

Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2020 [Japanese GAAP] (Consolidated)

August 9, 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 Dividend Payment Start: —
Scheduled Date of Financial Statements Filing: August 9, 2019
Supplementary materials for Financial Results: None
Investor conference for Financial Results: None

(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, 2020 (April 1, 2019 – June 30, 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 2020 1Q	9,505	45.3	754	508.0	843	292.6	558	330.8
FY 2019 1Q	6,541	3.7	124	(40.5)	214	(16.3)	129	(20.9)

(Note) Comprehensive income FY 2020 1Q: ¥601 million (397.0%) FY 2019 1Q: ¥120 million (-29.8 %)

	Net income per share	Diluted net income per share
	Yen	Yen
FY 2020 1Q	28.91	—
FY 2019 1Q	6.71	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
FY 2020 1Q	30,430	16,733	55.0
FY 2019	30,072	16,229	54.0

(Reference) Equity capital: FY 2020 1Q: ¥16,733 million FY 2019: ¥16,229 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 2019	—	5.00	—	5.00	10.00
FY 2020	—	—	—	—	—
FY 2020 (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, 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

(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 2020 1Q	21,618,800 shares	FY 2019	21,618,800 shares
2) Number of treasury stock at end of term	FY 2020 1Q	2,287,777 shares	FY 2019	2,287,777 shares
3) Average number of shares	FY 2020 1Q	19,331,023 shares	FY 2019 1Q	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 ending March 31, 2020 1Q: 72,150 shares / fiscal year ended March 31, 2019: 72,150 shares) are included in the number of treasury stock at end of term. In addition, the shares in the Company possessed by Trust & Custody Services Bank, Ltd. (Trust E) are included in the treasury stocks to be deducted in the calculation of the average number of shares during the fiscal year (fiscal year ending March 31, 2020 1Q: 72,150 shares / fiscal year ended March 31, 2019 1Q: 0 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.

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1. Analysis Concerning Results of Operations and Financial Condition

(1) Analysis Concerning Results of Operations

The Japanese economy during the current consolidated cumulative first quarter was rebounding slowly in general thanks to the improved corporate earnings and employment environment; however, uncertain factors, such as the prolonged trade war between the United States and China and geopolitical risks, continued to make it difficult to foresee 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 first quarter of the current consolidated fiscal year were 9,505,034 thousand yen (up 45.3% Year-on-Year (YoY)), operating income was 754,314 thousand yen (up 508.0% YoY), ordinary income was 843,219 thousand yen (up 292.6% YoY), and profit attributable to owners of parent was 558,875 thousand yen (up 330.8% YoY).

The results of each segment were as follows.

a. Nursing Care Business

We did not open new facilities in the Nursing Care Business during this first quarter. Regarding the existing facilities, we promoted the cementing of cooperation with nearby hospitals and home care support offices by visiting them in an effort to reduce the number of vacant rooms at its facilities. Furthermore, we strived to improve its service level through thorough employee education and training.

In addition, we continued to promote industry-academia-government collaboration in this consolidated fiscal year. We strived to train in-house qualified oral care certified persons in cooperation with Kyushu Dental University. 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 have developed 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.

We will step up activities in order to make the life map available in a wider area.

The average occupancy ratio of existing facilities was 94.3% for this first quarter (which was 96.7% in the same period of a year earlier) and we now have 179 offices in 102 locations as of the end of the first quarter of the current consolidated fiscal year. As a result, sales were 4,651,226 thousand yen (up 7.5% YoY) and segment income was 340,087 thousand yen (up 2.5% YoY).

b. Karaoke Business

We strived to increase the unit price by enhancing our food menu and lunch menu in the Karaoke Business, and the average spend per customer rose 3.4% from the same period of the previous year. In addition, we continued to look to increase repeat customers by strengthening acquisition of SNS members and by distributing coupons. As a result, sales were 1,702,389 thousand yen (up 0.4% YoY) and segment income was 167,627 thousand yen (up 45.8% YoY).

We newly opened a store and closed three stores in the current first quarter. As a result, the number of stores is 89 as of the end of the first quarter of this consolidated fiscal year.

c. Restaurant Business

For the Restaurant Business segment, there was not any opening of new stores. Accordingly, the number of stores as of the end of the first quarter of this 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. As a result, sales were 353,175 thousand yen (down 13.1% YoY) and segment income was 15,182 thousand yen (down 13.0% YoY).

d. Real Estate Business

In the Real Estate Business, both sales and profit significantly grew owing to the large-scale real estate for sale that the company sold. As a result, sales were 2,743,053 thousand yen (58,757 thousand yen at the same period of the previous year) and segment income was 519,591 thousand yen (8,307 thousand yen at the same period of the previous year).

e. Other businesses

In the other businesses segment, the company made efforts to increase guests, secure bookings for parties, promote day trips for bathing, etc. in the hotel business. As a result, sales were 55,188 thousand yen (up 0.1% YoY) and segment loss was 16,539 thousand yen (segment loss was 7,823 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 30,430,429 thousand yen, up 358,394 thousand yen from the end of the previous consolidated fiscal year.

Current assets came to 15,847,879 thousand yen, up 298,348 thousand yen from the end of the previous consolidated fiscal year. This is mainly because cash and deposit increased and real estate for sale decreased.

Noncurrent assets came to 14,582,550 thousand yen, up 60,045 thousand yen from the end of the previous consolidated fiscal year. This is mainly because investments and other assets (other) increased and property, plant and equipment (other) decreased.

Liabilities as of the end of the first quarter of this consolidated fiscal year came to 13,696,500 thousand yen, down 145,634 thousand yen from the end of the previous consolidated fiscal year.

Current liabilities came to 6,896,571 thousand yen, up 139,722 thousand yen from the end of the previous consolidated fiscal year. This is mainly because short-term loans payable increased and income taxes payable and current liabilities (other) decreased.

Noncurrent liabilities came to 6,799,928 thousand yen, down 285,357 thousand yen from the end of the previous consolidated fiscal year. This is mainly because long-term loans payable and noncurrent liabilities (other) decreased.

Net assets as of the end of the first quarter of this consolidated fiscal year came to 16,733,928 thousand yen, up 504,029 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.

(3) Analysis Concerning Future Forecasts Including Consolidated Financial Projections

As for the consolidated financial projections for the term ending March 2020, there are no changes to the estimated values announced on May 10, 2019.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	FY ended March 31, 2019 (As of March 31, 2019)	1Q of FY ending March 31, 2020 (As of June 30, 2019)
Assets		
Current assets		
Cash and deposits	9,159,666	11,529,676
Notes and accounts receivable-trade	2,088,868	2,175,569
Merchandise	53,667	49,839
Real estate for sale	3,255,629	1,065,565
Supplies	262	407
Other	997,447	1,031,672
Allowance for doubtful accounts	(6,010)	(4,851)
Total current assets	15,549,530	15,847,879
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	5,484,524	5,473,669
Land	2,776,844	2,805,165
Other, net	566,688	532,371
Total property, plant and equipment	8,828,058	8,811,206
Intangible assets	62,003	58,539
Investments and other assets		
Other	5,655,066	5,735,167
Allowance for doubtful accounts	(22,624)	(22,363)
Total investments and other assets	5,632,442	5,712,804
Total noncurrent assets	14,522,504	14,582,550
Total assets	30,072,034	30,430,429
Liabilities		
Current liabilities		
Notes and accounts payable-trade	632,235	551,755
Short-term loans payable	357,000	969,400
Current portion of bonds	60,000	60,000
Current portion of long-term loans payable	2,673,723	2,557,443
Income taxes payable	445,158	243,336
Provision for bonuses	241,764	370,875
Provision for point card certificates	89,429	91,365
Provision for shareholder benefit program	13,095	—
Asset retirement obligation	16,411	13,792
Other	2,228,031	2,038,603
Total current liabilities	6,756,849	6,896,571
Noncurrent liabilities		
Bonds payable	240,000	240,000
Long-term loans payable	5,612,131	5,395,904
Asset retirement obligation	212,532	213,818
Other	1,020,622	950,206
Total noncurrent liabilities	7,085,286	6,799,928
Total liabilities	13,842,135	13,696,500

(Thousands of yen)

	FY ended March 31, 2019 (As of March 31, 2019)	1Q of FY ending March 31, 2020 (As of June 30, 2019)
Net assets		
Shareholders' equity		
Capital stock	2,222,935	2,222,935
Capital surplus	2,664,695	2,664,695
Retained earnings	12,600,748	13,062,608
Treasury stock	(1,164,420)	(1,164,420)
Total shareholders' equity	16,323,959	16,785,819
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(94,272)	(51,461)
Foreign currency translation adjustment	212	(429)
Total accumulated other comprehensive income	(94,059)	(51,890)
Total net assets	16,229,899	16,733,928
Liabilities and net assets	30,072,034	30,430,429

(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, 2019 (April 1, 2018 - June 30, 2018)	1Q of FY ending March 31, 2020 (April 1, 2019 - June 30, 2019)
Net sales	6,541,138	9,505,034
Cost of sales	5,949,242	8,320,026
Gross profit	591,896	1,185,007
Selling, general and administrative expenses	467,835	430,693
Operating income (loss)	124,060	754,314
Non-operating income		
Interest income	1,267	1,688
Dividends income	2,324	15,683
Commission fee	60,892	27,764
Subsidy income	21,212	42,302
Other	36,595	25,642
Total non-operating income	122,291	113,081
Non-operating expenses		
Interest expenses	16,639	15,162
Foreign exchange losses	1,696	4,984
Other	13,246	4,029
Total non-operating expenses	31,582	24,176
Ordinary income	214,769	843,219
Extraordinary loss		
Impairment loss	10,042	—
Total extraordinary loss	10,042	—
Income before income taxes	204,727	843,219
Income taxes-current	99,893	231,262
Income taxes-deferred	(24,904)	53,080
Total income taxes	74,988	284,343
Net income	129,738	558,875
Net profit attributable to owners of parent	129,738	558,875

Consolidated Statements of Comprehensive Income

The first quarter of this consolidated fiscal year

(Thousands of yen)

	1Q of FY ended March 31, 2019 (April 1, 2018 - June 30, 2018)	1Q of FY ending March 31, 2020 (April 1, 2019 - June 30, 2019)
Net income	129,738	558,875
Other comprehensive income		
Valuation difference on available-for-sale securities	(9,069)	42,811
Foreign currency translation adjustment	263	(641)
Total other comprehensive income	(8,806)	42,169
Comprehensive income	120,932	601,045
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	120,932	601,045
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)

(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 "this 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 are 35,137 thousand yen and 35,137 thousand yen as of the end of the previous consolidated fiscal year and as of the end of the first quarter of this consolidated fiscal year, respectively, and the number of shares are 72,150 and 72,150 as of the end of the previous consolidated fiscal year and as of the end of the first quarter of this consolidated fiscal year, respectively.

(Segment information, etc.)

[Segment information]

I. Cumulative period through the consolidated first quarter of the previous 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					Other businesses (Note) *1	Total	Adjustment amount*2	Consolidated statements of income amount*3
	Nursing Care Business	Karaoke Business	Restaurant Business	Real Estate 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 businesses” 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)

In the current consolidated cumulative first quarter, the company recorded impairment loss of 3,608 thousand yen in the “Karaoke Business” segment and that of 6,433 thousand yen in the “Restaurant Business” segment as for stores that it closed and ones that it planned to close.

II. Cumulative period through the consolidated first quarter of current fiscal year (April 1 – June 30, 2019)

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

(Thousands of yen)

	Reporting segments					Other businesses (Note) *1	Total	Adjustment amount*2	Consolidated statements of income amount*3
	Nursing Care Business	Karaoke Business	Restaurant Business	Real Estate Business	Total				
Sales									
Sales to external customers	4,651,226	1,702,389	353,175	2,743,053	9,449,845	55,188	9,505,034	—	9,505,034
Internal sales or transferred amount among the segments	—	3,148	8,938	300	12,387	3	12,390	(12,390)	—
Total	4,651,226	1,705,538	362,114	2,743,353	9,462,232	55,192	9,517,424	(12,390)	9,505,034
Segment income (loss)	340,087	167,627	15,182	519,591	1,042,487	(16,539)	1,025,948	(271,633)	754,314

(Note) 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, -271,633 thousand yen, includes 141,632 thousand yen in elimination of intersegment transactions and -413,266 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.