

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

November 11, 2021
Stock Listing: TSE

Name of Listed Company: UCHIYAMA HOLDINGS Co., Ltd.
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Scheduled Date of Financial Statements Filing: November 12, 2021

Scheduled Date of Dividend Payment Start: -

Supplementary materials for Financial Results: Yes

Investor conference for Financial Results: None

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

1. Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2022 (April 1, 2021 – September 30, 2021)

(1) Consolidated Financial Results

(% of change from previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2022 1H	11,456	(2.0)	(272)	-	(47)	-	(514)	-
FY 2021 1H	11,695	(29.4)	(553)	-	(363)	-	(316)	-

(Note) Comprehensive income FY 2022 1H: ¥(482) million (-%) FY 2021 1H: ¥(306) million (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
FY 2022 1H	(26.61)	-
FY 2021 1H	(16.35)	-

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

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
FY 2022 1H	29,640	13,082	44.1
FY 2021	29,750	13,674	46.0

(Reference) Equity capital: FY 2022 1H: ¥13,082 million FY 2021: ¥13,674 million

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

2. Dividends

	Dividends per share				
	End of the 1Q	End of the 2Q	End of the 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2021	-	5.00	-	5.00	10.00
FY 2022	-	0.00	-	-	-
FY 2022 (forecast)	-	-	-	10.00	10.00

(Note) Changes from the latest forecast announcement: Yes

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2022 (April 1, 2021 - March 31, 2022)

It is difficult to reasonably calculate the impact on our business performance from the COVID-19 pandemic at the present stage. Therefore, we have set our business forecast for the fiscal year ending March 31, 2022 to pending. We will promptly announce our business forecast when it becomes possible to do so in the future.

*Notes

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

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

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

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

(Note) For more details, please refer 2. Quarterly Consolidated Financial Statements and Important Notes (4) Notes to the Quarterly Consolidated Financial Statements (Changes in accounting policies) on page 11 of the Appendix.

(4) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury stock) at end of term	FY 2022 2Q	21,618,800 shares	FY 2021	21,618,800 shares
2) Number of treasury stock at end of term	FY 2022 2Q	2,287,777 shares	FY 2021	2,287,777 shares
3) Average number of shares during period	FY 2022 1H	19,331,023 shares	FY 2021 1H	19,331,023 shares

Note: The shares in the Company possessed by Custody Bank of Japan, Ltd. (Trust E) as a trust asset of the “stock benefit trust (J-ESOP)” (as of September 30, 2021: 72,150 shares / March 31, 2021: 72,150 shares) are included in the number of treasury stock at end of term. In addition, the shares in the Company possessed by Custody Bank of Japan, Ltd. (Trust E) are included in the treasury stocks to be deducted in the calculation of the average number of shares during period (1H ended September 30, 2021: 72,150 shares / 1H ended September 30, 2020: 72,150 shares).

*Summary of financial results is out of scope of quarterly review by certified public accountant or audit corporation.

*Statement regarding the proper use of financial forecasts and other remarks

- Descriptions regarding the future, including the financial projections contained in this report, are based on certain assumptions currently available to the Company, which are, at the discretion of the Company, deemed reasonable. Actual financial results may significantly vary due to various factors. For assumptions used in forecasting financial results and precautions in using the financial projections, please refer to “Analysis Concerning Future Forecasts Including Consolidated Financial Projections” on page 4 of the Appendix.
- Please see our website for the schedule of information meeting for individual investors.

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1. Analysis Concerning Results of Operations and Financial Condition

(1) Analysis Concerning Results of Operations

Consumer spending fell sharply in the first half of the current fiscal year as the public was asked from time to time to stay home as states of emergency were declared due to the pandemic. The outlook for the economy remained uncertain as a result. At the Uchiyama Group, all business segments took actions that reflected the pandemic's impact on business operations while making measures to stop the spread of infections the highest priority. There were also measures to cut costs in order to improve efficiency and stabilize sales and earnings.

First half sales were 11,456,205 thousand yen, down 2.0% from one year earlier. The operating loss decreased from 553,526 thousand yen to 272,271 thousand yen, the ordinary loss decreased from 363,525 thousand yen to 47,404 thousand yen, and the loss attributable to owners of parent increased from 316,148 thousand yen to 514,383 thousand yen. The application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) beginning with the current fiscal year reduced sales by 11,859 thousand yen and increased the operating and ordinary losses each by 295 thousand yen.

The results of each segment were as follows.

a. Nursing Care Business

During the first half, three fee-based nursing care facilities for seniors opened, resulting in 192 business sites at 113 locations at the end of September 2021.

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

We are actively accepting new residents of nursing care facilities while using thorough communications with individuals and their families, hospitals and other parties in order to ensure the safety of everyone who relocates to one of our facilities. As a result, the occupancy rate remained stable. The average occupancy rate at existing facilities during the first half was 92.5% compared with 95.2% during the first half of the previous fiscal year.

To lower expenses, we hired more full-time employees, reduced the percentage of personnel from temporary staffing companies and took other actions. Segment sales increased 2.6% to 10,208,033 thousand yen and segment income increased 8.3% to 801,306 thousand yen.

b. Karaoke Business

The business climate for karaoke business was extremely challenging because of government requests to stay home and to reduce operating hours because of the pandemic. Karaoke stores are using rigorous measures to prevent COVID-19 infections in order to provide customers with a safe environment. Due to these challenges, segment sales fell 28.3% to 1,047,870 thousand yen and there was a loss of 481,066 thousand yen compared with a loss of 621,986 thousand yen one year earlier. This business will recognize subsidies and other government payments for cooperating with requests to suspend or reduce operations once the amount of these payments has been confirmed. Application of the new revenue recognition standard reduced segment sales by 3,084 thousand yen and increased the segment loss by 295 thousand yen.

During the first half, the karaoke business closed three stores, resulting in 85 stores at the end of the first half.

c. Restaurant Business

Two restaurants were closed during the first half, resulting in 11 restaurants in Japan at the end of September 2021. As in the karaoke business, the operating environment for restaurants business continues to be very difficult because of the pandemic. As a result, sales were down 48.7% to 79,570 thousand yen and the segment loss decreased from 127,400 thousand yen to 84,910 thousand yen. This business will recognize subsidies and other government payments for cooperating with requests to suspend or reduce operations once the amount of these payments has been confirmed.

d. Real Estate Business

The main activities of this business are brokerage services for buying and selling real estate and for rental properties. First half sales were down 10.6% to 70,453 thousand yen and segment income increased 73.9% to 20,588 thousand yen. Application of the new revenue recognition standard reduced segment sales by 8,775 thousand yen and had no effect on segment income.

e. Other businesses

The business climate for the hotel business continues to be challenging because of the pandemic as in the karaoke and restaurant businesses. Hotels are taking many actions for safety so that people can stay hotels with confidence. Segment sales was 50,276 thousand yen, up 4.4% from one year earlier, and the segment loss decreased from 56,819 thousand yen to 55,468 thousand yen.

(2) Analysis Concerning Financial Condition

1) Status of assets, liabilities and net assets

Total assets at the end of the first half were 29,640,469 thousand yen, 109,697 thousand yen less than at the end of previous fiscal year. Current assets decreased 531,138 thousand yen to 15,043,864 thousand yen. The major reasons for this change are decreases in cash and deposits and other current assets and an increase in real estate for sale. Noncurrent assets increased 421,441 thousand yen to 14,596,604 thousand yen. The major reasons for this change are increases in buildings and structures and land and a decrease in other property, plant and equipment.

Liabilities at the end of first half were 16,558,061 thousand yen, 482,362 thousand yen higher than at the end of previous fiscal year. Current liabilities increased 809,862 thousand yen to 8,334,379 thousand yen mainly because of an increase in short-term borrowings. Noncurrent liabilities decreased 327,499 thousand yen to 8,223,682 thousand yen mainly because of decreases in bonds payable and long-term borrowings.

Net assets at the end of the first half decreased 592,059 thousand yen to 13,082,407 thousand yen. The major reason for this change is a decrease in retained earnings as a result of the loss attributable to owners of parent and the payment of dividends of surplus. Application of the new revenue recognition standard reduced retained earnings at the beginning of the fiscal year by 12,303 thousand yen.

2) Situation of cash flows

Cash and cash equivalents at the end of first half were 10,092,548 thousand yen, down 416,814 thousand yen from the end of previous fiscal year.

(Cash flows from operating activities)

Net cash used in operating activities was 77,117 thousand yen compared with 493,429 thousand yen one year earlier. Major uses of cash were the loss before income taxes of 312,303 thousand yen, a subsidy income deduction of 340,605 thousand yen and payments related to temporary closures of 512,436 thousand yen. Major sources of cash were the deduction of 542,460 thousand yen of loss on temporary closures and subsidy income of 340,605 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities was 710,936 thousand yen compared with 675,959 thousand yen one year earlier. Major uses of cash were 698,248 thousand yen for purchase of property, plant and equipment and 210,000 thousand yen for the purchase of investment securities. The major source of cash was proceeds of 202,000 thousand yen from sale of investment securities.

(Cash flows from financing activities)

Net cash provided by financing activities was 371,221 thousand yen compared with 1,460,990 thousand yen one year earlier. Major sources of cash were 848,200 thousand yen net increase in short-term borrowings and proceeds of 1,080,000 thousand yen from long-term borrowings. The major use of cash was 1,378,320 thousand yen for the repayment of long-term borrowings.

(3) Analysis Concerning Future Forecasts Including Consolidated Financial Projections

There is no forecast for consolidated results of operations for the fiscal year ending in March 2022 because it is impossible at this time to determine the effects of the COVID-19 crisis. An announcement will be made promptly when it becomes possible to determine a forecast.

2. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	FY ended March 31, 2021 (As of March 31, 2021)	1H of FY ending March 31, 2022 (As of September 30, 2021)
Assets		
Current assets		
Cash and deposits	10,869,891	10,461,254
Accounts receivable - trade	2,195,411	2,269,856
Merchandise	40,691	32,688
Real estate for sale	1,041,185	1,257,022
Supplies	330	277
Other	1,427,500	1,022,769
Allowance for doubtful accounts	(6)	(3)
Total current assets	15,575,003	15,043,864
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	5,726,289	6,144,607
Land	2,605,881	2,880,445
Other, net	605,173	327,952
Total property, plant and equipment	8,937,345	9,353,005
Intangible assets	54,916	48,197
Investments and other assets		
Other	5,212,764	5,223,010
Allowance for doubtful accounts	(29,863)	(27,608)
Total investments and other assets	5,182,901	5,195,402
Total noncurrent assets	14,175,163	14,596,604
Total assets	29,750,166	29,640,469

(Thousands of yen)

	FY ended March 31, 2021 (As of March 31, 2021)	1H of FY ending March 31, 2022 (As of September 30, 2021)
Liabilities		
Current liabilities		
Accounts payable - trade	529,977	452,931
Short-term borrowings	2,032,800	2,881,000
Current portion of bonds payable	60,000	60,000
Current portion of long-term borrowings	2,659,081	2,652,600
Income taxes payable	262,558	266,263
Contract liabilities	-	131,529
Provision for bonuses	294,874	273,667
Provision for point card certificates	116,140	-
Provision for shareholder benefit program	16,365	-
Asset retirement obligations	32,708	3,444
Other	1,520,011	1,612,942
Total current liabilities	7,524,517	8,334,379
Noncurrent liabilities		
Bonds payable	120,000	90,000
Long-term borrowings	7,279,808	6,987,968
Asset retirement obligations	298,573	295,517
Provision for share awards	3,511	3,511
Other	849,289	846,684
Total noncurrent liabilities	8,551,181	8,223,682
Total liabilities	16,075,699	16,558,061
Net assets		
Shareholders' equity		
Share capital	2,222,935	2,222,935
Capital surplus	2,664,695	2,664,695
Retained earnings	9,983,960	9,360,257
Treasury shares	(1,164,420)	(1,164,420)
Total shareholders' equity	13,707,171	13,083,468
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(32,210)	(1,305)
Foreign currency translation adjustment	(492)	244
Total accumulated other comprehensive income	(32,703)	(1,060)
Total net assets	13,674,467	13,082,407
Liabilities and net assets	29,750,166	29,640,469

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

For the first half

(Thousands of yen)

	1H of FY ended Mar. 31, 2021 (Apr. 1, 2020 - Sep. 30, 2020)	1H of FY ending Mar. 31, 2022 (Apr. 1, 2021 - Sep. 30, 2021)
Net sales	11,695,405	11,456,205
Cost of sales	11,428,822	10,922,629
Gross profit	266,582	533,576
Selling, general and administrative expenses		
Provision for bonuses	8,824	6,834
Taxes and dues	271,372	266,268
Other	539,912	532,744
Total selling, general and administrative expenses	820,109	805,847
Operating income (loss)	(553,526)	(272,271)
Non-operating income		
Interest income	4,524	6,663
Dividend income	23,998	7,326
Commission income	42,202	67,047
Insurance claim income	44,424	78,700
Subsidy income	90,202	91,035
Other	28,547	53,204
Total non-operating income	233,898	303,979
Non-operating expenses		
Interest expenses	29,291	30,370
Loss on disaster	8,253	44,194
Other	6,352	4,546
Total non-operating expenses	43,897	79,112
Ordinary income (loss)	(363,525)	(47,404)
Extraordinary income		
Gain on sale of non-current assets	86,627	-
Gain on sale of investment securities	-	2,000
Gain on insurance claims	39,350	-
Subsidy income*1	60,671	340,605
Total extraordinary income	186,649	342,605
Extraordinary losses		
Loss on retirement of non-current assets	-	2,166
Impairment losses	4,368	56,833
Loss on sale of shares of subsidiaries and associates	-	6,045
Loss on temporary closure*2	289,166	542,460
Total extraordinary losses	293,535	607,504
Income (loss) before income taxes	(470,411)	(312,303)
Income taxes-current	195,993	210,424
Income taxes-deferred	(350,256)	(8,344)
Total income taxes	(154,263)	202,079
Net income (loss)	(316,148)	(514,383)
Net profit (loss) attributable to owners of parent	(316,148)	(514,383)

Quarterly consolidated statement of comprehensive income

For the first half

(Thousands of yen)

	1H of FY ended Mar. 31, 2021 (Apr. 1, 2020 - Sep. 30, 2020)	1H of FY ending Mar. 31, 2022 (Apr. 1, 2021 - Sep. 30, 2021)
Net income (loss)	(316,148)	(514,383)
Other comprehensive income		
Valuation difference on available-for-sale securities	9,094	30,905
Foreign currency translation adjustment	457	737
Total other comprehensive income	9,552	31,642
Comprehensive income	(306,596)	(482,740)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(306,596)	(482,740)
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly consolidated statement of cash flows

(Thousands of yen)

	1H of FY ended Mar. 31, 2021 (Apr. 1, 2020 - Sep. 30, 2020)	1H of FY ending Mar. 31, 2022 (Apr. 1, 2021 - Sep. 30, 2021)
Cash flows from operating activities		
Income (loss) before income taxes	(470,411)	(312,303)
Depreciation	295,607	283,822
Impairment losses	4,368	56,833
Increase (decrease) in allowance for doubtful accounts	(2,681)	(2,257)
Increase (decrease) in provision for bonuses	10,020	(21,206)
Increase (decrease) in provision for point card certificates	5,787	(116,140)
Increase (decrease) in contract liabilities	-	119,225
Increase (decrease) in provision for shareholder benefit program	(15,810)	(16,365)
Increase (decrease) in provision for share awards	1,008	-
Loss (gain) on sale of non-current assets	(86,627)	-
Loss on retirement of non-current assets	-	2,166
Loss (gain) on sale of investment securities	-	(2,000)
Loss (gain) on sale of shares of subsidiaries and associates	-	6,045
Gain on insurance claims	(39,350)	-
Subsidy income	(60,671)	(340,605)
Loss on temporary closure	289,166	542,460
Interest and dividend income	(28,523)	(13,990)
Interest expenses	29,291	30,370
Decrease (increase) in trade receivables	(77,524)	(74,444)
Decrease (increase) in inventories	4,430	(207,766)
Increase (decrease) in accrued consumption taxes	(75,593)	247,204
Increase (decrease) in trade payables	(87,270)	(76,561)
Other, net	116,469	(19,808)
Subtotal	(188,313)	84,677
Interest and dividends received	25,326	12,841
Interest paid	(28,561)	(30,158)
Subsidies received	60,671	340,605
Payment for temporary closure	(265,889)	(512,436)
Income taxes paid	(194,749)	(234,531)
Income taxes refund	98,087	261,883
Net cash provided by (used in) operating activities	(493,429)	(77,117)

(Thousands of yen)

	1H of FY ended Mar. 31, 2021 (Apr. 1, 2020 - Sep. 30, 2020)	1H of FY ending Mar. 31, 2022 (Apr. 1, 2021 - Sep. 30, 2021)
Cash flows from investing activities		
Purchase of property, plant and equipment	(715,846)	(698,248)
Payments for retirement of property, plant and equipment	-	(1,900)
Proceeds from sale of property, plant and equipment	220,617	-
Purchase of intangible assets	(9,363)	(907)
Purchase of investment securities	(120,450)	(210,000)
Proceeds from sale of investment securities	-	202,000
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	-	(1,980)
Payments for asset retirement obligations	(6,000)	(62,200)
Payments into time deposits	(175,716)	(132,240)
Proceeds from withdrawal of time deposits	130,232	130,239
Payments of leasehold and guarantee deposits	(21,121)	(29,711)
Proceeds from refund of leasehold and guarantee deposits	5,729	65,205
Loan advances	(22,100)	(3,148)
Proceeds from collection of loans receivable	26,962	25,935
Purchase of insurance funds	(75,534)	(57,562)
Proceeds from cancellation of insurance funds	86,630	61,411
Other, net	-	2,170
Net cash provided by (used in) investing activities	(675,959)	(710,936)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(369,600)	848,200
Proceeds from long-term borrowings	3,496,100	1,080,000
Repayments of long-term borrowings	(1,436,542)	(1,378,320)
Redemption of bonds	(30,000)	(30,000)
Repayments of installment payables	(101,992)	(51,667)
Dividends paid	(96,975)	(96,990)
Net cash provided by (used in) financing activities	1,460,990	371,221
Effect of exchange rate change on cash and cash equivalents	(1,911)	18
Net increase (decrease) in cash and cash equivalents	289,690	(416,814)
Cash and cash equivalents at beginning of period	10,371,661	10,509,363
Cash and cash equivalents at end of period	10,661,351	10,092,548

(4) Notes to the quarterly consolidated financial statements

(Notes on going concern assumptions)

Nothing is applicable.

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

Nothing is applicable.

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition)

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

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

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

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

As a result, the application of the new accounting standard for revenue recognition reduced first half sales by 11,859 thousand yen, cost of sales by 11,564 thousand yen and gross profit by 295 thousand yen. At the same time, the new standard increased the operating loss, ordinary loss and loss before income taxes by 295 thousand yen each. In addition, the new standard reduced retained earnings at beginning of the current fiscal year by 12,303 thousand yen.

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

(Application of the Accounting Standard for Fair Value Measurement)

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

(Additional information)

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

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

(Notes on Consolidated Statements of Income)

*1 Subsidy income

First half of the previous fiscal year (April 1 to September 30, 2020)

Stores in the Uchiyama Group temporarily closed or reduced operating hours in response to requests from the Japanese government and local governments due to the pandemic. Employment adjustment subsidies and other payments were received for payments made to employees who were furloughed due to the temporary closings and reduced operating hours. These subsidies totaled 60,671 thousand yen and were classified as extraordinary income.

First half of the current fiscal year (April 1 to September 30, 2021)

Stores in the Uchiyama Group temporarily closed or reduced operating hours in response to requests from the Japanese government and local governments due to the pandemic. Subsidies have been received for cooperating with these pandemic safety measures. In addition, employment adjustment subsidies and other payments were received for payments made to employees who were furloughed due to the temporary closings and reduced operating hours. These subsidies totaled 340,605 thousand yen and were classified as extraordinary income.

*2 Loss on temporary closure

First half of the previous fiscal year (April 1 to September 30, 2020)

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

First half of the current fiscal year (April 1 to September 30, 2021)

In response to requests from the national and local governments due to the pandemic, Uchiyama stores were temporarily closed or reduced operating hours. Fixed expenses (personnel expenses, rents, depreciation expenses and other expenses) incurred during the temporary closure were classified as loss on temporary closure in extraordinary loss of 542,460 thousand yen.

(Segment information, etc.)

[Segment information]

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

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

(Thousands of yen)

	Reporting segments					Other businesses (Note) *1	Total	Adjustment amount*2	Consolidated statements of income amount*3
	Nursing Care Business	Karaoke Business	Restaurant Business	Real Estate Business	Total				
Sales									
Sales to external customers	9,952,186	1,461,142	155,107	78,816	11,647,253	48,151	11,695,405	-	11,695,405
Internal sales or transferred amount among the segments	-	337	23,575	600	24,512	-	24,512	(24,512)	-
Total	9,952,186	1,461,479	178,682	79,416	11,671,766	48,151	11,719,918	(24,512)	11,695,405
Segment income (loss)	740,152	(621,986)	(127,400)	11,841	2,607	(56,819)	(54,211)	(499,315)	(553,526)

(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, -499,315 thousand yen, includes 251,170 thousand yen in elimination of intersegment transactions and -750,485 thousand yen in company-wide expenses that are not allocated to reporting segments. The company-wide expenses are mainly general and administrative expenses that are not allocated to reporting segments.

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

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

(Significant impairment loss in noncurrent assets)

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

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

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

(Thousands of yen)

	Reporting segments					Other businesses (Note) *1	Total	Adjustment amount*2	Consolidated statements of income amount*3
	Nursing Care Business	Karaoke Business	Restaurant Business	Real Estate Business	Total				
Sales									
Sales to external customers	10,208,033	1,047,870	79,570	70,453	11,405,928	50,276	11,456,205	-	11,456,205
Internal sales or transferred amount among the segments	-	75	20,691	600	21,366	-	21,366	(21,366)	-
Total	10,208,033	1,047,945	100,261	71,053	11,427,294	50,276	11,477,571	(21,366)	11,456,205
Segment income (loss)	801,306	(481,066)	(84,910)	20,588	255,917	(55,468)	200,449	(472,720)	(272,271)

(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, -472,720 thousand yen, includes 250,062 thousand yen in elimination of intersegment transactions and -722,783 thousand yen in company-wide expenses that are not allocated to reporting segments. The company-wide expenses are mainly general and administrative expenses that are not allocated to reporting segments.

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

2. Item concerning change in reportable segments

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

Compared with the previous method, this change reduced sales by 3,084 thousand yen and increased the segment loss by 295 thousand yen in the Karaoke Business segment and reduced sales by 8,775 thousand yen in the Real Estate Business segment but had no effect on segment income in this segment.

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

(Significant impairment loss in noncurrent assets)

In the first half of the current fiscal year, there were impairment losses of 38,643 thousand yen in the Karaoke Business segment and 18,189 thousand yen in Restaurant Business segment.

3. Other Information

Significant Event Concerning the Going Concern Assumption

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

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

There are no significant concerns about liquidity because we have sufficient funds for the time being due to cash and deposits of 10,461,254 thousand yen at the end of the first half and an overdraft facility with 8,619,000 thousand yen of available credit.

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

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