanese accounting standards will be used for the time being. In the future, however, as our corporate group expands its business overseas, the needs of using the accounting based on the IFRS will increase as important information for decision making by investors, financial institutions and other stakeholders in Japan and overseas. The Company is planning to deliberate on the application of the IFRS including the appropriate timing of introduction.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	FY ended March 31, 2019 (As of March 31, 2019)	FY ended March 31, 2020 (As of March 31, 2020)
Assets		
Current assets		
Cash and deposits	9,159,666	10,678,737
Notes and accounts receivable-trade	2,088,868	2,205,597
Merchandise	53,667	48,657
Real estate for sale	3,255,629	1,040,569
Supplies	262	317
Other	997,447	1,111,685
Allowance for doubtful accounts	(6,010)	(10,337)
Total current assets	15,549,530	15,075,227
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	13,607,014	13,498,447
Accumulated depreciation	(8,122,489)	(8,860,033)
Buildings and structures, net	5,484,524	4,638,414
Land	2,776,844	2,505,871
Construction in progress	12,398	930,597
Other	3,022,230	3,114,739
Accumulated depreciation	(2,467,939)	(2,704,533)
Other, net	554,290	410,205
Total property, plant and equipment	8,828,058	8,485,089
Intangible assets	62,003	56,258
Investments and other assets		
Investment securities	1,022,958	927,797
Long-term loans receivable	278,852	338,232
Deferred tax assets	462,735	637,742
Lease and guarantee deposits	2,475,925	2,464,472
Other	1,414,594	1,658,906
Allowance for doubtful accounts	(22,624)	(21,435)
Total investments and other assets	5,632,442	6,005,715
Total noncurrent assets	14,522,504	14,547,062
Total assets	30,072,034	29,622,290

(Thousands of yen)

	FY ended March 31, 2019 (As of March 31, 2019)	FY ended March 31, 2020 (As of March 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	632,235	587,223
Short-term loans payable	357,000	1,079,600
Current portion of bonds	60,000	60,000
Current portion of long-term loans payable	2,673,723	2,274,206
Income taxes payable	445,158	199,758
Provision for bonuses	241,764	300,658
Provision for point card certificates	89,429	106,564
Provision for shareholder benefit program	13,095	15,810
Asset retirement obligation	16,411	-
Other	2,228,031	1,674,413
Total current liabilities	6,756,849	6,298,234
Noncurrent liabilities		
Bonds payable	240,000	180,000
Long-term loans payable	5,612,131	5,927,609
Deferred tax liabilities	377,970	371,561
Asset retirement obligation	212,532	222,031
Provision for stock benefit	-	2,503
Other	642,652	542,146
Total noncurrent liabilities	7,085,286	7,245,851
Total liabilities	13,842,135	13,544,085
Net assets		
Shareholders' equity		
Capital stock	2,222,935	2,222,935
Capital surplus	2,664,695	2,664,695
Retained earnings	12,600,748	12,409,369
Treasury stock	(1,164,420)	(1,164,420)
Total shareholders' equity	16,323,959	16,132,579
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(94,272)	(53,206)
Foreign currency translation adjustment	212	(1,168)
Total accumulated other comprehensive income	(94,059)	(54,374)
Total net assets	16,229,899	16,078,205
Liabilities and net assets	30,072,034	29,622,290

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

Consolidated Statements of Income

(Thousands of yen)

	FY ended March 31, 2019 (April 1, 2018 - March 31, 2019)	FY ended March 31, 2020 (April 1, 2019 - March 31, 2020)
Net sales	27,209,311	30,295,077
Cost of sales	24,490,195	27,493,539
Gross profit	2,719,115	2,801,537
Selling, general and administrative expenses		
Directors' compensations	209,825	194,667
Salaries and allowances	278,455	303,328
Taxes and dues	523,805	528,969
Provision of allowance for doubtful accounts	-	4,764
Provision for bonuses	8,274	8,619
Provision for allowance for shareholders' benefits	13,035	15,747
Stock provision expenses	-	925
Other	659,778	668,641
Total selling, general and administrative expenses	1,693,173	1,725,663
Operating income	1,025,942	1,075,874
Non-operating income		
Interest income	5,219	7,257
Dividends income	4,124	23,293
Commission fee	148,871	143,633
Insurance income	36,839	76,707
Subsidy income	106,328	69,460
Other	99,703	54,388
Total non-operating income	401,086	374,740
Non-operating expenses		
Interest expenses	66,072	60,102
Foreign exchange losses	5,914	26,512
Loss on disaster	-	26,650
Other	28,818	16,331
Total non-operating expenses	100,805	129,596
Ordinary income	1,326,222	1,321,019
Extraordinary income		
Gain on sales of noncurrent assets	504,390	-
Insurance income	165,902	-
Total extraordinary income	670,292	-
Extraordinary loss		
Loss on sales of noncurrent assets	44,168	-
Loss on retirement of noncurrent assets	54	11,209
Impairment loss	334,496	1,078,457
Loss on disaster	44,688	-
Total extraordinary loss	423,408	1,089,667
Income before income taxes	1,573,106	231,351
Income taxes-current	530,126	428,064
Income taxes-deferred	(59,229)	(199,364)
Total income taxes	470,896	228,699
Net income	1,102,209	2,652

(Thousands of yen)

	FY ended March 31, 2019 (April 1, 2018 - March 31, 2019)	FY ended March 31, 2020 (April 1, 2019 - March 31, 2020)
Profit attributable to owners of parent	1,102,209	2,652

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	FY ended March 31, 2019 (April 1, 2018 - March 31, 2019)	FY ended March 31, 2020 (April 1, 2019 - March 31, 2020)
Net income	1,102,209	2,652
Other comprehensive income		
Valuation difference on available-for-sale securities	(76,473)	41,066
Foreign currency translation adjustment	455	(1,380)
Total other comprehensive income	(76,017)	39,685
Comprehensive income	1,026,192	42,337
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,026,192	42,337
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Net Assets

FY ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	2,222,935	2,666,282	11,691,849	(1,166,007)	15,415,060
Changes of items during period					
Dividends from surplus			(193,310)		(193,310)
Profit attributable to owners of parent			1,102,209		1,102,209
Purchase of treasury stock				(0)	(0)
Purchase of treasury stock by J-ESOP				(35,137)	(35,137)
Disposal of treasury stock for J-ESOP		(1,587)		36,724	35,137
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(1,587)	908,899	1,586	908,898
Balance at the end of current period	2,222,935	2,664,695	12,600,748	(1,164,420)	16,323,959

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	(17,799)	(243)	(18,042)	15,397,017
Changes of items during period				
Dividends from surplus				(193,310)
Profit attributable to owners of parent				1,102,209
Purchase of treasury stock				(0)
Purchase of treasury stock by J-ESOP				(35,137)
Disposal of treasury stock for J-ESOP				35,137
Net changes of items other than shareholders' equity	(76,473)	455	(76,017)	(76,017)
Total changes of items during the period	(76,473)	455	(76,017)	832,881
Balance at the end of current period	(94,272)	212	(94,059)	16,229,899

FY ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(Thousands of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at beginning of current period	2,222,935	2,664,695	12,600,748	(1,164,420)	16,323,959
Changes of items during period					
Dividends from surplus			(194,031)		(194,031)
Profit attributable to owners of parent			2,652		2,652
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	(191,379)	—	(191,379)
Balance at the end of current period	2,222,935	2,664,695	12,409,369	(1,164,420)	16,132,579

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	(94,272)	212	(94,059)	16,229,899
Changes of items during period				
Dividends from surplus				(194,031)
Profit attributable to owners of parent				2,652
Net changes of items other than shareholders' equity	41,066	(1,380)	39,685	39,685
Total changes of items during the period	41,066	(1,380)	39,685	(151,694)
Balance at the end of current period	(53,206)	(1,168)	(54,374)	16,078,205

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	FY ended March 31, 2019 (April 1, 2018 - March 31, 2019)	FY ended March 31, 2020 (April 1, 2019 - March 31, 2020)
Net cash provided by (used in) operating activities		
Income before income taxes	1,573,106	231,351
Depreciation and amortization	939,934	774,095
Impairment loss	334,496	1,078,457
Increase (decrease) in allowance for doubtful accounts	(6,513)	3,138
Increase (decrease) in provision for bonuses	4,823	58,893
Increase (decrease) in provision for point card certificates	(48,543)	17,135
Increase (decrease) in allowance for shareholders' benefits	697	2,715
Increase (decrease) in provision for stock benefit	-	2,503
Interest and dividends income	(9,343)	(30,550)
Interest expenses	66,072	60,102
Loss on retirement of noncurrent assets	54	11,209
Loss (gain) on sales of noncurrent assets	(460,221)	-
Insurance income	(165,902)	-
Loss on disaster	44,688	-
Decrease (increase) in notes and accounts receivable-trade	(170,756)	(116,562)
Decrease (increase) in inventories	(2,252,114)	2,220,175
Increase (decrease) in accrued consumption taxes	63,039	(213,926)
Increase (decrease) in notes and accounts payable-trade	11,379	(45,576)
Increase (decrease) in other current liabilities	90,920	(303,308)
Other	(46,612)	17,309
Subtotal	(30,793)	3,767,163
Interest and dividends income received	5,696	26,594
Interest expenses paid	(64,482)	(61,740)
Amount of insurance income	165,902	-
Income taxes paid	(495,815)	(769,105)
Income taxes refund	102,360	109,321
Net cash provided by (used in) operating activities	(317,132)	3,072,233
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(1,515,878)	(1,621,825)
Payments for retirement of property, plant and equipment	-	(11,000)
Proceeds from sales of property, plant and equipment	3,583,111	77,736
Purchase of intangible assets	(1,429)	(472)
Expenditure due to fulfillment of asset retirement obligations	(33,337)	(16,900)
Purchase of investment securities	(567,015)	(200,000)
Proceeds from sales of investment securities	-	354,176
Payments into time deposits	(425,397)	(285,036)
Proceeds from withdrawal of time deposits	400,426	283,806
Payments for lease and guarantee deposits	(131,229)	(82,761)
Proceeds from collection of lease and guarantee deposits	120,245	94,683
Purchase of insurance funds	(218,490)	(183,793)
Proceeds from cancellation of insurance funds	223,723	-
Payments of loans receivable	(112,359)	(132,332)

(Thousands of yen)

	FY ended March 31, 2019 (April 1, 2018 - March 31, 2019)	FY ended March 31, 2020 (April 1, 2019 - March 31, 2020)
Collection of loans receivable	44,928	50,801
Other	(613)	(30)
Net cash provided by (used in) investment activities	1,366,683	(1,672,948)

(Thousands of yen)

	FY ended March 31, 2019 (April 1, 2018 - March 31, 2019)	FY ended March 31, 2020 (April 1, 2019 - March 31, 2020)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(394,004)	722,600
Proceeds from long-term loans payable	4,831,600	2,680,000
Repayment of long-term loans payable	(5,395,820)	(2,764,039)
Proceeds from issuance of bonds	293,209	-
Redemption of bonds	-	(60,000)
Repayments of installment payables	(369,130)	(270,767)
Cash dividends paid	(193,406)	(194,137)
Others	(0)	-
Net cash provided by (used in) financing activities	(1,227,551)	113,655
Effect of exchange rate change on cash and cash equivalents	(726)	2,634
Net increase (decrease) in cash and cash equivalents	(178,726)	1,515,574
Cash and cash equivalents at beginning of year	9,034,813	8,856,086
Cash and cash equivalents at end of year	8,856,086	10,371,661

(5) Notes to Consolidated Financial Statements

(Notes regarding premise of a going concern)

Nothing is applicable.

(Change in presentation method)

(Related to consolidated balance sheet)

1. "Construction in progress" which was included in "Other" under "Property, plant and equipment" in the previous consolidated fiscal year increased in monetary importance. Therefore, we have decided to give this separately from the current consolidated fiscal year. In order to reflect this change, we have reclassified consolidated financial statements for the previous consolidated fiscal year.

As a result, 566,688 thousand yen in "Other" under "Property, plant and equipment" in the consolidated balance sheets of the previous consolidated fiscal year has been reclassified into 12,398 thousand yen for "Construction in progress" and 554,290 thousand yen for "Other."

2. "Long-term loans receivable" which was included in "Other" under "Investments and other assets" in the previous consolidated fiscal year increased in monetary importance. Therefore, we have decided to give this separately from the current consolidated fiscal year. In order to reflect this change, we have reclassified consolidated financial statements for the previous consolidated fiscal year.

As a result, 1,693,446 thousand yen in "Other" under "Investments and other assets" in the consolidated balance sheets of the previous consolidated fiscal year has been reclassified into 278,852 thousand yen for "Long-term loans receivable" and 1,414,594 thousand yen for "Other."

(Related to consolidated statements of income)

1. "Insurance income" which was included in "Other" under "Non-operating income" in the previous consolidated fiscal year is listed separately from the current consolidated fiscal year because it became more than 10% of the total amount of non-operating income. In order to reflect this change, we have reclassified consolidated financial statements for the previous consolidated fiscal year.

As a result, 136,542 thousand yen in "Other" under "Non-operating income" in the consolidated statements of income of the previous consolidated fiscal year has been reclassified 36,839 thousand yen for "Insurance income" and 99,703 thousand yen for "Other."

2. "Foreign exchange losses" which was included in "Other" under "Non-operating expenses" in the previous consolidated fiscal year is listed separately from the current consolidated fiscal year because it became more than 10% of the total amount of non-operating expenses. In order to reflect this change, we have reclassified consolidated financial statements for the previous consolidated fiscal year.

As a result, 34,732 thousand yen in "Other" under "Non-operating expenses" in the consolidated statements of income of the previous consolidated fiscal year has been reclassified 5,914 thousand yen for "Foreign exchange losses" and 28,818 thousand yen for "Other."

(Related to consolidated statements of cash flows)

1. "Increase (decrease) in other current liabilities" which was included in "Other" under "Net cash provided by (used in) operating activities" in the previous consolidated fiscal year increased in importance. Therefore, we have decided to give this separately from the current consolidated fiscal year. In order to reflect this change, we have reclassified consolidated financial statements for the previous consolidated fiscal year.

As a result, 44,307 thousand yen in "Other" under "Net cash provided by (used in) operating activities" in the consolidated statements of cash flows of the previous consolidated fiscal year has been reclassified into 90,920 thousand yen for "Increase (decrease) in other current liabilities" and -46,612 thousand yen for "Other."

(Additional information)

(Transactions to provide our own shares to employees through a trust)

We introduced a stock benefit trust (J-ESOP) system (hereinafter “this system”) incentive plan to offer our own shares to employees (including the employees of our subsidiaries; hereinafter the same) at a Board of Directors’ meeting held on August 10, 2018. This aims to further enhance the interrelation between our stock price and performance and the treatment of our employees while improving their motivation to improve our performance.

(1) Overview of transactions

This system is a mechanism to offer our own shares to employees who satisfy certain requirements based on the stock benefit regulations we have established in advance. We have acquired the shares to be offered to our employees, including those for the future, through a trust we established in advance. We are managing these shares separately as trust assets.

(2) Our own shares remaining in the trust

We have recorded our own shares remaining in the trust as treasury stock under net assets according to their book value (excluding the amount of incidental expenses) in the trust. The applicable treasury stock book value is 35,137 thousand yen and the number of shares is 72,150 as of the end of the previous consolidated fiscal year, and 35,137 thousand yen and 72,150 shares as of the end of the current consolidated fiscal year.

(Segment information, etc.)

[Segment information]

1. Overview of the reporting segments

(1) How to determine the reporting segments

The reporting segments of our corporate group are the constituent units of business for which segregated financial information is available and that are the subject of regular examination by the Board of Directors to decide management resources and assess business performance.

Our corporate group has business departments for each service at head office, and each business department develops comprehensive strategies for the services, etc. that they handle. Therefore, the Company is consisted of segments per service based on each business department. There are 4 reporting segments including “Nursing Care Business,” “Karaoke Business,” “Restaurant Business” and “Real Estate Business.”

(2) Types of products and services that belong to each reporting segment

The “Nursing Care Business” operates fee-based nursing homes for elderly, day-service centers, group homes and care planning centers. It also conducts sales and lease of social-welfare tools and provides day-services such as afterschool assistance for children with disabilities. The “Karaoke Business” operates karaoke stores, and the “Restaurant Business” operates izakaya. The “Real Estate Business” undertakes sale and purchase of real estate for sale and lease, management and brokerage of buildings, residences, and other properties.

2. Method to calculate the amount of sales, profits, loss, assets and other items per reporting segment

The accounting of reporting business segments is handled in the almost same way as the accounting method used in creating consolidated financial statements.

The profit in the reporting segment is based on the figures of operating income.

Internal profit and transferred amount among the segments are based on the prevailing market values.

3. Information concerning the amount of sales, profits, loss, assets and other items per reporting segment

Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)

(Thousands of yen)

	Reporting segments					Other businesses (Note)*	Total
	Nursing Care Business	Karaoke Business	Restaurant Business	Real Estate Business	Total		
Sales							
Sales to external customers	17,894,145	7,302,477	1,586,380	197,478	26,980,481	228,830	27,209,311
Internal sales or transferred amount among the segments	—	9,400	48,328	1,200	58,928	—	58,928
Total	17,894,145	7,311,877	1,634,708	198,678	27,039,409	228,830	27,268,239
Segment income (loss)	1,238,951	880,618	51,848	20,046	2,191,465	(53,660)	2,137,805
Segment assets	9,379,978	4,556,543	720,191	4,086,819	18,743,532	146,879	18,890,412
Other items							
Depreciation and amortization	401,810	413,867	61,393	11,749	888,821	9,636	898,458
Increased amount for property, plant and equipment and intangible assets	1,142,594	469,924	30,483	—	1,643,002	1,819	1,644,821

(Note) The classification “Other businesses” refers to business segments that are not included in reporting segments, and includes Hotel Business.

Current consolidated fiscal year (From April 1, 2019 to March 31, 2020)

(Thousands of yen)

	Reporting segments					Other businesses (Note)*	Total
	Nursing Care Business	Karaoke Business	Restaurant Business	Real Estate Business	Total		
Sales							
Sales to external customers	19,050,915	6,832,737	1,249,241	2,955,853	30,088,748	206,328	30,295,077
Internal sales or transferred amount among the segments	—	9,940	46,652	1,200	57,792	3	57,795
Total	19,050,915	6,842,678	1,295,894	2,957,053	30,146,541	206,332	30,352,873
Segment income (loss)	1,106,496	569,271	(5,119)	556,820	2,227,468	(76,881)	2,150,587
Segment assets	9,994,835	3,596,795	573,800	1,852,464	16,017,896	146,777	16,164,674
Other items							
Depreciation and amortization	303,286	375,404	44,606	11,448	734,745	5,978	740,723
Increased amount for property, plant and equipment and intangible assets	1,072,569	436,933	6,627	—	1,516,129	15,705	1,531,835

(Note) The classification “Other businesses” refers to business segments that are not included in reporting segments, and includes Hotel Business.

4. Balance between the total amount of reporting segments and the amount on the consolidated financial statement and the breakdown of the balance (Items concerning balance adjustment)

(Thousands of yen)

Sales	Previous consolidated fiscal year	Current consolidated fiscal year
Reporting segments, total amount	27,039,409	30,146,541
Sales for "Other businesses" segment	228,830	206,332
Offsetting between segments	(58,928)	(57,795)
Sales on the consolidated financial statement	27,209,311	30,295,077

(Thousands of yen)

Profit	Previous consolidated fiscal year	Current consolidated fiscal year
Reporting segments, total amount	2,191,465	2,227,468
Profit (loss) for the "Other businesses" segment	(53,660)	(76,881)
Offsetting between segments	485,761	533,161
Expenses for all companies (Note)	(1,597,624)	(1,607,874)
Operating income on the consolidated financial statement	1,025,942	1,075,874

(Note) Expenses for all companies are mainly general administrative expenses that do not belong to the reporting segments.

(Thousands of yen)

Assets	Previous consolidated fiscal year	Current consolidated fiscal year
Reporting segments, total amount	18,743,532	16,017,896
Assets for the "Other businesses" segments	146,879	146,777
Offsetting of debt	(4,506,784)	(4,927,394)
Assets of all companies (Note)	15,688,407	18,385,010
Total assets on the consolidated financial statement	30,072,034	29,622,290

(Note) Assets of all companies are mainly surplus funds (cash and deposits) that do not belong to the reporting segments, long-term investment funds (investment securities), and assets for operation department.

(Thousands of yen)

Other items	Reporting segments, total		Other businesses		Adjustment amount (Note)		Amount on the consolidated financial statement	
	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year
Depreciation and amortization	888,821	734,745	9,636	5,978	41,475	33,371	939,934	774,095
Increased amount for property, plant and equipment and intangible assets	1,643,002	1,516,129	1,819	15,705	63,963	46,306	1,708,785	1,578,141

- (Note) 1. The adjustment amount of depreciation and amortization (i.e. previous consolidated fiscal year: 41,475 thousand yen and current consolidated fiscal year: 33,371 thousand yen) is for the operation department of the head office.
2. The adjustment amount of property, plant and equipment and intangible assets (i.e. previous consolidated fiscal year: 63,963 thousand yen and current consolidated fiscal year: 46,306 thousand yen) is the capital investment amount in all companies' assets that do not belong to each segment.

[Related information]

Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)

1. Information for each product and service

It is not described here because the same information is disclosed in the “Segment information” section.

2. Information per region

(1) Sales

Because sales to the external customers within Japan exceed 90% of the sales on the consolidated statements of income, the description is omitted here.

(2) Property, plant and equipment

Because the amount of property, plant and equipment that exist within Japan exceeds 90% of the property, plant and equipment on the consolidated balance sheet, the description is omitted here.

3. Information per major customer

(Thousands of yen)

Name of the customer	Sales	Relevant segment
Fukuoka National Health Insurance Organization	4,964,678	Nursing Care Business

Current consolidated fiscal year (From April 1, 2019 to March 31, 2020)

1. Information for each product and service

It is not described here because the same information is disclosed in the “Segment information” section.

2. Information per region

(1) Sales

Because sales to the external customers within Japan exceed 90% of the sales on the consolidated statements of income, the description is omitted here.

(2) Property, plant and equipment

Because the amount of property, plant and equipment that exist within Japan exceeds 90% of the property, plant and equipment on the consolidated balance sheet, the description is omitted here.

3. Information per major customer

(Thousands of yen)

Name of the customer	Sales	Relevant segment
Fukuoka National Health Insurance Organization	5,028,003	Nursing Care Business

[Information concerning impairment loss of noncurrent assets per reporting segment]

Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)

(Thousands of yen)

	Reporting segment				Other businesses	All companies/ offset	Total
	Nursing Care Business	Karaoke Business	Restaurant Business	Real Estate Business			
Impairment loss	5,416	166,882	36,993	—	125,203	—	334,496

(Note) “Other businesses” is related to hotel business.

Current consolidated fiscal year (From April 1, 2019 to March 31, 2020)

(Thousands of yen)

	Reporting segment				Other businesses	All companies/ offset	Total
	Nursing Care Business	Karaoke Business	Restaurant Business	Real Estate Business			
Impairment loss	17,178	973,753	73,604	13,719	201	—	1,078,457

(Note) “Other businesses” is related to hotel business.

[Information concerning amortization amount and unamortized balance of goodwill per reporting segment]

Nothing is applicable.

[Information concerning gain on negative goodwill per reporting segment]

Nothing is applicable.

(Per share information)

	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	Current consolidated fiscal year (From April 1, 2019 to March 31, 2020)
Net assets per share	839 yen 58 sen	831 yen 73 sen
Net income per share	57 yen 02 sen	0 yen 14 sen

(Note) 1. Diluted net income per share is not stated because there were no dilutive shares.

2. Shares in the Company possessed by Trust & Custody Services Bank, Ltd. (Trust E) as a trust asset of the “stock benefit trust (J-ESOP)” are included in the treasury stocks to be deducted from the total number of outstanding shares at end of term in the calculation of the amount of net assets per share (previous consolidated fiscal year: 72,150 shares/current consolidated fiscal year: 72,150 shares).

They are also included in the treasury stocks to be deducted in the calculation of the average number of shares in the calculation of the net income per share (previous consolidated fiscal year: 23,523 shares/current consolidated fiscal year: 72,150 shares).

3. The basis of calculation for net income per share is as follows.

Item	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	Current consolidated fiscal year (From April 1, 2019 to March 31, 2020)
Profit attributable to owners of parent (thousand yen)	1,102,209	2,652
Amount that is not attributable to common shareholders (thousand yen)	—	—
Profit attributable to owners of parent for common share (thousand yen)	1,102,209	2,652
Average number of common shares outstanding (shares)	19,331,023	19,331,023

(Significant subsequent event)

Nothing is applicable.