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February 14, 2020

Tsukada Global Holdings Inc.
Consolidated Earnings Report for the Fiscal Year ended December 31, 2019
(Japanese GAAP)

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

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

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Scheduled dates:

Annual general meeting of shareholders: March 26, 2020

Filing of statutory year-end financial report: March 26, 2020

Dividend payout: March 27, 2020

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, 2019

(January 1, 2019 – December 31, 2019)

(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, 2019	61,121	1.5	6,383	21.6	6,222	18.4	2,565	5.8
Year ended December 31, 2018	60,197	5.1	5,249	23.0	5,257	19.5	2,424	10.0

Note: Comprehensive income: Year ended December 31, 2019: 2,302 million yen (33.5%)
Year ended December 31, 2018: 1,724 million yen (-15.7%)

	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, 2019	53.78	-	7.0	6.5	10.4
Year ended December 31, 2018	50.82	50.40	7.0	6.0	8.7

Reference: Equity in (earnings) losses of affiliates: Year ended December 31, 2019: -47 million yen
Year ended December 31, 2018: - million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
December 31, 2019	99,343	37,404	37.7	784.15
December 31, 2018	90,841	37,081	39.1	745.24

Reference: Total equity: December 31, 2019: 37,404 million yen
December 31, 2018: 35,548 million yen

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

Note: "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) have been applied, effective from the first three months of the fiscal year ended

December 31, 2019. Figures in the financial position as of December 31, 2018 were retroactively restated in accordance with said ASBJ amendments.

(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, 2019	7,297	(12,838)	9,686	28,259
Year ended December 31, 2018	6,050	(375)	3,704	24,117

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, 2018	-	5.00	-	5.00	10.00	477	19.7	1.4
Year ended December 31, 2019	-	5.00	-	5.00	10.00	477	18.6	1.3
Year ending December 31, 2020 (Forecast)	-	5.00	-	5.00	10.00		12.6	

3. Earnings Forecast for the Fiscal Year ending December 31, 2020

(January 1, 2020 – December 31, 2020)

(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, 2020	29,500	1.5	900	(60.2)	900	(55.3)	100	(92.2)	2.10
Year ending December 31, 2020	64,000	4.7	6,700	5.0	6,500	4.5	3,800	48.1	79.66

*Notes

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

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

Newly Consolidated: BEST LIFE STYLE Inc.

Newly Deconsolidated: BT KALAKAUA, LLC

Note: For details, please refer to “(5) Notes on Consolidated Financial Statements (Changes in Significant Subsidiaries for Fiscal 2019)” in the section “3. Consolidated Financial Statements and Main Notes” on page 14 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, 2019	December 31, 2018
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, 2019	Year ended December 31, 2018
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, 2020" in the section "1. Review of Consolidated Financial Results" on page 5.

2 in the accompanying materials.

(Presentation handout materials)

The Company has scheduled an earnings presentation targeted at institutional investors and analysts on February 17, 2020.

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, 2019, the Japanese economy followed a recovery path thanks to expanded corporate earnings, a recovery in personal spending and improved employment conditions on the back of the government's various economic policies. However, the future outlook remains clouded by the impact that tensions in the Middle East may have on the global economy and the uncertainties in economic conditions abroad.

In the bridal market, the core business of the Tsukada Global Holdings Group ("the Group"), the number of weddings in Japan in fiscal 2019 was estimated at 583,000, compared with 586,000, down 0.6% from fiscal 2018 (source: Outline of Vital Statistics in Japan, Ministry of Health, Labour and Welfare). Although the rate of decline slowed from 3.4% in the previous fiscal year, the declining birthrate is gradually having a discernible impact. However, Japan's wedding market environment remains generally stable, due partly to a steady rise in expenditures per wedding due to late-life marriages. Moreover, the number of foreign visitors to Japan, even though the growth rate slowed from 8.7% in 2018, is estimated to have reached 31.88 million in 2019 (up 2.2% year-on-year from 31.19 million in 2018 according to the Japan National Tourism Organization). Thus, the hotel market is continuing to expand steadily owing to the recovery in the Japanese economy and continued increase in the number of foreign visitors. The relaxation-related market, though witnessing a slowdown in growth on the whole, enjoyed stable growth thanks to the burgeoning interest in health and beauty in addition to the market's existing underlying strength.

In this environment, the Group endeavored to increase sales and profitability by accurately responding to increasingly individualized and diversifying customer needs in the bridal, hotel, and wellness and relaxation (W&R) markets, while also continuing its efforts to create new value and develop high-quality, appealing outlets capable of providing high value-added services.

Based on this policy, the Group continued efforts to create new value and further improve the quality of its hospitality services in the hotel business in anticipation of the Tokyo Olympic and Paralympic Games by, for example, beginning preparations for the opening of the Kimpton Hotel Shinjuku, Tokyo (provisional name), major renovations of The Strings by InterContinental Tokyo in Shinagawa, Tokyo, and refurbishment and rebranding of The Strings Hotel Yagoto Nagoya in Showa Ward, Nagoya.

In the wedding business, the Group increased internal production of mainstay wedding-related products such as floral decorations, photographs, videos, and audio content, and promoted external sales of these products. The Group also focused on expanding the earnings and business areas of the Wellness & Relaxation (W&R) business, which opened comprehensive fitness club Best Style Fitness Kyoto Karasuma (Nakagyo-ku, Kyoto) in September 2019.

As a result of these efforts, in the fiscal year ended December 31, 2019, the Group posted increased sales and profits. Consolidated net sales were ¥61,121 million (up 1.5% year on year). Operating income totaled ¥6,383 million (up 21.6%) and ordinary income totaled ¥6,222 million (up 18.4%). However, given signs of potential impairment of some assets due to declines in profitability, the Group posted an impairment loss of ¥1,015 million as an extraordinary loss, taking into account future business plans and recoverability in accordance with the Accounting Standard for Impairment of Fixed Assets, and as a result profit attributable to owners of the parent came to ¥2,565 million (up 5.8%).

The results for each business segment were as follows.

1) Wedding business

In fiscal 2019, sales grew in the wedding business bolstered primarily by an increase in the number of weddings held in the mainstay Japanese market, a solid increase in spend per wedding, and progress with external sales. Segment income significantly increased mainly due to increased internal production of wedding-related products and content such as photographs, audio, videos, and floral decorations.

As a result, net sales in the wedding business were ¥39,414 million (up 3.4% year on year), and segment income was ¥7,797 million (up 23.1%).

2) Hotel business

Segment sales declined in fiscal 2019 despite solid growth of overnight occupancy rates and average charge per night, because the number of weddings held at our hotels decreased, and the number of guest rooms available for sale decreased due to major renovation work at The Strings Hotel Tokyo Intercontinental and The Strings Hotel Yagoto Nagoya. Segment income halved due to lower segment sales and expenses related to the preparations for opening Kimpton Hotel Shinjuku, Tokyo (provisional name).

As a result, net sales in the hotel business came to ¥17,768 million (down 2.6% year on year), and segment income totaled ¥477 million (down 51.3%).

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

This segment achieved sales growth in fiscal 2019 due to full-year operation of the comprehensive fitness club Best Style Fitness Kaihin Makuhari, which opened in December 2018, and the opening of Best Style Fitness Kyoto Karasuma in September. However, the segment posted an operating loss owing to the startup costs of the new fitness clubs and some delay in attracting members at some fitness clubs.

As a result, the W&R business posted net sales of ¥3,939 million (up 2.6% year on year), and a segment loss of ¥229 million (compared with a loss of ¥426 million a year earlier).

(2) Analysis of Financial Condition

Assets, Liabilities, and Net Assets

Total assets at the end of fiscal 2019 (December 31, 2019) amounted to ¥99,343 million, an increase of ¥8,502 million from the end of the previous fiscal year (December 31, 2018). The increase mainly reflects a ¥7,864 million increase in construction in progress related to the construction of Kimpton Hotel Shinjuku, Tokyo (provisional name), a ¥4,164 million increase in investment securities as a result of investment of surplus funds, and a ¥4,141 million increase in cash and deposits due to fund procurement. These were partially offset by a ¥3,162 million decline in buildings and structures and a ¥5,979 million decrease in land, as a result of the exclusion of former consolidated subsidiary BT KALAKAUA, LLC from the scope of consolidation due to a reduced equity stake following partial divestment.

Total liabilities at the end of fiscal 2019 came to ¥61,939 million, an increase of ¥8,179 million from the end of the previous fiscal year. The increase is chiefly attributable to an increase of ¥3,039 million in long-term debt (including the current portion) owing to fund procurement for capital investment and ¥2,110 million from the issuance of bonds (including the current portion).

Net assets at the end of fiscal 2019 totaled ¥37,404 million, an increase of ¥322 million from the end

of the previous fiscal year. The change is primarily due to a ¥2,088 million increase in retained earnings reflecting the posting of profit attributable to owners of the parent, which was partially offset by a ¥1,533 million decrease in non-controlling interests due to the exclusion of a subsidiary from the scope of consolidation.

(3) Overview of Cash Flows

Cash and cash equivalents (“cash”) at the end of fiscal 2019 increased by ¥4,141 million from the end of the previous fiscal year to ¥28,259 million. Cash flows and factors behind changes in the cash flows are explained below.

(Operating cash flow)

Cash provided by operating activities during fiscal 2019 totaled ¥7,297 million, an increase of 20.6% from the previous fiscal year. The change is mainly attributable to ¥3,140 million in depreciation and amortization and ¥5,122 million in profit before income taxes, which were partially offset by ¥2,449 million in income taxes paid.

(Investing cash flow)

Cash used in investing activities totaled ¥12,838 million, compared with ¥375 million used in the previous fiscal year. The change is mainly the result of ¥10,969 million used for purchase of tangible assets.

(Financing cash flow)

Cash provided by financing activities in fiscal 2019 totaled ¥9,686 million, an increase of 161.5% from the previous fiscal year. The change is mainly attributable to proceeds of ¥11,990 million from long-term debt and ¥2,689 million from the issuance of bonds, which were partially offset by repayments of long-term debt of ¥3,400 million and payments for redemption of bonds of ¥590 million.

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

	FY2015	FY2016	FY2017	FY2018	FY2019
Return on equity (%)	39.6	38.5	40.5	39.1	37.7
Return on equity based on market value (%)	47.7	39.3	37.5	31.3	29.3
Cash flow to interest-bearing debt (years)	6.2	5.8	5.0	6.6	6.1
Interest coverage ratio (times)	24.8	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, 2020

Regarding the economic environment in which the Group operates, the economy continues on a recovery track, reflecting expanded corporate earnings, an upturn in consumer spending and improved employment conditions thanks partly to the effects of various economic policies. However, the economic outlook is likely to remain unclear primarily due to the tensions in the Middle East, developments regarding trade disputes between the U.S. and China, and concerns about the impact of the COVID-19 coronavirus disease on Japan's tourism market.

In addition to taking appropriate steps to counteract the above risks, the Group intends to constantly strive to create new value and proactively develop products that accurately meet ever-changing customer needs. It will also aim to improve its cost-competitiveness and further enhance profitability through efficient outlet operations and the proactive development of human resources.

The wedding order backlog at the end of the fiscal year under review (December 31, 2019) was 7,549 (down 9.0% year on year). For the fiscal year ending December 31, 2020, the Group forecasts consolidated net sales of ¥64,000 million (up 4.7%), operating income of ¥6,700 million (up 5.0%), ordinary income of ¥6,500 million (up 4.5%), and profit attributable to owners of the parent of ¥3,800 million (up 48.1%). The forecast for sales and profit growth in the fiscal year ending December 31, 2020 is due in part to the opening of the new Kimpton Hotel Shinjuku, Tokyo (provisional name) and the impact of hosting the Tokyo Olympic and Paralympic Games.

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, 2018	December 31, 2019
	Amount	Amount
Assets		
Current assets		
Cash and deposits	24,206	28,347
Accounts receivable - trade	1,281	1,259
Marketable securities	289	2,455
Merchandise	127	116
Raw materials and supplies	490	530
Other	1,136	1,389
Allowance for doubtful receivables	(24)	(22)
Total current assets	27,506	34,076
Fixed assets		
Tangible assets		
Buildings and structures	48,680	47,544
Accumulated depreciation	(23,318)	(25,345)
Buildings and structures, net	25,361	22,199
Land	15,553	9,574
Construction in progress	1,972	9,837
Other	8,500	9,141
Accumulated depreciation	(6,777)	(7,231)
Other, net	1,723	1,909
Total tangible assets	44,610	43,520
Intangible assets		
Goodwill	1,738	1,475
Other	184	195
Total intangible assets	1,922	1,670
Investments and other assets		
Investment securities	2,557	6,721
Lease and guarantee deposits	8,152	8,451
Deferred tax assets	4,177	3,973
Other	1,961	990
Allowance for doubtful receivables	(206)	(213)
Total investments and other assets	16,641	19,925
Total fixed assets	63,174	65,115
Deferred assets		
Bond issuance costs	160	151
Total deferred assets	160	151
Total assets	90,841	99,343

	(millions of yen)	
	December 31, 2018	December 31, 2019
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable - trade	2,437	2,298
Current portion of long-term debt	3,172	4,617
Current portion of bonds	590	668
Income taxes payable	1,313	1,275
Advances received	1,884	2,442
Other	4,381	6,557
Total current liabilities	13,778	17,859
Fixed liabilities		
Bonds	3,125	5,157
Long-term debt	32,614	34,209
Net defined benefit liability	302	303
Provision for directors' retirement benefits	784	831
Asset retirement obligations	2,391	2,412
Other	762	1,167
Total fixed liabilities	39,981	44,080
Total liabilities	53,759	61,939
Net assets		
Shareholders' equity		
Capital stock	472	472
Capital surplus	634	634
Retained earnings	35,849	37,937
Treasury stock	(892)	(892)
Total shareholders' equity	36,063	38,151
Accumulated other comprehensive income		
Net unrealized gain (loss) on available-for-sale securities	(142)	(72)
Deferred gain (loss) on derivatives under hedge accounting	(249)	(504)
Foreign currency translation adjustments	(118)	(163)
Remeasurements of defined benefit plans	(4)	(5)
Total accumulated other comprehensive income	(514)	(747)
Non-controlling interests	1,533	-
Total net assets	37,081	37,404
Total liabilities and net assets	90,841	99,343

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

(millions of yen)

	Year ended December 31, 2018	Year ended December 31, 2019
	Amount	Amount
Net sales	60,197	61,121
Cost of sales	40,598	40,014
Gross profit	19,599	21,107
Selling, general and administrative expenses	14,349	14,724
Operating income	5,249	6,383
Non-operating income		
Interest income	29	108
Dividend income	8	5
Gain on investments in silent partnership	150	153
Real estate rental income	213	191
Compensation income	-	70
Other	93	137
Total non-operating income	495	667
Non-operating expenses		
Interest expenses	233	422
Real estate rental expenses	96	164
Foreign exchange loss	81	137
Other	77	104
Total non-operating expenses	488	828
Ordinary income	5,257	6,222
Extraordinary income		
Gain on sales of fixed assets	492	23
Gain on sale of shares in subsidiaries	-	207
Other	2	-
Total extraordinary income	494	230
Extraordinary loss		
Loss on disposal of fixed assets	49	223
Impairment loss	1,183	1,015
Other	128	91
Total extraordinary loss	1,361	1,330
Profit before income taxes	4,389	5,122
Income taxes - current	2,218	2,385
Income taxes - deferred	(275)	202
Total income taxes	1,942	2,587
Profit	2,446	2,535
Profit (loss) attributable to non-controlling interests	22	(30)
Profit attributable to owners of the parent	2,424	2,565

Consolidated Statements of Comprehensive Income

(millions of yen)

	Year ended December 31, 2018	Year ended December 31, 2019
	Amount	Amount
Profit	2,446	2,535
Other comprehensive income		
Net unrealized gain (loss) on available-for-sale securities	(75)	69
Deferred gain (loss) on derivatives under hedge accounting	(249)	(255)
Foreign currency translation adjustments	(397)	(39)
Remeasurements of defined benefit plan	0	(1)
Share of other comprehensive income of entities accounted for using equity method	-	(5)
Total other comprehensive income	(722)	(232)
Comprehensive income	1,724	2,302
(Breakdown)		
Comprehensive income attributable to owners of the parent	1,731	2,332
Comprehensive income (loss) attributable to non-controlling interests	(6)	(30)

(3) Consolidated Statements of Changes in Net Assets

Year ended December 31, 2018 (January 1 to December 31, 2018)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	472	634	33,816	(892)	34,030
Changes during term					
Cash dividends			(477)		(477)
Profit attributable to owners of the parent			2,424		2,424
Change in scope of consolidation			85		85
Net changes in items other than shareholders' equity					
Total changes during term	-	-	2,032	-	2,032
Balance at end of term	472	634	35,849	(892)	36,063

	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 plans	Total accumulated other comprehensive income		
Balance at beginning of term	(66)	-	250	(5)	178	1,572	35,781
Changes during term							
Cash dividends							(477)
Profit attributable to owners of the parent							2,424
Change in scope of consolidation							85
Net changes in items other than shareholders' equity	(75)	(249)	(368)	0	(692)	(38)	(731)
Total changes during term	(75)	(249)	(368)	0	(692)	(38)	1,300
Balance at end of term	(142)	(249)	(118)	(4)	(514)	1,533	37,081

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 plans	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

(4) Consolidated Statements of Cash Flows

	(millions of yen)	
	Year ended December 31, 2018	Year ended December 31, 2019
	Amount	Amount
Cash flows from operating activities		
Profit before income taxes	4,389	5,122
Depreciation and amortization	3,275	3,140
Impairment loss	1,183	1,015
Amortization of goodwill	266	267
Amortization of bond issuance costs	20	20
Increase (decrease) in provision for directors' retirement benefits	45	47
Increase (decrease) in allowance for doubtful receivables	11	4
Increase (decrease) in net defined benefit liability	(49)	(1)
Interest and dividend income	(38)	(114)
Interest expenses	233	422
(Gain) loss on sales of shares in subsidiaries	-	(207)
(Gain) loss on redemption of investment securities	-	12
Compensation income	-	(70)
Loss on disposal of fixed assets	49	223
(Gain) loss on sales of fixed assets	(491)	(23)
Shop closing expenses	90	72
(Gain) loss on valuation of derivatives	(7)	(13)
(Gain) loss on investments in silent partnership	(150)	(153)
Foreign exchange (gain) loss	11	36
(Increase) decrease in notes and accounts receivable – trade	(173)	20
(Increase) decrease in inventories	57	(28)
Increase (decrease) in notes and accounts payable - trade	(22)	(138)
Increase (decrease) in advances received	262	555
Increase (decrease) in accrued consumption taxes	176	(185)
(Increase) decrease in other assets	(2)	136
Increase (decrease) in other liabilities	(324)	(169)
Other	(236)	92
Sub total	8,578	10,084
Interest and dividends received	18	15
Interest paid	(230)	(422)
Income taxes paid	(2,316)	(2,449)
Compensation income	-	70
Net cash provided by (used in) operating activities	6,050	7,297

	Year ended December 31, 2018	Year ended December 31, 2019
	Amount	Amount
Cash flows from investing activities		
Purchase of tangible assets	(7,255)	(10,969)
Proceeds from sales of tangible assets	6,800	50
Purchase of intangible assets	(38)	(88)
Purchase of investment securities	-	(2,521)
Proceeds from sales of investment securities	67	395
Repayment of contributions from the silent partnership	82	78
Loans receivable	(26)	(22)
Lease and guarantee deposits	(143)	(590)
Collection of lease and guarantee deposits	200	128
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	770
Other- net	(63)	(68)
Net cash provided by (used in) investing activities	(375)	(12,838)
Cash flows from financing activities		
Net increase (decrease) in short-term debt	(8,100)	-
Proceeds from long-term debt	17,520	11,990
Repayments of long-term debt	(4,164)	(3,400)
Proceeds from issuance of bonds	201	2,689
Payments for redemption of bonds	(744)	(590)
Payments for redemption of convertible bonds	(500)	-
Dividends paid to non-controlling interests	(31)	-
Dividends paid to shareholders	(477)	(476)
Repayment to non-controlling interests	-	(525)
Net cash provided by (used in) financing activities	3,704	9,686
Foreign currency translation adjustments on cash and cash equivalents	(3)	(4)
Net increase (decrease) in cash and cash equivalents	9,375	4,141
Cash and cash equivalents, beginning of period	14,896	24,117
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(154)	-
Cash and cash equivalents, end of period	24,117	28,259

(5) Notes on Consolidated Financial Statements

(Note on the Going-concern Assumption)

Not applicable

(Changes in Significant Subsidiaries for Fiscal 2019)

BEST LIFE STYLE Inc. has been added to the scope of consolidation, due to its establishment during the second quarter of fiscal 2019.

Additionally, due to the Company having sold a portion of its shareholding, BT KALAKAUA, LLC has been excluded from the scope of consolidation and was consequently been made an equity method affiliate from the end of the second quarter of fiscal 2019.

(Changes in Method of Presentation)

(Consolidated Statements of Income)

“Loss on disposal of fixed assets,” which was included under “Other” of the “Extraordinary loss” in the previous fiscal year, has exceeded 10% of the total amount of extraordinary losses. It has therefore been reclassified under a separate and independent heading. The financial statements for the previous fiscal year have therefore been restated in order to reflect this change in the method of presentation.

Accordingly, 178 million yen shown under “Other” of “Extraordinary loss” in the consolidated statements of income for the previous fiscal year has been reclassified as 49 million yen in “Loss on disposal of fixed assets” and 128 million yen in “Other.”

(Additional Information)

(Application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

“Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28 of February 16, 2018) have been applied, effective from the first quarter of the fiscal 2019. Accordingly, deferred tax assets are shown under investments and other assets, while deferred tax liabilities are shown under fixed liabilities.

(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," and at "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 "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, 2018 (January 1 to December 31, 2018)

	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	38,113	18,244	3,839	60,197	-	60,197	
Inter-segment sales and transfers	1,447	344	1	1,793	(1,793)	-	
Total	39,560	18,588	3,841	61,990	(1,793)	60,197	
Segment income (loss)	6,333	981	(426)	6,888	(1,638)	5,249	
Segment assets	27,731	24,919	5,233	57,885	32,977	90,862	
Other items							
Depreciation/amortization	1,733	1,106	361	3,200	74	3,275	
Amortization of goodwill	-	128	138	266	-	266	
Increase in tangible and intangible assets	1,955	1,612	861	4,429	3,251	7,680	

Notes: 1. Details of adjustments are as follows:

- (1) The minus 1,638 million yen adjustment for segment income or loss includes 114 million yen elimination of inter-segment sales and minus 1,753 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 32,977 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 74 million yen adjustment for depreciation/amortization comprises depreciation/amortization for unallocated corporate assets.
 - (4) The 3,251 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, 2019 (January 1 to December 31, 2019)

(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	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.

(Per Share Information)

	Year ended December 31, 2018	Year ended December 31, 2019
Net assets per share	745.24 yen	784.15 yen
Profit per share	50.82 yen	53.78 yen
Diluted profit per share	50.40 yen	- yen

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

	Year ended December 31, 2018	Year ended December 31, 2019
Profit per share		
Profit attributable to owners of the parent (millions of yen)	2,424	2,565
Amount not attributable to common stockholders (millions of yen)	-	-
Profit attributable to common stock of owners of the parent (millions of yen)	2,424	2,565
Average number of common stock outstanding during the term (shares)	47,700,166	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)	398,739	-
[Of which convertible bonds with stock acquisition rights (shares)]	[398,739]	[-]
Residual securities that are not dilutive and not included in the calculation for diluted profit per share		-

Note: Diluted profit per share for fiscal 2019 is not disclosed, as there are no dilutive shares.

(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, 2018	Year ended December 31, 2019
Segment	Number of weddings held (cases)	Number of weddings held (cases)
Wedding business	12,806	12,385
Hotel business	1,712	1,611
Total	14,518	13,996

2) Wedding orders received

	Year ended December 31, 2018		Year ended December 31, 2019	
Segment	Orders received (cases)	Order backlog (cases)	Orders received (cases)	Order backlog (cases)
Wedding business	12,976	7,119	11,784	6,518
Hotel business	1,775	1,179	1,463	1,031
Total	14,751	8,298	13,247	7,549