

## Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2019 [Japanese GAAP] (Consolidated)

August 10, 2018  
Stock Listing: TSE

Name of Listed Company: UCHIYAMA HOLDINGS INC.  
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Scheduled Date of Dividend Payment Start: —  
Scheduled Date of Financial Statements Filing: August 14, 2018  
Supplementary materials for Financial Results: None  
Investor conference for Financial Results: None

(Amounts are rounded down to the nearest 1 million yen)

### 1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2019 (April 1, 2018 – June 30, 2018)

#### (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 2019 1Q | 6,541           | 3.7 | 124              | (40.5) | 214             | (16.3) | 129                                     | (20.9) |
| FY 2018 1Q | 6,306           | 7.2 | 208              | —      | 256             | —      | 164                                     | —      |

(Note) Comprehensive income FY 2019 1Q: ¥120 million (-29.8 %) FY 2018 1Q: 172 million (- %)

|            | Net income per share | Diluted net income per share |
|------------|----------------------|------------------------------|
|            | Yen                  | Yen                          |
| FY 2019 1Q | 6.71                 | —                            |
| FY 2018 1Q | 8.49                 | —                            |

Since the year-on-year growth rates of ordinary income and profit attributable to owners of parent for the 1<sup>st</sup> quarter of the term ended March 2018 exceed 1000%, “—” is used.

#### (2) Consolidated Financial Position

|            | Total assets    | Net assets      | Equity ratio |
|------------|-----------------|-----------------|--------------|
|            | Millions of yen | Millions of yen | %            |
| FY 2019 1Q | 30,326          | 15,419          | 50.8         |
| FY 2018    | 29,986          | 15,397          | 51.3         |

(Reference) Equity capital: FY 2019 1Q: ¥15,419 million FY 2018: ¥15,397 million

### 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 2018            | —                   | 5.00          | —             | 5.00     | 10.00  |
| FY 2019            | —                   | —             | —             | —        | —      |
| FY 2019 (forecast) | —                   | 5.00          | —             | 5.00     | 10.00  |

(Note) Changes from the latest dividend forecast: None

### 3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(% of change from previous year for full year)

|                 | Net sales       |     | Operating income |        | Ordinary income |        | Profit attributable to owners of parent |        | Net income per share |
|-----------------|-----------------|-----|------------------|--------|-----------------|--------|---|--------|----------------------|
|                 | Millions of yen | %   | Millions of yen  | %      | Millions of yen | %      | Millions of yen                         | %      | Yen                  |
| 2Q (cumulative) | 13,537          | 3.3 | 439              | (23.9) | 513             | (23.4) | 334                                     | (24.5) | 17.29                |
| Full year       | 27,781          | 5.2 | 1,318            | 10.6   | 1,371           | 1.4    | 881                                     | 9.1    | 45.62                |

(Note) Changes from the latest financial forecast: None

\*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: None
- 2) Changes in accounting policies due to reasons other than above 1): None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(4) Number of outstanding shares (common stock)

|   |            |                   |            |                   |
|---|------------|-------------------|------------|-------------------|
| 1) Number of outstanding shares (including treasury stock) at end of term | FY 2019 1Q | 21,618,800 shares | FY 2018    | 21,618,800 shares |
| 2) Number of treasury stock at end of term                                | FY 2019 1Q | 2,287,776 shares  | FY 2018    | 2,287,776 shares  |
| 3) Average number of shares   | FY 2019 1Q | 19,331,024 shares | FY 2018 1Q | 19,331,024 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.
- A meeting for explaining the businesses and results to individual investors will be held when necessary. For the schedule of the meeting, etc., please see the website of the Company.

oTable of contents of the appendix

|   |   |
|---|---|
| 1. Analysis Concerning Results of Operations and Financial Condition .....                      | 2 |
| (1) Analysis Concerning Results of Operations.....  | 2 |
| (2) Analysis Concerning Financial Situation .....   | 3 |
| (3) Analysis Concerning Future Forecasts Including Consolidated Financial Projections .....     | 3 |
| 2. Consolidated Financial Statements.....   | 4 |
| (1) Consolidated Balance Sheets .....   | 4 |
| (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income ..... | 6 |
| (3) Notes Regarding Consolidated Financial Statements.....                                      | 8 |
| (Notes regarding premise of a going concern).....   | 8 |
| (Notes on significant changes in the amount of shareholders' equity).....                       | 8 |
| (Additional information) .....  | 8 |
| (Segment information, etc.).....  | 8 |

## 1. Analysis Concerning Results of Operations and Financial Condition

### (1) Analysis Concerning Results of Operations

In the first quarter of this consolidated term, the Japanese economy saw a gentle recovery trend, thanks to the improvements in corporate earnings, the employment/income environment, etc., but there are many uncertainties, including concern about the intensification of trade friction and geopolitical risks, and so the future outlook remains unclear.

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 first quarter of the current consolidated fiscal year were 6,541,138 thousand yen (up 3.7% Year-on-Year (YoY)), operating income was 124,060 thousand yen (down 40.5% YoY), ordinary income was 214,769 thousand yen (down 16.3% YoY), and profit attributable to owners of parent was 129,738 thousand yen (down 20.9% YoY).

The results of each segment were as follows.

#### 1) Nursing Care Business

For the Nursing Care Business segment, we opened the paid nursing home with nursing care services “Sawayaka Okazaki-kan (Okazaki City, Aichi Prefecture)” and the day-care facilities in a project for supporting disabled children in commuting to facilities after school, etc. “Sawayaka Ai-no-ie Okazaki-kan” and “Sawayaka Ai-no-ie Shimonoseki-kan (Shimonoseki City, Yamaguchi Prefecture)” in May. We also opened the paid nursing homes with nursing care services “Sawayaka Sakurasanban-kan (Akita City, Akita Prefecture)” and “Sawayaka Himeji-kan (Himeji City, Hyogo Prefecture)” as well as the day-care facility in a project for supporting disabled children in commuting to facilities after school, etc. “Sawayaka Ai-no-ie Sakura-kan” in June. As a result, the number of sales footholds as of the end of the first quarter is 99 (176 offices). At existing facilities, we aimed to stabilize occupancy ratio and reduce the number of vacant rooms 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 first quarter of this consolidated term was 96.7% (93.4% in the same term last year). As new facilities were opened in the first quarter of this consolidated term, and the Company established 4 paid nursing homes with nursing care services in February and 1 home in March of the previous term, expenses were posted, because costs for management personnel, maintenance, etc. for these facilities are required as fixed costs from the opening of these facilities. This produced some effect on the revenue in the first quarter of this consolidated term. As a result, sales were 4,326,261 thousand yen (up 11.1% YoY) and segment income was 331,905 thousand yen (down 1.6% YoY).

#### 2) Karaoke Business

For the Karaoke Business segment, we strived to attract more customers by distributing coupons, etc. via SNS, but the number of customers was affected by the intense interest of people in 2018 FIFA World Cup Russia, which began on June 14. As a result, sales were 1,694,797 thousand yen (down 5.1% YoY) and segment income was 114,989 thousand yen (up 3.9% YoY). In the first quarter of the current consolidated fiscal year, we closed 2 stores without opening any new stores. Accordingly, the number of stores is 90 as of the end of this quarter.

#### 3) Restaurant Business

For the Restaurant Business segment, 1 existing store changed its business type and 1 store was closed in Thailand. Accordingly, the number of stores as of the end of this first quarter is 20 inside Japan, and 2 outside Japan. Like the Karaoke Business, the number of customers declined due to the FIFA World Cup. As a result, sales were 406,210 thousand yen (down 6.7% YoY) and segment income was 17,450 thousand yen (segment loss was 9,250 thousand yen during the same term last year).

#### 4) Real Estate Business

For the Real Estate Business segment, our corporate group's core businesses activities are sales/purchase of real estate properties for sale and intermediary work for rental properties. As a result, sales were 58,757 thousand yen (down 53.6% YoY) and segment income was 8,307 thousand yen (down 76.3% YoY).

#### 5) Other businesses

In the Other businesses segment, we strived to increase hotel guests by utilizing the advertisement media, with the aim of meeting the demand as domestic travels increased due to the yen depreciation, in the hotel business. As a result, sales were 55,112 thousand yen (down 15.4% YoY) and segment loss was 7,823 thousand yen (segment loss was 7,956 thousand yen during the same term last year).

### (2) Analysis Concerning Financial Situation

Total assets as of the end of the first quarter of this consolidated fiscal year came to 30,326,721 thousand yen, up 340,413 thousand yen from the end of the previous consolidated fiscal year.

Current assets came to 12,961,067 thousand yen, down 247,843 thousand yen from the end of the previous consolidated fiscal year. This is mainly because cash and deposit and real estate for sale decreased and notes and accounts receivable-trade increased.

Noncurrent assets came to 17,365,654 thousand yen, up 588,256 thousand yen from the end of the previous consolidated fiscal year. This is mainly because buildings and structures and land increased and property, plant and equipment (other) decreased.

Liabilities as of the end of the first quarter of this consolidated fiscal year came to 14,906,926 thousand yen, up 317,635 thousand yen from the end of the previous consolidated fiscal year.

Current liabilities came to 6,025,896 thousand yen, down 444,360 thousand yen from the end of the previous consolidated fiscal year. This is mainly because short-term loans payable and income taxes payable decreased and provision for bonuses increased.

Noncurrent liabilities came to 8,881,029 thousand yen, up 761,996 thousand yen from the end of the previous consolidated fiscal year. This is mainly because long-term loans payable increased and noncurrent liabilities (other) decreased.

Net assets as of the end of the first quarter of this consolidated fiscal year came to 15,419,795 thousand yen, up 22,777 thousand yen from the end of the previous consolidated fiscal year. This is mainly because of an increase in retained earnings arising from profit attributable to owners of parent and a decrease due to cash dividends paid.

"Partial Revision to 'Accounting Standards for Tax Effect Accounting' (Corporate Accounting Standards No. 28, Feb. 16, 2018)," etc. has been applied since the beginning of the first quarter of this consolidated term. The financial standing is analyzed and compared with that in the previous consolidated term, while applying said accounting standards, etc. to the results in the previous term.

### (3) Analysis Concerning Future Forecasts Including Consolidated Financial Projections

As for the consolidated financial projections for the term ending March 2019, there are no changes to the estimated values announced on May 14, 2018.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Thousands of yen)

|  | FY ended March 31, 2018<br>(As of March 31, 2018) | 1Q of FY ending March 31, 2019<br>(As of June 30, 2018) |
|--|---|---|
| <b>Assets</b>                              |   |   |
| Current assets                             |   |   |
| Cash and deposits                          | 9,315,023   | 8,873,425   |
| Notes and accounts receivable-trade        | 1,918,111   | 2,025,145   |
| Merchandise                                | 67,593  | 61,760  |
| Real estate for sale                       | 989,573   | 981,739   |
| Supplies                                   | 372   | 250   |
| Other                                      | 926,367   | 1,023,825   |
| Allowance for doubtful accounts            | (8,132)   | (5,080)   |
| Total current assets                       | 13,208,910  | 12,961,067  |
| Noncurrent assets                          |   |   |
| Property, plant and equipment              |   |   |
| Buildings and structures, net              | 7,281,803   | 8,011,655   |
| Land                                       | 3,390,199   | 3,461,729   |
| Other, net                                 | 856,990   | 656,073   |
| Total property, plant and equipment        | 11,528,994  | 12,129,458  |
| Intangible assets                          | 77,423  | 71,416  |
| Investments and other assets               |   |   |
| Other                                      | 5,197,995   | 5,191,367   |
| Allowance for doubtful accounts            | (27,015)  | (26,587)  |
| Total investments and other assets         | 5,170,980   | 5,164,779   |
| Total noncurrent assets                    | 16,777,397  | 17,365,654  |
| Total assets                               | 29,986,308  | 30,326,721  |
| <b>Liabilities</b>                         |   |   |
| Current liabilities                        |   |   |
| Notes and accounts payable-trade           | 621,037   | 562,017   |
| Short-term loans payable                   | 751,004   | 345,200   |
| Current portion of long-term loans payable | 2,300,777   | 2,320,956   |
| Income taxes payable                       | 269,938   | 126,946   |
| Provision for bonuses                      | 236,941   | 365,303   |
| Provision for point card certificates      | 137,972   | 122,679   |
| Provision for shareholder benefit program  | 12,397  | -   |
| Asset retirement obligation                | 17,233  | 12,800  |
| Other                                      | 2,122,955   | 2,169,994   |
| Total current liabilities                  | 6,470,257   | 6,025,896   |
| Noncurrent liabilities                     |   |   |
| Long-term loans payable                    | 6,549,297   | 7,423,006   |
| Asset retirement obligation                | 221,321   | 218,765   |
| Other                                      | 1,348,414   | 1,239,257   |
| Total noncurrent liabilities               | 8,119,032   | 8,881,029   |
| Total liabilities                          | 14,589,290  | 14,906,926  |

(Thousands of yen)

|   | FY ended March 31, 2018<br>(As of March 31, 2018) | 1Q of FY ending March 31, 2019<br>(As of June 30, 2018) |
|---|---|---|
| Net assets  |   |   |
| Shareholders' equity                                  |   |   |
| Capital stock   | 2,222,935   | 2,222,935   |
| Capital surplus                                       | 2,666,282   | 2,666,282   |
| Retained earnings                                     | 11,691,849  | 11,723,433  |
| Treasury stock  | (1,166,007)                                       | (1,166,007)   |
| Total shareholders' equity                            | 15,415,060  | 15,446,643  |
| Accumulated other comprehensive income                |   |   |
| Valuation difference on available-for-sale securities | (17,799)  | (26,868)  |
| Foreign currency translation adjustment               | (243)   | 20  |
| Total accumulated other comprehensive income          | (18,042)  | (26,848)  |
| Total net assets                                      | 15,397,017  | 15,419,795  |
| Liabilities and net assets                            | 29,986,308  | 30,326,721  |

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

### Consolidated Statements of Income

The first quarter of this consolidated fiscal year

(Thousands of yen)

|  | 1Q of FY ended March 31, 2018<br>(April 1, 2017 - June 30, 2017) | 1Q of FY ending March 31, 2019<br>(April 1, 2018 - June 30, 2018) |
|--|--|---|
| Net sales  | 6,306,310  | 6,541,138   |
| Cost of sales  | 5,683,184  | 5,949,242   |
| Gross profit   | 623,125  | 591,896   |
| Selling, general and administrative expenses         | 414,786  | 467,835   |
| Operating income                                     | 208,339  | 124,060   |
| Non-operating income                                 |  |   |
| Interest income                                      | 1,414  | 1,267   |
| Dividends income                                     | 22   | 2,324   |
| Commission fee                                       | 34,664   | 60,892  |
| Other  | 34,966   | 57,807  |
| Total non-operating income                           | 71,067   | 122,291   |
| Non-operating expenses                               |  |   |
| Interest expenses                                    | 18,720   | 16,639  |
| Other  | 3,972  | 14,943  |
| Total non-operating expenses                         | 22,693   | 31,582  |
| Ordinary income                                      | 256,714  | 214,769   |
| Extraordinary loss                                   |  |   |
| Impairment loss                                      | -  | 10,042  |
| Total extraordinary loss                             | -  | 10,042  |
| Income before income taxes                           | 256,714  | 204,727   |
| Income taxes-current                                 | 120,033  | 99,893  |
| Income taxes-deferred                                | (27,345)   | (24,904)  |
| Total income taxes                                   | 92,688   | 74,988  |
| Net income   | 164,026  | 129,738   |
| Net profit attributable to non-controlling interests | -  | -   |
| Net profit attributable to owners of parent          | 164,026  | 129,738   |



Consolidated Statements of Comprehensive Income

The first quarter of this consolidated fiscal year

(Thousands of yen)

|  | 1Q of FY ended March 31, 2018<br>(April 1, 2017 - June 30, 2017) | 1Q of FY ending March 31, 2019<br>(April 1, 2018 - June 30, 2018) |
|--|--|---|
| Net income   | 164,026  | 129,738   |
| Other comprehensive income                                     |  |   |
| Valuation difference on available-for-sale securities          | 8,294  | (9,069)   |
| Foreign currency translation adjustment                        | 5  | 263   |
| Total other comprehensive income                               | 8,299  | (8,806)   |
| Comprehensive income   | 172,325  | 120,932   |
| Comprehensive income attributable to                           |  |   |
| Comprehensive income attributable to owners of the parent      | 172,325  | 120,932   |
| Comprehensive income attributable to non-controlling interests | -  | -   |

### (3) Notes Regarding Consolidated Financial Statements

(Notes regarding premise of a going concern)

Nothing is applicable.

(Notes on significant changes in the amount of shareholders' equity)

Nothing is applicable.

(Additional information)

(Application of Partial Revision to 'Accounting Standards for Tax Effect Accounting,' etc.)

Partial Revision to 'Accounting Standards for Tax Effect Accounting' (Corporate Accounting Standards No. 28, Feb. 16, 2018), etc. have been applied since the beginning of the first quarter of this consolidated term. Accordingly, deferred tax assets are indicated in the section of "Investments and other assets," while deferred tax liabilities are indicated in the section of "Noncurrent liabilities."

(Segment information, etc.)

[Segment information]

I. Cumulative period through the consolidated first quarter of the previous fiscal year (April 1 – June 30, 2017)

1. Information on sales, profits or losses, assets, liabilities, and other items for each segment

(Thousands of yen)

|   | Reporting segments       |                     |                        |                         |           | Others<br>(Note) *1 | Total     | Adjustment<br>amount*2 | Consolidated<br>statements of<br>income<br>amount*3 |
|---|--------------------------|---------------------|------------------------|-------------------------|-----------|---------------------|-----------|------------------------|---|
|   | Nursing Care<br>Business | Karaoke<br>Business | Restaurant<br>Business | Real Estate<br>Business | Total     |                     |           |                        |   |
| Sales   |                          |                     |                        |                         |           |                     |           |                        |   |
| Sales to external<br>customers                                | 3,893,498                | 1,785,760           | 435,273                | 126,667                 | 6,241,200 | 65,109              | 6,306,310 | —                      | 6,306,310   |
| Internal sales or<br>transferred amount<br>among the segments | —                        | 2,550               | 9,685                  | 345                     | 12,581    | —                   | 12,581    | (12,581)               | —   |
| Total   | 3,893,498                | 1,788,310           | 444,959                | 127,012                 | 6,253,781 | 65,109              | 6,318,891 | (12,581)               | 6,306,310   |
| Segment income<br>(loss)                                      | 337,213                  | 110,627             | (9,250)                | 35,112                  | 473,701   | (7,956)             | 465,745   | (257,405)              | 208,339   |

(Note) 1. The classification "other business" refers to business segments that are not included in reporting segments, and includes hotel business.

2. The segment income (loss) adjustments amount, -257,405 thousand yen, includes 120,854 thousand yen in elimination of intersegment transactions and -378,260 thousand yen in company-wide expenses that are not allocated to reporting segments. The company-wide expenses are mainly selling, general and administrative expenses that are not allocated to reporting segments.

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

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

Nothing is applicable.

II. Cumulative period through the consolidated first quarter of current fiscal year (April 1 – June 30, 2018)

1. Information on sales, profits or losses, assets, liabilities, and other items for each segment

(Thousands of yen)

|   | Reporting segments       |                     |                        |                         |           | Others<br>(Note) *1 | Total     | Adjustment<br>amount*2 | Consolidated<br>statements of<br>income<br>amount*3 |
|---|--------------------------|---------------------|------------------------|-------------------------|-----------|---------------------|-----------|------------------------|---|
|   | Nursing Care<br>Business | Karaoke<br>Business | Restaurant<br>Business | Real Estate<br>Business | Total     |                     |           |                        |   |
| Sales   |                          |                     |                        |                         |           |                     |           |                        |   |
| Sales to external customers                             | 4,326,261                | 1,694,797           | 406,210                | 58,757                  | 6,486,026 | 55,112              | 6,541,138 | —                      | 6,541,138   |
| Internal sales or transferred amount among the segments | —                        | 2,604               | 10,909                 | 300                     | 13,814    | —                   | 13,814    | (13,814)               | —   |
| Total   | 4,326,261                | 1,697,402           | 417,119                | 59,057                  | 6,499,840 | 55,112              | 6,554,952 | (13,814)               | 6,541,138   |
| Segment income (loss)                                   | 331,905                  | 114,989             | 17,450                 | 8,307                   | 472,652   | (7,823)             | 464,828   | (340,768)              | 124,060   |

(Note) 1. The classification “other business” refers to business segments that are not included in reporting segments, and includes hotel business.

2. The segment income (loss) adjustments amount, -340,768 thousand yen, includes 120,993 thousand yen in elimination of intersegment transactions and -461,761 thousand yen in company-wide expenses that are not allocated to reporting segments. The company-wide expenses are mainly selling, general and administrative expenses that are not allocated to reporting segments.

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

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

(Significant impairment of noncurrent assets)

As for the stores closed or to be closed in the first quarter of this consolidated term, an impairment loss of 3,608 thousand yen was posted in the “Karaoke Business” segment, and an impairment loss of 6,433 thousand yen was recorded in the “Restaurant Business” segment.