



### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Year ended December 31, 2021	(899)	(1,916)	(2,978)	16,451
Year ended December 31, 2020	(8,871)	(7,702)	10,545	22,202

### 2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Rate of total dividend to net assets (consolidated)
	End-Q1	End-Q2	End-Q3	Year-end	Annual total			
	yen	yen	yen	yen	yen	million yen	%	%
Year ended December 31, 2020	-	0.00	-	0.00	0.00	-	-	-
Year ended December 31, 2021	-	0.00	-	0.00	0.00	-	-	-
Year ending December 31, 2022 (Forecast)	-	0.00	-	0.00	0.00		-	

### 3. Earnings Forecast for the Fiscal Year ending December 31, 2022

(January 1, 2022 – December 31, 2022)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Six months ending June 30, 2022	25,210	92.1	(40)	-	(160)	-	(105)	-	(2.20)
Year ending December 31, 2022	60,230	80.2	5,325	-	5,055	-	3,355	-	70.34

#### \*Notes

(1) Changes in significant subsidiaries during the period: None

(Changes in specific subsidiaries accompanying a change in scope of consolidation)

Newly Consolidated: None      Newly Deconsolidated: None

(2) Changes in accounting policy, changes in accounting estimates, and retrospective restatement

1) Changes in accordance with amendments to accounting standards, etc.: None

2) Changes other than noted in 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(3) Shares issued (common stock)

	December 31, 2021	December 31, 2020
1) Number of shares issued at end of period (including treasury stock)	48,960,000	48,960,000
2) Number of shares held in treasury at end of period	1,259,834	1,259,834
	Year ended December 31, 2021	Year ended December 31, 2020
3) Average number of shares outstanding during the period	47,700,166	47,700,166

**\* This Earnings Report is exempt from auditing conducted by certified public accountants or by auditing firms.**

**\*Appropriate Use of Earnings Forecast and Other Important Information**

(Cautionary Statement with Respect to Forward-Looking Statements)

Any forecasts and forward-looking statements given herein are based on information available as of this report's publication and on certain assumptions that are deemed reasonable. These forecasts are not guarantees of future performance, and actual results may differ from forecasts due to changes in the business environment. For the assumptions underlying the forecasts herein and other notice on the use of earnings forecasts, please refer to "(4) Earnings Forecast for the Fiscal Year ending December 31, 2022" in the section "1. Review of Consolidated Financial Results" on page 4 in the accompanying materials.

(Presentation Handout Materials)

The Company has scheduled an earnings presentation targeted at institutional investors and analysts on February 21, 2022.

The presentation handout materials will be posted on the Company's website immediately after the event.

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## 1. Review of Consolidated Financial Results

### (1) Operating Results

During the fiscal year ended December 31, 2021, the outlook for the Japanese economy remained uncertain owing largely to the impact of resurgences of novel coronavirus infections on economic activities and employment conditions, as well as stagnant consumer spending, and the absence of overseas visitors due to travel restrictions.

In this environment, the Tsukada Global Holdings Group (“the Group”) focused on creating new value, developing high-quality, appealing outlets, providing high value-added services in the bridal, hotel, and wellness and relaxation (W&R) markets, and implementing thoroughgoing measures to prevent coronavirus infections.

Although the fourth state of emergency declared in response to the resurgence of novel coronavirus infections was lifted on September 30, 2021, it severely impacted the consolidated earnings results in all segments for the current fiscal year. All segments were significantly affected by factors such as the postponement of weddings to the next fiscal year or beyond, the decline in the average number of guests per wedding, the downturn in restaurant customer numbers and hotel occupancy rates due to travel restrictions, and sluggish growth in the number of people reactivating their frozen fitness club memberships. In addition, the current global spread of the Omicron variant continues to make it difficult to predict the future.

As a result, in the fiscal year ended December 31, 2021, the Group posted consolidated net sales of ¥33,429 million (up 23.3% year on year). Although there are signs of a recovery from the previous fiscal year, the Group continued to record significant losses. The Group recorded an operating loss of ¥6,391 million (compared to a loss of ¥11,476 million a year earlier), an ordinary loss of ¥5,452 million (compared to a loss of ¥11,227 million a year earlier) due to the receipt of employment adjustment subsidies and various subsidies for responding to requests for business suspensions and shortening of operating hours. The net loss attributable to owners of the parent was ¥6,137 million (compared to a loss of ¥10,628 million a year earlier).

The results for each business segment were as follows.

#### 1) Wedding business

In fiscal 2021, despite the continued impact of the pandemic, wedding business sales appear to have bottomed out, with the number of weddings held increasing to 7,084 weddings (up 40.4% year on year). However, it recorded losses due to a decline in profitability as a result of a decrease in the average number of guests per wedding.

As a result, net sales in the wedding business came to 20,167 million yen (up 22.0% year on year) and segment loss totaled ¥715 million (compared to a segment loss of ¥3,667 million a year earlier).

#### 2) Hotel business

Segment sales increased in fiscal 2021, owing to the generation of a certain amount of revenue at some hotels during the Tokyo Olympics and an increase in the number of weddings held at the Group’s hotels to 1,259 (up 75.6% year on year) despite sluggish demand for corporate banquets, and declines in hotel occupancy and restaurant customer numbers, which were impacted by ongoing restrictions on travel from overseas that have been in place since last year. However, the segment recorded a loss as the overall overnight occupancy rates remained low for hotels, the earnings pillar of the business.

As a result, net sales for the hotel business came to ¥10,526 million (up 32.3% year on year), and segment loss totaled ¥3,780 million (compared to a loss of ¥5,393 million a year earlier).

### 3) W&R business (Wellness & Relaxation business)

Segment sales increased slightly, and, although profitability is recovering, the segment recorded a loss. Customer traffic at British-style Queensway reflexology salons began to recover toward pre-pandemic levels in fiscal 2021 despite some outlets having to respond to government requests to suspend business operations, etc. The number of visitors, net sales, and segment profit of the Beauty & Relax SPA-HERBS spa complex all exceeded those of the previous fiscal year, but the Best Style Fitness comprehensive fitness club outlets struggled to attract new members due to the impact of the novel coronavirus pandemic, and customers with frozen fitness club memberships have been slow to reactivate them.

As a result, the W&R business posted net sales of ¥2,735 million (up 4.1% year on year) and a segment loss of ¥525 million (compared to a loss of ¥678 million a year earlier).

## (2) Analysis of Financial Condition

### Assets, Liabilities, and Net Assets

Total assets at the end of fiscal 2021 (December 31, 2021) amounted to ¥90,901 million, a decrease of ¥8,912 million from the end of the previous fiscal year (December 31, 2020). The decrease mainly reflects a decrease of ¥5,751 million in cash and deposits due to the impact of operating losses and repayment of loans payable, and a decrease of ¥3,963 million in tangible assets due to depreciation and amortization and impairment losses.

Total liabilities as of the end of the current consolidated fiscal year amounted to ¥70,260 million, a decrease of ¥3,116 million from the end of the previous fiscal year. The decrease is chiefly attributable to a decrease of ¥1,289 million in short-term loans payable and a decrease of ¥1,403 million in long-term loans payable (including current portion) due to repayment.

Net assets at the end of fiscal 2021 totaled ¥20,641 million, a decrease of ¥5,796 million from the end of the previous fiscal year. The decrease was primarily due to a ¥6,137 million reduction in retained earnings owing to the recording of net loss attributable to owners of the parent.

## (3) Overview of Cash Flows

Cash and cash equivalents (“cash”) at the end of fiscal 2021 decreased by ¥5,751 million from the end of the previous fiscal year to ¥16,451 million. Cash flows and factors behind changes in the cash flows are explained below.

### (Operating cash flow)

Cash used in operating activities during fiscal 2021 totaled ¥899 million, compared to ¥8,871 million used during the previous fiscal year. The change is mainly attributable to ¥7,083 million in loss before income taxes, despite ¥3,724 million in depreciation and amortization and ¥1,512 million in impairment loss.

### (Investing cash flow)

Cash used in investing activities totaled ¥1,916 million, compared to ¥7,702 million used in the previous fiscal year. The change is mainly the result of ¥780 million yen used for the purchase of tangible assets associated with facility refurbishment and ¥1,876 million used for payments for investment in capital, which were partially offset by ¥738 million from the collection of lease and guarantee deposits.

(Financing cash flow)

Cash used by financing activities totaled ¥2,978 million, compared to ¥10,545 million provided in the previous fiscal year. The change is mainly attributable to repayments of long-term debt of ¥4,011 million and a decrease in short-term debt of ¥1,289 million, which were partially offset by proceeds of ¥2,600 million from long-term debt;

Changes in the Group's cash flow-related indicators are as follows.

	FY2017	FY2018	FY2019	FY2020	FY2021
Equity ratio (%)	40.5	39.1	37.7	26.3	22.5
Equity ratio based on market value (%)	37.5	31.3	29.3	12.3	16.3
Cash flow to interest-bearing debt (years)	5.0	6.6	6.1	–	–
Interest coverage ratio (times)	33.9	26.3	17.3	–	–

Notes:

Equity ratio: Total equity/Total assets

Equity ratio based on market value: Market valuation/Total assets

Cash flow to interest-bearing debt: Interest-bearing debt/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest expenses

1. All indicators are calculated based on consolidated figures.
2. Cash flows from operating activities in the Consolidated Statements of Cash Flows are used for operating cash flow. Interest-bearing debt includes all liabilities recorded on the Consolidated Balance Sheets on which interest is paid. Interest paid in the Consolidated Statements of Cash Flows is used for interest expenses.

#### **(4) Earnings Forecast for the Fiscal Year ending December 31, 2022**

Regarding the consolidated earnings forecast for the fiscal year ending December 31, 2021, the present uncertainty as to when the novel coronavirus pandemic will end means it continues to be difficult to estimate earnings forecast figures.

At all of our facilities, the Group will continue to take appropriate steps to prevent the spread of infection so that our customers can use our facilities with peace of mind. At the same time, in the wedding business, we will continue to provide online meetings and online weddings, which are now becoming more common, and promote e-commerce business related to wedding guest attire and dress accessories sales. In addition, we will promote the expansion of the contract wedding business with wedding reception halls operated by other companies in the industry, and work to increase the number of weddings handled with minimal investment. In the hotel business, the Group is committed to continuing to respond to the “new normal” by introducing remote working support plans and expanding takeout and delivery product lines.

Taking the above into account, for the fiscal year ending December 31, 2022, the Group forecasts consolidated net sales of ¥60,230 million (up 80.2% year on year), operating income of ¥5,325 million (compared to a loss of ¥6,391 million a year earlier), ordinary income of ¥5,055 million (compared to a loss of ¥5,452 million a year earlier), and profit attributable to owners of the parent of ¥3,355 million (compared to a loss of ¥6,137 million a year earlier).

## **2. Basic Views on Adoption of Accounting Standards**

The Group's financial statements are prepared in accordance with the accounting principles generally accepted in Japan (Japanese GAAP), in order to ensure comparability with other companies in the peer group. As to the possible future adoption of the International Financial Reporting Standards (IFRS), the Group shall continue its study going forward, taking into account the future developments of the Group's business and of the global and Japanese business environments.



### 3. Consolidated Financial Statements and Main Notes

#### (1) Consolidated Balance Sheets

(millions of yen)

	December 31, 2020	December 31, 2021
	Amount	Amount
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	22,291	16,539
Accounts receivable - trade	816	1,000
Marketable securities	1,471	1,526
Merchandise	107	182
Raw materials and supplies	481	381
Other	2,289	1,192
Allowance for doubtful receivables	(30)	(31)
<b>Total current assets</b>	<b>27,427</b>	<b>20,792</b>
<b>Fixed assets</b>		
Tangible assets		
Buildings and structures	62,708	59,946
Accumulated depreciation	(27,580)	(28,619)
<b>Buildings and structures, net</b>	<b>35,128</b>	<b>31,327</b>
Land	11,929	12,276
Construction in progress	505	611
Other	10,126	10,104
Accumulated depreciation	(7,878)	(8,471)
<b>Other, net</b>	<b>2,247</b>	<b>1,633</b>
<b>Total tangible assets</b>	<b>49,811</b>	<b>45,847</b>
Intangible assets		
Goodwill	2,076	1,732
Other	641	651
<b>Total intangible assets</b>	<b>2,717</b>	<b>2,383</b>
Investments and other assets		
Investment securities	4,665	6,361
Lease and guarantee deposits	8,156	7,369
Deferred tax assets	6,107	7,251
Other	868	781
Allowance for doubtful receivables	(99)	(107)
<b>Total investments and other assets</b>	<b>19,700</b>	<b>21,656</b>
<b>Total fixed assets</b>	<b>72,229</b>	<b>69,887</b>
<b>Deferred assets</b>		
Bond issuance costs	156	221
<b>Total deferred assets</b>	<b>156</b>	<b>221</b>
<b>Total assets</b>	<b>99,814</b>	<b>90,901</b>

	(millions of yen)	
	December 31, 2020	December 31, 2021
	Amount	Amount
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	1,283	1,726
Short-term debt	1,789	500
Current portion of long-term debt	3,985	11,291
Current portion of bonds	774	2,154
Income taxes payable	32	222
Advances received	2,940	2,788
Allowance for loss on shop closing	275	22
Asset retirement obligations	445	277
Other	5,675	5,543
<b>Total current liabilities</b>	<b>17,201</b>	<b>24,525</b>
<b>Fixed liabilities</b>		
Bonds	6,947	5,393
Long-term debt	42,237	33,528
Net defined benefit liability	393	393
Provision for directors' retirement benefits	872	914
Asset retirement obligations	4,498	4,529
Other	1,224	975
<b>Total fixed liabilities</b>	<b>56,174</b>	<b>45,734</b>
<b>Total liabilities</b>	<b>73,376</b>	<b>70,260</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	472	472
Capital surplus	634	634
Retained earnings	27,070	20,933
Treasury stock	(892)	(892)
<b>Total shareholders' equity</b>	<b>27,284</b>	<b>21,146</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized gain (loss) on available-for-sale securities	(43)	(38)
Deferred gain (loss) on derivatives under hedge accounting	(585)	(584)
Foreign currency translation adjustments	(382)	(64)
Remeasurements of defined benefit plan	(7)	(6)
<b>Total accumulated other comprehensive income</b>	<b>(1,018)</b>	<b>(694)</b>
<b>Non-controlling interests</b>	<b>171</b>	<b>189</b>
<b>Total net assets</b>	<b>26,437</b>	<b>20,641</b>
<b>Total liabilities and net assets</b>	<b>99,814</b>	<b>90,901</b>

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

	(millions of yen)	
	Year ended	Year ended
	December 31, 2020	December 31, 2021
	Amount	Amount
<b>Net sales</b>	27,114	33,429
Cost of sales	25,757	27,257
<b>Gross profit</b>	1,357	6,172
<b>Selling, general and administrative expenses</b>	12,833	12,563
<b>Operating income (loss)</b>	(11,476)	(6,391)
<b>Non-operating income</b>		
Interest income	144	118
Gain on investments in silent partnership	154	175
Subsidy income	797	866
Compensation income	19	-
Foreign exchange gains	-	505
Other	211	212
Total non-operating income	1,327	1,878
<b>Non-operating expenses</b>		
Interest expenses	428	457
Share of loss of entities accounted for using equity method	81	178
Loss on investments in marketable securities	150	-
Loss on investments in capital	147	122
Foreign exchange loss	166	-
Other	103	181
Total non-operating expenses	1,078	939
<b>Ordinary income (loss)</b>	(11,227)	(5,452)
<b>Extraordinary income</b>		
Gain on sales of fixed assets	0	0
Reversal of allowance for doubtful receivables	197	-
Reversal of provision for retirement benefits	3	14
Other	7	-
Total extraordinary income	208	14
<b>Extraordinary loss</b>		
Loss on disposal of fixed assets	65	24
Impairment loss	492	1,512
Loss on valuation of investment securities	511	-
Provision of allowance for loss on shop closing	275	-
Other	338	108
Total extraordinary loss	1,684	1,645
<b>Profit (loss) before income taxes</b>	(12,703)	(7,083)
<b>Income taxes - current</b>	32	226
<b>Income taxes - deferred</b>	(2,103)	(1,170)
<b>Total income taxes</b>	(2,070)	(944)

<b>Profit (loss)</b>	(10,632)	(6,139)
<b>Profit (loss) attributable to non-controlling interests</b>	(4)	(1)
<b>Profit (loss) attributable to owners of the parent</b>	(10,628)	(6,137)

## Consolidated Statements of Comprehensive Income

(millions of yen)

	Year ended December 31, 2020	Year ended December 31, 2021
	Amount	Amount
<b>Profit (loss)</b>	(10,632)	(6,139)
<b>Other comprehensive income</b>		
Net unrealized gain (loss) on available-for-sale securities	29	4
Deferred gain (loss) on derivatives under hedge accounting	(80)	0
Foreign currency translation adjustments	(141)	174
Remeasurements of defined benefit plan	(1)	0
Share of other comprehensive income of entities accounted for using equity method	(84)	162
Total other comprehensive income	(278)	342
<b>Comprehensive income</b>	(10,911)	(5,796)
(Breakdown)		
Comprehensive income attributable to owners of the parent	(10,899)	(5,813)
Comprehensive income attributable to non-controlling interests	(12)	17

### (3) Consolidated Statements of Changes in Net Assets

Year ended December 31, 2020 (January 1 to December 31, 2020)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	472	634	37,937	(892)	38,151
Changes during term					
Cash dividends			(238)		(238)
Profit (loss) attributable to owners of the parent			(10,628)		(10,628)
Net changes in items other than shareholders' equity					
Total changes during term	-	-	(10,867)	-	(10,867)
Balance at end of term	472	634	27,070	(892)	27,284

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plan	Total accumulated other comprehensive income		
Balance at beginning of term	(72)	(504)	(163)	(5)	(747)	-	37,404
Changes during term							
Cash dividends							(238)
Profit (loss) attributable to owners of the parent							(10,628)
Net changes in items other than shareholders' equity	29	(80)	(218)	(1)	(271)	171	(99)
Total changes during term	29	(80)	(218)	(1)	(271)	171	(10,966)
Balance at end of term	(43)	(585)	(382)	(7)	(1,018)	171	26,437

Year ended December 31, 2021 (January 1 to December 31, 2021)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	472	634	27,070	(892)	27,284
Changes during term					
Profit (loss) attributable to owners of the parent			(6,137)		(6,137)
Net changes in items other than shareholders' equity					
Total changes during term	-	-	(6,137)	-	(6,137)
Balance at end of term	472	634	20,933	(892)	21,146

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plan	Total accumulated other comprehensive income		
Balance at beginning of term	(43)	(585)	(382)	(7)	(1,018)	171	26,437
Changes during term							
Profit (loss) attributable to owners of the parent							(6,137)
Net changes in items other than shareholders' equity	4	0	317	0	323	17	341
Total changes during term	4	0	317	0	323	17	(5,796)
Balance at end of term	(38)	(584)	(64)	(6)	(694)	189	20,641

#### (4) Consolidated Statements of Cash Flows

	(millions of yen)	
	Year ended December 31, 2020	Year ended December 31, 2021
	Amount	Amount
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(12,703)	(7,083)
Depreciation and amortization	3,555	3,724
Impairment loss	492	1,512
Amortization of goodwill	289	343
Amortization of bond issuance expenses	18	45
Loss on disposal of fixed assets	65	24
Increase (decrease) in allowance for loss on shop closing	275	(252)
Increase (decrease) in provision for directors' retirement benefits	41	41
Increase (decrease) in allowance for doubtful receivables	(190)	0
Increase (decrease) in net defined benefit liability	38	(3)
Interest and dividend income	(147)	(118)
Interest expenses	428	457
Share of loss (profit) of entities accounted for using equity method	81	178
(Gain) loss on redemption of securities	76	-
(Gain) loss on investments in securities	150	(10)
(Gain) loss on sales of investment securities	27	79
(Gain) loss on valuation of investment securities	511	-
Loss on valuation of affiliated companies' shares	148	-
Compensation income	(19)	-
(Gain) loss on sales of fixed assets	(0)	(0)
Shop closing expenses	60	29
(Gain) loss on valuation of derivatives	(0)	-
(Gain) loss on investments in silent partnership	(154)	(175)
Foreign exchange (gain) loss	26	(506)
(Increase) decrease in notes and accounts receivable - trade	441	(183)
(Increase) decrease in inventories	61	26
Increase (decrease) in notes and accounts payable - trade	(1,012)	437
Increase (decrease) in advances received	471	(158)
Increase (decrease) in accrued consumption taxes	(1,162)	1,665
(Increase) decrease in other assets	41	289
Increase (decrease) in other liabilities	524	(1,121)
Other	281	246
Sub total	(7,281)	(510)
Interest and dividends received	90	57
Interest paid	(433)	(453)
Income taxes refund	-	43



Income taxes paid	(1,266)	(36)
Compensation income	19	-
Net cash provided by (used in) operating activities	(8,871)	(899)

(millions of yen)

	Year ended December 31, 2020	Year ended December 31, 2021
	Amount	Amount
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(8,409)	(780)
Proceeds from sales of tangible assets	0	0
Purchase of intangible assets	(516)	(107)
Proceeds from sales of investment securities	931	351
Purchase of affiliated companies' shares	-	(52)
Payments for investments in capital	-	(1,876)
Repayment of contributions from the silent partnership	79	74
Loans receivable	(46)	-
Lease and guarantee deposits	(44)	(72)
Collection of lease and guarantee deposits	236	738
Proceeds from capital reduction with compensation of affiliated companies' shares	339	-
Purchase of shares of subsidiaries resulting in change in the scope of consolidation	(469)	-
Other	196	(191)
<b>Net cash provided by (used in) investing activities</b>	<b>(7,702)</b>	<b>(1,916)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term debt	1,696	(1,289)
Proceeds from long-term debt	12,222	2,600
Repayments of long-term debt	(5,192)	(4,011)
Proceeds from issuance of bonds	2,540	489
Payments for redemption of bonds	(668)	(774)
Dividends paid to shareholders	(238)	(0)
Proceeds from stock issuance to non-controlling interests in conjunction with establishment of consolidated subsidiary	183	7
<b>Net cash provided by (used in) financing activities</b>	<b>10,545</b>	<b>(2,978)</b>
<b>Foreign currency translation adjustments on cash and cash equivalents</b>	<b>(28)</b>	<b>43</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(6,056)</b>	<b>(5,751)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>28,259</b>	<b>22,202</b>
<b>Cash and cash equivalents, end of period</b>	<b>22,202</b>	<b>16,451</b>

## **(5) Notes on Consolidated Financial Statements**

### **(Note on the Going-concern Assumption)**

Not applicable

### **(Changes in Method of Presentation)**

(Consolidated Statements of Income)

“Real estate rental income,” which was presented under a separate and independent heading under “Non-operating income” and which amounted to 40 million yen in the previous fiscal year, has been included in “Other” under “Non-operating income” from the current fiscal year, due to a decrease in its monetary materiality.

“Share of loss of entities accounted for using equity method,” which was included under “Other” of “Non-operating expenses” and which amounted to 81 million yen in the previous fiscal year, has exceeded 10% of the total amount of “Non-operating expenses”. Accordingly, it has been reclassified under a separate and independent heading from the current fiscal year.

“Real estate rental expenses,” which was presented under a separate and independent heading under “Non-operating expenses” and which amounted to 49 million yen in the previous fiscal year, has been included in “Other” under “Non-operating expenses” from the current fiscal year, due to a decrease in its monetary materiality.

“Reversal of provision for retirement benefits,” which was included under “Other” of “Extraordinary income” and which amounted to 3 million yen in the previous fiscal year, has exceeded 10% of the total amount of “Extraordinary income”. Accordingly, it has been reclassified under a separate and independent heading from the current fiscal year.

### **(Additional Information)**

As for the impact of the novel coronavirus pandemic, despite the emergence and global spread of new variants and the uncertainty which continues to surround the outlook for an end to the pandemic, media reports and other sources suggest that while the rapidly spreading Omicron variant is more contagious, it is less likely to cause severe symptoms and while its spread is expected to be rapid case numbers are also expected to swiftly decline after peaking. Furthermore, with regard to the vaccination rollout in Japan, as of today, February 14, 2022, more than 78% of residents have been vaccinated twice, and third vaccinations are also expected to gradually gain momentum. Given the nature of Japanese consumer sentiment, the current cautious stance toward personal consumption is expected to continue and recovery of the movement of people is also expected to be gradual. Consequently, the Group assumes that the impact of the novel coronavirus pandemic on its performance will continue until around the end of the second quarter of the fiscal year ending December 31, 2022, and has accordingly made accounting estimates including judgments on the recoverability of deferred tax assets and the impairment of fixed assets.

However, given the many uncertainties surrounding the impact of the novel coronavirus pandemic, the Group’s financial position and the operating results for the current fiscal year could be significantly impacted in the event that social and economic activities stall again due to further resurgences.

## **(Segment Information)**

### 1. Overview of reportable segment

The Group's reportable segments are components of the Group for which separate financial information is available. These segments are subject to periodic examinations to enable the Company's board of directors to decide how to allocate resources and assess performance.

The Group's operations are classified into three reportable segments: the "Wedding business" that provides services such as planning and operation related to wedding ceremonies and banquets in Japan and overseas, the "Hotel business" that offers the management of hotel weddings and banquets, and provision of hotel accommodation services, and the "W&R business" segment that provides reflexology services and management of a spa complex and a comprehensive fitness club.

"Wedding business" comprises outlet management in Japan and sales to customers, provision of food and drinks at wedding banquets, dress rental and beauty care services, as well as management of venues and operations for weddings and banquet in Hawaii and Bali, mainly for customers who book through the Group's sales salons in Japan.

"Hotel business" offers the management of hotel weddings and banquets, and provision of hotel accommodation services at "Hotel InterContinental Tokyo Bay," "The Strings by InterContinental Tokyo," "The Strings Hotel Yagoto Nagoya," "The Strings Hotel Nagoya," and at "Kimpton Shinjuku Tokyo."

"W&R business" operates a British-style reflexology salon, "Queensway" with a high level of skills and sophisticated know-how of attending to customers, as well as managing a spa complex, "Beauty & Relax SPA-HERBS," and "BEST STYLE FITNESS" comprehensive fitness clubs.

### 2. Calculation of net sales, income/loss, assets, liabilities, and other items by reportable segment

Accounting methods applied in the reportable business segments are in accordance with the accounting policies that are adopted for the preparation of consolidated financial statements.

Reportable segment income is based on operating income.

Intersegment sales or transfers are based on market price.

### 3. Net sales, income/loss, assets, liabilities, and other items by reportable segment

Year ended December 31, 2020 (January 1 to December 31, 2020)

(millions of yen)

	Reportable segment					Amount recorded on consolidated financial statements (note 2)
	Wedding business	Hotel business	W&R business	Total	Adjustments (note 1)	
Net sales						
Sales to outside customers	16,527	7,958	2,629	27,114	-	27,114
Inter-segment sales and transfers	823	196	13	1,033	(1,033)	-
Total	17,350	8,155	2,642	28,148	(1,033)	27,114
Segment income (loss)	(3,667)	(5,393)	(678)	(9,739)	(1,736)	(11,476)
Segment assets	29,751	37,613	4,709	72,074	27,739	99,814
Other items						
Depreciation/amortization	1,565	1,572	272	3,410	145	3,555
Amortization of goodwill	22	128	138	289	-	289
Increase in tangible and intangible assets	3,764	7,165	19	10,948	947	11,896

Notes: 1. Details of adjustments are as follows:

- (1) The minus 1,736 million yen adjustment for segment loss includes 54 million yen elimination of inter-segment sales and minus 1,791 million yen of unallocated corporate expenses. The main component of these unallocated corporate expenses is general and administrative expenses that are not attributable to reportable segments.
- (2) The 27,739 million yen adjustment for segment assets comprises unallocated corporate assets. Unallocated corporate assets consist mainly of cash and deposits held by the Company which are not attributable to reportable segments.
- (3) The 145 million yen adjustment for depreciation/amortization comprises depreciation/amortization for unallocated corporate assets.
- (4) The 947 million yen adjustment for increase in tangible and intangible assets comprises investments in unallocated corporate assets.

2. Segment income (loss) is adjusted to correspond with operating income (loss) reported on the consolidated statements of income.

Year ended December 31, 2021 (January 1 to December 31, 2021)

(millions of yen)

	Reportable segment					Amount recorded on consolidated financial statements (note 2)
	Wedding business	Hotel business	W&R business	Total	Adjustments (note 1)	
Net sales						
Sales to outside customers	20,167	10,526	2,735	33,429	-	33,429
Inter-segment sales and transfers	1,349	405	34	1,789	(1,789)	-
Total	21,517	10,931	2,770	35,219	(1,789)	33,429
Segment income (loss)	(715)	(3,780)	(525)	(5,022)	(1,368)	(6,391)
Segment assets	26,573	34,037	3,463	64,074	26,826	90,901
Other items						
Depreciation/amortization	1,333	2,041	247	3,622	102	3,724
Amortization of goodwill	77	128	138	343	-	343
Increase in tangible and intangible assets	639	110	82	832	45	878

Notes: 1. Details of adjustments are as follows:

- (1) The minus 1,368 million yen adjustment for segment loss includes 44 million yen elimination of inter-segment sales and minus 1,412 million yen of unallocated corporate expenses. The main component of these unallocated corporate expenses is general and administrative expenses that are not attributable to reportable segments.
  - (2) The 26,826 million yen adjustment for segment assets comprises unallocated corporate assets. Unallocated corporate assets consist mainly of cash and deposits held by the Company which are not attributable to reportable segments.
  - (3) The 102 million yen adjustment for depreciation/amortization comprises depreciation/amortization for unallocated corporate assets.
  - (4) The 45 million yen adjustment for increase in tangible and intangible assets comprises investments in unallocated corporate assets.
2. Segment income (loss) is adjusted to correspond with operating income (loss) reported on the consolidated statements of income.

**(Per Share Information)**

	Year ended December 31, 2020	Year ended December 31, 2021
Net assets per share	550.65 yen	428.77 yen
Profit (loss) per share	(222.82) yen	(128.67) yen

- Notes: 1. Diluted profit per share for fiscal 2020 and fiscal 2021 is not disclosed as a loss per share was recorded and there were no dilutive shares.
2. The calculation base for profit (loss) per share is as follows:

	Year ended December 31, 2020	Year ended December 31, 2021
Profit (loss) per share		
Profit (loss) attributable to owners of the parent (millions of yen)	(10,628)	(6,137)
Amount not attributable to common stockholders (millions of yen)	-	-
Profit (loss) attributable to common stock of owners of the parent (millions of yen)	(10,628)	(6,137)
Average number of common stock outstanding during the term (shares)	47,700,166	47,700,166

**(Significant Subsequent Events)**

Not applicable

#### 4. Other Information

##### (1) Changes in Officers

Not applicable

##### (2) Weddings Held and Orders Received

###### 1) Number of weddings held

	Year ended December 31, 2020	Year ended December 31, 2021
Segment	Number of weddings held (cases)	Number of weddings held (cases)
Wedding business	5,044	7,084
Hotel business	717	1,259
Total	5,761	8,343

###### 2) Wedding orders received

	Year ended December 31, 2020		Year ended December 31, 2021	
Segment	Orders received (cases)	Order backlog (cases)	Orders received (cases)	Order backlog (cases)
Wedding business	4,864	6,338	7,753	7,007
Hotel business	864	1,178	1,302	1,221
Total	5,728	7,516	9,055	8,228