

Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022 [Japanese GAAP] (Consolidated)

August 11, 2021
Stock Listing: TSE

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Investor conference for Financial Results: No

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

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022 (Apr. 1, 2021 – June 30, 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	%
First quarter ended June. 2021	5,677	2.3	(178)	-	(63)	-	(308)	-
First quarter ended June. 2020	5,550	(41.6)	(339)	-	(269)	-	(381)	-

(Note) Comprehensive income First quarter of FY 2022: ¥(289) million [-%]
First quarter of FY 2021: ¥(353) million [-%]

	Net income per share	Diluted net income per share
	Yen	Yen
First quarter ended June. 2021	(15.94)	-
First quarter ended June. 2020	(19.74)	-

(Note) Accounting Standard for Recognition of Revenue (ASBJ Statement No. 29, March 31, 2020) has been applied beginning with the first quarter of the fiscal year ending in March 2022. All figures for the first quarter of the current fiscal year incorporate this standard.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2021	29,879	13,276	44.4
As of March 31, 2021	29,750	13,674	46.0

(Reference) Equity capital: As of June 30, 2021: ¥13,276 million As of March 31, 2021: ¥13,674 million

(Note) Accounting Standard for Recognition of Revenue (ASBJ Statement No. 29, March 31, 2020) has been applied beginning with the first quarter of the fiscal year ending in March 2022. All figures for the first quarter of the current fiscal year incorporate this standard.

2. Dividends

	Dividends per share				
	End of the 1Q	End of the 2Q	End of the 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2021	-	5.00	-	5.00	10.00
FY 2022	-				
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.

*Notes

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

(2) Application of the accounting procedures for producing quarterly consolidated financial statements: None

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

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

(Note) For more details, please refer 2. Quarterly Consolidated Financial Statements and Important Notes (3) Notes to the Quarterly Consolidated Financial Statements (Changes in accounting policies) on page 8 of the Appendix.

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding (including treasury stock)	As of Jun. 30, 2021	21,618,800 shares	As of Mar. 31, 2021	21,618,800 shares
2) Number of treasury shares	As of Jun. 30, 2021	2,287,777 shares	As of Mar. 31, 2021	2,287,777 shares
3) Average number of shares	Period ended Jun. 30, 2021	19,331,023 shares	Period ended Jun. 30, 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)” program (as of Jun. 30, 2021: 72,150 shares / as of Mar. 31, 2021: 72,150 shares) are included in the number of treasury shares at the end of the 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 (period ended Jun. 30, 2021: 72,150 shares / period ended Jun. 30, 2020: 72,150 shares).

*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. For assumptions used in forecasting financial results and precautions in using the financial projections, please refer to “Analysis Concerning Future Forecasts Including Consolidated Financial Projections” on page 3 of the Appendix.

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1. Analysis Concerning Results of Operations and Financial Condition

(1) Analysis of Results of Operations

In the first quarter of the current fiscal year, the pandemic that began in the previous fiscal year continued and severely restricted consumer spending and economic activity in Japan. As a result, the outlook for the Japanese economy remains uncertain.

All business segments of the Uchiyama Group continued to take actions that reflect the effects of this crisis on business operations while placing priority on preventing COVID-19 infections. These actions include cost reduction measures such as renegotiating rent for stores and other facilities as in the previous fiscal year.

In the first quarter, sales increased 2.3% from one year earlier to 5,677,845 thousand yen, operating loss decreased from 339,992 thousand yen to 178,471 thousand yen, ordinary loss decreased from 269,482 thousand yen to 63,031 thousand yen, and loss attributable to owners of parent decreased from 381,621 thousand yen to 308,125 thousand yen. The application of Accounting Standard for Recognition of Revenue (ASBJ Statement No. 29, March 31, 2020, referred to as “the revenue recognition accounting standard” hereinafter) reduced sales by 5,563 thousand yen and increased operating loss and ordinary loss by 141 thousand yen each.

Business segment performance was as follows.

a. Nursing Care Business

There were no new locations in this business in the first quarter.

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 the pandemic, we are continuing to conduct effective activities as much as possible.

We are accepting many new residents of nursing care facilities while using thorough communications with prospective residents, their families, hospitals and others in order to ensure the safety of everyone who relocates to one of our facilities.

The average occupancy rate at existing locations during the first quarter was 93.2% compared with 94.9% one year earlier. At the end of the first quarter, there were 188 business sites at 110 locations. Segment sales increased 2.7% to 5,054,955 thousand yen and segment income increased 39.5% to 415,722 thousand yen.

b. Karaoke Business

State of emergency/quasi-emergency measures announced by the government in April 2021 resulted in the suspension of operations or reduction of operating hours at the locations of this business to prevent infections. Segment sales were 519,961 thousand yen, 3.5% higher than one year earlier, and segment loss was 296,534 thousand yen compared with 296,400 thousand yen one year earlier. Subsidies and other payments received to offset suspensions and reductions of business operations will be recognized as income when the amount of each payment is confirmed. Application of the revenue recognition accounting standard reduced sales by 1,482 thousand yen and increased the segment loss by 141 thousand yen.

There were no new karaoke stores during the first quarter and three stores were closed, resulting in 85 stores at the end of the first quarter.

c. Restaurant Business

No restaurants were opened or closed during the first quarter. There were 11 restaurants in Japan and two outside Japan at the end of the first quarter. As in the Karaoke Business, restaurants suspended operations or reduced operating hours during the period in accordance with the request from prefectural governments in Japan. As a result, segment sales decreased 32.7% from one year earlier to 45,261 thousand yen and segment loss decreased from 57,313 thousand yen to 42,172 thousand yen. Subsidies and other payments received to offset suspensions and reductions of business operations will be recognized as income when the amount of each payment is confirmed.

d. Real Estate Business

Real estate for sale transactions and brokerage services for rental properties are the primary operations of this business. Segment sales decreased 13.8% from one year earlier to 34,666 thousand yen and segment income increased 115.1% to 11,923 thousand yen. Application of the revenue recognition accounting standard reduced sales by 4,081 thousand yen and had no effect on segment income.

e. Other businesses

The business climate for the hotel business continues to be challenging because of the pandemic. Hotels are taking many actions for safety so that people can use hotels with confidence. Segment sales was 22,999 thousand yen, up 24.9% from one year earlier, and the segment loss decreased from 32,107 thousand yen to 29,230 thousand yen.

(2) Analysis of Financial Condition

Total assets at the end of first quarter of current fiscal year were 29,879,087 thousand yen, 128,920 thousand yen higher than at the end of the previous fiscal year. Current assets decreased 431,055 thousand yen to 15,143,947 thousand yen mainly because of a decrease in cash and deposits. Noncurrent assets increased 559,976 thousand yen to 14,735,139 thousand yen. Major changes are increases in land and other property, plant and equipment and a decrease in buildings and structures.

Liabilities at the end of the first quarter were 16,603,018 thousand yen, 527,319 thousand yen higher than at the end of the previous fiscal year. Current liabilities increased 313,827 thousand yen to 7,838,344 thousand yen mainly because of increases in short-term borrowings and provision for bonuses. Noncurrent liabilities increased 213,492 thousand yen to 8,764,673 thousand yen. Major changes are an increase in long-term borrowings and a decrease in other noncurrent liabilities.

Net assets at the end of the first quarter decreased 398,399 thousand yen to 13,276,068 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. Application of the revenue recognition accounting standard reduced retained earnings at beginning of period by 12,303 thousand yen.

(3) Analysis Concerning Future Forecasts Including Consolidated Financial Projections

There is no forecast for the fiscal year ending March 2022 because of the inability at this time to determine the effects of the pandemic. An announcement will be made promptly when it becomes possible to establish a forecast.

2. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY ended March 31, 2021 (As of March 31, 2021)	1Q of FY ending March 31, 2022 (As of June 30, 2021)
Assets		
Current assets		
Cash and deposits	10,869,891	10,370,849
Accounts receivable - trade	2,195,411	2,245,520
Merchandise	40,691	35,882
Real estate for sale	1,041,185	1,256,129
Supplies	330	277
Other	1,427,500	1,235,304
Allowance for doubtful accounts	(6)	(15)
Total current assets	15,575,003	15,143,947
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	5,726,289	5,630,713
Land	2,605,881	2,844,040
Other, net	605,173	1,038,358
Total property, plant and equipment	8,937,345	9,513,112
Intangible assets	54,916	51,245
Investments and other assets		
Other	5,212,764	5,198,795
Allowance for doubtful accounts	(29,863)	(28,013)
Total investments and other assets	5,182,901	5,170,781
Total noncurrent assets	14,175,163	14,735,139
Total assets	29,750,166	29,879,087

(Thousands of yen)

	FY ended March 31, 2021 (As of March 31, 2021)	1Q of FY ending March 31, 2022 (As of June 30, 2021)
Liabilities		
Current liabilities		
Accounts payable - trade	529,977	456,538
Short-term borrowings	2,032,800	2,201,000
Current portion of bonds payable	60,000	60,000
Current portion of long-term borrowings	2,659,081	2,736,731
Income taxes payable	262,558	177,384
Contractual liabilities	-	129,926
Provision for bonuses	294,874	431,959
Provision for point card certificates	116,140	-
Provision for shareholder benefit program	16,365	-
Asset retirement obligations	32,708	36,300
Other	1,520,011	1,608,504
Total current liabilities	7,524,517	7,838,344
Noncurrent liabilities		
Bonds payable	120,000	120,000
Long-term borrowings	7,279,808	7,558,069
Asset retirement obligations	298,573	298,770
Provision for share-based remuneration	3,511	3,511
Other	849,289	784,321
Total noncurrent liabilities	8,551,181	8,764,673
Total liabilities	16,075,699	16,603,018
Net assets		
Shareholders' equity		
Share capital	2,222,935	2,222,935
Capital surplus	2,664,695	2,664,695
Retained earnings	9,983,960	9,566,515
Treasury shares	(1,164,420)	(1,164,420)
Total shareholders' equity	13,707,171	13,289,726
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(32,210)	(11,752)
Foreign currency translation adjustment	(492)	(1,905)
Total accumulated other comprehensive income	(32,703)	(13,657)
Total net assets	13,674,467	13,276,068
Liabilities and net assets	29,750,166	29,879,087

(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Quarterly Consolidated Statement of Income

For the first quarter

(Thousands of yen)

	First quarter of previous fiscal year (April 1, 2020 - June 30, 2020)	First quarter of current fiscal year (April 1, 2021 - June 30, 2021)
Net sales	5,550,170	5,677,845
Cost of sales	5,461,404	5,459,387
Gross profit	88,765	218,457
Selling, general and administrative expenses	428,758	396,929
Operating income (loss)	(339,992)	(178,471)
Non-operating income		
Interest income	2,191	3,317
Dividend income	7,628	7,325
Commission income	19,349	35,995
Insurance claim income	21,426	37,511
Subsidy income	12,315	41,020
Other	26,629	28,734
Total non-operating income	89,540	153,903
Non-operating expenses		
Interest expenses	14,277	14,570
Loss on disaster	1,743	22,162
Other	3,009	1,731
Total non-operating expenses	19,030	38,463
Ordinary income (loss)	(269,482)	(63,031)
Extraordinary income		
Gain on sales of noncurrent assets	12,427	-
Subsidy income ^{*1}	-	123,626
Total extraordinary income	12,427	123,626
Extraordinary loss		
Impairment loss	4,368	29,591
Loss on temporary closure ^{*2}	289,166	233,263
Total extraordinary loss	293,535	262,854
Income (loss) before income taxes	(550,590)	(202,259)
Income taxes-current	115,742	148,808
Income taxes-deferred	(284,711)	(42,942)
Total income taxes	(168,968)	105,865
Net income (loss)	(381,621)	(308,125)
Net profit (loss) attributable to owners of parent	(381,621)	(308,125)

Quarterly Consolidated Statement of Comprehensive Income
For the first quarter

(Thousands of yen)

	First quarter of previous fiscal year (April 1, 2020 - June 30, 2020)	First quarter of current fiscal year (April 1, 2021 - June 30, 2021)
Net income (loss)	(381,621)	(308,125)
Other comprehensive income		
Valuation difference on available-for-sale securities	25,411	20,458
Foreign currency translation adjustment	2,273	(1,412)
Total other comprehensive income	27,685	19,045
Comprehensive income	(353,936)	(289,079)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(353,936)	(289,079)
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes on going concern assumptions)

Nothing is applicable.

(Notes on significant change in shareholders' equity)

Nothing is applicable.

(Changes in accounting policies)

(Application of the Accounting Standard for Recognition of Revenue)

The Accounting Standard for Recognition of Revenue (ASBJ Statement No. 29, March 31, 2020, referred to as "the revenue recognition accounting standard" hereinafter) has been applied beginning with the first quarter of the fiscal year ending in March 2022. In accordance with this standard, the payment expected to be received in exchange for a product or service is recognized as revenue when the control of the product or service is transferred to the customer.

In the Karaoke Business, members receive points based on the amount they spend and they can use their points at the rate of one point for one yen. In prior years, an allowance was maintained for expenses incurred in the future when members use their points. Beginning with this fiscal year, points distributed to members are classified as a performance obligation and transaction prices are allocated based on the calculation of an independent sales price that takes into account expected points that will not be used and other factors.

In the Real Estate Business, the entire amount of sales received from customers was recognized as revenue in prior years. Beginning with this fiscal year, for transactions where Uchiyama acts as an agent for the provision of an asset or service to a customer, net revenue is recognized by deducting from gross revenue the amount that the customer pays to the provider of the asset or service received.

Application of the revenue recognition accounting standard is performed in accordance with the transitional measures stipulated in the proviso to paragraph 84 of this standard. The cumulative effect of the retroactive application of this new standard in prior fiscal years, assuming the new accounting policy had been applied prior to the beginning of the first quarter of the current fiscal year, was added to or subtracted from retained earnings at beginning of the first quarter of the current fiscal year in order to apply the new accounting method to retained earnings starting at that time. However, the new accounting policy has not been applied retroactively to contracts in which almost all earnings are recognized in accordance with the previous method, which was used before the beginning of the first quarter of the current fiscal year by using the method stipulated in paragraph 86 of the revenue recognition accounting standard. Moreover, for contract revisions performed prior to the first quarter of the current fiscal year, accounting procedures are conducted in accordance with the contractual terms after all revisions and then the cumulative monetary effect is added to or subtracted from retained earnings at beginning of the first quarter of the current fiscal year.

As a result, the application of the new accounting standard for revenue recognition reduced first quarter sales by 5,563 thousand yen, cost of sales by 5,421 thousand yen and gross profit by 141 thousand yen. At the same time, the new standard increased the operating loss, ordinary loss and loss before income taxes by 141 thousand yen each. In addition, the new standard reduced retained earnings at beginning of the first quarter by 12,303 thousand yen.

Due to the application of the revenue recognition accounting standard, the provision for point card certificates in current liabilities in the consolidated balance sheet for the previous fiscal year is included in contractual liabilities beginning with the first quarter of the current fiscal year. In accordance with the transitional measures stipulated in paragraph 89-2 of the revenue recognition accounting standard, financial statements for the previous fiscal year have not been restated based on this new presentation method. Furthermore, in accordance with the transitional measures stipulated in paragraph 28-15 of the Accounting Standard for Quarterly Financial Statements (ASBJ Statement No. 12, March 31, 2020), information about revenue derived from contracts with clients involving the first quarter of the previous fiscal year is not shown separately.

(Application of the Accounting Standard for Fair Value Measurement)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) has been applied beginning with the first quarter of the fiscal year ending in March 2022. In accordance with the transitional measures stipulated in paragraph 19 of this standard and in paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policies stipulated by the fair value measurement standard have been applied prospectively. This accounting standard and policy have no effect on the quarterly consolidated financial statements.

(Additional information)

(Accounting estimates concerning the effect of COVID-19 pandemic)

There are no significant changes in the information concerning important accounting estimates in the Securities Report for the previous fiscal year with regard to assumptions about changes in the severity of the pandemic, the end of the pandemic and other items concerning this crisis.

(Notes on consolidated statements of income)

*1 Subsidy income

First quarter of the previous fiscal year (April 1 to June 30, 2020)

Not applicable

First quarter of the current fiscal year (April 1 to June 30, 2021)

In response to requests from the national and local governments, Uchiyama stores were temporarily closed or reduced operating hours and payments were received for this cooperation with measures to prevent the spread of COVID-19. In addition, due to the suspension of operations or reduction in operating hours of stores, Uchiyama received special benefits in the form of an employment adjustment subsidy and other business suspension support payments. These subsidies and other payments totaled 123,626 thousand yen and are classified as extraordinary income.

*2 Loss on temporary closure

First quarter of the previous fiscal year (April 1 to June 30, 2020)

In response to requests from the national and local governments due to the pandemic, Uchiyama stores were temporarily closed or reduced operating hours. Fixed expenses (personnel expenses, rents, depreciation expenses and other expenses) incurred during the temporary closure were classified as loss on temporary closure in extraordinary loss of 289,166 thousand yen.

First quarter of the current fiscal year (April 1 to June 30, 2021)

In response to requests from the national and local governments due to the pandemic, Uchiyama stores were temporarily closed or reduced operating hours. Fixed expenses (personnel expenses, rents, depreciation expenses and other expenses) incurred during the temporary closure were classified as loss on temporary closure in extraordinary loss of 233,263 thousand yen.

(Segment information, etc.)

[Segment information]

I. First quarter of the previous fiscal year (April 1 - June 30, 2020)

1. Information on sales and income or loss for each reporting segment

(Thousands of yen)

	Reporting segments					Other businesses (Note 1)	Total	Adjustment amount (Note 2)	Consolidated statements of income amount (Note 3)
	Nursing Care Business	Karaoke Business	Restaurant Business	Real Estate Business	Total				
Sales									
Sales to external customers	4,921,817	502,449	67,276	40,219	5,531,763	18,407	5,550,170	-	5,550,170
Internal sales or transferred amount among the segments	-	44	10,663	300	11,008	-	11,008	(11,008)	-
Total	4,921,817	502,494	77,939	40,519	5,542,771	18,407	5,561,178	(11,008)	5,550,170
Segment income (loss)	297,943	(296,400)	(57,313)	5,542	(50,228)	(32,107)	(82,336)	(257,656)	(339,992)

(Notes) 1. The classification "Other businesses" refers to business segments that are not included in reporting segments and includes hotel business.

2. The segment income (loss) adjustments amount, -257,656 thousand yen includes 124,471 thousand yen in elimination of intersegment transactions and -382,128 thousand yen in company-wide expenses that are not allocated to reporting segments. The company-wide expenses are mainly general and administrative expenses that are not allocated to reporting segments.

3. Segment income (loss) is adjusted with operating income in the consolidated statement of income.

2. Information on impairment loss of noncurrent assets, goodwill, etc. for each reporting segment

(Significant impairment loss in noncurrent assets)

In the first quarter of the previous fiscal year, there was an impairment loss of 4,368 thousand yen in the Restaurant Business segment.

II. First quarter of the current fiscal year (April 1 - June 30, 2021)

1. Information on sales and income or loss for each reporting segment

(Thousands of yen)

	Reporting segments					Other businesses (Note 1)	Total	Adjustment amount (Note 2)	Consolidated statements of income amount (Note 3)
	Nursing Care Business	Karaoke Business	Restaurant Business	Real Estate Business	Total				
Sales									
Sales to external customers	5,054,955	519,961	45,261	34,666	5,654,845	22,999	5,677,845	-	5,677,845
Internal sales or transferred amount among the segments	-	31	7,127	300	7,458	-	7,458	(7,458)	-
Total	5,054,955	519,992	52,389	34,966	5,662,303	22,999	5,685,303	(7,458)	5,677,845
Segment income (loss)	415,722	(296,534)	(42,172)	11,923	88,939	(29,230)	59,708	(238,180)	(178,471)

(Notes) 1. The classification "Other businesses" refers to business segments that are not included in reporting segments and includes hotel business.

2. The segment income (loss) adjustments amount, -238,180 thousand yen includes 125,204 thousand yen in elimination of intersegment transactions and -363,385 thousand yen in company-wide expenses that are not allocated to reporting segments. The company-wide expenses are mainly general and administrative expenses that are not allocated to reporting segments.

3. Segment income (loss) is adjusted with operating income in the consolidated statement of income.

2. Item concerning change in reportable segments

As was explained in the section concerning the changes in accounting policies, the Accounting Standard for Recognition of Revenue has been applied beginning with the first quarter of the fiscal year ending in March 2022. Due to the resulting revision in the accounting method used for the recognition of revenue, the method for calculating segment income or loss has changed in the same way.

Compared with the previous method, this change reduced sales by 1,482 thousand yen and increased the segment loss by 141 thousand yen in the Karaoke Business segment and reduced sales by 4,081 thousand yen in the Real Estate Business segment but had no effect on segment income in this segment.

3. Information on impairment loss of noncurrent assets, goodwill, etc. for each reporting segment

(Significant impairment loss in noncurrent assets)

In the first quarter of the current fiscal year, there was an impairment loss of 29,591 thousand yen in the Karaoke Business segment.

3. Other Information

Significant Event Concerning the Going Concern Assumption

In response to states of emergency declared by the national and local governments, Uchiyama Group stores were temporarily closed or reduced operating hours and there were other effects of the pandemic. As in the previous fiscal year, sales in the first quarter were very low and there were an operating loss, ordinary loss and loss attributable to owners of parent. Consequently, an event has occurred or a situation exists that creates significant doubts about the going concern assumption.

In business operations, there are numerous cost-cutting measures, including the closing of some stores and reducing all categories of fixed expenses. In addition, consumers and companies are expected to remain cautious about expenditures and investments during the pandemic and for a while after the pandemic ends. We are working to create new formats for business activities, business models and products that reflect new life styles.

There are no significant concerns about liquidity because we have sufficient funds for the time being due to cash and deposits of 10,370,849 thousand yen at the end of the first quarter and an overdraft facility with 8,399,000 thousand yen of available credit.

For these reasons, we believe there is no significant uncertainty about the going concern assumption.

Forward-looking statements are based on the judgments of the Uchiyama Group as of the end of the first quarter of the current fiscal year.