

Financial Results for the Fiscal Year Ended March 31, 2019 [Japanese GAAP] (Consolidated)

May 10, 2019
Stock Listing: TSE

Name of Listed Company: UCHIYAMA HOLDINGS INC.
Code Number: 6059 URL: <http://www.uchiyama-gr.jp>
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Scheduled Date of Annual Meeting of Shareholders: June 25, 2019
Scheduled Date of Dividend Payment Start: June 26, 2019
Scheduled Date of Financial Statements Filing: June 26, 2019

Supplementary Materials for Financial Results: Yes

Investor Conference for Financial Results: Yes (For institutional investors and security analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(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 | 27,209 | 3.1 | 1,025 | (13.9) | 1,326 | (1.9) | 1,102 | 36.3 |
| FY 2018 | 26,402 | 4.3 | 1,191 | 53.3 | 1,352 | 34.1 | 808 | — |

(Note) Comprehensive income FY 2019: ¥1,026 million (29.0%) FY 2018: ¥795 million (- %)

| | 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 2019 | 57.02 | — | 7.0 | 4.4 | 3.8 |
| FY 2018 | 41.83 | — | 5.4 | 4.5 | 4.5 |

(Reference) Equity in earnings of affiliated companies: FY 2019: ¥ - million FY 2018: ¥ - million

(Note) The change in profit attributable to owners of parent and comprehensive income in the fiscal year ended March 31, 2018 is greater than 1,000%. Therefore, it is stated as "-."

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| FY 2019 | 30,072 | 16,229 | 54.0 | 839.58 |
| FY 2018 | 29,986 | 15,397 | 51.3 | 796.49 |

(Reference) Equity capital: FY 2019: ¥16,229 million FY 2018: ¥15,397 million

Note: The partial revision to the "Accounting Standards for Tax Effect Accounting" (Corporate Accounting Standards No. 28 of February 16, 2018) will apply from the beginning of the current consolidated fiscal year. Therefore, the figures for the fiscal year ended March 31, 2018 are those after this standard has been applied retroactively.

(3) Consolidated Cash Flows

| | Cash flow from operating activities | Cash flow from investing activities | Cash flow from financing activities | Cash and cash equivalents at end of year |
|---------|-------------------------------------|-------------------------------------|-------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| FY 2019 | (317) | 1,366 | (1,227) | 8,856 |
| FY 2018 | 2,070 | (321) | (1,686) | 9,034 |

2. Dividends

| | Dividends per share | | | | | Total dividends (annual) | Dividends payout ratio (consolidated) | Dividends on net assets (consolidated) |
|--------------------|---------------------|---------------|---------------|----------|--------|--------------------------|---------------------------------------|--|
| | End of the 1Q | End of the 2Q | End of the 3Q | Year-end | Annual | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of Yen | % | % |
| FY 2018 | — | 5.00 | — | 5.00 | 10.00 | 193 | 23.9 | 1.3 |
| FY 2019 | — | 5.00 | — | 5.00 | 10.00 | 193 | 17.5 | 1.2 |
| FY 2020 (forecast) | — | 5.00 | — | 5.00 | 10.00 | | 15.5 | |

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2020 (April 1, 2019 - March 31, 2020)

(% of change from previous year for full year, same quarter of the previous year for 2Q)

| | 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) | 16,426 | 22.4 | 1,073 | 116.1 | 1,069 | 73.7 | 702 | 55.3 | 36.34 |
| Full year | 30,873 | 13.5 | 1,909 | 86.1 | 1,899 | 43.2 | 1,244 | 12.9 | 64.38 |

*Notes

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

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

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

(3) Number of outstanding shares (common stock)

| | | | | |
|---|---------|-------------------|---------|-------------------|
| 1) Number of outstanding shares (including treasury stock) at end of term | FY 2019 | 21,618,800 shares | FY 2018 | 21,618,800 shares |
| 2) Number of treasury stock at end of term | FY 2019 | 2,287,777 shares | FY 2018 | 2,287,776 shares |
| 3) Average number of shares | FY 2019 | 19,331,023 shares | FY 2018 | 19,331,024 shares |

Note: The shares in the Company possessed by Trust & Custody Services Bank, Ltd. (Trust E) as a trust asset of the "stock benefit trust (J-ESOP)" (fiscal year ended March 31, 2019: 72,150 shares/fiscal year ended March 31, 2018: 0 shares) are included in the number of treasury stock at end of term. In addition, the shares in the Company possessed by Trust & Custody Services Bank, Ltd. (Trust E) are included in the treasury stocks to be deducted in the calculation of the average number of shares (fiscal year ended March 31, 2019: 23,523 shares/fiscal year ended March 31, 2018: 0 shares).

(Reference) Overview of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)

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

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---------|-----------------|------|------------------|-------|-----------------|-------|-----------------|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| FY 2019 | 992 | 0.3 | 439 | (5.3) | 507 | (5.5) | 506 | (4.0) |
| FY 2018 | 989 | 12.2 | 464 | 29.5 | 536 | 26.2 | 526 | 25.9 |

| | Net income per share | Diluted net income per share |
|---------|----------------------|------------------------------|
| | Yen | Yen |
| FY 2019 | 26.18 | — |
| FY 2018 | 27.26 | — |

(2) Non-Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| FY 2019 | 6,337 | 5,166 | 81.5 | 267.24 |
| FY 2018 | 5,039 | 4,853 | 96.3 | 251.06 |

(Reference) Equity capital: FY 2019: ¥5,166 million FY 2018: ¥4,853 million

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

(% of change from previous year for full year, same quarter of the previous year for 2Q)

| | Net sales | | Ordinary income | | Net income | | Net income per share |
|-----------------|-----------------|-----|-----------------|-----|-----------------|-------|----------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| 2Q (cumulative) | 534 | 7.7 | 263 | 0.3 | 258 | (1.0) | 13.39 |
| Full year | 1,056 | 6.5 | 512 | 1.0 | 503 | (0.5) | 26.05 |

*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 Appendix on Page 5, “1. Business Performance Overview (4) Future Outlook.”
- The Company is planning to host a financial settlement reporting meeting for institutional investors and analysts on May 31, 2019. The contents (recorded sound) will be posted on the Company’s Web page immediately after the meeting.

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1. Business Performance Overview

(1) Business Performance Overview for Current Term

In the current consolidated fiscal year, the Japanese economy gradually recovered overall due to an improvement in corporate earnings and the employment environment, but there are also concerns, including the prolonged trade friction between the U.S. and China and the Brexit problem. Therefore, there continues to be uncertainty over the future.

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

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

As a result, sales of the current consolidated fiscal year were 27,209,311 thousand yen (up 3.1% Year-on-Year (YoY)), operating income was 1,025,942 thousand yen (down 13.9% YoY), and ordinary income was 1,326,222 thousand yen (down 1.9% YoY). An extraordinary income of 670,292 thousand yen was posted due to gain on sales of noncurrent assets accompanying sale and leaseback transactions of four paid nursing homes with nursing care services. On the other hand, as a result of examining future collectability of noncurrent assets in the Nursing Care Business, Karaoke Business, Restaurant Business and Hotel Business, we decided to impair the book value up to the recoverable value and an impairment loss of 334,496 thousand yen was posted. As a result, profit attributable to owners of parent increased by 293,579 thousand yen to 1,102,209 thousand yen (up 36.3% YoY).

The results of each segment were as follows.

a. Nursing Care Business

For the Nursing Care Business segment, we aimed at aggressive expansion, and established five paid nursing homes with nursing care services, one group home, one new business office for short-stays, and three new day-care facilities in a project for supporting disabled children in commuting to facilities after school, etc. As a result of these efforts we now have 179 offices in 102 locations as of the end of the current consolidated fiscal year.

We further promoted industry-academia-government collaboration in the current consolidated fiscal year.

We strived to train in-house qualified oral care certified persons in cooperation with Kyushu Dental University. We now have 754 such persons. Improving oral care promotes the prevention of diseases such as aspiration pneumonia.

We conducted nursing care staff behavior analysis verification tests using IoT technology in cooperation with Kyushu Institute of Technology. We would also like to utilize AI to contribute to the reform in the work styles of personnel based on the results of these experiments.

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

In addition, at existing facilities, we aimed to stabilize occupancy ratio by promoting the cementing of cooperation with nearby hospitals and home care support offices by visiting them. Consequently, the average occupancy ratio of existing facilities in the current consolidated fiscal year was 95.7% (average in the previous term: 94.6%). As a result, sales were 17,894,145 thousand yen (up 10.9% YoY) and segment income was 1,238,951 thousand yen (up 5.3% YoY).

b. Karaoke Business

For the Karaoke Business segment, we strived to increase the unit price by enhancing our food menu and lunch menu. At the same time, we looked to increase repeat customers by strengthening acquisition of SNS members and by distributing coupons. However, although we opened two new stores, we also closed three stores in the current consolidated fiscal year. Therefore, we have 91 stores at the end of the current consolidated fiscal year. That is one store less than the previous fiscal year. As a result, sales were 7,302,477 thousand yen (down 4.3% YoY) and segment income was 880,618 thousand yen (down 2.6% YoY).

c. Restaurant Business

For the Restaurant Business segment, one existing store changed its business type and four stores were closed. Accordingly, the number of stores at the end of the current consolidated fiscal year is 17 inside Japan, and 2 outside Japan. As for existing restaurants, customers were decreasing, and so we strived to increase them with a limited offer, and made effort to increase the average amount from one customer by incorporating an all-you-can-eat plan into our banquet course to acquire banquet demand. However, due to decrease in customers associated with closing of restaurants, sales were 1,586,380 thousand yen (down 9.7% YoY) and segment income was 51,848 thousand yen (up 274.7% YoY).

d. Real Estate Business

For the Real Estate Business segment, our corporate group's core business activities are sales/purchase of real estate properties for sale and intermediary work for rental properties. Revenue from the disposal of real estate for sale was around 420,000 thousand yen in the previous fiscal year. However, this was around 15,000 thousand yen in this fiscal year, so sales were 197,478 thousand yen (down 68.3% YoY) and segment income was 20,046 thousand yen (down 85.7% YoY).

e. Other businesses

In the other businesses segment, the Company made efforts to increase guests, secure bookings for parties, promote day trips for bathing, etc. in the Hotel Business. As a result, sales were 228,830 thousand yen (down 10.1% YoY) and segment loss was 53,660 thousand yen (segment loss was 32,250 thousand yen during the same term last year).

(2) Financial Standing Overview for Current Term

Total assets at the end of the current consolidated fiscal year were 30,072,034 thousand yen, up 85,726 thousand yen from the end of the previous consolidated fiscal year.

Current assets were 15,549,530 thousand yen, up 2,340,620 thousand yen from the end of the previous consolidated fiscal year. The major factors for the change were the increase of 2,266,055 thousand yen in real estate for sale and 170,756 thousand yen in notes and accounts receivable-trade, and the decrease of 155,357 thousand yen in cash and deposits.

Noncurrent assets were 14,522,504 thousand yen, down 2,254,893 thousand yen from the end of the previous consolidated fiscal year. The major factors for the change were the decrease of 1,797,278 thousand yen in buildings and structures, 613,355 thousand yen in land, and 290,302 thousand yen in other (property, plant and equipment) and the increase of 457,116 thousand yen in investment securities.

Liabilities at the end of the current consolidated fiscal year were 13,842,135 thousand yen, down 747,154 thousand yen from the end of the previous consolidated fiscal year.

Current liabilities were 6,756,849 thousand yen, up 286,591 thousand yen from the end of the previous consolidated fiscal year. The major factors for the change were the increase of 372,945 thousand yen in current portion of long-term loans payable, 175,219 thousand yen in income taxes payable and 105,076 thousand yen in other (current liabilities), and the decrease of 394,004 thousand yen in short-term loans payable.

Noncurrent liabilities were 7,085,286 thousand yen, down 1,033,746 thousand yen from the end of the previous consolidated fiscal year. The major factors for the change were the decrease of 937,166 thousand yen in long-term loans payable, 209,799 thousand yen in other (noncurrent liabilities) and 117,992 thousand yen in deferred tax liabilities, and the increase of 240,000 thousand yen in bonds payable.

Net assets at the end of the current consolidated fiscal year were 16,229,899 thousand yen, up 832,881 thousand yen from the end of the previous consolidated fiscal year. The major factor for the change was the increase of 908,899 thousand yen in retained earnings as a result of recording profit attributable to owners of parent and payment of dividends of surplus.

(3) Cash Flow Overview for Current Term

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of the current consolidated fiscal year stood at 8,856,086 thousand yen, down 178,726 thousand yen from the end of the previous consolidated fiscal year.

The status of each cash flow is as follows:

(Cash flow from operating activities)

Funds used in operating activities were 317,132 thousand yen (funds obtained in the previous year were 2,070,559 thousand yen). The major breakdown of income was 1,573,106 thousand yen of income before income taxes, 939,934 thousand yen of depreciation and amortization, and 334,496 thousand yen of impairment loss. The major breakdown of expenditure was 2,252,114 thousand yen of increase in inventories, 460,221 thousand yen of gain on sales of noncurrent assets, and 495,815 thousand yen of income taxes paid.

(Cash flow from investing activities)

Funds obtained by investing activities were 1,366,683 thousand yen (funds used in the previous year were 321,230 thousand yen). The major breakdown of income was 3,583,111 thousand yen of proceeds from sales of property, plant and equipment, and 400,426 thousand yen of proceeds from withdrawal of time deposits. The major breakdown of expenditure was 1,515,878 thousand yen of purchase of property, plant and equipment, 567,015 thousand yen of purchase of investment securities and 425,397 thousand yen of payments into time deposits.

(Cash flow from financing activities)

Funds used in financing activities were 1,227,551 thousand yen (funds used in the previous year were 1,686,346 thousand yen). The major breakdown of income was 4,831,600 thousand yen of proceeds from long-term loans payable and 293,209 thousand yen of proceeds from issuance of bonds. The major breakdown of expenditure was 5,395,820 thousand yen of repayment of long-term loans payable, 394,004 thousand yen of decrease in short-term loans payable, and 369,130 thousand yen of repayments of installment payables.

(Reference) Trend of Cash Flow Related Indicators

| | FY ended March 2015 | FY ended March 2016 | FY ended March 2017 | FY ended March 2018 | FY ended March 2019 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Equity ratio (%) | 47.0 | 49.4 | 48.7 | 51.3 | 54.0 |
| Equity ratio on market price basis (%) | 36.7 | 33.1 | 28.2 | 38.3 | 29.6 |
| Debt repayment period (years) | 6.9 | 13.3 | 6.5 | 5.1 | — |
| Interest coverage ratio (times) | 14.2 | 7.4 | 21.2 | 30.2 | — |

Equity ratio: equity capital/total assets

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

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

Interest coverage ratio: operating cash flow/interest payments

(Notes)

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

(4) Future Outlook

Regarding domestic economic outlook, although it is on a moderate recovery trend, there are uncertainties such as the impact of consumption tax increase, and it is believed that a significant recovery in personal consumption is unlikely to happen. Thus, it is anticipated that the uncertain situation will continue.

Under these circumstances, our corporate group will make efforts to enhance customers' satisfaction and improve our business performance by clarifying business strategies for each segment, conducting effective and efficient sales and ensuring to provide services based on our basic philosophy of "Loving-kindness, Respect for dignity, and Customer first spirit."

Moreover, we plan to make efforts to expand target areas and increase our operation bases primarily in the Nursing Care business. In addition, we will establish features unique to our corporate group and gain the support of customers and tenants by streamlining business through joint procurement and improving and optimizing service capabilities through personnel exchange to maximize synergy between different businesses.

As for the forecast of the consolidated business performance throughout the year, sales are expected to be 30,873,733 thousand yen (up 13.5 %, from the current consolidated fiscal year), operating income is expected to be 1,909,302 thousand yen (up 86.1 %, same), ordinary income is expected to be 1,899,005 thousand yen (up 43.2 %, same), and profit attributable to owners of parent is expected to be 1,244,456 thousand yen (up 12.9 %, same).

2. Basic Principles of Selecting Accounting Standards

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

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

| | FY ended March 31, 2018 (As of March 31, 2018) | FY ended March 31, 2019 (As of March 31, 2019) |
|-------------------------------------|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 9,315,023 | 9,159,666 |
| Notes and accounts receivable-trade | 1,918,111 | 2,088,868 |
| Merchandise | 67,593 | 53,667 |
| Real estate for sale | 989,573 | 3,255,629 |
| Supplies | 372 | 262 |
| Other | 926,367 | 997,447 |
| Allowance for doubtful accounts | (8,132) | (6,010) |
| Total current assets | 13,208,910 | 15,549,530 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 15,016,361 | 13,607,014 |
| Accumulated depreciation | (7,734,558) | (8,122,489) |
| Buildings and structures, net | 7,281,803 | 5,484,524 |
| Land | 3,390,199 | 2,776,844 |
| Other | 3,157,526 | 3,034,628 |
| Accumulated depreciation | (2,300,535) | (2,467,939) |
| Other, net | 856,990 | 566,688 |
| Total property, plant and equipment | 11,528,994 | 8,828,058 |
| Intangible assets | 77,423 | 62,003 |
| Investments and other assets | | |
| Investment securities | 565,841 | 1,022,958 |
| Deferred tax assets | 488,073 | 462,735 |
| Lease and guarantee deposits | 2,465,108 | 2,475,925 |
| Other | 1,678,972 | 1,693,446 |
| Allowance for doubtful accounts | (27,015) | (22,624) |
| Total investments and other assets | 5,170,980 | 5,632,442 |
| Total noncurrent assets | 16,777,397 | 14,522,504 |
| Total assets | 29,986,308 | 30,072,034 |

(Thousands of yen)

| | FY ended March 31, 2018 (As of March 31, 2018) | FY ended March 31, 2019 (As of March 31, 2019) |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 621,037 | 632,235 |
| Short-term loans payable | 751,004 | 357,000 |
| Current portion of bonds | - | 60,000 |
| Current portion of long-term loans payable | 2,300,777 | 2,673,723 |
| Income taxes payable | 269,938 | 445,158 |
| Provision for bonuses | 236,941 | 241,764 |
| Provision for point card certificates | 137,972 | 89,429 |
| Provision for shareholder benefit program | 12,397 | 13,095 |
| Asset retirement obligation | 17,233 | 16,411 |
| Other | 2,122,955 | 2,228,031 |
| Total current liabilities | 6,470,257 | 6,756,849 |
| Noncurrent liabilities | | |
| Bonds payable | - | 240,000 |
| Long-term loans payable | 6,549,297 | 5,612,131 |
| Deferred tax liabilities | 495,962 | 377,970 |
| Asset retirement obligation | 221,321 | 212,532 |
| Other | 852,451 | 642,652 |
| Total noncurrent liabilities | 8,119,032 | 7,085,286 |
| Total liabilities | 14,589,290 | 13,842,135 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 2,222,935 | 2,222,935 |
| Capital surplus | 2,666,282 | 2,664,695 |
| Retained earnings | 11,691,849 | 12,600,748 |
| Treasury stock | (1,166,007) | (1,164,420) |
| Total shareholders' equity | 15,415,060 | 16,323,959 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (17,799) | (94,272) |
| Foreign currency translation adjustment | (243) | 212 |
| Total accumulated other comprehensive income | (18,042) | (94,059) |
| Total net assets | 15,397,017 | 16,229,899 |
| Liabilities and net assets | 29,986,308 | 30,072,034 |

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

Consolidated Statements of Income

| | (Thousands of yen) | |
|--|---|---|
| | FY ended March 31, 2018 (April 1, 2017 - March 31, 2018) | FY ended March 31, 2019 (April 1, 2018 - March 31, 2019) |
| Net sales | 26,402,628 | 27,209,311 |
| Cost of sales | 23,517,229 | 24,490,195 |
| Gross profit | 2,885,398 | 2,719,115 |
| Selling, general and administrative expenses | | |
| Directors' compensations | 206,700 | 209,825 |
| Salaries and allowances | 279,003 | 278,455 |
| Taxes and dues | 530,923 | 523,805 |
| Provision of allowance for doubtful accounts | 1,852 | - |
| Provision for bonuses | 6,820 | 8,274 |
| Provision for allowance for shareholders' benefits | 12,290 | 13,035 |
| Other | 655,894 | 659,778 |
| Total selling, general and administrative expenses | 1,693,485 | 1,693,173 |
| Operating income | 1,191,912 | 1,025,942 |
| Non-operating income | | |
| Interest income | 5,669 | 5,219 |
| Dividends income | 3,666 | 4,124 |
| Commission fee | 97,463 | 148,871 |
| Subsidy income | 16,073 | 106,328 |
| Other | 144,629 | 136,542 |
| Total non-operating income | 267,502 | 401,086 |
| Non-operating expenses | | |
| Interest expenses | 72,616 | 66,072 |
| Other | 34,700 | 34,732 |
| Total non-operating expenses | 107,316 | 100,805 |
| Ordinary income | 1,352,098 | 1,326,222 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 370,676 | 504,390 |
| Gain on sales of investment securities | 9,739 | - |
| Insurance income | - | 165,902 |
| Gain on negative goodwill | 61,238 | - |
| Total extraordinary income | 441,654 | 670,292 |
| Extraordinary loss | | |
| Loss on sales of noncurrent assets | 72,859 | 44,168 |
| Loss on retirement of noncurrent assets | 10,123 | 54 |
| Impairment loss | 469,784 | 334,496 |
| Loss on disaster | - | 44,688 |
| Total extraordinary loss | 552,768 | 423,408 |
| Income before income taxes | 1,240,984 | 1,573,106 |
| Income taxes-current | 369,011 | 530,126 |
| Income taxes-deferred | 63,343 | (59,229) |
| Total income taxes | 432,354 | 470,896 |
| Net income | 808,629 | 1,102,209 |
| Profit attributable to owners of parent | 808,629 | 1,102,209 |

Consolidated Statements of Comprehensive Income

(Thousands of yen)

| | FY ended March 31, 2018 (April 1, 2017 - March 31, 2018) | FY ended March 31, 2019 (April 1, 2018 - March 31, 2019) |
|--|---|---|
| Net income | 808,629 | 1,102,209 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (11,984) | (76,473) |
| Foreign currency translation adjustment | (1,215) | 455 |
| Total other comprehensive income | (13,199) | (76,017) |
| Comprehensive income | 795,430 | 1,026,192 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 795,430 | 1,026,192 |
| Comprehensive income attributable to non-controlling interests | - | - |

(3) Consolidated Statements of Changes in Net Assets

FY ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Thousands of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at beginning of current period | 2,222,935 | 2,666,282 | 11,076,529 | (1,166,007) | 14,799,740 |
| Changes of items during period | | | | | |
| Dividends from surplus | | | (193,310) | | (193,310) |
| Profit attributable to owners of parent | | | 808,629 | | 808,629 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | — | — | 615,319 | — | 615,319 |
| Balance at the end of current period | 2,222,935 | 2,666,282 | 11,691,849 | (1,166,007) | 15,415,060 |

| | Accumulated other comprehensive income | | | Total net assets |
|--|---|---|--|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income | |
| Balance at beginning of current period | (5,814) | 972 | (4,842) | 14,794,897 |
| Changes of items during period | | | | |
| Dividends from surplus | | | | (193,310) |
| Profit attributable to owners of parent | | | | 808,629 |
| Net changes of items other than shareholders' equity | (11,984) | (1,215) | (13,199) | (13,199) |
| Total changes of items during the period | (11,984) | (1,215) | (13,199) | 602,119 |
| Balance at the end of current period | (17,799) | (243) | (18,042) | 15,397,017 |

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

(Thousands of yen)

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

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

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

| | FY ended March 31, 2018 (April 1, 2017 - March 31, 2018) | FY ended March 31, 2019 (April 1, 2018 - March 31, 2019) |
|--|---|---|
| Net cash provided by (used in) operating activities | | |
| Income before income taxes | 1,240,984 | 1,573,106 |
| Depreciation and amortization | 1,025,253 | 939,934 |
| Impairment loss | 469,784 | 334,496 |
| Increase (decrease) in allowance for doubtful accounts | (51,219) | (6,513) |
| Increase (decrease) in provision for bonuses | 1,680 | 4,823 |
| Increase (decrease) in provision for point card certificates | (91,790) | (48,543) |
| Increase (decrease) in allowance for shareholders' benefits | 582 | 697 |
| Interest and dividends income | (9,336) | (9,343) |
| Interest expenses | 72,616 | 66,072 |
| Loss on retirement of noncurrent assets | 10,123 | 54 |
| Loss (gain) on sales of noncurrent assets | (297,816) | (460,221) |
| Loss (gain) on sales of investment securities | (9,739) | - |
| Insurance income | - | (165,902) |
| Loss on disaster | - | 44,688 |
| Gain on negative goodwill | (61,238) | - |
| Decrease (increase) in notes and accounts receivable-trade | (186,730) | (170,756) |
| Decrease (increase) in inventories | 60,719 | (2,252,114) |
| Increase (decrease) in accrued consumption taxes | 45,772 | 63,039 |
| Increase (decrease) in notes and accounts payable-trade | 5,759 | 11,379 |
| Other | 164,725 | 44,307 |
| Subtotal | 2,390,131 | (30,793) |
| Interest and dividends income received | 5,311 | 5,696 |
| Interest expenses paid | (68,633) | (64,482) |
| Amount of insurance income | - | 165,902 |
| Income taxes paid | (363,552) | (495,815) |
| Income taxes refund | 107,302 | 102,360 |
| Net cash provided by (used in) operating activities | 2,070,559 | (317,132) |
| Net cash provided by (used in) investment activities | | |
| Purchase of property, plant and equipment | (2,446,945) | (1,515,878) |
| Payments for retirement of property, plant and equipment | (759) | - |
| Proceeds from sales of property, plant and equipment | 2,464,033 | 3,583,111 |
| Purchase of intangible assets | (41,860) | (1,429) |
| Expenditure due to fulfillment of asset retirement obligations | (2,100) | (33,337) |
| Purchase of investment securities | (594,593) | (567,015) |
| Proceeds from sales of investment securities | 514,911 | - |
| Proceeds from redemption of investment securities | 5,000 | - |
| Payments into time deposits | (260,415) | (425,397) |
| Proceeds from withdrawal of time deposits | 260,404 | 400,426 |
| Payments for lease and guarantee deposits | (129,056) | (131,229) |
| Proceeds from collection of lease and guarantee deposits | 29,179 | 120,245 |
| Payments for transfer of business | (20,000) | - |
| Purchase of insurance funds | (210,776) | (218,490) |
| Proceeds from cancellation of insurance funds | 84,479 | 223,723 |
| Payments of loans receivable | (12,414) | (112,359) |
| Collection of loans receivable | 39,633 | 44,928 |
| Other | 50 | (613) |
| Net cash provided by (used in) investment activities | (321,230) | 1,366,683 |

(Thousands of yen)

| | FY ended March 31, 2018 (April 1, 2017 - March 31, 2018) | FY ended March 31, 2019 (April 1, 2018 - March 31, 2019) |
|---|---|---|
| Net cash provided by (used in) financing activities | | |
| Net increase (decrease) in short-term loans payable | (93,596) | (394,004) |
| Proceeds from long-term loans payable | 3,445,000 | 4,831,600 |
| Repayment of long-term loans payable | (4,336,924) | (5,395,820) |
| Proceeds from issuance of bonds | - | 293,209 |
| Repayments of lease obligations | (794) | - |
| Repayments of installment payables | (506,388) | (369,130) |
| Cash dividends paid | (193,556) | (193,406) |
| Other | (85) | (0) |
| Net cash provided by (used in) financing activities | (1,686,346) | (1,227,551) |
| Effect of exchange rate change on cash and cash equivalents | 2,100 | (726) |
| Net increase (decrease) in cash and cash equivalents | 65,083 | (178,726) |
| Cash and cash equivalents at beginning of year | 8,969,729 | 9,034,813 |
| Cash and cash equivalents at end of year | 9,034,813 | 8,856,086 |

(5) Notes to Consolidated Financial Statements

(Notes regarding premise of a going concern)

Nothing is applicable.

(Change in presentation method)

(Related to consolidated balance sheet)

“Construction in progress” which was listed separately under “Property, plant and equipment” in the previous consolidated fiscal year is included in “Other” from the current consolidated fiscal year, because it became less important in terms of monetary value. In order to reflect this change, we have reclassified consolidated financial statements for the previous consolidated fiscal year.

As a result, 238,450 thousand yen in “Construction in progress” under “Property, plant and equipment” and 2,919,076 thousand yen in “Other” in the consolidated balance sheet of the previous consolidated fiscal year was reclassified as 3,157,526 thousand yen in “Other.”

(Related to consolidated statements of income)

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

As a result, 74,575 thousand yen in “Insurance income” and 70,053 thousand yen in “Other” under “Non-operating income” in the consolidated statements of income of the previous consolidated fiscal year was reclassified as 144,629 thousand yen in “Other.”

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

As a result, 18,801 thousand yen in “Rent expenses” and 15,899 thousand yen in “Other” under “Non-operating expenses” in the consolidated statements of income of the previous consolidated fiscal year was reclassified as 34,700 thousand yen in “Other.”

(Related to consolidated statements of cash flows)

“Expenditure due to fulfillment of asset retirement obligations” which was listed under “Other” in “Net cash provided by (used in) investment activities” in the previous consolidated fiscal year increased in importance. Therefore, we have decided to give this separately from the current consolidated fiscal year. In order to reflect this change, we have reclassified consolidated financial statements for the previous consolidated fiscal year.

As a result, -2,050 thousand yen in “Other” under “Net cash provided by (used in) investment activities” in the consolidated statements of cash flows of the previous consolidated fiscal year has been reclassified into -2,100 thousand yen in “Expenditure due to fulfillment of asset retirement obligations” and 50 thousand yen for “Other.”

(Changes accompanying the application of the partial revision to the “Accounting Standards for Tax Effect Accounting”)

The partial revision to the “Accounting Standards for Tax Effect Accounting” (Corporate Accounting Standards No. 28 of February 16, 2018; hereinafter “Partial Revision of the Tax Effect Accounting Standards”) will apply from the beginning of the current consolidated fiscal year. Accordingly, we have changed to a method in which “Deferred tax assets” is given in the “Investments and other assets” category while “Deferred tax liabilities” is given in the “Noncurrent liabilities” category.

As a result, “Deferred tax assets” in “Current assets” decreased by 184,469 thousand yen while “Deferred tax assets” in “Investments and other assets” increased by 77,601 thousand yen in the consolidated balance sheet for the previous consolidated fiscal year. In addition, “Deferred tax liabilities” in “Noncurrent liabilities” decreased by 106,867 thousand yen.

The deferred tax assets and deferred tax liabilities of the same tax paying entity are offset and indicated. This means that total assets decreased by 106,867 thousand yen after the change.

(Additional information)

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

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

(1) Overview of transactions

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

(2) Our own shares remaining in the trust

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

(Segment information)

1. Overview of the reporting segments

(1) How to determine the reporting segments

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

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

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

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

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

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

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

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

The partial revision to the “Accounting Standards for Tax Effect Accounting” (Corporate Accounting Standards No. 28 of February 16, 2018) will apply from the beginning of the current consolidated fiscal year. Therefore, the figures for the previous consolidated fiscal year are those after this standard has been applied retroactively.

3. Information concerning the amount of sales, profits, loss, assets and other items per reporting segment
 Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)

(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 | 16,139,137 | 7,628,476 | 1,757,235 | 623,329 | 26,148,178 | 254,450 | 26,402,628 |
| Internal sales or transferred amount among the segments | — | 11,030 | 48,494 | 3,007 | 62,532 | 11 | 62,543 |
| Total | 16,139,137 | 7,639,506 | 1,805,730 | 626,336 | 26,210,710 | 254,461 | 26,465,172 |
| Segment income (loss) | 1,176,921 | 904,217 | 13,838 | 139,804 | 2,234,781 | (32,250) | 2,202,531 |
| Segment assets | 11,460,275 | 4,784,651 | 825,151 | 1,837,332 | 18,907,410 | 216,935 | 19,124,345 |
| Other items | | | | | | | |
| Depreciation and amortization | 387,240 | 499,833 | 87,233 | 12,152 | 986,459 | 7,926 | 994,386 |
| Increased amount for property, plant and equipment and intangible assets | 2,402,907 | 351,599 | 62,273 | — | 2,816,780 | 211 | 2,816,992 |

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

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

(Thousands of yen)

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

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

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

(Thousands of yen)

| Sales | Previous consolidated fiscal year | Current consolidated fiscal year |
|---|-----------------------------------|----------------------------------|
| Reporting segments, total amount | 26,210,710 | 27,039,409 |
| Sales for "Other businesses" segment | 254,461 | 228,830 |
| Offsetting between segments | (62,543) | (58,928) |
| Sales on the consolidated balance sheet | 26,402,628 | 27,209,311 |

(Thousands of yen)

| Profit | Previous consolidated fiscal year | Current consolidated fiscal year |
|--|-----------------------------------|----------------------------------|
| Reporting segments, total amount | 2,234,781 | 2,191,465 |
| Profit (loss) for the "Other businesses" segment | (32,250) | (53,660) |
| Offsetting between segments | 483,257 | 485,761 |
| Expenses for all companies (Note) | (1,493,876) | (1,597,624) |
| Operating income on the consolidated balance sheet | 1,191,912 | 1,025,942 |

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

(Thousands of yen)

| Assets | Previous consolidated fiscal year | Current consolidated fiscal year |
|--|-----------------------------------|----------------------------------|
| Reporting segments, total amount | 18,907,410 | 18,743,532 |
| Assets for the "Other businesses" segments | 216,935 | 146,879 |
| Offsetting of debt | (3,523,667) | (4,506,784) |
| Assets of all companies (Note) | 14,385,630 | 15,688,407 |
| Total assets on the consolidated balance sheet | 29,986,308 | 30,072,034 |

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

(Thousands of yen)

| Other items | Reporting segments, total | | Other businesses | | Adjustment amount (Note) | | Amount on the consolidated balance sheet | |
|--|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|--|----------------------------------|
| | Previous consolidated fiscal year | Current consolidated fiscal year | Previous consolidated fiscal year | Current consolidated fiscal year | Previous consolidated fiscal year | Current consolidated fiscal year | Previous consolidated fiscal year | Current consolidated fiscal year |
| Depreciation and amortization | 986,459 | 888,821 | 7,926 | 9,636 | 30,867 | 41,475 | 1,025,253 | 939,934 |
| Increased amount for property, plant and equipment and intangible assets | 2,816,780 | 1,643,002 | 211 | 1,819 | 45,566 | 63,963 | 2,862,558 | 1,708,785 |

(Note) 1. The adjustment amount of depreciation and amortization (i.e. previous consolidated fiscal year: 30,867 thousand yen and current consolidated fiscal year: 41,475 thousand yen) is for the operation department of the head office.

2. The adjustment amount of property, plant and equipment and intangible assets (i.e. previous consolidated fiscal year: 45,566 thousand yen and current consolidated fiscal year: 63,963 thousand yen) is the capital investment amount in all companies' assets that do not belong to each segment.

[Related information]

Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)

1. Information for each product and service

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

2. Information per region

(1) Sales

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

(2) Property, plant and equipment

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

3. Information per major customer

(Thousands of yen)

| Name of the customer | Sales | Relevant segment |
|--|-----------|-----------------------|
| Fukuoka National Health Insurance Organization | 4,834,724 | Nursing Care Business |

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

1. Information for each product and service

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

2. Information per region

(1) Sales

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

(2) Property, plant and equipment

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

3. Information per major customer

(Thousands of yen)

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

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

Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)

(Thousands of yen)

| | Reporting segment | | | | Other businesses | All companies/ offset | Total |
|-----------------|--------------------------|---------------------|------------------------|-------------------------|---------------------|--------------------------|---------|
| | Nursing Care Business | Karaoke Business | Restaurant Business | Real Estate Business | | | |
| Impairment loss | 16,548 | 269,176 | 184,059 | — | — | — | 469,784 |

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

(Thousands of yen)

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

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

Nothing is applicable.

[Information concerning gain on negative goodwill per reporting segment]

Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)

We recorded a gain on negative goodwill of 61,238 thousand yen in the current consolidated fiscal year, because in the Nursing Care Business segment we acquired one nursing care facility in Chiba City, Chiba Prefecture on October 1, 2017 that had been operated by Kurashi-no-sato, Ltd.

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

Nothing is applicable.

(Per share information)

| | Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018) | Current consolidated fiscal year (From April 1, 2018 to March 31, 2019) |
|----------------------|--|---|
| Net assets per share | 796 yen 49 sen | 839 yen 58 sen |
| Net income per share | 41 yen 83 sen | 57 yen 02 sen |

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

2. Shares in the Company possessed by Trust & Custody Services Bank, Ltd. (Trust E) as a trust asset of the “stock benefit trust (J-ESOP)” are included in the treasury stocks to be deducted from the total number of outstanding shares at end of term in the calculation of the amount of net assets per share (previous consolidated fiscal year: 0 shares/current consolidated fiscal year: 72,150 shares).

They are also included in the treasury stocks to be deducted in the calculation of the average number of shares in the calculation of the net income per share (previous consolidated fiscal year: 0 shares/current consolidated fiscal year: 23,523 shares).

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

| Item | Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018) | Current consolidated fiscal year (From April 1, 2018 to March 31, 2019) |
|--|--|---|
| Profit attributable to owners of parent (thousand yen) | 808,629 | 1,102,209 |
| Amount that is not attributable to common shareholders (thousand yen) | — | — |
| Profit attributable to owners of parent for common share (thousand yen) | 808,629 | 1,102,209 |
| Average number of common shares outstanding (shares) | 19,331,024 | 19,331,023 |

(Significant subsequent event)

Nothing is applicable.