

[Delayed] The original disclosure in Japanese was released on February 12, 2021 at 15:00 (GMT+9)

February 12, 2021

Tsukada Global Holdings Inc.
Consolidated Earnings Report for the Fiscal Year ended December 31, 2020
(Japanese GAAP)

Stock listing: Tokyo Stock Exchange (First Section) Securities code: 2418

URL: <https://www.tsukada-global.holdings/en/>

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Scheduled dates:

Annual general meeting of shareholders: March 30, 2021

Filing of statutory year-end financial report: March 30, 2021

Dividend payout: -

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, 2020
(January 1, 2020 – December 31, 2020)

(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, 2020	27,114	(55.6)	(11,476)	-	(11,227)	-	(10,628)	-
Year ended December 31, 2019	61,121	1.5	6,383	21.6	6,222	18.4	2,565	5.8

Note: Comprehensive income: Year ended December 31, 2020: (10,911) million yen (-%)
Year ended December 31, 2019: 2,302 million yen (33.5%)

	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, 2020	(222.82)	-	(33.4)	(11.3)	(42.3)
Year ended December 31, 2019	53.78	-	7.0	6.5	10.4

Reference: Equity in (earnings) losses of affiliates: Year ended December 31, 2020: - million yen
Year ended December 31, 2019: (47) million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
December 31, 2020	99,814	26,437	26.3	550.65
December 31, 2019	99,343	37,404	37.7	784.15

Reference: Total equity: December 31, 2020: 26,265 million yen
December 31, 2019: 37,404 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, 2020	(8,871)	(7,702)	10,545	22,202
Year ended December 31, 2019	7,297	(12,838)	9,686	28,259

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Rate of total dividend to net assets (consolidated)
	End-Q1	End-Q2	End-Q3	Year-end	Annual total			
	yen	yen	yen	yen	yen	million yen	%	%
Year ended December 31, 2019	-	5.00	-	5.00	10.00	477	18.6	1.3
Year ended December 31, 2020	-	0.00	-	0.00	0.00	-	-	-
Year ending December 31, 2021 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Earnings Forecast for the Fiscal Year ending December 31, 2021

(January 1, 2021 – December 31, 2021)

(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, 2021	15,300	29.7	(2,780)	-	(2,990)	-	(1,970)	-	(41.30)
Year ending December 31, 2021	40,000	47.5	1,000	-	580	-	380	-	7.97

*Notes

(1) Changes in significant subsidiaries during the period: Yes

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

Newly Consolidated: TGU LLC, HNRB QOZB II, LP

Newly Deconsolidated: None

Note: For details, please refer to “(5) Notes on Consolidated Financial Statements (Changes in Significant Subsidiaries for Fiscal 2020)” in the section “3. Consolidated Financial Statements and Main Notes” on page 15 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.: None

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

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(3) Shares issued (common stock)

	December 31, 2020	December 31, 2019
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, 2020	Year ended December 31, 2019
3) Average number of shares outstanding during the period	47,700,166	47,700,166

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

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

(Cautionary Statement with Respect to Forward-Looking Statements)

Any forecasts and forward-looking statements given herein are based on information available as of this report's publication and on certain assumptions that are deemed reasonable. These forecasts are not guarantees of future performance, and actual results may differ from forecasts due to changes in the business environment. For the assumptions underlying the forecasts herein and other notice on the use of earnings forecasts, please refer to "(4) Earnings Forecast for the Fiscal Year Ending December 31, 2021" in the section "1. Review of Consolidated Financial Results" on page 4 in the accompanying materials.

(Presentation handout materials)

The Company has scheduled an earnings presentation targeted at institutional investors and analysts on February 22, 2021.

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, 2020, the Japanese economy faced extremely difficult circumstances, with restrictions on social and economic activities owing to the spread of the novel coronavirus impacting corporate earnings and employment conditions. In the second half, consumer spending showed signs of a gradual recovery after the lifting of the state of emergency, but with the declaration of a second state of emergency due to a resurgence in infections, the situation remains uncertain.

In this environment, the Tsukada Global Holdings Group (“the Group”) focused on creating new value, developing high-quality, appealing outlets, and providing high value-added services in the bridal, hotel, and wellness and relaxation (W&R) markets. However, all segments of the Group were severely impacted by the sharp drop in the number of foreign visitors to Japan, an increase in the number of wedding reception postponements and cancellations, and an increase in membership suspensions and cancellations at comprehensive fitness club outlets, all resulting from the novel coronavirus outbreak.

As a result, in the fiscal year ended December 31, 2020, the Group posted significantly decreased sales and profits. Consolidated net sales were ¥27,114 million (down 55.6% year on year). The Group recorded an operating loss of ¥11,476 million (compared with a profit of ¥6,383 million a year earlier) and an ordinary loss of ¥11,227 million (compared with a profit of ¥6,222 million a year earlier). The net loss attributable to owners of the parent amounted to ¥10,628 million (compared with a profit of ¥2,565 million a year earlier).

The results for each business segment were as follows.

1) Wedding business

In fiscal 2020, the wedding business recorded a sales decline owing to an increase in the number of wedding reception postponements and cancellations due to the impact of the novel coronavirus outbreak, with the number of wedding receptions held falling significantly to 5,044 (down 59.3% year on year). Segment income also declined despite concerted companywide cost reduction efforts.

As a result, net sales in the wedding business came to ¥16,527 million (down 58.1% year on year), and segment loss totaled ¥3,667 million (compared with a profit of ¥7,797 million a year earlier).

2) Hotel business

Segment sales and income declined in fiscal 2020, because of a decrease in room revenue owing to the sharp drop in the number of foreign visitors to Japan, and because the number of weddings held at the Group’s hotels decreased to 717 (down 55.5% year on year) owing to an increase in hotel wedding and banquet booking postponements and cancellations, all due to the impact of the novel coronavirus outbreak.

As a result, net sales in the hotel business came to ¥7,958 million (down 55.2% year on year), and segment loss totaled ¥5,393 million (compared with a profit of ¥477 million a year earlier).

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

Segment sales and income declined in fiscal 2020 because of an increase in membership suspensions and cancellations at the four Best Style Fitness comprehensive fitness club outlets due to the impact of the novel coronavirus outbreak.

As a result, the W&R business posted net sales of ¥2,629 million (down 33.3% year on year) and an operating loss of ¥678 million (compared with a loss of ¥229 million a year earlier).

(2) Analysis of Financial Condition

Assets, Liabilities, and Net Assets

Total assets at the end of fiscal 2020 (December 31, 2020) amounted to ¥99,814 million, an increase of ¥470 million from the end of the previous fiscal year (December 31, 2019). The increase mainly reflects a ¥15,163 million increase in buildings and structures related to the handover of the Kimpton Shinjuku Tokyo hotel and a ¥2,134 million increase in deferred tax assets accompanying the recording of deferred tax assets due to a temporary deficit. These were partially offset by a decrease of ¥9,331 million from a transfer from construction in progress to buildings and structures, and a ¥6,056 million decrease in cash and deposits mainly due to capital investments and the impact of operating losses.

Total liabilities at the end of fiscal 2020 came to ¥73,376 million, an increase of ¥11,436 million from the end of the previous fiscal year. The increase is chiefly attributable to an increase of ¥8,028 million in long-term debt mainly from capital investment financing and emergency loans, and an increase of ¥2,530 million in asset retirement obligations related to the handover of Kimpton Shinjuku Tokyo. These were partially offset by a decrease of ¥1,243 million in income taxes payable due to payment of income taxes, and a decrease of ¥1,297 million in accounts payable - trade.

Net assets at the end of fiscal 2020 totaled ¥26,437 million, a decrease of ¥10,966 million from the end of the previous fiscal year. The decrease was primarily due to a ¥10,867 million reduction in retained earnings owing mainly to the posting of loss attributable to owners of the parent.

(3) Overview of Cash Flows

Cash and cash equivalents ("cash") at the end of fiscal 2020 decreased by ¥6,056 million from the end of the previous fiscal year to ¥22,202 million. Cash flows and factors behind changes in the cash flows are explained below.

(Operating cash flow)

Cash used in operating activities during fiscal 2020 totaled ¥8,871 million, compared with ¥7,297 million provided during the previous fiscal year. The change is mainly attributable to ¥12,703 million in loss before income taxes and a ¥1,295 million decrease in notes and accounts payable - trade, which were partially offset by ¥3,555 million in depreciation and amortization.

(Investing cash flow)

Cash used in investing activities totaled ¥7,702 million, compared with ¥12,838 million used in the previous fiscal year. The change is mainly the result of ¥8,409 million used for purchase of tangible assets through capital investment.

(Financing cash flow)

Cash provided by financing activities in fiscal 2020 totaled ¥10,545 million, compared with ¥9,686 million provided in the previous fiscal year. The change is mainly attributable to proceeds of ¥12,222 million from long-term debt and ¥2,540 million from the issuance of bonds, which were partially offset by repayments of long-term debt of ¥5,192 million.

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

	FY2016	FY2017	FY2018	FY2019	FY2020
Return on equity (%)	38.5	40.5	39.1	37.7	26.3
Return on equity based on market value (%)	39.3	37.5	31.3	29.3	12.3
Cash flow to interest-bearing debt (years)	5.8	5.0	6.6	6.1	–
Interest coverage ratio (times)	27.2	33.9	26.3	17.3	–

Notes:

Return on equity: Total equity/Total assets

Return on equity 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, 2021

Regarding the consolidated earnings forecast for the fiscal year ending December 31, 2021, the present uncertainty as to when the novel coronavirus outbreak will end means it continues to be difficult to calculate earnings forecast figures. According to media reports and other sources, vaccination of individuals will commence in early spring and is expected to be steadily expanded in the second half of this year, and the Group anticipates a gradual normalization of economic activities going forward.

At all our facilities, the Group will continue to take appropriate steps in response to the emerging “new normal”. As well as implementing thorough infection control measures so that customers can use all facilities with peace of mind, it will also work to develop online weddings and expand into e-commerce business related to wedding guest attire and dress accessory sales. In the hotel business, the Group is committed to introducing telework support plans and creating takeout and delivery products.

Taking the above into account, for the fiscal year ending December 31, 2021, the Group forecasts consolidated net sales of ¥40,000 million (up 47.5% year on year), operating income of ¥1,000 million (compared with operating loss of ¥11,476 million a year earlier), ordinary income of ¥580 million (compared with ordinary loss of ¥11,227 million a year earlier), and profit attributable to owners of the parent of ¥380 million (compared with loss attributable to owners of the parent of ¥10,628 million a year earlier).

2. Basic Views on Adoption of Accounting Standards

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

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(millions of yen)

	December 31, 2019	December 31, 2020
	Amount	Amount
Assets		
Current assets		
Cash and deposits	28,347	22,291
Accounts receivable - trade	1,259	816
Marketable securities	2,455	1,471
Merchandise	116	107
Raw materials and supplies	530	481
Other	1,389	2,289
Allowance for doubtful receivables	(22)	(30)
Total current assets	34,076	27,427
Fixed assets		
Tangible assets		
Buildings and structures	47,544	62,708
Accumulated depreciation	(25,345)	(27,580)
Buildings and structures, net	22,199	35,128
Land	9,574	11,929
Construction in progress	9,837	505
Other	9,141	10,126
Accumulated depreciation	(7,231)	(7,878)
Other, net	1,909	2,247
Total tangible assets	43,520	49,811
Intangible assets		
Goodwill	1,475	2,076
Other	195	641
Total intangible assets	1,670	2,717
Investments and other assets		
Investment securities	6,721	4,665
Lease and guarantee deposits	8,451	8,156
Deferred tax assets	3,973	6,107
Other	990	868
Allowance for doubtful receivables	(213)	(99)
Total investments and other assets	19,925	19,700
Total fixed assets	65,115	72,229
Deferred assets		
Bond issuance costs	151	156
Total deferred assets	151	156
Total assets	99,343	99,814

	(millions of yen)	
	December 31, 2019	December 31, 2020
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable - trade	2,298	1,001
Short-term debt	-	1,789
Current portion of long-term debt	4,617	3,985
Current portion of bonds	668	774
Income taxes payable	1,275	32
Advances received	2,442	2,940
Allowance for loss on shop closing	-	275
Asset retirement obligations	-	445
Other	6,557	5,957
Total current liabilities	17,859	17,201
Fixed liabilities		
Bonds	5,157	6,947
Long-term debt	34,209	42,237
Net defined benefit liability	303	393
Provision for directors' retirement benefits	831	872
Asset retirement obligations	2,412	4,498
Other	1,167	1,224
Total fixed liabilities	44,080	56,174
Total liabilities	61,939	73,376
Net assets		
Shareholders' equity		
Capital stock	472	472
Capital surplus	634	634
Retained earnings	37,937	27,070
Treasury stock	(892)	(892)
Total shareholders' equity	38,151	27,284
Accumulated other comprehensive income		
Net unrealized gain (loss) on available-for-sale securities	(72)	(43)
Deferred gain (loss) on derivatives under hedge accounting	(504)	(585)
Foreign currency translation adjustments	(163)	(382)
Remeasurements of defined benefit plan	(5)	(7)
Total accumulated other comprehensive income	(747)	(1,018)
Non-controlling interests	-	171
Total net assets	37,404	26,437
Total liabilities and net assets	99,343	99,814

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

(millions of yen)

	Year ended December 31, 2019	Year ended December 31, 2020
	Amount	Amount
Net sales	61,121	27,114
Cost of sales	40,014	25,757
Gross profit	21,107	1,357
Selling, general and administrative expenses	14,724	12,833
Operating income (loss)	6,383	(11,476)
Non-operating income		
Interest income	108	144
Gain on investments in silent partnership	153	154
Real estate rental income	191	40
Subsidy income	0	797
Compensation income	70	19
Other	142	171
Total non-operating income	667	1,327
Non-operating expenses		
Interest expenses	422	428
Real estate rental expenses	164	49
Loss on investments in marketable securities	-	150
Loss on investments in capital	-	147
Foreign exchange loss	137	166
Other	104	135
Total non-operating expenses	828	1,078
Ordinary income (loss)	6,222	(11,227)
Extraordinary income		
Gain on sales of fixed assets	23	0
Gain on sales of shares of subsidiaries	207	-
Reversal of allowance for doubtful receivables	-	197
Other	-	10
Total extraordinary income	230	208
Extraordinary loss		
Loss on disposal of fixed assets	223	65
Impairment loss	1,015	492
Loss on valuation of investment securities	-	511
Provision of allowance for loss on shop closing	-	275
Other	91	338
Total extraordinary loss	1,330	1,684
Profit (loss) before income taxes	5,122	(12,703)
Income taxes - current	2,385	32
Income taxes - deferred	202	(2,103)
Total income taxes	2,587	(2,070)
Profit (loss)	2,535	(10,632)

Loss attributable to non-controlling interests	(30)	(4)
Profit (loss) attributable to owners of the parent	2,565	(10,628)

Consolidated Statements of Comprehensive Income

(millions of yen)

	Year ended December 31, 2019	Year ended December 31, 2020
	Amount	Amount
Profit (loss)	2,535	(10,632)
Other comprehensive income		
Net unrealized gain (loss) on available-for-sale securities	69	29
Deferred gain (loss) on derivatives under hedge accounting	(255)	(80)
Foreign currency translation adjustments	(39)	(141)
Remeasurements of defined benefit plan	(1)	(1)
Share of other comprehensive income of entities accounted for using equity method	(5)	(84)
Total other comprehensive income	(232)	(278)
Comprehensive income	2,302	(10,911)
(Breakdown)		
Comprehensive income attributable to owners of the parent	2,332	(10,899)
Comprehensive income attributable to non-controlling interests	(30)	(12)

(3) Consolidated Statements of Changes in Net Assets

Year ended December 31, 2019 (January 1 to December 31, 2019)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	472	634	35,849	(892)	36,063
Changes during term					
Cash dividends			(477)		(477)
Profit attributable to owners of the parent			2,565		2,565
Net changes in items other than shareholders' equity					
Total changes during term	-	-	2,088	-	2,088
Balance at end of term	472	634	37,937	(892)	38,151

	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	(142)	(249)	(118)	(4)	(514)	1,533	37,081
Changes during term							
Cash dividends							(477)
Profit attributable to owners of the parent							2,565
Net changes in items other than shareholders' equity	69	(255)	(45)	(1)	(232)	(1,533)	(1,766)
Total changes during term	69	(255)	(45)	(1)	(232)	(1,533)	322
Balance at end of term	(72)	(504)	(163)	(5)	(747)	-	37,404

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

(millions of yen)

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

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

(4) Consolidated Statements of Cash Flows

	(millions of yen)	
	Year ended December 31, 2019	Year ended December 31, 2020
	Amount	Amount
Cash flows from operating activities		
Profit (loss) before income taxes	5,122	(12,703)
Depreciation and amortization	3,140	3,555
Impairment loss	1,015	492
Amortization of goodwill	267	289
Amortization of bond issuance expenses	20	18
Loss on disposal of fixed assets	223	65
Increase (decrease) in allowance for loss on shop closing	(20)	275
Increase (decrease) in provision for directors' retirement benefits	47	41
Increase (decrease) in allowance for doubtful receivables	4	(190)
Increase (decrease) in net defined benefit liability	(1)	38
Interest and dividend income	(114)	(147)
Interest expenses	422	428
Share of loss (profit) of entities accounted for using equity method	47	81
(Gain) loss on sales of shares of subsidiaries	(207)	-
(Gain) loss on redemption of securities	12	76
(Gain) loss on investments in securities	(39)	150
(Gain) loss on sales of investment securities	-	27
(Gain) loss on valuation of investment securities	-	511
Loss on valuation of affiliated companies' shares	-	148
Compensation income	(70)	-
(Gain) loss on sales of fixed assets	(23)	(0)
Shop closing expenses	72	60
(Gain) loss on valuation of derivatives	(13)	(0)
(Gain) loss on investments in silent partnership	(153)	(154)
Foreign exchange (gain) loss	36	26
(Increase) decrease in notes and accounts receivable - trade	20	441
(Increase) decrease in inventories	(28)	61
Increase (decrease) in notes and accounts payable - trade	(138)	(1,295)
Increase (decrease) in advances received	555	471
Increase (decrease) in accrued consumption taxes	(185)	(1,162)
(Increase) decrease in other assets	136	41
Increase (decrease) in other liabilities	(169)	807
Other	105	281
Sub total	10,084	(7,261)
Interest and dividends received	15	90
Interest paid	(422)	(433)

Income taxes paid	(2,449)	(1,266)
Compensation income	70	-
Net cash provided by (used in) operating activities	7,297	(8,871)

	Year ended December 31, 2019	Year ended December 31, 2020
	Amount	Amount
Cash flows from investing activities		
Purchase of tangible assets	(10,969)	(8,409)
Proceeds from sales of tangible assets	50	0
Purchase of intangible assets	(88)	(516)
Purchase of investment securities	(2,521)	-
Proceeds from sales of investment securities	395	931
Repayment of contributions from the silent partnership	78	79
Loans receivable	(22)	(46)
Lease and guarantee deposits	(590)	(44)
Collection of lease and guarantee deposits	128	236
Proceeds from capital reduction with compensation of affiliated companies' shares	-	339
Purchase of shares of subsidiaries resulting in change in the scope of consolidation	-	(469)
Proceeds from sales of shares of subsidiaries resulting in change in the scope of consolidation	770	-
Other	(68)	196
Net cash provided by (used in) investing activities	(12,838)	(7,702)
Cash flows from financing activities		
Net increase (decrease) in short-term debt	-	1,696
Proceeds from long-term debt	11,990	12,222
Repayments of long-term debt	(3,400)	(5,192)
Proceeds from issuance of bonds	2,689	2,540
Payments for redemption of bonds	(590)	(668)
Dividends paid to shareholders	(476)	(238)
Proceeds from stock issuance to minority interests in conjunction with establishment of consolidated subsidiary	-	183
Repayment to non-controlling interests	(525)	-
Net cash provided by (used in) financing activities	9,686	10,545
Foreign currency translation adjustments on cash and cash equivalents	(4)	(28)
Net increase (decrease) in cash and cash equivalents	4,141	(6,056)
Cash and cash equivalents, beginning of period	24,117	28,259
Cash and cash equivalents, end of period	28,259	22,202

(5) Notes on Consolidated Financial Statements

(Note on the Going-concern Assumption)

Not applicable

(Changes in Significant Subsidiaries for Fiscal 2020)

The Company acquired the shares of Gloria Bridal Japan, Inc. (“Global Bridal”) and of its 2 subsidiaries in the third quarter ended September 30, 2020. Accordingly, Global Bridal and its 4 subsidiaries have been included in the scope of consolidation.

Also, TGU LLC and HNRB QOZB II, LP, newly established subsidiaries, were included in the scope of consolidation in the third quarter ended September 30, 2020.

(Changes in Method of Presentation)

(Consolidated Statements of Income)

“Subsidy income,” which was included under “Other” of “Non-operating income” and which amounted to 0 million yen in the previous fiscal year, has exceeded 10% of the total amount of “Non-operating income”. Accordingly, it has been reclassified under a separate and independent heading from the current fiscal year.

“Dividend income”, which was presented under a separate and independent heading under “Non-operating income” and which amounted to 5 million yen in the previous fiscal year, has been included in “Other” under “Non-operating income” from the current fiscal year, due to a decrease in its monetary materiality.

(Consolidated Statements of Cash Flows)

“Increase (decrease) in allowance for loss on shop closing”, “ Share of loss (profit) of entities accounted for using equity method”, and “(Gain) loss on investments in securities”, which were included in “Other” under “Cash flows from operating activities” and which amounted to minus 20 million yen, 47 million yen, and minus 39 million yen, respectively, in the previous fiscal year, have increased their monetary materiality. Accordingly, they have each been reclassified under separate and independent headings from the current fiscal year.

(Additional Information)

A second state of emergency is currently in place, and it is difficult to predict at this time when the novel coronavirus outbreak will be contained. However, the media and other sources are predicting that vaccination of individuals will commence in early spring and is expected to be steadily expanded in the second half of this year.

The Group has made accounting estimates including judgments on the recoverability of deferred tax assets and the impairment of fixed assets, on the assumption that the number of customers and orders received in the wedding business and the occupancy rate of the hotel business will gradually recover from around April when vaccinations of individuals commence.

However, given the many uncertainties surrounding the impact of the novel coronavirus outbreak, the Group’s financial position and the operating results for the fiscal year ending December 31, 2021 could be significantly affected, in the event that social and economic activities stall due to the further spread of infections.

(Segment Information)

1. Overview of reportable segment

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

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

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

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

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

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

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

Reportable segment income is based on operating income.

Intersegment sales or transfers are based on market price.

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

Year ended December 31, 2019 (January 1 to December 31, 2019)

(millions of yen)

	Reportable segment					Amount recorded on consolidated financial statements (note 2)
	Wedding business	Hotel business	W&R business	Total	Adjustments (note 1)	
Net sales						
Sales to outside customers	39,414	17,768	3,939	61,121	-	61,121
Inter-segment sales and transfers	1,630	348	17	1,997	(1,997)	-
Total	41,045	18,117	3,956	63,119	(1,997)	61,121
Segment income (loss)	7,797	477	(229)	8,045	(1,661)	6,383
Segment assets	34,334	32,280	4,804	71,420	27,923	99,343
Other items						
Depreciation/amortization	1,623	1,089	286	2,998	141	3,140
Amortization of goodwill	0	128	138	267	-	267
Increase in tangible and intangible assets	1,906	9,436	237	11,580	63	11,643

Notes: 1. Details of adjustments are as follows:

- (1) The minus 1,661 million yen adjustment for segment income or loss includes 128 million yen elimination of inter-segment sales and minus 1,790 million yen of unallocated corporate expenses. The main component of these unallocated corporate expenses is general and administrative expenses that are not attributable to reportable segments.
- (2) The 27,923 million yen adjustment for segment assets comprises unallocated corporate assets. Unallocated corporate assets consist mainly of cash and deposits held by the Company which are not attributable to reportable segments.
- (3) The 141 million yen adjustment for depreciation/amortization comprises depreciation/amortization for unallocated corporate assets.
- (4) The 63 million yen adjustment for increase in tangible and intangible assets comprises investments in unallocated corporate assets.

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

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

(millions of yen)

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

Notes: 1. Details of adjustments are as follows:

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

(Per Share Information)

	Year ended December 31, 2019	Year ended December 31, 2020
Net assets per share	784.15 yen	550.65 yen
Profit (loss) per share	53.78 yen	(222.82) yen

Notes: 1. Diluted profit per share for fiscal 2019 is not disclosed as there were no dilutive shares. Diluted profit per share for fiscal 2020 is not disclosed as a loss per share was recorded and there were no dilutive shares.

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

	Year ended December 31, 2019	Year ended December 31, 2020
Profit (loss) per share		
Profit (loss) attributable to owners of the parent (millions of yen)	2,565	(10,628)
Amount not attributable to common stockholders (millions of yen)	-	-
Profit (loss) attributable to common stock of owners of the parent (millions of yen)	2,565	(10,628)
Average number of common stock outstanding during the term (shares)	47,700,166	47,700,166

(Significant Subsequent Events)

Not applicable

4. Other Information

(1) Changes in Officers

Not applicable

(2) Weddings Held and Orders Received

1) Number of weddings held

	Year ended December 31, 2019	Year ended December 31, 2020
Segment	Number of weddings held (cases)	Number of weddings held (cases)
Wedding business	12,385	5,044
Hotel business	1,611	717
Total	13,996	5,761

2) Wedding orders received

	Year ended December 31, 2019		Year ended December 31, 2020	
Segment	Orders received (cases)	Order backlog (cases)	Orders received (cases)	Order backlog (cases)
Wedding business	11,784	6,518	4,864	6,338
Hotel business	1,463	1,031	864	1,178
Total	13,247	7,549	5,728	7,516