



Financial Results for the Nine-month Period Ended September 30, 2023 [IFRS] (Consolidated)

November 14, 2023

Listed Company: NOVARESE, Inc. Stock Exchange: Tokyo Stock Exchange
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 Scheduled date to submit quarterly report: November 14, 2023
 Scheduled date of the start of dividends payment: –
 Supplementary material for quarterly financial results: Yes
 Briefing on quarterly financial results: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded off.)

1. Consolidated financial results for the nine-month period ended September 30, 2023 (from January 1, 2023 to September 30, 2023)

(1) Consolidated results of operations (Percentages calculated on year-on-year basis.)

	Revenue		Operating profit		Profit before income taxes		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine-month period ended								
September 30, 2023	12,158	8.6	104	-91.3	-126	–	-91	–
September 30, 2022	11,196	61.4	1,199	–	981	–	661	–

	Profit attributable to owners of the parent		Total comprehensive income for the period		Basic earnings per share		Diluted earnings per share	
	Million yen	%	Million yen	%	Yen		Yen	
Nine-month period ended								
September 30, 2023	-91	–	-109	–	-3.66		–	
September 30, 2022	661	–	624	–	26.45		–	

(Notes) 1. On May 25, 2023, the Company implemented a two-hundred-for-one common stock split. The basic earnings per share has been calculated under the assumption that the said share split was conducted at the beginning of the previous fiscal year.

2. Diluted earnings per share is not stated because there are no dilutive shares.

(2) Consolidated financial position

	Total assets		Total equity		Equity attributable to owners of the parent		Ratio of equity attributable to owners of the parent	
	Million yen		Million yen		Million yen		%	
As of								
September 30, 2023	32,316		7,137		7,137		22.1	
December 31, 2022	31,980		7,234		7,234		22.6	

2. Dividends

	Dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2022	–	0.00	–	0.00	0.00
Fiscal year ending December 31, 2023	–	0.00	–		
Fiscal year ending December 31, 2023 (forecast)				0.00	0.00

(Note) Revisions from dividends forecasts announced most recently: None

3. Consolidated financial results forecasts for the fiscal year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Percentages calculated on year-on-year basis.)

	Revenue		Operating profit		Profit before income taxes		Net profit		Profit attributable to owners of the parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	18,035	4.7	1,509	(45.6)	1,202	(51.6)	855	(48.3)	855	(48.3)	34.24

(Notes) 1. Revisions from financial results forecasts published most recently: Yes

2. On May 25, 2023, the Company implemented a two-hundred-for-one common stock split. Basic earnings per share in the consolidated financial results forecasts for the fiscal year ending December 31, 2023 reflects the stock split.

* Notes

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies as required by IFRS: Yes

(ii) Changes in accounting policies other than (i): No

(iii) Changes in accounting estimates: No

(3) Number of shares outstanding (common stock)

(i) Number of shares outstanding at the end of the period (including treasury shares)

As of September 30, 2023: 25,000,000 shares

As of December 31, 2022: 25,000,000 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2023: – shares

As of December 31, 2022: – shares

(iii) Average number of shares outstanding during the period

Nine-month period ended September 30, 2023: 25,000,000 shares

Nine-month period ended September 30, 2022: 25,000,000 shares

(Note) On May 25, 2023, the Company implemented a two-hundred-for-one common stock split. The number of shares outstanding at the end of the period, the number of treasury shares at the end of the period, and the average number of shares outstanding during the period were calculated assuming that the stock split was implemented at the beginning of the previous consolidated fiscal year.

* This consolidated financial results falls outside the scope of quarterly review procedures to be performed by certified public accountants or an audit firm.

* Note regarding proper use of consolidated financial results forecasts and other special comments

The forward-looking statements, such as results forecasts, included in this document are based on information available to the Company and certain assumptions that the Company considers reasonable as of the date of the document. The Company does not promise that the forecasts will be achieved. Actual results may differ significantly due to a range of factors. For conditions regarding the assumptions for results forecasts and notes on the use of results forecasts, etc., please refer to page 4 of the accompanying materials “1. Qualitative information regarding consolidated financial results for the nine-month period ended September 30, 2023, (4) Explanations on forward-looking information including forecast of consolidated financial results.”

Accompanying Materials - Contents

1. Qualitative information regarding consolidated financial results for the nine-month period ended September 30, 2023.....	2
(1) Explanations on operating results.....	2
(2) Explanations on financial position.....	3
(3) Overview of cash flows.....	4
(4) Explanations on forward-looking information including forecast of consolidated financial results	4
2. Condensed quarterly consolidated financial statements and significant notes	5
(1) Condensed quarterly consolidated statements of financial position	5
(2) Condensed quarterly consolidated statements of profit or loss and condensed quarterly consolidated statements of comprehensive income	7
(3) Condensed quarterly consolidated statements of changes in equity	9
(4) Condensed quarterly consolidated statements of cash flows	10
(5) Notes to condensed quarterly consolidated financial statements.....	11
(Notes regarding going concern assumptions)	11
(Changes in accounting policies)	11
(Segment information)	11

1. Qualitative information regarding consolidated financial results for the nine-month period ended September 30, 2023

(1) Explanations on operating results

During the nine-month period ended September 30, 2023, the Japanese economy recovered moderately, partly due to the effects of measures implemented during the endemic COVID-19 era, but the future of the economy remained uncertain due to the effects of continuing global monetary tightening and concern over the future of the Chinese economy, and risks of downward pressure on the Japanese economy, such as a downturn in overseas economies, price increases and changes in financial markets.

In this environment, NOVARESE, Inc. (the “Company”) and its associated companies (the “Group”) have been implementing priority initiatives guided by its corporate philosophy, “Rock your life: We want to be a company that provides vitality to society.” One of the priority initiatives is the opening of new wedding venues. In April 2023, the Company opened Amandan Blue Aoshima (Miyazaki, Miyazaki prefecture), the Company’s first venue in Miyazaki prefecture.

Amandan Blue Aoshima is in a good location. It is a four-minute walk from Aoshima station on the JR Nichinan Line and it is in an area that is attracting attention following the opening of new resort facilities. The wedding facility faces the Pacific Ocean. Many parts of the building have spectacular views of the ocean and Aoshima, a famous holy island.

The entire building directly faces Aoshima and has a superb view. The exterior appearance of the building is similar to Oni no Sentakuita, a unique wavy rock formation along the coast of Aoshima. The building is innovatively arranged—each wing is placed slightly in front of or behind the next wing so that they look like a wavy rock formation. Inside the building, the surface of the walls has a musubikoyori (sacred paper strings at Aoshima Shrine) motif, conveying the atmosphere of Miyazaki. The side of the banquet hall facing the sea is a glass wall. A large glass window six meters tall and approximately 16 meters wide enables guests to take in the impressive view. Visitors can enjoy a magnificent view of Aoshima and the sea stretching to the horizon. The floor is covered in a blue carpet, evoking a feeling of oneness with the sea.

The Company built Southern Chapel Kiranah Resort Okinawa, its first wedding venue in Okinawa (Yaesecho, Shimajiri-gun, Okinawa prefecture). The venue was opened in July 2023.

A wedding complex with a chapel and a banquet hall (single-story building, total floor of approx. 1,069 m²) was built on a 10,000 m² site in the southern part of Okinawa’s main island. The wedding venue is in a good location on a hill facing the sea and commanding a 180° ocean view. The chapel is the southernmost chapel facing the Pacific Ocean on the mainland. The venue is conveniently located about a 30-minute drive from Naha Airport. We will emphasize its convenience.

The building is decorated to evoke the atmosphere of Okinawa. The red Ryukyu gawara roof tiles and Ryukyu limestone are used in the construction of the building. The banquet hall was created with a Yanbaru no mori concept.

In the wedding production division of the Bridal business, the number of new visitors was trending toward a recovery. As a result, the number of couples from whom the Company received orders increased 1.1% year on year, to 3,358.

While the number of orders rose, the number of back orders fell 7.5% year on year, to 3,434, reflecting a year-on-year increase in the nine-month period ended September 30, 2023 in the number of wedding parties due to a year-on-year decrease in the number of wedding parties postponed attributable to a rise in the number of COVID-19 infections.

Revenue in the nine-month period ended September 30, 2023 stood at 12,158 million yen (up 8.6% year on year) primarily due to the absence of quasi-emergency measures and other restrictions that were in place a year ago. Operating profit stood at 104 million yen (down 91.3% year on year), loss before income taxes came to 126 million yen (profit before income taxes of 981 million yen in the nine-month period ended September 30, 2022), and net loss was 91 million yen (net profit of 661 million yen in the nine-month period ended September 30, 2022), reflecting the absence of subsidies, including employment adjustment subsidies of 287 million yen and subsidies for cooperation in preventing infection of 268 million yen in connection with shorter business hours, recorded in the nine-month period ended September 30, 2022, an increase of 96 million yen in selling, general and administrative expenses, including supplies expenses associated with the opening of new facilities in the nine-month period ended September 30, 2023 and expenses related to the listing of the Company of 32 million yen. Additionally, an impairment loss of 16 million yen was recognized on fixed assets of certain facilities.

The number of our facilities as of September 30, 2023 is as follows.

Segment	Bridal business			Restaurant business
	Guesthouse	Dress shop	Other	
Japan	34	23	1	7
Overseas	–	–	1	–

Results by segment are as follows.

(Bridal business)

In the Bridal business, revenue rose 7.0% year on year to 11,520 million yen, reflecting the full-year contribution of Aoi-Teien, which opened in the previous fiscal year, a large number of orders from couples received in the previous fiscal year, and the absence of quasi-emergency measures and other restrictions that were in place a year ago, but segment profit declined 48.3% year on year to 1,038 million yen primarily due to the absence of subsidies, including employment adjustment subsidies of 244 million yen and subsidies for cooperation in preventing infection of 246 million yen in connection with shorter business hours recorded in the nine-month period ended September 30, 2022, and an increase of 96 million yen in selling, general and administrative expenses, including supplies expenses associated with the opening of new facilities in the nine-month period ended September 30, 2023. An impairment loss of 16 million yen recognized on fixed assets of certain facilities also reduced segment profit.

(Restaurant business)

In the Restaurant business, revenue rose 47.6% to 637 million yen, and segment profit stood at 5 million yen (a segment loss of 23 million yen in the nine-month period ended September 30, 2022), primarily due to the full-year contribution of SHARI Akasaka, which opened in the previous fiscal year, and the absence of quasi-emergency measures that were taken in the nine-month period ended September 30, 2022, and an increase in the number of guests, despite the absence of subsidies, including employment adjustment subsidies of 42 million yen and subsidies for cooperation in preventing infection of 22 million yen in connection with shorter business hours recorded in the nine-month period ended September 30, 2022.

(2) Explanations on financial position

(Assets)

As of September 30, 2023, assets totaled 32,316 million yen, an increase of 335 million yen from the end of the previous fiscal year. The main factor was a decrease of 1,035 million yen in cash and cash equivalents mainly due to purchase of property, plant and equipment at new facilities and pre-existing facilities, and the payment of accrued consumption taxes recorded in the previous fiscal year, which was partially offset by an increase of 1,110 million yen in property, plant and equipment due to purchase of property, plant and equipment at Amandan Blue Aoshima (Miyazaki, Miyazaki prefecture), which opened in April 2023, and Southern Chapel Kiranah Resort Okinawa (Yaesecho, Shimajiri-gun, Okinawa prefecture), which opened in July 2023, and purchase of property, plant and equipment related to pre-existing facilities.

(Liabilities)

As of September 30, 2023, liabilities totaled 25,179 million yen, an increase of 433 million yen from the end of the previous fiscal year. The major factors were an increase of 507 million yen in contract liabilities owed to customers, an increase of 234 million yen in other financial liabilities due to an increase in lease liabilities related to openings of facilities, and an increase of 177 million yen in borrowings due to borrowings from financial institutions, which were partially offset by a decrease of 512 million yen in other current liabilities primarily due to the payment of accrued consumption taxes recorded in the previous fiscal year.

(Equity)

As of September 30, 2023, equity totaled 7,137 million yen, a decrease of 97 million yen from the end of the previous fiscal year. The main factor was a decrease in retained earnings resulting from a net loss of 91 million yen recorded.

(3) Overview of cash flows

Cash and cash equivalents (“cash”) as of September 30, 2023 decreased 1,035 million yen from the end of the previous fiscal year, to 1,767 million yen (down 36.9 % year on year).

Cash flow conditions in the nine-month period ended September 30, 2023 and the main associated factors are as follows.

(i) Cash flows from operating activities

Net cash provided by operating activities was 1,381 million yen. This is primarily attributable to depreciation and amortization of 1,736 million yen and an increase in contract liabilities of 507 million yen, partially offset by a decrease of 412 million yen in accrued consumption taxes, income taxes paid of 235 million yen, and interest paid of 181 million yen.

(ii) Cash flows from investing activities

Net cash used in investing activities was 1,841 million yen. This primarily reflects the purchase of property, plant and equipment of 1,765 million yen related to Amandan Blue Aoshima (Miyazaki, Miyazaki prefecture), which opened in April 2023, and Southern Chapel Kiranah Resort Okinawa (Yaesecho, Shimajiri-gun, Okinawa prefecture), which opened in July 2023, and pre-existing facilities and payments of guarantee deposits of 76 million yen for facilities.

(iii) Cash flows from financing activities

Net cash used in financing activities was 575 million yen. This is primarily due to repayments of long-term borrowings of 12,318 million yen and repayments of lease liabilities of 686 million yen in connection with leases of buildings, etc., which were partially offset by an increase in short-term borrowings of 683 million yen and proceeds from long-term borrowings related primarily to refinancing of 11,746 million yen.

(4) Explanations on forward-looking information including forecast of consolidated financial results

Please refer to the Notice of a Revision to Full-year Financial Results Forecasts published on November 14, 2023, for the consolidated financial results forecasts for the fiscal year ending December 31, 2023.

2. Condensed quarterly consolidated financial statements and significant notes

(1) Condensed quarterly consolidated statements of financial position

	As of December 31, 2022	As of September 30, 2023
	Thousand yen	Thousand yen
Assets		
Current assets		
Cash and cash equivalents	2,803,410	1,767,990
Trade and other receivables	290,256	351,592
Inventories	230,081	273,253
Other financial assets	20,207	20,491
Other current assets	178,581	190,333
Total current assets	<u>3,522,538</u>	<u>2,603,661</u>
Non-current assets		
Property, plant and equipment, net	14,718,529	15,829,245
Goodwill	11,203,452	11,203,452
Intangible assets, net	68,036	65,742
Investments accounted for using the equity method	22,550	16,408
Other financial assets	937,015	999,104
Deferred tax assets	1,506,811	1,569,777
Other non-current assets	1,714	29,247
Total non-current assets	<u>28,458,110</u>	<u>29,712,980</u>
Total assets	<u><u>31,980,649</u></u>	<u><u>32,316,641</u></u>

	As of December 31, 2022	As of September 30, 2023
	Thousand yen	Thousand yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	1,358,780	1,455,186
Contract liabilities	1,315,725	1,823,284
Borrowings	13,068,564	3,948,317
Other financial liabilities	902,475	981,062
Income taxes payable	179,367	7,139
Other current liabilities	1,068,691	556,162
Total current liabilities	<u>17,893,605</u>	<u>8,771,153</u>
Non-current liabilities		
Borrowings	1,058,634	10,356,415
Other financial liabilities	4,586,356	4,741,798
Provisions	1,162,046	1,269,600
Other non-current liabilities	45,733	40,468
Total non-current liabilities	<u>6,852,771</u>	<u>16,408,281</u>
Total liabilities	<u>24,746,377</u>	<u>25,179,435</u>
Equity		
Share capital	100,000	100,000
Capital surplus	6,150,000	6,150,000
Retained earnings	923,664	832,103
Other components of equity	60,607	55,102
Total equity attributable to owners of the parent	<u>7,234,271</u>	<u>7,137,206</u>
Total equity	<u>7,234,271</u>	<u>7,137,206</u>
Total liabilities and equity	<u><u>31,980,649</u></u>	<u><u>32,316,641</u></u>

(2) Condensed quarterly consolidated statements of profit or loss and condensed quarterly consolidated statements of comprehensive income

(Condensed quarterly consolidated statements of profit or loss)

	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2023
	Thousand yen	Thousand yen
Revenue	11,196,855	12,158,446
Cost of sales	(4,706,967)	(5,576,683)
Gross profit	6,489,887	6,581,763
Selling, general and administrative expenses	(5,608,653)	(6,444,995)
Other income	334,616	14,313
Other expenses	(16,830)	(46,325)
Operating profit	1,199,019	104,755
Finance income	49,262	30,081
Finance expenses	(265,185)	(255,596)
Share of profit (loss) of investments accounted for using the equity method	(1,139)	(6,141)
Profit (loss) before income taxes	981,957	(126,900)
Income taxes	(320,700)	35,339
Net profit (loss)	661,257	(91,560)
Net profit (loss) attributable to		
Owners of the parent	661,257	(91,560)
Net profit (loss)	661,257	(91,560)
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	26.45	(3.66)
Diluted earnings per share (yen)	-	-

(Condensed quarterly consolidated statements of comprehensive income)		
	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2023
	Thousand yen	Thousand yen
Net profit (loss)	661,257	(91,560)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(36,441)	(18,185)
Total of items that may be reclassified to profit or loss	(36,441)	(18,185)
Other comprehensive income, net of tax	(36,441)	(18,185)
Comprehensive income	<u>624,815</u>	<u>(109,746)</u>
Comprehensive income attributable to		
Owners of the parent	<u>624,815</u>	<u>(109,746)</u>
Comprehensive income	<u>624,815</u>	<u>(109,746)</u>

(3) Condensed quarterly consolidated statements of changes in equity

	Equity attributable to owners of the parent					Total equity
	Share capital	Capital surplus	Retained earnings	Other components of equity	Total equity attributable to owners of the parent	
	Thousand yen	Thousand yen	Thousand yen	Thousand yen	Thousand yen	
Balance as of January 1, 2022	100,000	6,150,000	(733,210)	70,262	5,587,051	5,587,051
Net profit	–	–	661,257	–	661,257	661,257
Other comprehensive income	–	–	–	(36,441)	(36,441)	(36,441)
Comprehensive income	–	–	661,257	(36,441)	624,815	624,815
Stock compensation	–	–	–	12,680	12,680	12,680
Total transactions with owners	–	–	–	12,680	12,680	12,680
Balance as of September 30, 2022	100,000	6,150,000	(71,953)	46,501	6,224,547	6,224,547

	Equity attributable to owners of the parent					Total equity
	Share capital	Capital surplus	Retained earnings	Other components of equity	Total equity attributable to owners of the parent	
	Thousand yen	Thousand yen	Thousand yen	Thousand yen	Thousand yen	
Balance as of January 1, 2023	100,000	6,150,000	923,664	60,607	7,234,271	7,234,271
Net profit (loss)	–	–	(91,560)	–	(91,560)	(91,560)
Other comprehensive income	–	–	–	(18,185)	(18,185)	(18,185)
Comprehensive income	–	–	(91,560)	(18,185)	(109,746)	(109,746)
Stock compensation	–	–	–	12,680	12,680	12,680
Total transactions with owners	–	–	–	12,680	12,680	12,680
Balance as of September 30, 2023	100,000	6,150,000	832,103	55,102	7,137,206	7,137,206

(4) Condensed quarterly consolidated statements of cash flows

	Nine-month period September 30, 2022	Nine-month period September 30, 2023
	Thousand yen	Thousand yen
Cash flows from operating activities		
Profit (loss) before income taxes	981,957	(126,900)
Depreciation and amortization	1,550,805	1,736,484
Finance income	(49,262)	(30,081)
Finance expenses	265,185	255,596
Share of profit (loss) of investments accounted for using the equity method	1,139	6,141
Impairment losses	–	16,314
Loss on retirement of fixed assets	14,329	13,678
Gain on sale of businesses	(31,239)	–
Decrease (increase) in trade and other receivables	(34,159)	(52,372)
Decrease (increase) in inventories	(62,695)	(41,920)
Increase (decrease) in trade and other payables	185,718	55,448
Increase (decrease) in contract liabilities	946,237	507,483
Increase (decrease) in accrued expenses	(75,303)	12,495
Increase (decrease) in deposits received	(75,712)	38,784
Increase (decrease) in accrued consumption taxes	(150,229)	(412,354)
Other	(135,182)	(181,315)
Subtotal	3,331,588	1,797,480
Interest received	1,939	1,714
Interest paid	(241,682)	(181,460)
Income taxes paid	(10,629)	(235,783)
Net cash provided by operating activities	3,081,216	1,381,950
Cash flows from investing activities		
Purchases of property, plant and equipment	(643,772)	(1,765,747)
Proceeds from sale of property, plant and equipment	–	193
Purchases of intangible assets	(8,287)	(16,980)
Proceeds from collection of loans receivable	14,842)	15,120
Payments of guarantee deposits	(40,295)	(76,926)
Proceeds from refund of guarantee deposits	20,912	2,446
Proceeds from sale of businesses	25,000	–
Net cash used in investing activities	(631,600)	(1,841,893)
Cash flows from financing activities		
Net decrease (increase) in deposits with withdrawal restrictions	693,668	–
Net increase (decrease) in short-term borrowings	(300,000)	683,334
Proceeds from long-term borrowings	700,000	11,746,564
Repayments of long-term borrowings	(1,345,212)	(12,318,900)
Repayments of lease liabilities	(696,890)	(686,720)
Net cash used in financing activities	(948,433)	(575,721)
Effect of exchange rate changes in cash and cash equivalents	2,017	244
Net increase (decrease) in cash and cash equivalents	1,503,199	(1,035,420)
Cash and cash equivalents at beginning of period	2,246,838	2,803,410
Cash and cash equivalents at end of period	3,750,038	1,767,990

(5) Notes to condensed quarterly consolidated financial statements

(Notes regarding going concern assumptions)

Not applicable.

(Changes in accounting policies)

The Group has applied the following standards from the first quarter of the fiscal year ending December 31, 2023.

IFRS		Description of new standards/amendments
IAS 1	Presentation of Financial Statements	Requires disclosure of not only significant accounting policies but also material accounting policies.
IAS 8	Accounting policies, changes in accounting estimates and errors	Clarifies how to distinguish changes in accounting policies from changes in accounting estimates.
IAS 12	Income taxes (revised in May 2021)	Clarifies deferred tax accounting related to leases and disposal obligations

The application of the accounting standards above does not have material impact on the condensed quarterly consolidated financial statements.

(Segment information)

(1) Overview of reportable segments

The Group's reportable segments are the Company's components for which separate financial information is available and for which the Board of Directors performs periodic reviews for the purposes of determining management resources allocation and evaluating performance.

The Group's business is classified into segments according to business type. The Group has two reportable segments: the Bridal business and the Restaurant business.

The major operations of the Bridal business are the planning and operations of ceremonies and banquets, wedding attire rental and sale, and provision of banquet food and beverages.

The major operations of the Restaurant business are preparing banquets and general meals (lunches and dinners).

(2) Revenues and business results by segment

The following are the results, including revenue, of the reportable segments of the Group.

Profit or loss of the reportable segments is the operating profit on the condensed quarterly consolidated statements of profit or loss.

Intersegment transaction prices are based on prevailing market prices.

Nine-month period ended September 30, 2022

	Reportable segments			Adjustments (Note)	Consolidated
	Bridal business	Restaurant business	Total		
	Thousand yen	Thousand yen	Thousand yen		
Revenue					
External	10,764,900	431,954	11,196,855	–	11,196,855
Intersegment	2,795	22,194	24,989	(24,989)	–
Total	10,767,696	454,148	11,221,844	(24,989)	11,196,855
Segment profit (loss)	2,007,464	(23,677)	1,983,787	(784,767)	1,199,019
Finance income					49,262
Finance expenses					(265,185)
Share of profit (loss) of investments accounted for using the equity method					(1,139)
Profit (loss) before income taxes					981,957

(Note) “Adjustments” in segment profit (loss) is mostly the elimination of intersegment transactions and corporate expenses that are not allocated to either reportable segment. Corporate expenses are primarily general and administrative expenses that are not attributable to either reportable segment.

Nine-month period ended September 30, 2023

	Reportable segments			Adjustments (Note)	Consolidated
	Bridal business	Restaurant business	Total		
	Thousand yen	Thousand yen	Thousand yen		
Revenue					
External	11,520,714	637,731	12,158,446	–	12,158,446
Intersegment	2,202	19,063	21,265	(21,265)	–
Total	11,522,916	656,795	12,179,711	(21,265)	12,158,446
Segment profit	1,038,701	5,319	1,044,020	(939,264)	104,755
Finance income					30,081
Finance expenses					(255,596)
Share of profit (loss) of investments accounted for using the equity method					(6,141)
Profit (loss) before income taxes					(126,900)

(Note) “Adjustments” in segment profit is mostly the elimination of intersegment transactions and corporate expenses that are not allocated to either reportable segment. Corporate expenses are primarily general and administrative expenses that are not attributable to either reportable segment.