

Financial Results for the Fiscal Year Ended March 31, 2021 [Japanese GAAP] (Consolidated)

May 12, 2021
Stock Listing: TSE

Name of Listed Company: UCHIYAMA HOLDINGS INC.
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Scheduled Date of Regular general meeting of shareholders: June 24, 2021

Scheduled Date of Dividend Payment Start: June 25, 2021

Scheduled Date of Financial Statements Filing: June 25, 2021

Supplementary materials for Financial Results: Yes

Investor conference for Financial Results: None

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(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 2021 | 23,795 | (21.5) | (1,085) | - | (616) | - | (2,231) | - |
| FY 2020 | 30,295 | 11.3 | 1,075 | 4.9 | 1,321 | (0.4) | 2 | (99.8) |

(Note) Comprehensive income FY 2021: ¥(2,209) million (-%) FY 2020: ¥42 million (-95.9%)

| | 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 2021 | (115.43) | - | (15.0) | (2.1) | (4.6) |
| FY 2020 | 0.14 | - | 0.0 | 4.4 | 3.6 |

(Reference) Equity in earnings of affiliated companies: FY 2021: ¥ - million FY 2020: ¥ - million

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| FY 2021 | 29,750 | 13,674 | 46.0 | 707.38 |
| FY 2020 | 29,622 | 16,078 | 54.3 | 831.73 |

(Reference) Equity capital: FY 2021: ¥13,674 million FY 2020: ¥16,078 million

(3) Consolidated Cash Flow Position

| | Net cash provided by (used in) operating activities | Net cash provided by (used in) investing activities | Net cash provided by (used in) financing activities | Cash and cash equivalents at end of period |
|---------|---|---|---|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| FY 2021 | (857) | (1,272) | 2,269 | 10,509 |
| FY 2020 | 3,072 | (1,672) | 113 | 10,371 |

2. Dividends

| | Dividend per share | | | | | Total dividends (Annual) | Payout ratio (Consolidated) | Dividend-to-equity ratio (Consolidated) |
|--------------------|--------------------|-----------|-----------|-----------|--------|--------------------------|-----------------------------|---|
| | End of 1Q | End of 2Q | End of 3Q | End of FY | Annual | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| FY 2020 | - | 5.00 | - | 5.00 | 10.00 | 194 | 7,288.9 | 1.2 |
| FY 2021 | - | 5.00 | - | 5.00 | 10.00 | 194 | - | 1.3 |
| FY 2022 (Forecast) | - | - | - | - | - | - | - | - |

(Note) Dividends for FY 2022 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, 2022 (April 1, 2021 - March 31, 2022)

It is difficult to reasonably calculate the impact on our business performance from the COVID-19 pandemic at the present stage. Therefore, we have set our business forecast for the fiscal year ending March 31, 2022 to pending. We will promptly announce our business forecast when it becomes possible to do so in the future. For more information, please refer (4) Outlook on page 4 of Appendix.

*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 shares)

| | | | | |
|--|---------|-------------------|---------|-------------------|
| 1) Number of outstanding shares (including treasury shares) at end of term | FY 2021 | 21,618,800 shares | FY 2020 | 21,618,800 shares |
| 2) Number of treasury shares at end of term | FY 2021 | 2,287,777 shares | FY 2020 | 2,287,777 shares |
| 3) Average number of shares during the period | FY 2021 | 19,331,023 shares | FY 2020 | 19,331,023 shares |

Note: The shares in the Company possessed by Custody Bank of Japan, Ltd. (Trust E) as a trust asset of the “stock benefit trust (J-ESOP)” (as of March 31, 2021: 72,150 shares / March 31, 2020: 72,150 shares) are included in the number of treasury shares at end of term. In addition, the shares in the Company possessed by Custody Bank of Japan, Ltd. (Trust E) are included in the treasury shares to be deducted in the calculation of the average number of shares during the period (as of March 31, 2021: 72,150 shares / March 31, 2020: 72,150 shares).

(Reference) Summary of the Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Result of operations (Non-consolidated)

(% 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 2021 | 1,446 | 37.0 | 910 | 82.4 | 950 | 77.7 | 787 | 50.5 |
| FY 2020 | 1,055 | 6.4 | 499 | 13.6 | 534 | 5.4 | 523 | 3.5 |
| | Net income per share | | Diluted net income per share | | | | | |
| | Yen | | Yen | | | | | |
| FY 2021 | 40.76 | | - | | | | | |
| FY 2020 | 27.09 | | - | | | | | |

(2) Financial Position (Non-consolidated)

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| FY 2021 | 9,027 | 6,089 | 67.5 | 315.02 |
| FY 2020 | 7,110 | 5,495 | 77.3 | 284.29 |

(Reference) Equity capital: FY 2021: ¥6,089 million FY 2020: ¥5,495 million

<Reasons for differences between non-consolidated result of operations for current fiscal year and previous fiscal year>

In the fiscal year that ended in March 2021, sales, operating income and ordinary income were higher than in the previous fiscal year mainly because of an increase in dividends from subsidiaries and associates. In addition, the increase in net income includes the effects of an addition of provision of allowance for investment loss and an increase in dividends from subsidiaries and associates.

* Summary of financial results is out of scope of 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. Overview of Results of Operations and Financial Condition

(1) Overview of Results of Operations

In the fiscal year that ended in March 2021, there was a sudden economic downturn in Japan as the COVID-19 pandemic impacted economic activity. Although there were brief signs of a recovery after the first state of emergency ended, a new wave of infections started late in 2020 and there is still no sign of when this crisis will end. As a result, the business climate remains unstable and extremely challenging.

During the fiscal year, all business segments of the Uchiyama Group continued to place highest priority on preventing the spread of COVID-19 while taking actions in response to the effects of this crisis on business operations.

There were also measures to improve operating efficiency by cutting costs in order to stabilize business performance.

Sales were down 21.5% from one year earlier to 23,795,670 thousand yen. There was an operating loss of 1,085,213 thousand yen compared with an operating income of 1,075,874 thousand yen one year earlier, an ordinary loss of 616,781 thousand yen compared with an ordinary income of 1,321,019 thousand yen one year earlier, and a loss attributable to owners of parent of 2,231,376 thousand yen compared with a profit of 2,652 thousand yen one year earlier.

The results of each segment were as follows.

a. Nursing Care Business

During the fiscal year, two daycare service locations were opened, including for after-school assistance for children with developmental disabilities, and four fee-based nursing care facilities for seniors opened. As a result, there were 188 business sites at 110 locations as of the end of the fiscal year.

This business has been using collaboration with academic institutions and governments for many years. Although we have been holding down activities involving these collaborations because of COVID-19, we will continue to conduct effective activities as much as possible.

We are accepting many new residents of nursing care facilities while using thorough communications with individuals and their families, hospitals and other parties in order to ensure the safety of everyone who relocates to one of our facilities. As a result, the occupancy rate remained stable. The average occupancy rate at existing facilities during the fiscal year was 94.8% compared with 94.4% one year earlier.

To lower expenses, we hired more full-time employees, reduced the percentage of personnel from temporary staffing companies and took other actions. Segment sales increased 5.0% to 20,005,764 thousand yen and segment income increased 35.2% to 1,495,533 thousand yen.

b. Karaoke Business

The business climate for karaoke business was extremely challenging because of government requests to stay home and to reduce operating hours to prevent the spread of COVID-19. The recovery in the number of customers has been slow mainly because people are afraid of a fourth wave of infections. Karaoke locations are using rigorous measures to prevent COVID-19 infections in order to provide customers with a safe environment. Due to these challenges, segment sales fell 53.6% to 3,169,417 thousand yen and there was a loss of 1,271,276 thousand yen compared with income of 569,271 thousand yen one year earlier.

During the fiscal year, the karaoke business opened three new stores and closed six, resulting in 88 stores at the end of the fiscal year, down from 91 one year earlier.

c. Restaurant Business

Five restaurants were closed during the fiscal year, resulting in 11 restaurants in Japan and two outside Japan at the end of the fiscal year. As in the karaoke business, the operating environment for restaurants business continues to be very difficult because of COVID-19. As a result, sales were down 72.6% to 341,805 thousand yen and segment loss increased to 227,207 thousand yen from 5,119 thousand yen one year earlier.

d. Real Estate Business

There was a large sale of real estate for sale in the previous fiscal year but no such large property transactions during the current fiscal year. As a result, brokerage services for rental properties were the primary component of operations as usual in this business. Consequently, sales were down 94.6% to 158,907 thousand yen and segment income fell 94.4% to 30,940 thousand yen.

e. Other businesses

The hotel business benefited from the Japanese government's Go To Travel campaign that began in July 2020. However, this program was temporarily suspended starting on December 28, 2020, because of a new wave of COVID-19 cases. The result was a downturn in the number of customers just as in the karaoke and restaurant businesses. As a result, segment sales decreased 41.9% to 119,775 thousand yen and segment loss increased to 103,326 thousand yen from 76,881 thousand yen one year earlier.

(2) Overview of Financial Condition

Total assets at the end of current fiscal year were 29,750,166 thousand yen, 127,875 thousand yen higher than at the end of previous fiscal year.

Current assets increased 499,775 thousand yen to 15,575,003 thousand yen. The major reasons for this change are increases of 191,153 thousand yen in cash and deposits and 315,814 thousand yen in other current assets and a 10,185 thousand yen decrease in notes and accounts receivable-trade.

Noncurrent assets decreased 371,899 thousand yen to 14,175,163 thousand yen. The major reasons for this change are decreases of 735,630 thousand yen in other property, plant and equipment, 633,213 thousand yen in deferred tax assets, and 186,955 thousand yen in other investments and other assets and increases of 1,087,875 thousand yen in buildings and structures and 100,010 thousand yen in land.

Liabilities at the end of current fiscal year were 16,075,699 thousand yen, 2,531,613 thousand yen higher than at the end of previous fiscal year.

Current liabilities increased 1,226,283 thousand yen to 7,524,517 thousand yen. The major reasons for this change are increases of 953,200 thousand yen in short-term borrowings and 384,875 thousand yen in current portion of long-term borrowings and a decrease of 154,401 thousand yen in other current liabilities.

Noncurrent liabilities increased 1,305,330 thousand yen to 8,551,181 thousand yen. The major reasons for this change are increases of 1,352,199 thousand yen in long-term borrowings and 76,541 thousand yen in asset retirement obligation and a decrease of 133,530 thousand yen in other noncurrent liabilities.

Net assets at the end of the fiscal year decreased 2,403,737 thousand yen to 13,674,467 thousand yen. The major reason for this change is the decrease in retained earnings as a result of the loss attributable to owners of parent and the payment of dividends of surplus.

(3) Overview of Cash Flow

Cash and cash equivalents at the end of current fiscal year were 10,509,363 thousand yen, up 137,702 thousand yen from the end of previous fiscal year.

The status of each cash flow were as follows:

(Cash flow from operating activities)

Net cash used in operating activities was 857,323 thousand yen compared with positive cash flow of 3,072,233 thousand yen in the previous fiscal year. Major uses of cash were the net loss before income taxes of 1,188,242 thousand yen, a 225,343 thousand yen decrease in accrued consumption taxes, payments of 367,095 thousand yen related to temporary closures, and income taxes paid of 545,793 thousand yen. Major sources of cash were recognitions of depreciation of 653,575 thousand yen, impairment loss of 467,533 thousand yen, and loss of 392,357 thousand yen on temporary closures.

(Cash flow from investing activities)

Net cash used in investing activities was 1,272,616 thousand yen compared with 1,672,948 thousand in the previous fiscal year. Major uses of cash were 1,629,838 thousand yen for purchase of property, plant and equipment and 445,955 thousand yen for payments into time deposits. There were proceeds of 242,666 thousand yen from sales of property, plant and equipment, 400,470 thousand yen from withdrawal of time deposits and 328,468 thousand yen from cancelation of insurance funds.

(Cash flow from financing activities)

Net cash provided by financing activities was 2,269,938 thousand yen compared with 113,655 thousand yen in the previous fiscal year. Major sources of cash were a 953,200 thousand yen net increase in short-term borrowings and proceeds of 4,786,100 thousand yen from long-term borrowings. Major uses of cash were 3,049,026 thousand yen for the repayment of long-term borrowings, 166,396 thousand yen for repayments of installment payables and 193,939 thousand yen for dividends paid.

(Reference) Cash flow indicators

| Fiscal years ended March 31 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|--|--------|--------|--------|--------|--------|
| Equity ratio (%) | 48.7 | 51.3 | 54.0 | 54.3 | 46.0 |
| Market cap equity ratio (%) | 28.2 | 38.3 | 29.6 | 20.9 | 25.5 |
| Ratio of interest-bearing debt to cash flows (years) | 6.5 | 5.1 | - | 3.2 | - |
| Interest coverage ratio (X) | 21.2 | 30.2 | - | 49.8 | - |

Equity ratio: Shareholders' equity/Total assets

Market cap equity ratio: Market capitalization/Total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt/Cash flows

Interest coverage ratio: Cash flows/Interest expenses

Notes 1. A consolidated basis is used for all of these indicators.

2. Cash flows are operating cash flows.

3. Market capitalization is calculated by multiplying the closing stock price at the end of the fiscal year by the number of shares issued at the end of the fiscal year (after deducting treasury shares).

4. Interest-bearing debt is all debt on the consolidated balance sheet for which interest is paid.

5. No ratio of interest-bearing debt to cash flows and interest coverage ratio are shown for the fiscal years that ended in March 2019 and March 2021 because operating cash flows were negative.

(4) Outlook

Although COVID-19 vaccinations have started in Japan, it is still impossible to predict when this crisis will end. Consequently, we assume that the impact of COVID-19 on the karaoke and restaurant businesses will not end soon.

Due to this outlook, we have not established a forecast for the fiscal year ending in March 2022 because of the difficulty of determining reasonably at this time how much COVID-19 will affect sales and earnings. An announcement will be made promptly as soon as it becomes possible to determine a reasonable forecast.

There is also no forecast for the dividend for the fiscal year ending in March 2022. There are many uncertainties about the impact of COVID-19 on business performance due to the current severity of this pandemic, operations of the Uchiyama Group's stores and other reasons. Consequently, determining a suitable and reasonable forecast for results of operations is not possible at this time.

2. Basic Approach to the Selection of Accounting Standards

The Uchiyama Group plans to use Japanese accounting standards for its consolidated financial statements for the time being because most of its business activities are in Japan. However, the need to start using IFRS is expected to increase in the coming years as the scale of global operations increases. The use of IFRS will play an important role concerning decisions made by investors, financial institutions and other parties in Japan and other countries. Hence, Uchiyama Group is planning to deliberate on the application of the IFRS including the appropriate timing of introduction.

3.Consolidated Financial Statements and Important Notes

(1) Consolidated balance sheet

(Thousands of yen)

| | Previous Fiscal Year (As of March 31, 2020) | Current Fiscal Year (As of March 31, 2021) |
|--|--|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 10,678,737 | 10,869,891 |
| Accounts receivable - trade | 2,205,597 | 2,195,411 |
| Merchandise | 48,657 | 40,691 |
| Real estate for sale | 1,040,569 | 1,041,185 |
| Supplies | 317 | 330 |
| Other | 1,111,685 | 1,427,500 |
| Allowance for doubtful accounts | (10,337) | (6) |
| Total current assets | 15,075,227 | 15,575,003 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 13,498,447 | 14,720,742 |
| Accumulated depreciation | (8,860,033) | (8,994,452) |
| Property, plant and equipment, net | 4,638,414 | 5,726,289 |
| Land | 2,505,871 | 2,605,881 |
| Other | 4,045,337 | 3,451,954 |
| Accumulated depreciation | (2,704,533) | (2,846,781) |
| Other, net | 1,340,803 | 605,173 |
| Total property, plant and equipment | 8,485,089 | 8,937,345 |
| Intangible assets | 56,258 | 54,916 |
| Investments and other assets | | |
| Investment securities | 927,797 | 957,969 |
| Long-term loans receivable | 338,232 | 318,632 |
| Deferred tax assets | 637,742 | 4,528 |
| Leasehold and guarantee deposits | 2,464,472 | 2,459,682 |
| Other | 1,658,906 | 1,471,950 |
| Allowance for doubtful accounts | (21,435) | (29,863) |
| Total investments and other assets | 6,005,715 | 5,182,901 |
| Total noncurrent assets | 14,547,062 | 14,175,163 |
| Total assets | 29,622,290 | 29,750,166 |

(Thousands of yen)

| | Previous Fiscal Year (As of March 31, 2020) | Current Fiscal Year (As of March 31, 2021) |
|---|--|---|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 587,223 | 529,977 |
| Short-term borrowings | 1,079,600 | 2,032,800 |
| Current portion of bonds payable | 60,000 | 60,000 |
| Current portion of long-term borrowings | 2,274,206 | 2,659,081 |
| Income taxes payable | 199,758 | 262,558 |
| Provision for bonuses | 300,658 | 294,874 |
| Provision for point card certificates | 106,564 | 116,140 |
| Provision for shareholder benefit program | 15,810 | 16,365 |
| Asset retirement obligations | - | 32,708 |
| Other | 1,674,413 | 1,520,011 |
| Total current liabilities | 6,298,234 | 7,524,517 |
| Noncurrent liabilities | | |
| Bonds payable | 180,000 | 120,000 |
| Long-term borrowings | 5,927,609 | 7,279,808 |
| Deferred tax liabilities | 371,561 | 440,673 |
| Asset retirement obligations | 222,031 | 298,573 |
| Provision for share-based remuneration | 2,503 | 3,511 |
| Other | 542,146 | 408,615 |
| Total noncurrent liabilities | 7,245,851 | 8,551,181 |
| Total liabilities | 13,544,085 | 16,075,699 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,222,935 | 2,222,935 |
| Capital surplus | 2,664,695 | 2,664,695 |
| Retained earnings | 12,409,369 | 9,983,960 |
| Treasury shares | (1,164,420) | (1,164,420) |
| Total shareholders' equity | 16,132,579 | 13,707,171 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (53,206) | (32,210) |
| Foreign currency translation adjustment | (1,168) | (492) |
| Total accumulated other comprehensive income | (54,374) | (32,703) |
| Total net assets | 16,078,205 | 13,674,467 |
| Liabilities and net assets | 29,622,290 | 29,750,166 |

(2) Consolidated statements of income and comprehensive income

Consolidated statement of income

(Thousands of yen)

| | Previous Fiscal Year (Apr. 1, 2019 - Mar. 31, 2020) | Current Fiscal Year (Apr. 1, 2020 - Mar. 31, 2021) |
|--|--|---|
| Net sales | 30,295,077 | 23,795,670 |
| Cost of sales | 27,493,539 | 23,195,361 |
| Gross profit | 2,801,537 | 600,309 |
| Selling, general and administrative expenses | | |
| Remuneration for directors (and other officers) | 194,667 | 183,328 |
| Salaries and allowances | 303,328 | 311,854 |
| Taxes and dues | 528,969 | 548,035 |
| Provision of allowance for doubtful accounts | 4,764 | - |
| Provision for bonuses | 8,619 | 8,550 |
| Provision for shareholder benefit program | 15,747 | 16,300 |
| Share-based remuneration expenses | 925 | 97 |
| Other | 668,641 | 617,356 |
| Total selling, general and administrative expenses | 1,725,663 | 1,685,522 |
| Operating income (loss) | 1,075,874 | (1,085,213) |
| Non-operating income | | |
| Interest income | 7,257 | 9,961 |
| Dividend income | 23,293 | 36,514 |
| Commission income | 143,633 | 102,762 |
| Insurance claim income | 76,707 | 100,031 |
| Subsidy income | 69,460 | 239,557 |
| Other | 54,388 | 95,466 |
| Total non-operating income | 374,740 | 584,294 |
| Non-operating expenses | | |
| Interest expenses | 60,102 | 59,521 |
| Foreign exchange losses | 26,512 | - |
| Loss on disaster | 26,650 | 36,412 |
| Other | 16,331 | 19,929 |
| Total non-operating expenses | 129,596 | 115,863 |
| Ordinary income (loss) | 1,321,019 | (616,781) |
| Extraordinary income | | |
| Gain on sales of non-current assets | - | 89,177 |
| Gain on sales of investment securities | - | 942 |
| Gain on insurance claims | - | 39,350 |
| Subsidy income* ¹ | - | 183,671 |
| Total extraordinary income | - | 313,140 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 11,209 | 24,710 |
| Impairment loss | 1,078,457 | 467,533 |
| Loss on temporary closure* ² | - | 392,357 |
| Total extraordinary losses | 1,089,667 | 884,601 |
| Income (loss) before income taxes | 231,351 | (1,188,242) |
| Income taxes-current | 428,064 | 349,985 |
| Income taxes-deferred | (199,364) | 693,148 |
| Total income taxes | 228,699 | 1,043,134 |
| Net income (loss) | 2,652 | (2,231,376) |
| Profit (loss) attributable to owners of parent | 2,652 | (2,231,376) |

Consolidated statement of comprehensive income

(Thousands of yen)

| | Previous Fiscal Year (Apr. 1, 2019 - Mar. 31, 2020) | Current Fiscal Year (Apr. 1, 2020 -Mar. 31, 2021) |
|--|--|--|
| Net income (loss) | 2,652 | (2,231,376) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 41,066 | 20,995 |
| Foreign currency translation adjustment | (1,380) | 675 |
| Total other comprehensive income | 39,685 | 21,670 |
| Comprehensive income | 42,337 | (2,209,705) |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 42,337 | (2,209,705) |
| Comprehensive income attributable to non-controlling interests | - | - |

(3) Consolidated statement of changes in equity

Previous fiscal year (Apr. 1, 2019 –Mar. 31, 2020)

(Thousands of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 2,222,935 | 2,664,695 | 12,600,748 | (1,164,420) | 16,323,959 |
| Changes during period | | | | | |
| Dividends of surplus | | | (194,031) | | (194,031) |
| Profit (loss) attributable to owners of parent | | | 2,652 | | 2,652 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | - | (191,379) | - | (191,379) |
| Balance at end of 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 period | (94,272) | 212 | (94,059) | 16,229,899 |
| Changes during period | | | | |
| Dividends of surplus | | | | (194,031) |
| Profit (loss) attributable to owners of parent | | | | 2,652 |
| Net changes in items other than shareholders' equity | 41,066 | (1,380) | 39,685 | 39,685 |
| Total changes during period | 41,066 | (1,380) | 39,685 | (151,694) |
| Balance at end of period | (53,206) | (1,168) | (54,374) | 16,078,205 |

Current fiscal year (Apr. 1, 2020 –Mar. 31, 2021)

(Thousands of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 2,222,935 | 2,664,695 | 12,409,369 | (1,164,420) | 16,132,579 |
| Changes during period | | | | | |
| Dividends of surplus | | | (194,031) | | (194,031) |
| Profit (loss) attributable to owners of parent | | | (2,231,376) | | (2,231,376) |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | - | (2,425,408) | - | (2,425,408) |
| Balance at end of period | 2,222,935 | 2,664,695 | 9,983,960 | (1,164,420) | 13,707,171 |

| | 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 period | (53,206) | (1,168) | (54,374) | 16,078,205 |
| Changes during period | | | | |
| Dividends of surplus | | | | (194,031) |
| Profit (loss) attributable to owners of parent | | | | (2,231,376) |
| Net changes in items other than shareholders' equity | 20,995 | 675 | 21,670 | 21,670 |
| Total changes during period | 20,995 | 675 | 21,670 | (2,403,737) |
| Balance at end of period | (32,210) | (492) | (32,703) | 13,674,467 |

(4) Consolidated statement of cash flows

(Thousands of yen)

| | Previous Fiscal Year (Apr. 1, 2019 - Mar. 31, 2020) | Current Fiscal Year (Apr. 1, 2020 - Mar. 31, 2021) |
|--|--|---|
| Cash flows from operating activities | | |
| Income (loss) before income taxes | 231,351 | (1,188,242) |
| Depreciation | 774,095 | 653,575 |
| Impairment loss | 1,078,457 | 467,533 |
| Increase (decrease) in allowance for doubtful accounts | 3,138 | (1,903) |
| Increase (decrease) in provision for bonuses | 58,893 | (5,783) |
| Increase (decrease) in provision for point card certificates | 17,135 | 9,576 |
| Increase (decrease) in provision for shareholder benefit program | 2,715 | 555 |
| Increase (decrease) in provision for share-based remuneration | 2,503 | 1,008 |
| Interest and dividend income | (30,550) | (46,476) |
| Interest expenses | 60,102 | 59,521 |
| Loss on retirement of non-current assets | 11,209 | 24,710 |
| Loss (gain) on sales of non-current assets | - | (89,177) |
| Loss (gain) on sales of investment securities | - | (942) |
| Gain on insurance claims | - | (39,350) |
| Subsidy income | - | (183,671) |
| Loss on temporary closure | - | 392,357 |
| Decrease (increase) in trade receivables | (116,562) | 10,181 |
| Decrease (increase) in inventories | 2,220,175 | 7,098 |
| Increase (decrease) in accrued consumption taxes | (213,926) | (225,343) |
| Increase (decrease) in trade payables | (45,576) | (56,821) |
| Other | (285,999) | (49,405) |
| Subtotal | 3,767,163 | (260,999) |
| Interest and dividends received | 26,594 | 40,941 |
| Interest paid | (61,740) | (58,735) |
| Proceeds from insurance income | - | 52,600 |
| Proceeds from subsidy income | - | 183,671 |
| Payments related to temporary closures | - | (367,095) |
| Income taxes paid | (769,105) | (545,793) |
| Income taxes refund | 109,321 | 98,087 |
| Net cash provided by (used in) operating activities | 3,072,233 | (857,323) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (1,621,825) | (1,629,838) |
| Payments for retirement of property, plant and equipment | (11,000) | (12,800) |
| Proceeds from sales of property, plant and equipment | 77,736 | 242,666 |
| Purchase of intangible assets | (472) | (21,150) |
| Payments for asset retirement obligations | (16,900) | (32,200) |
| Purchase of investment securities | (200,000) | (120,450) |
| Proceeds from sales of investment securities | 354,176 | 121,392 |
| Payments into time deposits | (285,036) | (445,955) |
| Proceeds from withdrawal of time deposits | 283,806 | 400,470 |
| Payments of leasehold and guarantee deposits | (82,761) | (58,413) |
| Proceeds from refund of leasehold and guarantee deposits | 94,683 | 62,829 |
| Purchase of insurance funds | (183,793) | (135,532) |
| Proceeds from cancellation of insurance funds | - | 328,468 |
| Loan advances | (132,332) | (25,128) |
| Collection of loans receivable | 50,801 | 53,015 |
| Other | (30) | 10 |
| Net cash provided by (used in) investing activities | (1,672,948) | (1,272,616) |

(Thousands of yen)

| | Previous Fiscal Year (Apr. 1, 2019 - Mar. 31, 2020) | Current Fiscal Year (Apr. 1, 2020 -Mar. 31, 2021) |
|---|--|--|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 722,600 | 953,200 |
| Proceeds from long-term borrowings | 2,680,000 | 4,786,100 |
| Repayments of long-term borrowings | (2,764,039) | (3,049,026) |
| Redemption of bonds | (60,000) | (60,000) |
| Repayments of installment payables | (270,767) | (166,396) |
| Dividends paid | (194,137) | (193,939) |
| Net cash provided by (used in) financing activities | 113,655 | 2,269,938 |
| Effect of exchange rate change on cash and cash equivalents | 2,634 | (2,295) |
| Net increase (decrease) in cash and cash equivalents | 1,515,574 | 137,702 |
| Cash and cash equivalents at beginning of period | 8,856,086 | 10,371,661 |
| Cash and cash equivalents at end of period | 10,371,661 | 10,509,363 |

(5) Notes to the consolidated financial statements

(Notes to going concern assumptions)

Nothing is applicable.

(Changes in presentation method)

(Consolidated balance sheet)

In the fiscal year that ended in March 2020, “Construction in progress” was a separate item under “Property, plant and equipment”. Due to a decline in the materiality of this item, it is included in “Other” under “Property, plant and equipment” in the balance sheet as of March 31, 2021. The balance sheet for the previous fiscal year has been revised for consistency with this change.

As a result, “Construction in progress” of 930,597 thousand yen and “Other” of 3,114,739 thousand yen under “Property, plant and equipment” in the previous balance sheet as of March 31, 2020, have been combined, resulting in “Other” of 4,045,337 thousand yen.

(Consolidated statement of cash flows)

In the fiscal year that ended in March 2020, “Increase (decrease) in other current liabilities” was a separate item under “Cash flows from operating activities”. Due to a decline in the materiality of this item, it is included in “Other” for the fiscal year that ended in March 2021. The cash flow statement for the previous fiscal year has been revised for consistency with this change.

As a result, “Increase (decrease) in other current liabilities” of negative 303,308 thousand yen and “Other” of 17,309 thousand yen in the previous fiscal year have been combined, resulting in “Other” of negative 285,999 thousand yen.

(Supplementary information)

(Use of a trust for the distribution of Uchiyama Holdings shares to employees, etc.)

On August 10, 2018, the shareholders of Uchiyama Holdings approved a resolution to establish a stock benefit trust (J-ESOP) for the distribution of Uchiyama Holdings shares as an incentive plan to employees (including employees of Uchiyama Holdings subsidiaries, same hereafter). The purposes of the J-ESOP are to increase the link between employees’ compensation and Uchiyama Holdings’ stock price and results of operation and to increase the motivation of employees to achieve the growth of sales and earnings.

(1) Summary

The J-ESOP is a framework for distributing Uchiyama Holdings shares, in accordance with shares distribution rules determined by Uchiyama Holdings in advance, to employees who meet the applicable requirements. Shares to be distributed to employees, including future distributions, is purchased by a trust established in advance. The shares are managed separately as trust assets.

(2) Uchiyama Holdings shares remaining in the trust

Uchiyama Holdings shares remaining in the trust is included in the treasury shares item of net assets based on the book value (excluding incidental expenses) of the shares. The book value and number of shares of this treasury shares were 35,137 thousand yen and 72,150 shares, respectively, as of March 31, 2020 and 2021.

(Effect of COVID-19 on accounting estimates)

There is considerable uncertainty about the effects of the COVID-19 pandemic due to the length of this crisis and its increasing impact. This crisis is having an enormous economic impact, including the activities of companies, and it is impossible to predict accurately if this crisis will escalate even more or when this crisis will end. Accounting estimates (recognition and measurement of the impairment loss of noncurrent assets, recoverability of deferred tax assets) are based on the assumption that the effects of the COVID-19 pandemic will continue until at least the first half of the fiscal year ending in March 2023.

Uchiyama Holdings uses the best possible estimates that are based on information that is currently available. However, if upcoming events differ from the assumption stated above, there may be an effect on the financial condition, results of operations and cash flows of the Uchiyama Holdings Group.

(Consolidated statements of income)

*1 Subsidy income

Payments have been received for temporarily closing or reducing operating hours of stores in response to requests from the Japanese government and local governments for measures to prevent the spread of COVID-19. In addition, employment adjustment subsidies and other payments have been received for payments made to employees who were furloughed due to the temporary closing or reduced operating hours of stores. These subsidies of 183,671 thousand yen are classified as extraordinary income.

*2 Loss on temporary closure

We have temporarily closed or shortened business hours of stores in response to requests from the government and local governments to contain the spread of the COVID-19 pandemic.

The fixed costs incurred during the temporary closure (personnel costs, rents, depreciation, etc.) of 392,357 thousand yen are posted as loss on temporary closure in extraordinary loss.

(Segment information, etc.)

[Segment information]

1. Summary of reportable segments

(1) Method for determining reportable segments

Reportable segments of the Uchiyama Group are business units for which separate financial information is available and where the Board of Directors performs periodic examinations for the allocation of resources and assessment of results of operations.

In the Uchiyama Group, the head office has business departments for each service. These business departments establish comprehensive strategies for their respective services and other activities and conduct business operations. As a result, there are four reportable segments based on the services of each business department: Nursing care business, Karaoke business, Restaurant business and Real estate business.

(2) Types of products and services for each reportable segment

The Nursing care business operates fee-based nursing homes, daycare service centers, group homes and care plan centers for seniors, sells and rents equipment used to care for seniors, and operates an after-school daycare service for children with developmental disabilities. The Karaoke business operates karaoke stores and the Restaurant business operates Japanese-style pubs (izakaya). The Real estate business buys and sells real estate for sale and has a leasing, property management and brokerage operation for buildings, residences and other properties.

2. Method to calculate sales, income or loss, assets and other items for each reportable segment

In general, the same accounting methods used for preparing the consolidated financial statements are used for accounting procedures involving individual reportable segments.

Reportable segment income or loss are based on the operating income or loss.

Intersegment transactions and transfers are based on prevailing market prices.

3. Information on sales, income or loss, assets and other items for each reporting segment

Previous fiscal year (April 1, 2019 - 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 | 303,286 | 375,404 | 44,606 | 11,448 | 734,745 | 5,978 | 740,723 |
| Increase in 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.

Current fiscal year (April 1, 2020 - March 31, 2021)

(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 | 20,005,764 | 3,169,417 | 341,805 | 158,907 | 23,675,895 | 119,775 | 23,795,670 |
| Internal sales or transferred amount among the segments | - | 507 | 39,770 | 1,200 | 41,477 | - | 41,477 |
| Total | 20,005,764 | 3,169,925 | 381,575 | 160,107 | 23,717,373 | 119,775 | 23,837,148 |
| Segment income (loss) | 1,495,533 | (1,271,276) | (227,207) | 30,940 | 27,989 | (103,326) | (75,336) |
| Segment assets | 11,153,178 | 3,294,780 | 392,700 | 1,693,746 | 16,534,405 | 145,558 | 16,679,964 |
| Other items | | | | | | | |
| Depreciation | 331,390 | 249,738 | 23,732 | 9,900 | 614,762 | 4,819 | 619,581 |
| Increase in property, plant and equipment and intangible assets | 1,259,606 | 420,456 | 42,938 | - | 1,723,002 | 136 | 1,723,139 |

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

4. Information on difference and adjustment between total amount of reporting segments and consolidated financial statements
(Thousands of yen)

| Sales | Previous fiscal year | Current fiscal year |
|--|----------------------|---------------------|
| Total of reporting segments | 30,146,541 | 23,717,373 |
| Sales classified into "Other businesses" | 206,332 | 119,775 |
| Intersegment eliminations | (57,795) | (41,477) |
| Sales on the consolidated financial statements | 30,295,077 | 23,795,670 |

(Thousands of yen)

| Income | Previous fiscal year | Current fiscal year |
|--|----------------------|---------------------|
| Total of reporting segments | 2,227,468 | 27,989 |
| Income (loss) classified into "Other businesses" | (76,881) | (103,326) |
| Intersegment eliminations | 533,161 | 503,017 |
| Corporate expenses (Note) | (1,607,874) | (1,512,893) |
| Income (loss) on the consolidated financial statements | 1,075,874 | (1,085,213) |

(Note) Corporate expenses are primarily selling, general and administrative expenses that do not belong to specific segments.

(Thousands of yen)

| Assets | Previous fiscal year | Current fiscal year |
|---|----------------------|---------------------|
| Total of reporting segments | 16,017,896 | 16,534,405 |
| Assets classified into "Other businesses" | 146,777 | 145,558 |
| Eliminations of receivables | (4,927,394) | (4,989,474) |
| Corporate assets (Note) | 18,385,010 | 18,059,676 |
| Total assets on the consolidated financial statements | 29,622,290 | 29,750,166 |

(Note) Corporate assets are primarily unused funds under management (cash and deposits) and long-term investments (investment securities) not classified into reporting segments, and assets used by administrative departments.

| Other items | Total of reporting segments | | Other | | Adjustments (Notes) | | Amount on consolidated financial statements | |
|---|-----------------------------|---------------------|----------------------|---------------------|----------------------|---------------------|---|---------------------|
| | Previous fiscal year | Current fiscal year | Previous fiscal year | Current fiscal year | Previous fiscal year | Current fiscal year | Previous fiscal year | Current fiscal year |
| Depreciation | 734,745 | 614,762 | 5,978 | 4,819 | 33,371 | 33,994 | 774,095 | 653,575 |
| Increase in property, plant and equipment and intangible assets | 1,516,129 | 1,723,002 | 15,705 | 136 | 46,306 | 54,358 | 1,578,141 | 1,777,497 |

(Notes) 1. The adjustments of depreciation (33,371 thousand yen in previous fiscal year and 33,994 thousand yen in current fiscal year) are mainly allocated to administrative departments of headquarters.

2. The adjustments of increase in property, plant and equipment and intangible assets (46,306 thousand yen in previous fiscal year and 54,358 thousand yen in current fiscal year) are corporate capital investments that are not allocated to reporting segments.

[Related information]

Previous fiscal year (April 1, 2019 - March 31, 2020)

1. Information about individual products and services

Omitted because this information is the same as the reportable segment information.

2. Information by region

(1) Sales

Omitted because sales to external customers in Japan are more than 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

Omitted because property, plant and equipment in Japan is more than 90% of the property, plant and equipment in the consolidated balance sheet.

3. Information by major customer

(Thousands of yen)

| Name | Sales | Related segment |
|--|-----------|-----------------------|
| Fukuoka National Health Insurance Organization | 5,028,003 | Nursing Care Business |

Current fiscal year (April 1, 2020 - March 31, 2021)

1. Information about individual products and services

Omitted because this information is the same as the reportable segment information.

2. Information by region

(1) Sales

Omitted because sales to external customers in Japan are more than 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

Omitted because property, plant and equipment in Japan is more than 90% of the property, plant and equipment in the consolidated balance sheet.

3. Information by major customer

(Thousands of yen)

| Name | Sales | Related segment |
|--|-----------|-----------------------|
| Fukuoka National Health Insurance Organization | 5,066,690 | Nursing Care Business |

[Information about impairment loss of noncurrent assets in reportable segments]

Previous fiscal year (April 1, 2019 - March 31, 2020)

(Thousands of yen)

| | Reporting segments | | | | Other | Corporate/ elimination | 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) The amount in "Other" is related to hotel business.

Current fiscal year (April 1, 2020 - March 31, 2021)

(Thousands of yen)

| | Reporting segments | | | | Other | Corporate/ elimination | Total |
|-----------------|--------------------------|---------------------|------------------------|-------------------------|-------|---------------------------|---------|
| | Nursing Care Business | Karaoke Business | Restaurant Business | Real Estate Business | | | |
| Impairment loss | 6,392 | 335,087 | 78,105 | 47,948 | - | - | 467,533 |

(Note) The amount in "Other" is related to hotel business.

[Information about amounts of amortization of goodwill and remaining goodwill in reportable segments]

Nothing is applicable.

[Information about gain on bargain purchase in reportable segments]

Nothing is applicable.

(Per share information)

(Yen)

| | Previous Fiscal Year (Apr. 1, 2019 - Mar. 31, 2020) | Current Fiscal Year (Apr. 1, 2020 -Mar. 31, 2021) |
|-----------------------------|--|--|
| Net assets per share | 831.73 | 707.38 |
| Net income (loss) per share | 0.14 | (115.43) |

(Notes) 1. Diluted net income per share for previous fiscal year is not shown because there are no dilutive securities.

Diluted net income per share for current fiscal year is not shown because there was a loss per share and there are no dilutive securities.

2. Shares of Uchiyama Holdings held by Custody Bank of Japan, Ltd. (Trust E) as a trust asset of the "stock benefit trust (J-ESOP)" are included in the treasury shares, which is deducted from the number of outstanding shares at end of the fiscal year for calculating net assets per share (72,150 shares in the fiscal years that ended in March 2020 and 72,150 shares in the fiscal years that ended in March 2021).

These trust asset shares are also included in the treasury shares deducted in calculating the average number of shares during the period for determining net income or loss per share (72,150 shares in the fiscal years that ended in March 2020 and 72,150 shares in the fiscal years that ended in March 2021).

3. The basis for calculating net income (loss) per share is as follows.

(Thousands of yen)

| Item | Previous Fiscal Year (Apr. 1, 2019 - Mar. 31, 2020) | Current Fiscal Year (Apr. 1, 2020 -Mar. 31, 2021) |
|---|--|--|
| Profit (loss) attributable to owners of parent | 2,652 | (2,231,376) |
| Profit (loss) not attributable to common shareholders | - | - |
| Profit (loss) attributable to owners of parent of common shares | 2,652 | (2,231,376) |
| Average number of common shares for the period | 19,331,023 shares | 19,331,023 shares |

(Significant subsequent events)

Nothing is applicable.