

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

February 10, 2022
Stock Listing: TSE

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Investor conference for Financial Results: No

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

1. Consolidated Financial Results for the First three quarters of the Fiscal Year Ending March 31, 2022 (Apr. 1, 2021 – Dec. 31, 2021)

(1) Consolidated Financial Results

(% of change from previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three quarters ended Dec. 2021	18,880	5.1	6	-	276	-	22	-
First three quarters ended Dec. 2020	17,972	(23.7)	(658)	-	(399)	-	(1,632)	-

(Note) Comprehensive income First three quarters of FY 2022: ¥68 million [-%]
First three quarters of FY 2021: ¥(1,609) million [-%]

	Net income per share	Diluted net income per share
	Yen	Yen
First three quarters ended Dec. 2021	1.19	-
First three quarters ended Dec. 2020	(84.44)	-

(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 three quarters of the current fiscal year incorporate this standard.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2021	31,604	13,633	43.1
As of March 31, 2021	29,750	13,674	46.0

(Reference) Equity capital: As of December 31, 2021: ¥13,633 million As of March 31, 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 three quarters 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 dividend forecast: None

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2021 (April 1, 2020 - March 31, 2021)

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: Yes
- 4) Restatements: None

Note: For more details, please refer 2. Quarterly Consolidated Financial Statements and Important Notes (3) Notes to the Quarterly Consolidated Financial Statements (Changes in accounting policies) and (Changes in accounting estimates) on page 9 of the Appendix.

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding (including treasury shares)	As of Dec. 31, 2021	21,618,800 shares	As of Mar. 31, 2021	21,618,800 shares
2) Number of treasury shares	As of Dec. 31, 2021	2,287,777 shares	As of Mar. 31, 2021	2,287,777 shares
3) Average number of shares	Period ended Dec. 31, 2021	19,331,023 shares	Period ended Dec. 31, 2020	19,331,023 shares

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

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

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

- Descriptions regarding the future, including the financial projections contained in this report, are based on certain assumptions currently available to the Company, which are, at the discretion of the Company, deemed reasonable. Actual financial results may significantly vary due to various factors. For assumptions used in forecasting financial results and precautions in using the financial projections, please refer to “Analysis Concerning Future Forecasts Including Consolidated Financial Projections” on page 3 of the Appendix.
- 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 of Results of Operations

In the first three quarters of the current fiscal year, the Japanese economy showed signs of recovery due to the gradual resumption of economic activity, but the rapid spread of the mutant Omicron strain of the COVID-19 in 2022, and the enforcement of priority measures to curb its spread and other measures to combat it, have made the outlook for the economic activity extremely uncertain.

In this environment, all business segments of the Uchiyama Group took actions that reflected their impacts on business operations while taking measures to stop the spread of infections the highest priority.

On the cost side, the Group has also sought to stabilize its performance by implementing of cost-cutting measures to improve management efficiency.

As a result, sales for the first three quarters of the current fiscal year were 18,880,965 thousand yen, up 5.1% from one year earlier. Operating income was 6,989 thousand yen (operating loss of 658,358 thousand yen for the same period a year earlier), ordinary income was 276,289 thousand yen (ordinary loss of 399,825 thousand yen for the same period a year earlier), and profit attributable to owners of parent was 22,920 thousand yen (loss attributable to owners of parent of 1,632,291 thousand yen for the same period a year earlier). Furthermore, application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) reduced net sales by 19,211 thousand yen and operating income and ordinary income by 583 thousand yen respectively.

Business segment performance were as follows.

a. Nursing Care Business

In the nursing care business, three new fee-based, assisted-living nursing homes were opened, bringing the total number of operating business sites to 192 at 113 locations at the end of the third quarter of the year under review.

This business has been in collaboration with academic institutions and governments for many years. Although we have been holding down activities involving these collaborations because of the COVID-19 pandemic, 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 in the first three quarters was 92.5% compared with 95.1% during the same period 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 2.8% to 15,435,036 thousand yen and segment income increased 0.6% to 1,246,279 thousand yen.

b. Karaoke Business

The business climate for the karaoke business remained challenging due to the repeated declarations of a state of emergency and priority measures to curb the spread of the COVID-19, and restrictions on activities such as closure of stores or shortening of business hours. Even after the lifting of these measures, the appearances of mutant strains of COVID-19 have delayed the recovery of customer traffic. Karaoke stores are implementing rigorous measures to improve the hygienic environment of stores to prevent the spread of COVID-19 infections. Due to these challenges, segment sales fell 16.7% to 2,046,964 thousand yen and segment loss decreased from 925,158 thousand yen to 619,582 thousand yen. The application of the new accounting standard for revenue recognition reduced sales by 6,093 thousand yen and increased segment loss by 583 thousand yen.

During the first three quarters, the karaoke business closed five stores, resulting in 83 stores at the end of the third quarter.

c. Restaurant Business

In the restaurant business, as in the karaoke business, the business environment remained challenging because of the impact of the COVID-19 pandemic. As a result, net sales were down 28.2% to 199,798 thousand yen, and segment loss decreased from 176,549 thousand yen to 108,866 thousand yen.

Two restaurants were closed in the first three quarters, resulting in 11 restaurants at the end of the third quarter.

d. Real Estate Business

In the real estate business, sales and profits increased in the first three quarters of the current fiscal year due to the sale of large properties for sale, in addition to brokerage services for rental properties. As a result, sales increased 822.0% to 1,108,415 thousand yen and segment income increased from 20,512 thousand yen to 265,916 thousand yen. Application of the revenue recognition standard reduced segment sales by 13,117 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 to limit the impact of the COVID-19 pandemic and prevent the spread of infection so that people can stay in our hotels with confidence. Segment sales fell 5.2% to 90,751 thousand yen, and the segment loss decreased from 75,043 thousand yen to 74,414 thousand yen.

(2) Analysis of Financial Condition

Total assets at the end of the third quarter were 31,604,133 thousand yen, 1,853,967 thousand yen more than at the end of the previous fiscal year.

Current assets increased 1,157,255 thousand yen to 16,732,259 thousand yen. The major reasons for this change were an increase in cash and deposits, and decreases in real estate for sale and **current assets (other)**.

Non-current assets increased 696,711 thousand yen to 14,871,874 thousand yen. The major reasons for this change were increases in buildings and structures, net, and land, and a decrease in property, plant, and equipment (other).

Liabilities at the end of the third quarter increased 1,894,492 thousand yen from the end of previous fiscal year to 17,970,192 thousand yen.

Current liabilities increased 1,623,774 thousand yen to 9,148,291 thousand yen mainly because of increases in short-term borrowings, current portion of long-term borrowings, and **current liabilities (other)**, and a decrease in the provision for bonuses.

Non-current liabilities increased by 270,718 thousand yen to 8,821,900 thousand yen mainly because of increases in long-term borrowings and asset retirement obligations, and a decrease in **bonds payable**.

Net assets at the end of the third quarter decreased 40,525 thousand yen from the end of previous fiscal year to 13,633,941 thousand yen. The major reasons for this change were net profit attributable to owners of parent offset by a decrease due to the payment of dividends. Application of the new revenue recognition standard reduced retained earnings at the beginning of the fiscal year by 12,303 thousand yen.

(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 Sheets

(Thousands of yen)

	FY ended March 31, 2021 (As of March 31, 2021)	3Q of FY ending March 31, 2022 (As of December 31, 2021)
Assets		
Current assets		
Cash and deposits	10,869,891	12,863,851
Accounts receivable - trade	2,195,411	2,371,385
Merchandise	40,691	51,770
Real estate for sale	1,041,185	446,058
Supplies	330	277
Other	1,427,500	998,959
Allowance for doubtful accounts	(6)	(43)
Total current assets	15,575,003	16,732,259
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	5,726,289	6,112,451
Land	2,605,881	2,969,900
Other, net	605,173	333,878
Total property, plant and equipment	8,937,345	9,416,229
Intangible assets	54,916	46,086
Investments and other assets		
Other	5,212,764	5,437,079
Allowance for doubtful accounts	(29,863)	(27,521)
Total investments and other assets	5,182,901	5,409,557
Total noncurrent assets	14,175,163	14,871,874
Total assets	29,750,166	31,604,133

(Thousands of yen)

	FY ended March 31, 2021 (As of March 31, 2021)	3Q of FY ending March 31, 2022 (As of December 31, 2021)
Liabilities		
Current liabilities		
Accounts payable - trade	529,977	587,598
Short-term borrowings	2,032,800	3,075,000
Current portion of bonds payable	60,000	60,000
Current portion of long-term borrowings	2,659,081	2,991,679
Income taxes payable	262,558	194,850
Contract liabilities	-	134,538
Provision for bonuses	294,874	145,333
Provision for point card certificates	116,140	-
Provision for shareholder benefit program	16,365	-
Asset retirement obligations	32,708	29,000
Other	1,520,011	1,930,290
Total current liabilities	7,524,517	9,148,291
Noncurrent liabilities		
Bonds payable	120,000	90,000
Long-term borrowings	7,279,808	7,360,929
Asset retirement obligations	298,573	467,064
Provision for share awards	3,511	3,511
Other	849,289	900,394
Total noncurrent liabilities	8,551,181	8,821,900
Total liabilities	16,075,699	17,970,192
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	9,897,562
Treasury shares	(1,164,420)	(1,164,420)
Total shareholders' equity	13,707,171	13,620,772
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(32,210)	13,186
Foreign currency translation adjustment	(492)	(17)
Total accumulated other comprehensive income	(32,703)	13,169
Total net assets	13,674,467	13,633,941
Total liabilities and net assets	29,750,166	31,604,133

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

Quarterly Consolidated Statement of Income

For the first three quarters

(Thousands of yen)

	First Three quarters of FY ended March 31, 2021 (April 1, 2020 - December 31, 2020)	First Three quarters of FY ending March 31, 2022 (April 1, 2021 - December 31, 2021)
Net sales	17,972,126	18,880,965
Cost of sales	17,402,724	17,666,992
Gross profit	569,401	1,213,973
Selling, general and administrative expenses	1,227,760	1,206,983
Operating income (loss)	(658,358)	6,989
Non-operating income		
Interest income	7,971	8,965
Dividend income	34,176	13,205
Commission income	63,729	81,208
Insurance claim income	90,128	95,150
Subsidy income	99,052	108,248
Other	47,669	65,052
Total non-operating income	342,727	371,831
Non-operating expenses		
Interest expenses	43,890	45,118
Loss on disaster	31,716	51,578
Other	8,588	5,834
Total non-operating expenses	84,194	102,531
Ordinary income (loss)	(399,825)	276,289
Extraordinary income		
Gain on sales of noncurrent assets	89,177	-
Gain on sales of investment securities	942	2,000
Gain on insurance claims	39,350	-
Subsidy income* ¹	60,671	898,997
Total extraordinary income	190,140	900,997
Extraordinary loss		
Loss on retirement of noncurrent assets	-	2,941
Impairment losses	144,762	189,607
Loss on sale of shares of subsidiaries and associates	-	5,873
Loss on temporary closure* ²	289,166	556,075
Total extraordinary loss	433,929	754,498
Income (loss) before income taxes	(643,614)	422,788
Income taxes-current	259,846	329,996
Income taxes-deferred	728,831	69,871
Total income taxes	988,677	399,867
Net income (loss)	(1,632,291)	22,920
Net profit (loss) attributable to owners of parent	(1,632,291)	22,920

Quarterly Consolidated Statement of Comprehensive Income

For the first three quarters

(Thousands of yen)

	First Three quarters of FY ended March 31, 2021 (April 1, 2020 - December 31, 2020)	First Three quarters of FY ending March 31, 2022 (April 1, 2021 - December 31, 2021)
Net income (loss)	(1,632,291)	22,920
Other comprehensive income		
Valuation difference on available-for-sale securities	21,047	45,397
Foreign currency translation adjustment	1,979	475
Total other comprehensive income	23,026	45,872
Comprehensive income	(1,609,265)	68,793
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(1,609,265)	68,793
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes on going concern assumptions)

Nothing is applicable.

(Notes on significant change in shareholders' equity)

Nothing is applicable.

(Changes in accounting policies)

(Application of the Accounting Standard for 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 received from the customer the amount paid to the provider of the asset or service.

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 the first three quarters net sales by 19,211 thousand yen, cost of sales by 18,627 thousand yen. At the same time, the new standard decreased the gross profit, operating income, ordinary income and income before income taxes by 583 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 three quarters 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.

(Changes in accounting estimates)

As for asset retirement obligation concerning obligation to restore site to its original condition under lease contracts, we have revised our estimate for store restoration cost when a store is vacated based on the new information acquired on closure. The increase due to the change in the estimate of 171,345 thousand yen is added to the asset retirement obligation balance before the change.

Property, plant and equipment recorded as a result of this change has been treated as an impairment loss of 86,407 thousand yen, and, as a result of this change in estimation, income before income taxes for the first three quarters of the current fiscal year decreased 86,407 thousand yen.

(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 Statement of Income)

*1 Subsidy income

First three quarters of the previous fiscal year (April 1 to December 31, 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 three quarters of the current fiscal year (April 1 to December 31, 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 898,997 thousand yen and were classified as extraordinary income.

*2 Loss on temporary closure

First three quarters of the previous fiscal year (April 1 to December 31, 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 three quarters of the current fiscal year (April 1 to December 31, 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 556,075 thousand yen.

(Segment information, etc.)

[Segment information]

I. First three quarters of the previous fiscal year (April 1 - December 31, 2020)

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

(Thousands of yen)

	Reporting segments					Other businesses (Note 1)	Total	Adjustment amount (Note 2)	Consolidated statements of income amount (Note 3)
	Nursing Care Business	Karaoke Business	Restaurant Business	Real Estate Business	Total				
Sales									
Sales to external customers	15,021,608	2,456,377	278,168	120,215	17,876,370	95,755	17,972,126	-	17,972,126
Internal sales or transferred amount among the segments	-	422	33,860	900	35,182	-	35,182	(35,182)	-
Total	15,021,608	2,456,799	312,029	121,115	17,911,553	95,755	18,007,308	(35,182)	17,972,126
Segment income (loss)	1,239,191	(925,158)	(176,549)	20,512	157,996	(75,043)	82,953	(741,312)	(658,358)

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

2.The segment income (loss) adjustments of -741,312 thousand yen includes 377,752 thousand yen in elimination of intersegment transactions and -1,119,065 thousand yen in company-wide expenses that are not allocated to reporting segments. The company-wide expenses are mainly general and administrative expenses that are not allocated to reporting segments.

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

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

(Significant impairment loss in noncurrent assets)

We booked a 104,319 thousand yen of impairment loss in the Karaoke business and a 40,443 thousand yen of impairment loss in the Restaurant business in the first three quarters of the previous fiscal year.

II. First three quarters of the current fiscal year (April 1 - December 31, 2021)

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

(Thousands of yen)

	Reporting segments					Other businesses (Note 1)	Total	Adjustment amount (Note 2)	Consolidated statements of income amount (Note 3)
	Nursing Care Business	Karaoke Business	Restaurant Business	Real Estate Business	Total				
Sales									
Sales to external customers	15,435,036	2,046,964	199,798	1,108,415	18,790,214	90,751	18,880,965	-	18,880,965
Internal sales or transferred amount among the segments	-	133	31,006	900	32,039	-	32,039	(32,039)	-
Total	15,435,036	2,047,097	230,805	1,109,315	18,822,254	90,751	18,913,005	(32,039)	18,880,965
Segment income (loss)	1,246,279	(619,582)	(108,866)	265,916	783,746	(74,414)	709,332	(702,342)	6,989

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

2. The segment income (loss) adjustments of -702,342 thousand yen includes 380,056 thousand yen in elimination of intersegment transactions and -1,082,399 thousand yen in company-wide expenses that are not allocated to reporting segments. The company-wide expenses are mainly general and administrative expenses that are not allocated to reporting segments.

3. Segment income (loss) is adjusted with operating income in the consolidated 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 6,093 thousand yen and increased the segment loss by 583 thousand yen in the Karaoke Business segment and reduced sales by 13,117 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)

We booked a 160,970 thousand yen of impairment loss in the Karaoke business and a 28,636 thousand yen of impairment loss in the Restaurant business in the first three quarters of the current fiscal year.

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. Although the Group recorded operating income, ordinary income, and net profit attributable to owners of the parent in the first three quarters of the current fiscal year, net sales continued to decline significantly, as in the previous fiscal year. Restrictions on economic activity are expected to be gradually eased along with progress in vaccinations but the COVID-19 pandemic is not yet under control and the future remains uncertain. Consequently, there are events or circumstances that may raise 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 12,863,851 thousand yen at the end of the third quarter and an overdraft facility with 8,135,000 thousand yen of available credit. For these reasons, we believe there is no significant uncertainty about the going concern assumption.