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February 14, 2018

**Tsukada Global Holdings Inc.**  
**Consolidated Earnings Report for the Fiscal Year ended December 31, 2017**  
**(Japanese GAAP)**

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

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

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Accounting Department

Scheduled dates:

Annual general meeting of shareholders: March 29, 2018

Filing of statutory year-end financial report: March 29, 2018

Dividend payout: March 30, 2018

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, 2017**  
**(January 1, 2017 – December 31, 2017)**

**(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, 2017	57,253	3.4	4,268	21.4	4,398	22.2	2,203	12.9
Year ended December 31, 2016	55,365	2.9	3,515	(34.8)	3,598	(33.7)	1,951	(49.7)

Note: Comprehensive income: Year ended December 31, 2017: 2,046 million yen (-6.8%)

Year ended December 31, 2016: 2,194 million yen (-38.8%)

	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, 2017	46.19	42.31	6.6	5.2	7.5
Year ended December 31, 2016	40.37	36.00	6.1	4.4	6.3

Reference: Equity in (earnings) losses of affiliates: Year ended December 31, 2017: - million yen

Year ended December 31, 2016: - million yen

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
December 31, 2017	84,447	35,781	40.5	717.16
December 31, 2016	84,752	34,228	38.5	683.81

Reference: Total equity: December 31, 2017: 34,208 million yen

December 31, 2016: 32,618 million yen

Total equity=Shareholders' equity plus total accumulated other comprehensive income.

### (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, 2017	7,062	(3,976)	(3,573)	14,896
Year ended December 31, 2016	6,559	(12,352)	3,131	15,380

### 2. Dividends

	Dividend per share					Total dividends million yen	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			
Year ended December 31, 2016	-	5.00	-	5.00	10.00	486	24.8	1.5
Year ended December 31, 2017	-	5.00	-	5.00	10.00	477	21.6	1.4
Year ending December 31, 2018 (Forecast)	-	5.00	-	5.00	10.00		16.0	

### 3. Earnings Forecast for the Fiscal Year ending December 31, 2018 (January 1, 2018 – December 31, 2018)

(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, 2018	28,000	7.0	800	6.2	800	15.6	400	151.0	8.39
Year ending December 31, 2018	61,500	7.4	5,000	17.1	5,050	14.8	3,000	36.2	62.89

#### \*Notes

- (1) Changes affecting the consolidation status of significant subsidiaries during the period: None
- (2) Changes in accounting policy, changes in accounting estimates, and retrospective restatement
  - 1) Changes in accordance with amendments to accounting standards, etc.: None
  - 2) Changes other than noted in 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None

(3) Shares issued (common stock)

	December 31, 2017	December 31, 2016
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, 2017	Year ended December 31, 2016
3) Average number of shares outstanding during the period	47,700,166	48,347,959

**\* This Earnings Report is exempt from the review requirements.**

**\*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 Fiscal Year Ending December 31, 2018" 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 19, 2018.

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 for Fiscal 2017

In the fiscal year ended December 31, 2017, the Japanese economy followed a modest recovery path thanks to the improvement in personal spending, corporate earnings and employment conditions due to the favorable impact of the government's various economic policies. That said, the future outlook remained unclear owing to such factors as uncertainties over the direction of overseas economies.

In the bridal market, the core business of the Tsukada Global Holdings Group ("the Company"), the number of weddings in Japan in 2017 was estimated at 607,000, compared with 621,000, down 2.2% from 2016 (source: Outline of Vital Statistics in Japan, Ministry of Health, Labour and Welfare). Although the declining birthrate is gradually having a discernible impact, Japan's wedding market environment remains generally stable, due partly to a steady rise in wedding expenditures per wedding. Moreover, the number of foreign visitors to Japan is estimated to have reached a record 28.69 million in 2017 (up 19.3% year-on-year from the 24.03 million in 2016 according to the Japan National Tourism Organization), and the hotel market is continuing to expand steadily owing to the recovery in the Japanese economy, along with the boost from foreign visitors.

Furthermore, the relaxation-related market is expected to experience substantial development and expansion in the coming years as the burgeoning interest in health and beauty of recent years adds to the market's previous underlying strength.

In this market environment, the Group endeavored to increase sales and profitability by accurately responding to customers' increasingly individualized and diversifying needs in the bridal, hotel, and wellness and relaxation (W&R) markets while working to create new value, develop high-quality, appealing outlets, and provide high value-added services.

Based on this policy, the Company has taken steps this term to expand its earnings and geographical operating areas with its first foray in Okinawa Prefecture in March 2017, the opening of its comprehensive fitness club "Best Style Fitness" (Urayasu, Chiba Prefecture) in September, 2017 and new outlet "The Strings Omotesando" (Minato Ward, Tokyo) in October as well as preparations for the opening of the "The Strings Hotel Shinjuku (provisional name)" and "ArtGrace Next (Ashiya, Hyogo Prefecture)" and so forth.

As a result of these efforts, in the fiscal year ended December 31, 2017, the Company posted consolidated net sales of ¥57,253 million (up 3.4% year on year). Regarding income, operating income totaled ¥4,268 million (up 21.4%), ordinary income of ¥4,398 million (up 22.2%), and profit attributable to owners of the parent of ¥2,203 million (up 12.9%)

#### a. Wedding business

In fiscal 2017, although the number of weddings held at its guesthouses in Japan, a core business, edged down, wedding business sales rose slightly year on year underpinned by a sharp increase in the number of weddings held overseas. However, income in the segment decreased mainly from the initial cost of the opening of "The Strings Omotesando" which offset the impact of cost-cutting measures implemented from the previous year.

As a result, net sales in the wedding business were ¥35,339 million (up 1.6% year on year), and segment operating income was ¥5,060 million (down 3.8%).

#### b. Hotel business

In fiscal 2017, sales of the hotel business rose thanks to a slight increase in the number of weddings held at its hotels along with generally steady increases in the overnight accommodation occupancy rate and average customer spend. Income in the segment

increased in the absence of outlet-opening expenses and due to the effect of its cost reductions as was the case in the wedding business.

As a result, net sales in the hotel business reached ¥18,290 million (up 4.1% year on year), while segment operating income totaled ¥1,296 million (up 70.0%).

c. W&R business (Wellness & Relaxation business)

In fiscal 2017, In the W&R business, although sales rose thanks to the full-term operation of the spa complex-Beauty & Relax SPA-HERBS, the Company posted a loss owing to initial costs of “Best Style Fitness,” the comprehensive fitness club that opened in September and so on.

As a result, net sales in the W&R business were ¥3,623 million (up 20.2% year on year), and segment operating loss was ¥406 million (versus a loss of ¥473 million a year earlier).

## **(2) Overview of Financial Condition**

### **(Assets)**

Total assets at the end of the fiscal year (December 31, 2017) amounted to ¥84,447 million, a decrease of ¥305 million from the end of the previous fiscal year (December 31, 2016). The change largely reflects a ¥483 million decline in cash and deposits primarily due to the early redemption of convertible bonds with stock acquisition rights and a ¥383 million decrease from sales of investment securities. These decreases offset an ¥834 million increase in tangible assets largely from the construction of “The Strings Omotesando” and a ¥233 million increase of deferred tax assets (investment).

### **(Liabilities)**

Liabilities at the end of the fiscal year came to ¥48,666 million, a decrease of ¥1,858 million from the end of the previous fiscal year. The decline is chiefly attributable to a decrease of ¥4,500 million in convertible bonds with stock acquisition rights (including the current portion) due to early redemption and a ¥6,328 million reduction of long-term debt (including the current portion) owing to scheduled payments which outweighed a ¥8,100 million increase in short-term debt to raise working capital.

### **(Net assets)**

Net assets at the end of the fiscal year totaled ¥35,781 million, an increase of ¥1,552 million from the end of the previous fiscal year. The change is primarily due to ¥2,203 million in profit attributable to owners of the parent which offset a decrease of ¥477 million in dividends paid.

## **(3) Overview of Cash Flows**

Cash and cash equivalents (“cash”) at the end of the fiscal year decreased by ¥483 million from the end of the previous fiscal year to ¥14,896 million. Cash flows and factors behind changes in the cash flows are explained below.

### **(Operating cash flow)**

Cash provided by operating activities during the fiscal year totaled ¥7,062 million, an increase of 7.7% from the previous fiscal year. The change is mainly attributable to ¥3,929 million in income before income taxes and ¥3,344 million in depreciation and amortization, partially offset by ¥1,734 million in income taxes paid.

### **(Investing cash flow)**

Cash used in investing activities totaled ¥3,976 million, a decrease of 67.8% from the previous fiscal year. The change is mainly the result of ¥4,226 million for purchase of tangible assets.

### **(Financing cash flow)**

Cash used in financing activities in the fiscal year totaled ¥3,573 million, compared with a cash acquisition of 3,131 million the previous fiscal year. The change is mainly attributable

to repayments of long-term debt of ¥13,329 million and the redemption of convertible bonds with stock acquisition rights of ¥4,500 million, partially offset by a net increase of short-term debt of ¥8,100 million and proceeds of ¥7,001 million from long-term debt.

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

	FY2013	FY2014	FY2015	FY2016	FY2017
Return on equity (%)	45.7	42.7	39.6	38.5	40.5
Return on equity based on market value (%)	60.2	60.1	47.7	39.3	37.5
Cash flow to interest-bearing debt (years)	3.2	3.9	6.2	5.8	5.0
Interest coverage ratio (times)	23.4	32.6	24.8	27.2	33.9

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 Fiscal Year Ending December 31, 2018**

Regarding the economic environment in which the Tsukada Global Holdings Group operates, the economy continued on a recovery track reflected by an upturn in consumer spending as well as an improvement in corporate earnings and employment conditions thanks partly to the impact of various government economic stimulus measures. However, the economic outlook is likely to remain unclear primarily due to uncertainties over the direction of overseas economies.

The Group intends to actively develop products which accurately meet customer needs and constantly strive to create new value. It will also aim to improve its cost-competitiveness and enhance profitability through efficient outlet development and the development of human resources.

The wedding order backlog at the end of the fiscal year under review (December 31, 2017) was 8,065 (up 8.5% year on year). For the fiscal year ending December 31, 2018, the Company forecasts consolidated net sales of ¥61,500 million (up 7.4%), operating income of ¥5,000 million (up 17.1%), ordinary income of ¥5,050 million (up 14.8%), and profit attributable to owners of the parent of ¥3,000 million (up 36.2%).

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

The Company'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. As to the possible future adoption of the International Financial Reporting Standards (IFRS), the Company shall continue its study going forward, taking into account the future developments of the Company'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, 2016	December 31, 2017
	Amount	Amount
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	15,468	14,985
Accounts receivable - trade	966	1,108
Merchandise	114	118
Raw materials and supplies	506	557
Deferred tax assets	459	416
Other	1,549	1,256
Allowance for doubtful receivables	(64)	(38)
<b>Total current assets</b>	<b>19,000</b>	<b>18,404</b>
<b>Fixed assets</b>		
Tangible assets		
Buildings and structures	43,102	46,083
Accumulated depreciation	(19,505)	(21,338)
Buildings and structures, net	23,597	24,745
Land	21,156	20,881
Construction in progress	781	647
Other	6,839	7,918
Accumulated depreciation	(5,036)	(6,019)
Other, net	1,803	1,898
<b>Total tangible assets</b>	<b>47,338</b>	<b>48,173</b>
Intangible assets		
Goodwill	2,271	2,004
Other	272	231
<b>Total intangible assets</b>	<b>2,543</b>	<b>2,236</b>
Investments and other assets		
Investment securities	3,058	2,675
Lease and guarantee deposits	8,649	8,663
Deferred tax assets	3,110	3,343
Other	952	1,048
Allowance for doubtful receivables	-	(180)
<b>Total investments and other assets</b>	<b>15,771</b>	<b>15,550</b>
<b>Total fixed assets</b>	<b>65,653</b>	<b>65,960</b>
<b>Deferred assets</b>		
Bond issuance costs	98	82
<b>Total deferred assets</b>	<b>98</b>	<b>82</b>
<b>Total assets</b>	<b>84,752</b>	<b>84,447</b>

(millions of yen)

	December 31, 2016	December 31, 2017
	Amount	Amount
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	2,362	2,461
Short-term debt	-	8,100
Current portion of long-term debt	13,062	3,633
Current portion of bonds	824	744
Current portion of convertible bonds with stock acquisition rights	-	500
Income taxes payable	1,112	1,234
Advances received	1,336	1,625
Other	3,366	4,009
<b>Total current liabilities</b>	<b>22,065</b>	<b>22,307</b>
<b>Fixed liabilities</b>		
Bonds	3,684	3,415
Convertible bonds with stock acquisition rights	5,000	-
Long-term debt	15,747	18,848
Net defined benefit liability	332	353
Provision for directors' retirement benefits	702	738
Asset retirement obligations	2,339	2,369
Other	652	632
<b>Total fixed liabilities</b>	<b>28,459</b>	<b>26,358</b>
<b>Total liabilities</b>	<b>50,524</b>	<b>48,666</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	472	472
Capital surplus	634	634
Retained earnings	32,090	33,816
Treasury stock	(892)	(892)
<b>Total shareholders' equity</b>	<b>32,304</b>	<b>34,030</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized gain on available-for-sale securities	(58)	(66)
Foreign currency translation adjustments	376	250
Remeasurements of defined benefit plans	(3)	(5)
<b>Total accumulated other comprehensive income</b>	<b>313</b>	<b>178</b>
<b>Non-Controlling Interests</b>	<b>1,610</b>	<b>1,572</b>
<b>Total net assets</b>	<b>34,228</b>	<b>35,781</b>
<b>Total liabilities and net assets</b>	<b>84,752</b>	<b>84,447</b>

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

(millions of yen)

	Year ended December 31, 2016	Year ended December 31, 2017
	Amount	Amount
<b>Net sales</b>	55,365	57,253
Cost of sales	38,125	38,713
<b>Gross profit</b>	17,240	18,540
<b>Selling, general and administrative expenses</b>	13,724	14,272
<b>Operating income</b>	3,515	4,268
<b>Non-operating income</b>		
Interest income	46	36
Dividend income	29	32
Gain on investments in silent partnership	158	166
Gain on redemption of investment securities	122	-
Real estate rental income	152	253
Foreign exchange gains	-	93
Other	102	92
Total non-operating income	611	675
<b>Non-operating expenses</b>		
Interest expenses	240	212
Loss on valuation of derivatives	58	178
Real estate rental expenses	40	101
Foreign exchange loss	143	-
Other	45	51
Total non-operating expenses	527	544
<b>Ordinary income</b>	3,598	4,398
<b>Extraordinary income</b>		
Gain on sales of fixed assets	1	0
Gain on sales of investment securities	-	1
Reversal gains of provisions for directors' retirement benefits	14	-
Reversal gains of provisions for shop closing expenses	4	-
Total extraordinary income	20	1
<b>Extraordinary loss</b>		
Impairment loss	37	192
Provision of allowance for doubtful receivables	-	180
Others	195	98
Total extraordinary loss	232	471
<b>Profit before income taxes</b>	3,386	3,929
<b>Income taxes - current</b>	1,585	1,873
<b>Income taxes - deferred</b>	(146)	(174)
<b>Total income taxes</b>	1,439	1,699
<b>Profit for the period</b>	1,946	2,229
<b>Profit (loss) attributable to non-controlling interests</b>	(5)	26
<b>Profit (loss) attributable to owners of the parent</b>	1,951	2,203

## Consolidated Statements of Comprehensive Income

(millions of yen)

	Year ended December 31, 2016	Year ended December 31, 2017
	Amount	Amount
<b>Profit for the period</b>	1,946	2,229
<b>Other comprehensive income</b>		
Net unrealized gain on available-for-sale securities	(30)	(8)
Foreign currency translation adjustments	278	(174)
Remeasurements of defined benefit plan	(0)	(1)
Total other comprehensive income	247	(183)
<b>Comprehensive income</b>	2,194	2,046
(Breakdown)		
Comprehensive income attributable to owners of the parent	2,106	2,067
Comprehensive income attributable to non-controlling interests	87	(21)

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

Year ended December 31, 2016 (January 1 to December 31, 2016)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	472	634	30,630	(88)	31,648
Changes during term					
Cash dividends			(486)		(486)
Profit attributable to owners of the parent			1,951		1,951
Purchase of treasury stock				(804)	(804)
Change in scope of consolidation			(5)		(5)
Net changes in items other than shareholder's equity					
Total changes during term	-	-	1,460	(804)	655
Balance at end of term	472	634	32,090	(892)	32,304

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of term	(28)	190	(2)	158	-	31,807
Changes during term						
Cash dividends						(486)
Profit attributable to owners of the parent						1,951
Purchase of treasury stock						(804)
Change in scope of consolidation						(5)
Net changes in items other than shareholder's equity	(30)	185	(0)	154	1,610	1,765
Total changes during term	(30)	185	(0)	154	1,610	2,420
Balance at end of term	(58)	376	(3)	313	1,610	34,228

Year ended December 31, 2017 (January 1 to December 31, 2017)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	472	634	32,090	(892)	32,304
Changes during term					
Cash dividends			(477)		(477)
Profit attributable to owners of the parent			2,203		2,203
Purchase of treasury stock					-
Change in scope of consolidation					-
Net changes in items other than shareholder's equity					
Total changes during term	-	-	1,726	-	1,726
Balance at end of term	472	634	33,816	(892)	34,030

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of term	(58)	376	(3)	313	1,610	34,228
Changes during term						
Cash dividends						(477)
Profit attributable to owners of the parent						2,203
Purchase of treasury stock						-
Change in scope of consolidation						-
Net changes in items other than shareholder's equity	(8)	(125)	(1)	(135)	(38)	(173)
Total changes during term	(8)	(125)	(1)	(135)	(38)	1,552
Balance at end of term	(66)	250	(5)	178	1,572	35,781

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

(millions of yen)

	Year ended December 31, 2016	Year ended December 31, 2017
	Amount	Amount
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,386	3,929
Depreciation and amortization	3,349	3,344
Amortization of goodwill	266	266
Amortization of bond issuance costs	21	27
Loss on disposal of tangible assets	60	13
(Gain) loss on sales of fixed assets	(1)	(0)
(Gain) loss on valuation of derivatives	58	178
(Gain) loss on redemption of investment securities	(122)	-
(Gain) loss on sales of investment securities	130	8
(Gain) loss on investments in silent partnership	(158)	(166)
Foreign exchange (gain) loss	136	(95)
Impairment loss	37	192
Increase (decrease) in allowance for doubtful receivables	9	154
Increase (decrease) in net defined benefit liability	(0)	20
Increase (decrease) in provision for directors' retirement benefits	11	36
Loss on valuation of affiliated companies' shares	-	24
Shop closing expenses	3	15
Interest and dividend income	(75)	(68)
Interest expenses	240	212
(Increase) decrease in notes and accounts receivable - trade	(96)	(143)
(Increase) decrease in inventories	(18)	(54)
Increase (decrease) in notes and accounts payable - trade	107	99
(Increase) decrease in other assets	40	(91)
Increase (decrease) in advances received	206	289
Increase (decrease) in accrued consumption taxes	592	(144)
Increase (decrease) in other liabilities	176	295
Other- net	255	619
Sub total	8,618	8,964
Interest and dividends received	67	41
Interest paid	(240)	(208)
Income taxes paid	(1,885)	(1,734)
Net cash provided by (used in) operating activities	6,559	7,062

(millions of yen)

	Year ended December 31, 2016	Year ended December 31, 2017
	Amount	Amount
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(12,619)	(4,226)
Purchase of intangible assets	(169)	(56)
Purchase of investment securities	(300)	(257)
Proceeds from sales of investment securities	793	227
Proceeds from redemption of investment securities	436	-
Repayment of contributions from the silent partnership	430	540
Loans receivable	(159)	(42)
Collection of loans receivable	52	42
Lease and guarantee deposits	(635)	(144)
Collection of lease and guarantee deposits	271	9
Payments of construction assistance fund receivables	(50)	(50)
Other- net	(402)	(17)
Net cash provided by (used in) investing activities	(12,352)	(3,976)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term debt	-	8,100
Proceeds from long-term debt	5,733	7,001
Repayments of long-term debt	(2,982)	(13,329)
Proceeds from issuance of bonds	977	488
Payments for redemption of bonds	(774)	(849)
Payments for redemption of convertible bonds	-	(4,500)
Purchase of treasury stock	(807)	-
Proceeds from stock issuance to non-controlling interests	1,505	-
Dividends paid to non-controlling interests	-	(16)
Purchase of subsidiaries' shares without change in the scope of consolidation	(24)	-
Dividends paid to shareholders	(486)	(476)
Other – net	(9)	9
Net cash provided by (used in) financing activities	3,131	(3,573)
<b>Foreign currency translation adjustments on cash and cash equivalents</b>	(71)	3
<b>Net increase (decrease) in cash and cash equivalents</b>	(2,733)	(483)
<b>Cash and cash equivalents, beginning of period</b>	17,863	15,380
<b>Increase in cash and cash equivalents from newly consolidated subsidiary</b>	249	-
<b>Cash and cash equivalents, end of period</b>	15,380	14,896



**(5) Notes to the Financial Statements**

(Note on the Going-concern Assumption)

Not applicable

(Additional Information)

(Application of the Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company has applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASB Guidance No 26, March 28, 2016), effective from the fiscal year ended December 31, 2017.

(Segment Information)

1. Overview of reportable segment

The Company Group's reportable segments are components of the Group about 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 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 Indonesia, mainly for customers who book through the Group's sales salons in Japan. The segment also subleases wedding facilities to an affiliate in South Korea. "Hotel business" offers the management of hotel weddings and provision of hotel accommodation services at Hotel InterContinental Tokyo Bay, The Strings by InterContinental Tokyo, Sir Winston Hotel, and The Strings Hotel Nagoya. "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 a comprehensive fitness club, "BEST STYLE FITNESS."

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, 2016 (January 1 to December 31, 2016)

	Reportable segment				Adjustments (note 1)	Amount recorded on consolidated financial statements (note 2)
	Wedding business	Hotel business	W&R business	Total		
Net sales						
Sales to outside customers	34,783	17,568	3,013	55,365	-	55,365
Inter-segment sales and transfers	1,254	431	0	1,686	(1,686)	-
<b>Total</b>	<b>36,038</b>	<b>17,999</b>	<b>3,014</b>	<b>57,052</b>	<b>(1,686)</b>	<b>55,365</b>
Segment income (loss)	5,259	762	(473)	5,548	(2,033)	3,515
Segment assets	32,774	24,816	5,993	63,584	21,168	84,752
Other items						
Depreciation/amortization	1,734	1,290	278	3,303	45	3,349
Amortization of goodwill	-	128	138	266	-	266
Increase(decrease) in tangible and intangible assets	2,360	1,489	2,539	6,389	5,440	11,830

Notes: 1. Details of adjustments are as follows:

(1) The minus 2,033 million yen adjustment for segment income or loss includes 5 million yen elimination of inter-segment sales and minus 2,038 million yen of unallocated corporate expenses. The main component of these unallocated corporate expenses is SG&A expenses that are not attributable to reportable segments.

(2) The 21,168 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 45 million yen adjustment for depreciation/amortization comprises depreciation/amortization for unallocated corporate assets.

(4) The 5,440 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, 2017 (January 1 to December 31, 2017)

(millions of yen)

	Reportable segment				Adjustments (note 1)	Amount recorded on consolidated financial statements (note 2)
	Wedding business	Hotel business	W&R business	Total		
Net sales						
Sales to outside customers	35,339	18,290	3,623	57,253	-	57,253
Inter-segment sales and transfers	1,407	373	1	1,782	(1,782)	-
<b>Total</b>	<b>36,747</b>	<b>18,663</b>	<b>3,625</b>	<b>59,036</b>	<b>(1,782)</b>	<b>57,253</b>
Segment income (loss)	5,060	1,296	(406)	5,950	(1,682)	4,268
Segment assets	33,809	23,452	6,095	63,357	21,089	84,447
Other items						
Depreciation/amortization	1,721	1,213	332	3,267	77	3,344
Amortization of goodwill	-	128	138	266	-	266
Increase(decrease) in tangible and intangible assets	3,396	678	556	4,631	103	4,735

Notes: 1. Details of adjustments are as follows:

- (1) The minus 1,682 million yen adjustment for segment income or loss includes 37 million yen elimination of inter-segment sales and minus 1,719 million yen of unallocated corporate expenses. The main component of these unallocated corporate expenses is SG&A expenses that are not attributable to reportable segments.
  - (2) The 21,089 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 77 million yen adjustment for depreciation/amortization comprises depreciation/amortization for unallocated corporate assets.
  - (4) The 103 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.

(Per Share Information)

	Year ended December 31, 2016	Year ended December 31, 2017
Net assets per share	683.81 yen	717.16 yen
Profit for the period per share	40.37 yen	46.19 yen
Diluted profit per share	36.00 yen	42.31 yen

Note: The calculation base for profit for the period per share and for diluted profit per share is as follows:

	Year ended December 31, 2016	Year ended December 31, 2017
Profit for the period per share		
Profit attributable to owners of the parent (millions of yen)	1,951	2,203
Amount not attributable to common stockholders (millions of yen)	-	-
Profit attributable to common stocks of owners of the parent (millions of yen)	1,951	2,203
Average number of shares outstanding during the term (shares)	48,347,959	47,700,166
Diluted profit per share		
Adjustment to profit attributable to owners of the parent (millions of yen)	-	-
Increase in the number of common stock (shares)	5,868,544	4,363,623
[Of which convertible bond with stock acquisition rights (shares)]	[5,868,544]	[4,363,623]
Residual securities that are not dilutive and not included in the calculation for diluted profit per share	-	-

(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, 2016	Year ended December 31, 2017
Segment	Number of weddings held (cases)	Number of weddings held (cases)
Wedding business	11,401	11,800
Hotel business	1,799	1,845
Total	13,200	13,645

###### 2) Wedding orders received

	Year ended December 31, 2016		Year ended December 31, 2017	
Segment	Orders received (cases)	Order backlog (cases)	Orders received (cases)	Order backlog (cases)
Wedding business	11,563	6,178	12,571	6,949
Hotel business	1,814	1,257	1,704	1,116
Total	13,377	7,435	14,275	8,065