



Financial Results for the Period Ended December 31, 2023 [IFRS] (Consolidated)

February 14, 2024

Listed Company: NOVARESE, Inc. Stock Exchange: Tokyo Stock Exchange
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Scheduled date of the Annual General Meeting of Shareholders: March 28, 2024

Scheduled date of the start of dividends payment: –

Scheduled date to submit securities report: March 28, 2024

Supplementary material for financial results: Yes

Briefing on financial results: Yes (for institutional investors and analysts)

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

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

(1) Consolidated results of operations

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

Fiscal year ended	Revenue		Operating profit		Profit before income taxes		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2023	18,265	6.1	1,539	-44.5	1,230	-50.5	942	-43.1
December 31, 2022	17,222	53.9	2,775	237.6	2,485	360.9	1,656	343.0

Fiscal year ended	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
December 31, 2023	942	-43.1	926	-43.2	37.69	–
December 31, 2022	1,656	343.0	1,630	363.4	66.27	–

Fiscal year ended	Return on equity (ROE)	Pre-tax return on assets (ROA)	Operating profit to revenue
	%	%	%
December 31, 2023	12.2	3.8	8.4
December 31, 2022	25.9	7.8	16.1

(Reference) Share of profit (loss) of investments accounted for using the equity method: Fiscal year ended December 31, 2023: 1 million yen
 Fiscal year ended December 31, 2022: 18 million yen

(Note) 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 consolidated fiscal year.

(2) Consolidated financial position

As of	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity attributable to owners of the parent per share
	Million yen	Million yen	Million yen	%	Yen
December 31, 2023	32,301	8,177	8,177	25.3	327.12
December 31, 2022	31,980	7,234	7,234	22.6	289.37

(Note) On May 25, 2023, the Company implemented a two-hundred-for-one common stock split. The equity attributable to owners of the parent per share has been calculated under the assumption that the said share split was conducted at the beginning of the previous consolidated fiscal year.

(3) Consolidated cash flows

Fiscal year ended	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
December 31, 2023	2,996	-2,034	-2,044	1,719
December 31, 2022	4,620	-1,340	-2,725	2,803

2. Dividends

	Dividend per share					Total amount of dividends (Total)	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year end	Annual			
Fiscal year ended December 31, 2022	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending December 31, 2023	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending December 31, 2024 (forecast)	–	0.00	–	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, 2024 (from January 1, 2024 to December 31, 2024)
(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
First half	8,653	4.9	92	-66.8	-95	—	-64	—	-64	—	-2.56
Full year	19,576	7.2	1,710	11.1	1,361	10.6	943	0.1	943	0.1	37.72

* 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 December 31, 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 December 31, 2023: — shares
 - As of December 31, 2022: — shares
 - (iii) Average number of shares outstanding during the period
 - Fiscal year ended December 31, 2023: 25,000,000 shares
 - Fiscal year ended December 31, 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.

(Reference) Summary of non-consolidated results

Non-consolidated financial results for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) Non-consolidated operating results (Percentages calculated on year-on-year basis.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2023	15,977	3.6	295	-73.2	195	-83.6	-131	—
December 31, 2022	15,429	52.2	1,101	—	1,196	—	446	—

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2023	-5.27	—
December 31, 2022	17.87	—

(Note) 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) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
December 31, 2023	19,216	1,570	8.1	62.54
December 31, 2022	20,230	1,702	8.4	67.81

(Reference) Equity: As of December 31, 2023: 1,479 million yen As of December 31, 2022: 1,695 million yen

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

* This consolidated financial results falls outside the scope of 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
(Notes on forward-looking statements)

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. Overview of results of operations, (4) Outlook."

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1. Overview of operating results, etc.

(1) Overview of operating results for the period under review

During the consolidated fiscal year under review (January 1, 2023 to December 31, 2023), the Japanese economy recovered moderately, partly due to the effects of measures implemented in an improving employment and income situation; however, 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. 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.

In July 2024, the Company will open Seiryuso, an exclusive use wedding venue in Sendai City and the Company’s first venue in Miyagi prefecture.

The Company will build a two-story building on part of a site covering an area of approximately 2,556 m² adjacent to Zuihoden, the mausoleum of Masamune Date, who was the founder of the Sendai domain. The location is on a hill offering a stunning view of Zuihoden’s surroundings of cedar-lined paths, Aobayama to the west of Sendai plain, and the Hirose River running through the center of the city. Wedding guests will be offered food incorporating plenty of the local specialities such as seafood caught near Mt. Kinka and in the Sanriku coastal area.

In September 2024, the Company will open Amandan Aisle, an exclusive use wedding venue in Fukushima City, Fukushima prefecture.

Amandan Aisle is situated opposite Arakawa Sakura-zutsumi Park, which straddles the Arakawa River, and is a wedding facility that boasts views of natural beauty. On land with an area of approx. 3,775.17 m², the Company will build a one-story building (with a total floor space of approx. 1,122.05 m²). The side of the building looking out on the Arakawa River will be made completely of glass. The banquet hall and chapel will look out directly onto the cherry trees lining the Arakawa River, with majestic views of Mount Azuma-kofuji and Mount Adatara in the background. The Company will incorporate the seasonal changes in the landscape, the cherry blossom of spring, the greenery of summer, the red leaves of autumn, and the snow of winter, into wedding production. The building will have a contemporary Japanese design. With a wooden ceiling and walls and an elaborate design that accentuates horizontal and vertical lines, the building will incorporate “Japanese” design elements. It will also create a calm ambience by incorporating the surrounding nature into the design, including the flow of water (water and wave patterns), mountain ranges and cherry blossom. The building exterior will feature a large roof that works in concert with the Adatara mountain range and the banquet hall will have lighting that evokes water and wave patterns. The floors will be covered with carpet which looks as though it is scattered with cherry blossom.

In the wedding production division of the Bridal business, the number of couples from whom the Company received orders increased 1.0% year on year, to 4,323, and the number of back orders stood at 2,853, down 9.7% year on year. The number of new orders received and the number of back orders were lower than the levels a year earlier due to increasing competition at some existing venues, offsetting the strong performance of new venues.

Revenue for the consolidated fiscal year under review amounted to 18,265 million yen, rising 6.1% year on year, primarily due to an increase in the number of wedding guests and growth in sales from banquets and general food and drink at wedding facilities. Operating profit stood at 1,539 million yen, down 44.5% year on year, profit before income taxes came to 1,230 million yen, falling 50.5% year on year, and net profit was 942 million yen, down 43.1% year on year, reflecting the absence of subsidies related to shorter business hours of 268 million yen and employment adjustment subsidies of 292 million yen which were recorded in the previous consolidated fiscal year, and an increase in selling, general and administrative expenses, primarily due to higher personnel expenses mainly associated with the resumption of new graduate recruitment to secure human resources for the opening of new facilities and higher fixed costs for new facilities.

The number of our facilities as of the end of the fiscal year under review 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 4.8% year on year, to 17,372 million yen, reflecting recovery in the number of wedding guests compared with the previous consolidated fiscal year as well as improvement in demand for banquets and general food and drink at wedding facilities; however, segment profit declined 28.3% year on year, to 2,756 million yen, primarily due to the absence of employment adjustment subsidies of 249 million yen and subsidies related to shorter business hours of 246 million yen which were recorded in the previous consolidated fiscal year as well as an increase in selling, general and administrative expenses, chiefly owing to higher fixed costs for new facilities and higher personnel expenses.

(Restaurant business)

In the Restaurant business, revenue rose 39.4%, to 892 million yen, and segment profit stood at 42 million yen (a segment loss of 13 million yen in the previous consolidated fiscal year), primarily due to the full-year contribution of SHARI Akasaka, which opened in the previous consolidated fiscal year, and growth in sales at existing facilities driven mainly by inbound demand, despite the absence of employment adjustment subsidies of 42 million yen and subsidies related to shorter business hours of 22 million yen recorded in the previous consolidated fiscal year.

(2) Overview of financial position for the period under review

(Assets)

At the end of the consolidated fiscal year under review, assets totaled 32,301 million yen, an increase of 320 million yen from the end of the previous consolidated fiscal year. Major factors were an increase of 1,102 million yen in property, plant and equipment due to purchase of property, plant and equipment for new and existing facilities, a climb of 123 million yen in deferred tax assets resulting from an increase in depreciation in excess of the deductible amount due to the purchase of fixed assets of new and existing facilities and a provision for shareholder benefit program, and a rise of 112 million yen in trade and other receivables due to an increase in accounts receivable primarily as a result of growth in restaurant sales, which offset a decrease of 1,084 million yen in cash and cash equivalents mainly due to the 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 pre-existing facilities, and the payment of accrued consumption taxes recorded in the previous consolidated fiscal year.

(Liabilities)

As of the end of the consolidated fiscal year under review, liabilities totaled 24,123 million yen, a decrease of 622 million yen from the end of the previous consolidated fiscal year. The major factors were a decrease of 103 million yen in contract liabilities owed to customers and a decrease of 1,038 million yen in borrowings due to repayments of borrowings from financial institutions, which offset an increase of 431 million yen in other financial liabilities due to an increase in lease liabilities related to openings of facilities.

(Equity)

As of the end of the consolidated fiscal year under review, equity totaled 8,177 million yen, an increase of 943 million yen from the end of the previous consolidated fiscal year. The main factor was an increase in retained earnings resulting from the recording of a net profit of 942 million yen.

(3) Overview of cash flows for the period under review

Cash and cash equivalents (“cash”) as of the end of the consolidated fiscal year under review decreased 1,084 million yen or 38.7% from the end of the previous consolidated fiscal year, to 1,719 million yen.

Cash flow conditions in the consolidated fiscal year under review and the main associated factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 2,996 million yen. This is primarily attributable to profit before income taxes of 1,230 million yen and depreciation and amortization of 2,344 million yen, partially offset by an increase of 107 million yen in trade and other receivables, a decrease of 103 million yen in contract liabilities, a decrease of 216 million yen in accrued consumption taxes, and income taxes paid of 236 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 2,034 million yen. This primarily reflects the purchase of property, plant and equipment of 1,944 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 86 million yen for facilities.

(Cash flows from financing activities)

Net cash used in financing activities was 2,044 million yen. This is primarily due to repayments of long-term borrowings, including refinancing, of 13,129 million yen and repayments of lease liabilities of 919 million yen in connection with leases of buildings, etc., which were partially offset by a net increase in short-term borrowings of 58 million yen due to new short-term loans and borrowing under overdraft agreements with financial institutions, and proceeds from long-term borrowings related primarily to refinancing of 11,946 million yen.

(Reference) Trends in cash flow indicators

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Ratio of equity attributable to owners of the parent (%)	23.5	15.7	17.1	22.6	25.3
Ratio of equity attributable to owners of the parent on market value basis (%)	–	–	–	–	22.8
Cash flow to debt ratio (years)	6.5	–	9.4	4.2	6.3
Interest coverage ratio (times)	17.9	–	8.4	15.7	14.7

Ratio of equity attributable to owners of the parent: Equity attributable to owners of the parent/Total assets

Ratio of equity attributable to owners of the parent on market value basis: Market capitalization/Total assets

Cash flow to debt ratio: Interest-bearing liabilities/Cash flow

Interest coverage ratio: Cash flow/Interest payments

(*1) All indicators are calculated based on the consolidated financial results.

(*2) Ratio of equity attributable to owners of the parent on market value basis from the fiscal year ended December 31, 2019 to the fiscal year ended December 31, 2022 is not stated as market value cannot be determined.

(*3) Cash flows from operating activities are used as cash flow.

(*4) Interest-bearing liabilities mean all interest-bearing liabilities recorded on the consolidated statements of financial position.

(*5) The cash flows to debt ratio (years) and interest coverage ratio (times) for the fiscal year ended December 31, 2020 is not stated as cash flows from operating activities were negative.

(4) Outlook

Looking at our business environment during the consolidated fiscal year under review, the Vital Statistics Report (Preliminary data) published by the Ministry of Health, Labour and Welfare estimates the number of marriages in 2023 at around 500,000, with figures still far below the pre-COVID 2019 level of around 600,000 (according to the same statistics). Under such conditions, the Group will leverage its strength in the in-house production of various items to develop high added value products and increase efficiency. At existing facilities, the Group will seek to maintain the appeal of the facilities and win more customers and orders through flexible renovation that accurately reflects customer preferences and vigorous advertising activities.

As the Group undertakes these initiatives, it forecasts that it will record revenue of 19,809 million yen, an operating profit of 1,775 million yen, a profit before income tax of 1,427 million yen and a net profit of 1,006 million yen in the next consolidated fiscal year.

2. Basic stance on selection of accounting standards

The Group started applying IFRS from the fiscal year ended December 31, 2019 to enhance the international comparability of financial information in capital markets and improve convenience.

3. Consolidated financial statements and significant notes

(1) Consolidated statements of financial position

	As of December 31, 2022	As of December 31, 2023
	Thousand yen	Thousand yen
Assets		
Current assets		
Cash and cash equivalents	2,803,410	1,719,405
Trade and other receivables	290,256	402,477
Inventories	230,081	241,505
Other financial assets	20,207	20,033
Other current assets	178,581	140,739
Total current assets	3,522,538	2,524,162
Non-current assets		
Property, plant and equipment, net	14,718,529	15,820,651
Goodwill	11,203,452	11,203,452
Intangible assets, net	68,036	71,268
Investments accounted for using the equity method	22,550	23,718
Other financial assets	937,015	999,161
Deferred tax assets	1,506,811	1,630,672
Other non-current assets	1,714	28,313
Total non-current assets	28,458,110	29,777,239
Total assets	31,980,649	32,301,401

	As of December 31, 2022	As of December 31, 2023
	Thousand yen	Thousand yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	1,358,780	1,427,247
Contract liabilities	1,315,725	1,212,356
Borrowings	13,068,564	3,399,769
Other financial liabilities	902,475	982,907
Provisions	–	60,448
Income taxes payable	179,367	349,179
Other current liabilities	1,068,691	745,531
Total current liabilities	17,893,605	8,177,438
Non-current liabilities		
Borrowings	1,058,634	9,688,801
Other financial liabilities	4,586,356	4,937,598
Provisions	1,162,046	1,271,155
Other non-current liabilities	45,733	48,443
Total non-current liabilities	6,852,771	15,945,998
Total liabilities	24,746,377	24,123,437
Equity		
Share capital	100,000	100,000
Capital surplus	6,150,000	6,150,000
Retained earnings	923,664	1,865,936
Other components of equity	60,607	62,027
Total equity attributable to owners of the parent	7,234,271	8,177,964
Total equity	7,234,271	8,177,964
Total liabilities and equity	31,980,649	32,301,401

(2) Consolidated statements of profit or loss and consolidated statements of comprehensive income
(Consolidated statements of profit or loss)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
	Thousand yen	Thousand yen
Revenue	17,222,448	18,265,376
Cost of sales	(7,080,231)	(8,080,801)
Gross profit	10,142,217	10,184,574
Selling, general and administrative expenses	(7,663,626)	(8,621,052)
Other income	322,274	26,034
Other expenses	(25,131)	(49,996)
Operating profit	2,775,733	1,539,559
Finance income	36,086	22,481
Finance expenses	(344,664)	(332,324)
Share of profit of investments accounted for using the equity method	18,054	1,168
Profit before income taxes	2,485,209	1,230,884
Income taxes	(828,334)	(288,611)
Net profit	1,656,874	942,272
Net profit attributable to		
Owners of the parent	1,656,874	942,272
Net profit	1,656,874	942,272
Earnings per share		
Basic earnings per share (yen)	66.27	37.69
Diluted earnings per share (yen)	-	-

(Consolidated statements of comprehensive income)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
	Thousand yen	Thousand yen
Net profit	1,656,874	942,272
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(26,562)	(15,487)
Total of items that may be reclassified to profit or loss	(26,562)	(15,487)
Other comprehensive income, net of tax	(26,562)	(15,487)
Comprehensive income	1,630,312	926,785
Comprehensive income attributable to		
Owners of the parent	1,630,312	926,785
Comprehensive income	1,630,312	926,785

(3) Consolidated statements of changes in equity
Fiscal year ended December 31, 2022

	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	–	–	1,656,874	–	1,656,874	1,656,874
Other comprehensive income	–	–	–	(26,562)	(26,562)	(26,562)
Total comprehensive income	–	–	1,656,874	(26,562)	1,630,312	1,630,312
Stock compensation	–	–	–	16,907	16,907	16,907
Total transactions with owners	–	–	–	16,907	16,907	16,907
Balance as of December 31, 2022	100,000	6,150,000	923,664	60,607	7,234,271	7,234,271

Fiscal year ended December 31, 2023

	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	–	–	942,272	–	942,272	942,272
Other comprehensive income	–	–	–	(15,487)	(15,487)	(15,487)
Total comprehensive income	–	–	942,272	(15,487)	926,785	926,785
Stock compensation	–	–	–	16,907	16,907	16,907
Total transactions with owners	–	–	–	16,907	16,907	16,907
Balance as of December 31, 2023	100,000	6,150,000	1,865,936	62,027	8,177,964	8,177,964

(4) Consolidated statements of cash flows

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
	Thousand yen	Thousand yen
Cash flows from operating activities		
Profit before income taxes	2,485,209	1,230,884
Depreciation and amortization	2,098,922	2,344,642
Finance income	(36,086)	(22,481)
Finance expenses	344,664	332,324
Share of profit (loss) of investments accounted for using the equity method	(18,054)	(1,168)
Impairment losses	–	16,314
Loss on retirement of fixed assets	20,015	17,335
Gain on sale of businesses	(31,239)	–
Decrease (increase) in trade and other receivables	(57,222)	(107,970)
Decrease (increase) in inventories	(29,662)	(10,822)
Increase (decrease) in trade and other payables	169,570	62,853
Increase (decrease) in contract liabilities	63,633	(103,451)
Increase (decrease) in accrued expenses	(30,563)	(3,006)
Increase (decrease) in deposits received	(41,244)	16,444
Increase (decrease) in accrued consumption taxes	41,420	(216,100)
Other	(34,233)	(89,319)
Subtotal	4,945,130	3,466,478
Interest received	2,631	2,213
Interest paid	(315,837)	(235,783)
Income taxes paid	(11,710)	(236,446)
Net cash provided by operating activities	4,620,214	2,996,462
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,352,426)	(1,944,513)
Proceeds from sale of property, plant and equipment	–	193
Purchases of intangible assets	(11,680)	(29,175)
Proceeds from collection of loans receivable	19,836	20,207
Payments of guarantee deposits	(49,552)	(86,785)
Proceeds from refund of guarantee deposits	28,447	5,247
Proceeds from sale of businesses	25,000	–
Net cash used in investing activities	(1,340,374)	(2,034,824)
Cash flows from financing activities		
Net decrease (increase) in deposits with withdrawal restrictions	693,668	–
Net increase (decrease) in short-term borrowings	(500,000)	58,335
Proceeds from long-term borrowings	700,000	11,946,564
Repayments of long-term borrowings	(2,686,508)	(13,129,462)
Repayments of lease liabilities	(932,911)	(919,894)
Net cash used in financing activities	(2,725,751)	(2,044,457)
Effect of exchange rate changes in cash and cash equivalents	2,483	(1,185)
Net increase (decrease) in cash and cash equivalents	556,572	(1,084,004)
Cash and cash equivalents at beginning of period	2,246,838	2,803,410
Cash and cash equivalents at end of period	2,803,410	1,719,405

(5) Notes to 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 ended 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 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 consolidated statements of profit or loss.

Intersegment transaction prices are based on prevailing market prices.

Fiscal year ended December 31, 2022

	Reportable segments			Adjustments (Notes 1 and 2)	Consolidated
	Bridal business	Restaurant business	Total		
	Thousand yen	Thousand yen	Thousand yen		
Revenue					
External	16,582,108	640,340	17,222,448	–	17,222,448
Intersegment	3,631	33,243	36,874	(36,874)	–
Total	16,585,739	673,583	17,259,323	(36,874)	17,222,448
Segment profit (loss)	3,844,139	(13,586)	3,830,552	(1,054,819)	2,775,733
Finance income					36,086
Finance expenses					(344,664)
Share of profit of investments accounted for using the equity method					18,054
Profit before income taxes					2,485,209
Segment assets (Note 3)	28,975,010	809,063	29,784,073	2,196,576	31,980,649
Other information					
Depreciation and amortization (Note 3)	1,987,544	46,827	2,034,372	64,550	2,098,922
Impairment losses (Note 3)	–	–	–	–	–
Capital expenditures (Note 3)	1,735,029	359,570	2,094,599	17,492	2,112,091

(Notes) 1. “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.

2. The adjustment for segment assets is corporate assets that are not allocated to the reportable segments. Corporate assets are assets of the Company.

3. Segment assets, depreciation and amortization, and capital expenditures include amounts related to right-of-use assets.

Fiscal year ended December 31, 2023

	Reportable segments			Adjustments (Notes 1 and 2)	Consolidated
	Bridal business	Restaurant business	Total		
	Thousand yen	Thousand yen	Thousand yen		
Revenue					
External	17,372,704	892,671	18,265,376	–	18,265,376
Intersegment	2,736	27,457	30,194	(30,194)	–
Total	17,375,441	920,129	18,295,570	(30,194)	18,265,376
Segment profit	2,756,912	42,515	2,799,427	(1,259,868)	1,539,559
Finance income					22,481
Finance expenses					(332,324)
Share of profit of investments accounted for using the equity method					1,168
Profit before income taxes					1,230,884
Segment assets (Note 3)	30,402,216	754,317	31,156,533	1,144,868	32,301,401
Other information					
Depreciation and amortization (Note 3)	2,208,690	74,024	2,282,714	61,927	2,344,642
Impairment losses (Note 3)	16,314	–	16,314	–	16,314
Capital expenditures (Note 3)	3,864,598	3,214	3,867,812	14,053	3,881,866

(Notes) 1. “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.

2. The adjustment for segment assets is corporate assets that are not allocated to the reportable segments. Corporate assets are assets of the Company.

3. Segment assets, depreciation and amortization, impairment losses, and capital expenditures include amounts related to right-of-use assets.

(Per share information)

The basis for calculation of basic earnings per share is as shown below.

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit attributable to owners of the parent (thousand yen)	1,656,874	942,272
Average number of common shares during the period (shares)	25,000,000	25,000,000
Basic earnings per share (yen)	66.27	37.69

(Notes) 1. Diluted earnings per share is not stated because there are no dilutive shares.

2. 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.

(Significant subsequent events)

Not applicable.