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February 14, 2024

Tsukada Global Holdings Inc.
Consolidated Earnings Report for the Fiscal Year ended December 31, 2023
(Japanese GAAP)

Stock listing: Tokyo Stock Exchange (Standard Market) Securities code: 2418
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Scheduled dates:

Annual general meeting of shareholders: March 28, 2024

Dividend payout: March 29, 2024

Filing of statutory year-end financial report: March 28, 2024

Supplementary materials to year-end financial results available: Yes

Year-end earnings presentation held: Yes: (targeted at institutional investors and analysts)

(Amounts rounded down to the nearest million yen)

1. Consolidated Performance for the Fiscal Year ended December 31, 2023
(January 1, 2023 – December 31, 2023)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended December 31, 2023	57,474	11.2	5,341	79.5	5,742	20.7	4,730	215.6
Year ended December 31, 2022	51,699	54.6	2,976	—	4,758	—	1,498	—

(Note) Comprehensive income: Year ended December 31, 2023 4,819 million yen (76.1%)

Year ended December 31, 2022 2,736 million yen (—%)

	Profit per share	Diluted profit per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended December 31, 2023	99.16	—	18.9	6.4	9.3
Year ended December 31, 2022	31.42	—	6.9	5.3	5.8

(Reference) Equity in earnings (losses) of affiliates Year ended December 31, 2023: (173) million yen

Year ended December 31, 2022: (93) million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
December 31, 2023	93,154	27,428	29.2	570.16
December 31, 2022	87,472	23,086	26.1	479.39

(Reference) Total equity: December 31, 2023: 27,196 million yen

December 31, 2022: 22,866 million yen

(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, 2023	8,075	(11,764)	1,169	18,916
Year ended December 31, 2022	7,958	2,077	(5,420)	21,149

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			
Year ended December 31, 2022	Yen —	Yen 0.00	Yen —	Yen 5.00	Yen 5.00	million yen 238	% 15.9	% 1.1
Year ended December 31, 2023	—	5.00	—	5.00	10.00	477	10.1	1.9
Year ending December 31, 2024 (Forecast)	—	5.00	—	5.00	10.00		11.6	

3. Earnings Forecast for the Fiscal Year ending December 31, 2024 (January 1, 2024 – December 31, 2024)

(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, 2024	27,974	4.2	1,484	4.7	1,367	(36.8)	929	(54.4)	19.49
Year ending December 31, 2024	60,775	5.7	6,003	12.4	5,730	(0.2)	4,095	(13.4)	85.86

*Notes

- (1) Changes in significant subsidiaries during the period: Yes
(Changes in specific subsidiaries accompanying a change in scope of consolidation)
Newly Consolidated: 1 company
(Company name) A silent partnership operated by a limited liability company, Shinurayasu SPC
Note: For details, please refer to “(5) Notes on Consolidated Financial Statements (Changes in Significant Subsidiaries During the Period)” in section “3. Consolidated Financial Statements and Main Notes” on page 16 in the accompanying materials.
- (2) Changes in accounting policy, changes in accounting estimates, and retrospective restatement
1) Changes in accordance with amendments to accounting standards, etc.: Yes
2) Changes other than noted in 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None
- (3) Shares issued (common stock)
1) Number of shares issued at end of period (including treasury stock)
2) Number of shares held in treasury at end of period
3) Average number of shares outstanding during the period

	December 31, 2023	Year ended December 31, 2022
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, 2023	Year ended December 31, 2022
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 audit 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, 2024" in the section "1. Review of Consolidated Financial Results" on page 7 in the accompanying materials.

(Presentation Handout Materials)

The Company has scheduled an earnings presentation targeted at institutional investors and analysts on February 19, 2024.

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

In the fiscal year ended December 31, 2023, the Japanese economy as a whole was on a moderate recovery path helped by the effects of various government policies, including a pickup in consumer spending as well as an improvement in corporate profits and the employment and income environment. However, the outlook remains uncertain with sharp fluctuations in foreign exchange rates resulting from global monetary tightening and soaring raw material prices and energy costs.

Amidst this environment, the Tsukada Global Holdings Group (“the Group”) focused on creating new value, developing high-quality and attractive outlets, providing high-value-added services in the bridal, hotel, and wellness and relaxation (W&R) markets, and on accurately responding to diversifying customer needs, and thereby strived to expand net sales and to improve profitability.

In the Hotel business, the number of domestic travelers rose as a result of the reclassification of COVID-19 to Class 5 infectious diseases. And thanks to the lifting of travel restrictions, the number of foreign visitors to Japan exceeded 25 million (Japan National Tourism Organization, “Number of Foreign Visitors to Japan (2023 estimate)”), a recovery to 78.6% of the figure for 2019. These factors led to an upturn in the overnight occupancy rate and average charge per night, which remained stable. In addition, the number of weddings held in the Wedding business and the Hotel business is returning to normal, as postponements due to COVID-19, which had been frequent until last year, have largely disappeared. However, the outlook continues to be difficult to predict, as the recovery in the spend per wedding stalled due to the increase in the number of small weddings. In the W&R business, we have worked to strengthen our future profit base by closing unprofitable outlets which are slow to recover from the COVID-19 pandemic and improving business efficiency.

As a result, in the fiscal year ended December 31, 2023, the Group posted consolidated net sales of ¥57,474 million (up 11.2% year on year) and operating income of ¥5,341 million (up 79.5% year on year). In non-operating income, we recorded foreign exchange loss of ¥484 million in the fourth quarter due to fluctuations in foreign exchange rates, resulting in foreign exchange gains of ¥596 million for fiscal 2023, which is a decline from ¥1,081 million recorded for the first nine months of fiscal 2023. Consequently, ordinary income came to ¥5,742 million (up 20.7% year on year). Profit attributable to owners of the parent jumped to ¥4,730 million (up 215.6%) partly due to the posting of ¥700 million in compensation income under extraordinary income.

The results for each business segment were as follows.

1) Wedding business

In fiscal 2023, the number of weddings held fell slightly to 10,462 (down 3.5% year on year), but spend per wedding gradually recovered and thus net sales in the Wedding business also increased modestly year on year. However, segment profit decreased significantly year on year due to a decline in profitability caused by the increase in the number of small weddings despite an uptrend in spend per wedding and an increase in energy and other costs.

As a result, net sales in the Wedding business totaled ¥34,240 million (up 0.2% year on year) and segment profit was ¥4,929 million (down 19.9% year on year).

2) Hotel business

The number of hotel weddings held climbed slightly to 1,708 (up 2.9% year on year) in fiscal 2023. The overnight occupancy rate and average charge per night remained firm due to an increase in the number of domestic travelers and the number of foreign visitors to Japan. Inbound tourism related-demand, which had declined sharply, is steadily recovering.

As a result, net sales in the Hotel business totaled ¥20,301 million (up 39.5% year on year) and segment profit was ¥2,386 million (compared with a loss of ¥1,441 million a year earlier).

3) W&R business

In fiscal 2023, the Beauty & Relax SPA-HERBS spa complex was ranked first nationwide for the fourth consecutive year in the “Nifty Onsen Annual Ranking,” which drove the number of visitors, net sales, and segment profit to exceed the levels of the previous fiscal year. However, segment net sales declined slightly mainly due to the difficulty in increasing the number of therapists and the closing of unprofitable outlets for the British-style Queensway reflexology salons, resulting in a segment loss, although profitability is on an uptrend.

As a result, net sales in the W&R business totaled ¥2,933 million (down 1.0% year on year) and segment loss was ¥113 million (compared with a loss of ¥334 million a year earlier).

(2) Analysis of Financial Condition

(Assets)

Total assets at the end of fiscal 2023 (December 31, 2023) amounted to ¥93,154 million, an increase of ¥5,682 million from the end of the previous fiscal year (December 31, 2022). This was mainly due to an increase of ¥5,349 million in tangible assets following the acquisition of land.

(Liabilities)

Total liabilities at the end of fiscal 2023 came to ¥65,726 million, an increase of ¥1,340 million from the end of the previous fiscal year. The increase is chiefly attributable to a decrease of ¥964 million in bonds payable (including current portion) following redemption offset by an increase of ¥2,680 million in long-term debt (including current portion) due to procurement.

(Net assets)

Total net assets at the end of fiscal 2023 totaled ¥27,428 million, an increase of ¥4,342 million from the end of the previous fiscal year. This was mainly due to an increase of ¥4,253 million in retained earnings due to the recording of profit attributable to owners of the parent. As a result, the equity ratio was 29.2%, an improvement of 3.1 percentage points from the end of the previous fiscal year (December 31, 2022).

(3) Overview of Cash Flows

Cash and cash equivalents (“cash”) at the end of fiscal 2023 totaled ¥18,916 million, a decrease of ¥2,232 million from the end of the previous fiscal year.

Cash flows and factors behind changes in the cash flows in fiscal 2023 are as follows.

(Cash flows from operating activities)

Cash provided by operating activities totaled ¥8,075 million (up 1.5% year on year). The change is mainly due to profit before income taxes of ¥5,993 million and depreciation and amortization of ¥3,666 million.

(Cash flows from investing activities)

Cash used in investing activities totaled ¥11,764 million (compared with cash provided by investing activities of ¥2,077 million a year earlier). This was mainly due to ¥8,976 million in purchase of tangible assets associated with capital investment and ¥2,400 million in loan advances.

(Cash flows from financing activities)

Cash provided by financing activities totaled ¥1,169 million (compared with cash used in financing activities of ¥5,420 million a year earlier). This chiefly reflects inflows of ¥10,220 million from proceeds from long-term debt, which offset outflows of ¥7,539 million for repayments of long-term debt and ¥964 million in payments for redemption of bonds.

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Equity ratio (%)	37.7	26.3	22.5	26.1	29.2
Equity ratio based on market value (%)	29.3	12.3	16.3	19.8	19.9
Cash flow to interest-bearing debt (years)	6.1	—	—	6.0	6.1
Interest coverage ratio (times)	17.3	—	—	16.2	16.0

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, 2024

Regarding the consolidated results forecast for the fiscal year ending December 31, 2024, the number of foreign visitors to Japan and private consumption are expected to remain strong as a result of the reclassification of COVID-19 to Class 5 infectious diseases. Based on these assumptions, we expect a gradual pickup in the spend per wedding, which has been slow in recovery, and a steady increase in overnight occupancy rate and average charge per night. However, given the uncertainty around the recovery in inbound tourism demand from China, which is facing economic stagnation, and rapid fluctuations in the exchange rate, it is still difficult to forecast the Group's performance 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 promote the expansion of the contract wedding business with wedding reception halls operated by other companies in the industry, while in the Studio Photo Park Business, we will promote photo weddings by opening new outlets and work to further increase the number of weddings handled. In the Hotel business, in cooperation with international brands, we will hold various events and campaigns tailored to the region and season to further promote the use of accommodations.

Taking the above into account, for the fiscal year ending December 31, 2024, the Group forecasts consolidated net sales of ¥60,775 million (up 5.7% year on year), operating income of ¥6,003 million (up 12.4% year on year), ordinary income of ¥5,730 million (down 0.2% year on year), and profit attributable to owners of the parent of ¥4,095 million (down 13.4% year on year).

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, 2022	December 31, 2023
	Amount	Amount
Assets		
Current assets		
Cash and deposits	21,238	19,005
Accounts receivable - trade	1,479	1,705
Merchandise	166	161
Raw materials and supplies	381	390
Other	1,360	4,029
Allowance for doubtful receivables	(37)	(40)
Total current assets	24,588	25,249
Fixed assets		
Tangible assets		
Buildings and structures	59,244	60,304
Accumulated depreciation	(30,161)	(32,509)
Buildings and structures, net	29,083	27,795
Land	9,544	16,774
Construction in progress	1,007	743
Other	10,617	11,166
Accumulated depreciation	(9,121)	(9,998)
Other, net	1,496	1,168
Total tangible assets	41,131	46,481
Intangible assets		
Goodwill	1,157	745
Other	1,020	877
Total intangible assets	2,177	1,622
Investments and other assets		
Investment securities	5,599	6,029
Lease and guarantee deposits	7,211	7,051
Deferred tax assets	5,695	5,544
Other	1,007	1,147
Allowance for doubtful receivables	(121)	(128)
Total investments and other assets	19,392	19,644
Total fixed assets	62,702	67,747
Deferred assets		
Bond issuance costs	181	153
Other	-	3
Total deferred assets	181	157
Total assets	87,472	93,154

(millions of yen)

	December 31, 2022	December 31, 2023
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable - trade	2,101	1,947
Current portion of long-term debt	7,106	7,118
Current portion of bonds	964	994
Income taxes payable	839	615
Advances received	3,107	3,080
Allowance for loss on shop closing	62	260
Asset retirement obligations	47	-
Other	4,300	4,296
Total current liabilities	18,530	18,312
Fixed liabilities		
Bonds	5,703	4,709
Long-term debt	33,722	36,391
Net defined benefit liability	407	409
Provision for directors' retirement benefits	953	1,005
Asset retirement obligations	4,535	4,549
Other	532	348
Total fixed liabilities	45,855	47,413
Total liabilities	64,386	65,726
Net assets		
Shareholders' equity		
Capital stock	472	472
Capital surplus	634	634
Retained earnings	22,140	26,393
Treasury stock	(892)	(892)
Total shareholders' equity	22,353	26,606
Accumulated other comprehensive income		
Deferred gain (loss) on derivatives under hedge accounting	171	99
Foreign currency translation adjustments	347	488
Remeasurements of defined benefit plan	(5)	2
Total accumulated other comprehensive income	513	589
Non-controlling interests	219	231
Total net assets	23,086	27,428
Total liabilities and net assets	87,472	93,154

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

(millions of yen)

	Year ended December 31, 2022	Year ended December 31, 2023
	Amount	Amount
Net sales	51,699	57,474
Cost of sales	34,220	35,818
Gross profit (loss)	17,478	21,655
Selling, general and administrative expenses	14,502	16,314
Operating income	2,976	5,341
Non-operating income		
Interest income	37	183
Gain on investments in silent partnership	152	151
Subsidy income	1,381	20
Foreign exchange gains	1,044	596
Other	234	207
Total non-operating income	2,850	1,159
Non-operating expenses		
Interest expenses	486	511
Share of loss of entities accounted for using equity method	93	173
Loss on investments in capital	177	-
Other	311	74
Total non-operating expenses	1,068	758
Ordinary income (loss)	4,758	5,742
Extraordinary income		
Compensation income	-	700
Gain on sales of fixed assets	0	0
Gain on sales of memberships	3	-
Gain on reversal of asset retirement obligations	-	146
Total extraordinary income	3	846
Extraordinary loss		
Loss on disposal of fixed assets	36	75
Loss on sales of fixed assets	382	4
Loss on sales of investment securities	100	-
Impairment loss	238	175
Shop closing expenses	94	65
Provision of allowance for loss on shop closing	62	260
Other	17	14
Total extraordinary loss	932	595
Profit (loss) before income taxes	3,829	5,993
Income taxes-current	952	1,071
Income taxes-deferred	1,377	195
Total income taxes	2,330	1,266
Profit (loss)	1,499	4,727
Profit (loss) attributable to non-controlling interests	0	(2)
Profit attributable to owners of the parent	1,498	4,730

Consolidated Statements of Comprehensive Income

(millions of yen)

	Year ended December 31, 2022	Year ended December 31, 2023
	Amount	Amount
Profit (loss)	1,499	4,727
Other comprehensive income		
Net unrealized gain (loss) on available-for-sale securities	38	-
Deferred gain (loss) on derivatives under hedge accounting	756	(72)
Foreign currency translation adjustments	208	39
Remeasurements of defined benefit plan	0	8
Share of other comprehensive income of entities accounted for using equity method	233	115
Total other comprehensive income	1,237	91
Comprehensive income	2,736	4,819
(Breakdown)		
Comprehensive income attributable to owners of the parent	2,706	4,806
Comprehensive income attributable to non-controlling interests	29	12

(3) Consolidated Statements of Changes in Net Assets

Year ended December 31, 2022 (January 1 to December 31, 2022)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	472	634	20,933	(892)	21,146
Cumulative effects of changes in accounting policies			(291)		(291)
Restated balance	472	634	20,641	(892)	20,855
Changes during term					
Profit attributable to owners of the parent			1,498		1,498
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Net changes in items other than shareholders' equity					
Total changes during term	-	(0)	1,498	-	1,498
Balance at end of term	472	634	22,140	(892)	22,353

	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	(38)	(584)	(64)	(6)	(694)	189	20,641
Cumulative effects of changes in accounting policies							(291)
Restated balance	(38)	(584)	(64)	(6)	(694)	189	20,349
Changes during term							
Profit attributable to owners of the parent							1,498
Change in ownership interest of parent due to transactions with non-controlling interests							(0)
Net changes in items other than shareholders' equity	38	756	412	0	1,207	29	1,237
Total changes during term	38	756	412	0	1,207	29	2,736
Balance at end of term	-	171	347	(5)	513	219	23,086

Year ended December 31, 2023 (January 1 to December 31, 2023)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	472	634	22,140	(892)	22,353
Changes during term					
Dividend of surplus			(477)		(477)
Profit attributable to owners of the parent			4,730		4,730
Net changes in items other than shareholders' equity					
Total changes during term	-	-	4,253	-	4,253
Balance at end of term	472	634	26,393	(892)	26,606

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	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	171	347	(5)	513	219	23,086
Changes during term						
Dividend of surplus						(477)
Profit attributable to owners of the parent						4,730
Net changes in items other than shareholders' equity	(72)	140	8	76	12	89
Total changes during term	(72)	140	8	76	12	4,342
Balance at end of term	99	488	2	589	231	27,428

(4) Consolidated Statements of Cash Flows

	(millions of yen)	
	Year ended December 31, 2022	Year ended December 31, 2023
	Amount	Amount
Cash flows from operating activities		
Profit (loss) before income taxes	3,829	5,993
Depreciation and amortization	3,638	3,666
Impairment loss	238	175
Amortization of goodwill	343	298
Amortization of bond issuance expenses	51	29
Loss on disposal of fixed assets	36	75
Increase (decrease) in allowance for loss on shop closing	40	197
Increase (decrease) in provision for directors' retirement benefits	39	51
Increase (decrease) in allowance for doubtful receivables	5	(12)
Increase (decrease) in net defined benefit liability	11	7
Interest and dividend income	(37)	(183)
Interest expenses	486	511
Share of loss (profit) of entities accounted for using equity method	93	173
(Gain) loss on investments in securities	66	-
(Gain) loss on sales of investment securities	100	-
(Gain) loss on sales of fixed assets	381	4
Shop closing expenses	94	65
(Gain) loss on investments in silent partnerships	(152)	(151)
Compensation income	-	(700)
Foreign exchange (gain) loss	(1,010)	(550)
(Increase) decrease in notes and accounts receivable - trade	(478)	(224)
(Increase) decrease in inventories	16	(2)
Increase (decrease) in notes and accounts payable - trade	362	(161)
Increase (decrease) in advances received	27	(36)
Increase (decrease) in accrued consumption taxes	314	(443)
(Increase) decrease in other assets	(256)	75
Increase (decrease) in other liabilities	230	128
Other	301	1
Sub total	8,775	8,989
Interest and dividends received	103	185
Interest paid	(490)	(505)
Proceeds from compensation	-	700
Income taxes paid	(430)	(1,295)
Net cash provided by (used in) operating activities	7,958	8,075

	(millions of yen)	
	Year ended December 31, 2022	Year ended December 31, 2023
	Amount	Amount
Cash flows from investing activities		
Purchase of tangible assets	(1,506)	(8,976)
Proceeds from sales of tangible assets	2,774	1
Purchase of intangible assets	(425)	(6)
Purchase of investment securities	-	(253)
Proceeds from sales of investment securities	1,117	-
Proceeds from withdrawal of investment in silent partnership	208	189
Loans receivable	-	(2,400)
Collection of loans receivable	-	0
Lease and guarantee deposits	(407)	(552)
Collection of lease and guarantee deposits	567	569
Other	(251)	(335)
Net cash provided by (used in) investing activities	2,077	(11,764)
Cash flows from financing activities		
Net increase (decrease) in short-term debt	(500)	-
Proceeds from long-term debt	8,000	10,220
Repayments of long-term debt	(11,993)	(7,539)
Proceeds from issuance of bonds	1,488	-
Payments for redemption of bonds	(2,379)	(964)
Dividends paid to shareholders	(0)	(476)
Other	(36)	(70)
Net cash provided by (used in) financing activities	(5,420)	1,169
Foreign currency translation adjustments on cash and cash equivalents	83	287
Net increase (decrease) in cash and cash equivalents	4,698	(2,232)
Cash and cash equivalents, beginning of period	16,451	21,149
Cash and cash equivalents, end of period	21,149	18,916

(5) Notes on Consolidated Financial Statements
(Note on the Going-concern Assumption)

Not applicable

(Changes in Significant Subsidiaries During the Period)

In the fourth quarter of the fiscal year ended December 31, 2023, the Company invested in a silent partnership operated by a limited liability company, Shinurayasu SPC, and included it in the scope of consolidation.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021, hereinafter the “Fair Value Measurement Guidance”) has been applied from the beginning of the fiscal year ended December 31, 2023. In accordance with the transitional treatment set forth in Paragraph 27-2 of the Fair Value Measurement Guidance, the new accounting policy prescribed by the Fair Value Measurement Guidance has been applied prospectively. This application has no impact on the consolidated financial statements.

(Changes in Presentation)

(Consolidated Statements of Income)

“Provision of allowance for loss on shop closing,” which was included in “Other” under “Extraordinary loss” in the fiscal year ended December 31, 2022 (¥62 million in fiscal 2022), exceeded 10/100 of the total amount of “Extraordinary loss,” and is therefore presented separately from the fiscal year ended December 31, 2023.

(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" that provides reflexology services and management of a spa complex and a comprehensive fitness club.

The "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 wedding venues and operations for weddings and banquets in Hawaii and Bali, mainly for customers who book through the Group's sales salons in Japan.

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

The "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 and transfers are based on market price.

3. Net sales, income/loss, assets, and other items by reportable segment and information on disaggregation of revenue

Year ended December 31, 2022 (January 1 to December 31, 2022)

(millions of yen)

	Reportable segment				Adjustments (note 1)	Amount recorded on consolidated financial statements (note 2)
	Wedding business	Hotel business	W&R business	Total		
Net sales						
Revenue from contracts with customers	34,047	14,554	2,961	51,563	—	51,563
Other revenue	135	—	—	135	—	135
Sales to outside customers	34,182	14,554	2,961	51,699	—	51,699
Inter-segment sales and transfers	1,871	1,027	31	2,930	(2,930)	—
Total	36,053	15,582	2,993	54,629	(2,930)	51,699
Segment income (loss)	6,154	(1,441)	(334)	4,378	(1,402)	2,976
Segment assets	29,418	33,044	2,429	64,892	22,579	87,472
Other items						
Depreciation and amortization	1,499	1,893	184	3,577	61	3,638
Amortization of goodwill	77	128	138	343	—	343
Increase in tangible and intangible assets	1,976	57	24	2,058	45	2,103

Notes: 1. Details of adjustments are as follows:

- (1) The minus 1,402 million yen adjustment for segment income (loss) includes a 90 million yen elimination of inter-segment sales and minus 1,493 million yen of corporate expenses that are not allocated to each reportable segment. The main component of these unallocated corporate expenses is general and administrative expenses that are not attributable to reportable segments.
 - (2) The 22,579 million yen adjustment for segment assets comprises corporate assets that are not allocated to each reportable segment. Unallocated corporate assets consist mainly of cash and deposits held by the Company which are not attributable to reportable segments.
 - (3) The 61 million yen adjustment for depreciation and amortization comprises depreciation and amortization for corporate assets that are not allocated to each reportable segment.
 - (4) The 45 million yen adjustment for increase in tangible and intangible assets comprises investments in corporate assets that are not allocated to each reportable segment.
2. Segment income (loss) is adjusted to correspond with operating income reported on the consolidated statements of income.
 3. Matters related to changes in reportable segments, etc.

(Application of Accounting Standard for Revenue Recognition, etc.)

Due to changes in accounting treatment for revenue recognition as a result of the application of the Accounting Standard for Revenue Recognition, etc., from the beginning of the fiscal year ended December 31, 2023, similar changes have been made to the method of calculating segment income/loss. As a result of this change, for the year ended December 31, 2023, net sales decreased by ¥42 million in the “Wedding business”, by ¥33 million in the “Hotel business”, and by ¥28 million in the “W&R business”, respectively.

Year ended December 31, 2023 (January 1 to December 31, 2023)

(millions of yen)

	Reportable segment				Adjustments (note 1)	Amount recorded on consolidated financial statements (note 2)
	Wedding business	Hotel business	W&R business	Total		
Net sales						
Revenue from contracts with customers	34,184	20,301	2,933	57,418	—	57,418
Other revenue	55	—	—	55	—	55
Sales to outside customers	34,240	20,301	2,933	57,474	—	57,474
Inter-segment sales and transfers	2,056	1,012	32	3,101	(3,101)	—
Total	36,297	21,313	2,966	60,576	(3,101)	57,474
Segment income (loss)	4,929	2,386	(113)	7,201	(1,860)	5,341
Segment assets	35,850	32,766	1,985	70,602	22,552	93,154
Other items						
Depreciation and amortization	1,758	1,709	141	3,609	57	3,666
Amortization of goodwill	58	128	111	298	—	298
Increase in tangible and intangible assets	8,451	304	46	8,802	177	8,980

Notes: 1. Details of adjustments are as follows:

- (1) The minus 1,860 million yen adjustment for segment income (loss) includes a 23 million yen elimination of inter-segment sales and minus 1,883 million yen of corporate expenses that are not allocated to each reportable segment. The main component of these unallocated corporate expenses is general and administrative expenses that are not attributable to reportable segments.
 - (2) The 22,552 million yen adjustment for segment assets comprises corporate assets that are not allocated to each reportable segment. Unallocated corporate assets consist mainly of cash and deposits held by the Company which are not attributable to reportable segments.
 - (3) The 57 million yen adjustment for depreciation and amortization comprises depreciation/amortization for corporate assets that are not allocated to each reportable segment.
 - (4) The 177 million yen adjustment for increase in tangible and intangible assets comprises investments in corporate assets that are not allocated to each reportable segment.
2. Segment income (loss) is adjusted to correspond with operating income reported on the consolidated statements of income.

(Per Share Information)

	Year ended December 31, 2022	Year ended December 31, 2023
Net assets per share	479.39 yen	570.16 yen
Profit per share	31.42 yen	99.16 yen

Notes: 1. Diluted profit per share is not disclosed as there were no dilutive shares.

2. The calculation base for profit (loss) per share is as follows:

	Year ended December 31, 2022	Year ended December 31, 2023
Profit attributable to owners of the parent (millions of yen)	1,498	4,730
Amount not attributable to common stockholders (millions of yen)	-	-
Profit attributable to common stock of owners of the parent (millions of yen)	1,498	4,730
Average number of common stock outstanding during the term (shares)	47,700,166	47,700,166

(Significant Subsequent Events)

Not applicable

4. Other

(1) Changes in Officers

Not applicable

(2) Weddings Held and Orders Received

1) Number of weddings held

	Year ended December 31, 2022	Year ended December 31, 2023
Segment	Number of weddings held (cases)	Number of weddings held (cases)
Wedding business	10,837	10,462
Hotel business	1,660	1,708
Annual total	12,497	12,170

2) Wedding orders received

	Year ended December 31, 2022		Year ended December 31, 2023	
Segment	Orders received (cases)	Order backlog (cases)	Orders received (cases)	Order backlog (cases)
Wedding business	9,810	5,980	10,013	5,531
Hotel business	1,559	1,120	1,699	1,111
Annual total	11,369	7,100	11,712	6,642