

Translation

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Summary of Consolidated Financial Results for the Fiscal Year Ended September 2022 (Based on IFRS)

November 4, 2022

Name of listed company: Decollte Holdings Corporation

Listing exchange: Tokyo Stock Exchange

Securities code: 7372

URL: <https://www.decollte.co.jp/>

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Scheduled date for annual general meeting of shareholders: December 22, 2022

Scheduled date for commencing dividend payments: -

Scheduled date for filing securities report: December 23, 2022

Preparation of supplementary materials on financial results: Yes

Holding of financial results briefing session: Yes

(Amounts are rounded down to the nearest million yen, unless otherwise noted)

1. Financial Results for the Fiscal Year Ended September 30, 2022 (October 1, 2021 to September 30, 2022)

(1) Consolidated operating results

(Percentage figures represent year-on-year changes)

	Revenue		Operating profit		Pre-tax profit		Profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended September 30, 2022	5,322	15.9	1,377	58.0	1,264	72.0	1,018	77.1	1,018	77.1
September 30, 2021	4,592	25.1	871	109.2	735	131.3	574	233.7	574	233.7

	Total comprehensive income		Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent	Ratio of pre-tax profit to total assets	Ratio of operating profit to revenue
	Millions of yen	%	Yen	Yen	%	%	%
Fiscal year ended September 30, 2022	1,018	77.1	190.17	—	25.2	10.7	25.9
September 30, 2021	574	233.7	102.20	—	16.5	6.7	19.0

- (Note) 1. Based on a resolution made at the Board of Directors' meeting held on April 15, 2021, the Company conducted a 2-for-1 share split of its common shares on May 6, 2021. Basic earnings per share is calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.
2. Although there exists balance of share acquisition rights in the fiscal year ended September 30, 2021, and the fiscal year ended September 30, 2022, diluted earnings per share is not presented as there were no dilutive shares having dilutive effects.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
Fiscal year ended September 30, 2022	12,588	4,257	4,257	33.8	835.07
September 30, 2021	11,152	3,827	3,827	34.3	675.02

- (Note) 1. Based on a resolution made at the Board of Directors' meeting held on April 15, 2021, the Company conducted a 2-for-1 share split of its common shares on May 6, 2021. Equity attributable to owners of parent per share is calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended September 30, 2022	1,152	198	(1,288)	1,350
September 30, 2021	1,247	(356)	(1,189)	1,288

2. Cash Dividends

	Annual dividends per share					Total dividends	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended September 30, 2021	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended September 30, 2022	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending September 30, 2023 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Forecast of Financial Results for the Fiscal Year Ending September 30, 2023 (from October 1, 2022 to September 30, 2023)

(Percentage figures represent year-on-year changes)

	Revenue		Operating profit		Pre-tax profit		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	6,928	30.2	1,233	(10.4)	1,092	(13.7)	735	(27.7)	735	(27.7)	144.35

* Notes

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in change in scope of consolidation): None

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

1) Changes in accounting policies required by IFRS: No

2) Changes in accounting policies other than those in 1) above: No

3) Changes in accounting estimates: No

(3) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2022	5,670,000 shares	As of September 30, 2021	5,670,000 shares
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2) Number of treasury shares at the end of the period

As of September 30, 2022	571,939 shares	As of September 30, 2021	49 shares
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3) Average number of shares during the period

Fiscal year ended September 30, 2022	5,355,930 shares	Fiscal year ended September 30, 2021	5,626,147 shares
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(Note) Based on a resolution made at the Board of Directors' meeting held on April 15, 2021, the Company conducted a 2-for-1 share split of its common shares on May 6, 2021. Total number of issued shares at the end of the period, number of treasury shares at the end of the period and average number of shares during period are calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated financial results for the fiscal year ended September 30, 2022 (October 1, 2021 to September 30, 2022)

(1) Non-Consolidated Operating Results

(Percentage figures represent year-on-year changes)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2022	703	(3.9)	141	(19.5)	95	—	527	—
September 30, 2021	732	12.7	175	58.9	(27)	—	(17)	—

	Earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
September 30, 2022	98.49	—
September 30, 2021	(3.05)	—

(Note) 1. Based on a resolution made at the Board of Directors' meeting held on April 15, 2021, the Company conducted a 2-for-1 share split of its common shares on May 6, 2021. Earnings per share is calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

2. Although there exists balance of share acquisition rights in the fiscal year ended September 30, 2021, diluted earnings per share is not presented as it was a loss. In addition, although there exists balance of share acquisition rights in the fiscal year ended September 30, 2022, diluted earnings per share is not presented as there were no dilutive shares having dilutive effects.

3. The Company posted ordinary loss and loss due to the payment of commission for syndicated loans for refinancing in the previous fiscal year. However, the Company posted ordinary profit and profit due to posting of gain on sale of fixed assets with transfer of Decollte Asakusa Building in addition to the fact that similar payment of commissions did not occur in the current fiscal year.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
Fiscal year ended	Millions of yen	Millions of yen	%	Yen
September 30, 2022	6,712	2,188	32.6	429.10
September 30, 2021	6,788	2,261	33.3	398.62

(Reference) Total equity: As of September 30, 2022: 2,187 million yen As of September 30, 2021: 2,260 million yen

(Note) 1. Based on a resolution made at the Board of Directors' meeting held on April 15, 2021, the Company conducted a 2-for-1 share split of its common shares on May 6, 2021. Net assets per share is calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

- * This summary of financial results is not subject to review procedures by a public accountant or audit corporation.
- * Explanation regarding appropriate use of earnings forecasts, and other notes
 1. The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are thought to be reasonable by the Company. Accordingly, such statements should not be construed as a guarantee of achieving the results by the Company. Actual financial results and the like may differ materially due to various factors. In addition, since the impact of COVID-19, such as when it will settle down, is still uncertain, we will promptly disclose revisions to the earnings forecast based on future business activities when such becomes necessary.
 2. Financial results briefing material will be posted on the Company's website (<https://ir.decollte.co.jp/>) on November 4, 2022.

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1. Overview of Operating Results, Etc.

(1) Overview of Operating Results for Current Fiscal Year

During the fiscal year ended September 30, 2022, the Japanese economy initially showed signs of recovery in consumption trends for both corporates and consumers as the domestic COVID-19 infection status becomes better and activity restrictions ease. However, uncertain condition continues due to factors such as sluggish consumption activities brought about by the following sixth and seventh waves of COVID-19 infections, and price hikes on resources and raw materials caused by the Russian invasion against Ukraine, depreciation of yen, etc. having a negative impact on the domestic economy.

In the bridal industry, the number of couples having conventional wedding ceremonies and receptions is recovering in some areas, but with values towards wedding ceremonies changing at a faster pace amidst the pandemic, it is hovering at a level lower than the pre-pandemic. There are movements to respond to customers' demands by shifting to online weddings and ceremonies with a small number of guests, but full-scale recovery is yet to be seen with the decrease in unit prices due to the decrease in number of attendees.

On the other hand, while various new forms of weddings are spreading amid the pandemic, photo weddings are also attracting attraction as a new style of wedding ceremony and the photo wedding market is flourishing including the fact that some business operators are attempting to newly enter the market.

Under such a business environment, the photo wedding service, the Company's major business, has been executing measures in line with the situation by capturing customers' needs in order to respond to the increasing expectations to photographic wedding ceremonies. The measures include the increase of online special consultation counters, which enables non-contact applications to photo shootings with a peace of mind even during the pandemic, and enhancement of Photogenic Journey, which provides photo wedding services at travel destinations as activity restrictions are being eased. Responding to the mounting needs, the Company has opened two new studios in the current fiscal year.

In addition, through the anniversary photo service HAPISTA, the Company has been providing photo services that provide happy experiences to families centering on their children that they would like to repeat not only for shooting events such as Omiyamairi (baby's first visit to a shrine) and Shichigosan (ceremony to wish health and prosperity for young children). The Company has newly opened two new studios in current fiscal year and will target business expansion through increasing the number of new studio openings.

The operating results for the fiscal year ended September 30, 2022, was affected by the sixth and seventh waves of COVID-19 infections, but revenue from both the studio business and the fitness business has surpassed that of the previous fiscal year and posted record high revenue on consolidated basis. In terms of cost, it has increased mainly due to factors including partially enhancing advertisements which were restrained in the previous fiscal year for activities to receive future orders and progression of initiatives to enhance prior employment and cultivation of personnel to respond to the acceleration of new studio openings and expansion of studio locations. On the other hand, the Company posted 437 million yen of other revenue as a gain on sale of Decolte Asakusa Building transferred on January 31, 2022. As a result, revenue was 5,322 million yen (up 15.9% year on year), an increase of 730 million yen from the previous fiscal year. Operating profit was 1,377 million yen (up 58.0% year on year), an increase of 506 million yen from the previous fiscal year. Profit attributable to owners of parent was 1,018 million yen (up 77.1% year on year), an increase of 443 million yen from the previous fiscal year.

In addition, adjusted operating profit, which the Company sees as an objective indicator for judging the target achievement status of the Group's management policies, management strategies, etc. or management targets, was 1,438 million yen in the fiscal year ended September 2022, an increase of 7.6% year-on-year. This was due to revenue growth achieved by the growth of existing studios as well as contribution from new studios opened since the end of the previous fiscal year having absorbed the cost increase accompanying enhanced advertisement and acceleration of opening new studios.

The overview of each business segment is as described below.

<Studio Business>

The studio business, especially the number of customers visiting studios and the number of photo shootings, was affected by the sixth and seventh waves of COVID-19 infections during the fiscal year ended September 30, 2022, as mentioned above. However, revenue and operating profit surpassed those of the previous fiscal year marking record-highs due to increased average customer spend through provision of various plans and new services responding to the increase in demand for the photo wedding services and implementation of measures to deal with the pandemic.

Segment results for the fiscal year ended September 30, 2022, were revenue of 5,230 million yen (up 16.2% year on year) and segment profit of 1,367 million yen (up 53.8% year on year).

• Photo Wedding Service

The number of couples having wedding ceremonies and receptions has recovered in some areas, but as interest in photo weddings and other new styles of wedding ceremonies is increasing due to factors such as the accelerating of a trend of the change in value placed on wedding ceremonies, an increase in demand from customers toward photo wedding services, leading to an increase in demand for services with high unit prices among those provided by the Company, such as photo shooting at multiple sites, including studio plus on-location, and photo shooting in both Japanese and Western style dresses as well as a rapid increase of the new "Live Retouch" service, a retouch service that the Company launched in May 2022. As such, the average unit price at existing studios increased by 10.9% and net sales at existing studios increased by 7.0% year-on-year. In addition, along with the contribution to the revenue made by the two studios, which opened during the previous fiscal year, from the beginning of the current fiscal year, Studio TVB Namba Parks and Studio 8 Nagoya Ekimae opened in the fiscal year ended September 2022. These and other factors have led to an increase in revenue by 685 million yen compared to the previous fiscal year to 5,057 million yen.

• Anniversary Photo Service

Amidst activity restrictions being eased compared to the previous fiscal year, although there was impact of the sixth and seventh waves of COVID-19 infections, one studio opened during the previous fiscal year has contributed to revenue from the beginning of the current fiscal year, while HAPISTA Esaka and HAPISTA Hirakata T-SITE studios opened during the fiscal year ended September 30, 2022. These and other factors have led to an increase in revenue by 43 million yen to 173 million yen.

<Others>

For fitness gyms, the figures did not recover to the level before the pandemic due to a sense of caution against COVID-19 remaining, but revenue and operating profit surpassed the level of the previous fiscal year, and returned to being profitable.

Segment results for the fiscal year ended September 30, 2022, were revenue of 91 million yen (up 1.5% year on year) and segment profit of 10 million yen (the previous year was loss of 17 million yen).

(2) Overview of Financial Position for Current Fiscal Year

(Assets)

Current assets at the end of the current fiscal year was 1,723 million yen, an increase of 93 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 62 million yen in cash and cash equivalents. Non-current assets was 10,865 million yen, an increase of 1,341 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 1,167 million yen in right-of-use assets, which is equivalent to rent expenses, etc. in effective period of rent contracts, due to opening of new studios in the current fiscal year.

As a result, total assets was 12,588 million yen, an increase of 1,435 million yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the current fiscal year was 1,844 million yen, an increase of 109 million yen from the end of the previous fiscal year. This was mainly attributable to a decrease of 108 million yen in other current liabilities and a decrease of 28 million yen in income taxes payable while trade and other payables increased by 126 million yen and lease liabilities increased by 67 million yen. Non-current liabilities was 6,486 million yen, an increase of 896 million yen from the end of the previous fiscal year. This was mainly attributable to a decrease of 218 million yen in borrowings through repayment of borrowings, etc. while lease liabilities, which is equivalent to rent expenses, etc. in the effective period of rent contracts, increased by 1,095 million yen due to opening of new studios during the current fiscal year as well as other factors.

As a result, total liabilities was 8,331 million yen, an increase of 1,005 million yen from the end of the previous fiscal year.

(Equity)

Total equity at the end of the current fiscal year was 4,257 million yen, an increase of 429 million yen from the end of the previous fiscal year. This was mainly attributable to a decrease in equity with acquisition of 600 million yen of treasury shares while retained earnings increased by 1,018 million yen.

As a result, ratio of equity attributable to owners of parent was 33.8% (34.3% at the end of the previous fiscal year).

(3) Overview of Cash Flows for Current Fiscal Year

Cash and cash equivalents at the end of the current fiscal year was 1,350 million yen, a 62 million yen increase from the end of the previous fiscal year. Cash flows from various activities during the current fiscal year and their contributing factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities decreased by 94 million yen from the previous fiscal year and amounted to 1,152 million yen. This was mainly attributable to 1,264 million yen of pre-tax profit from continuing operations and cash increasing factors including 648 million yen of depreciation and amortization, as well as cash decreasing factors including 437 million yen of gain on sale of fixed assets and 345 million yen of income taxes paid.

(Cash flows from investing activities)

Net cash provided by investing activities amounted to 198 million yen (the previous fiscal year was use of 356 million yen). This was mainly attributable to a cash increasing factor of 614 million yen of proceeds from sale of property, machinery and equipment from transfer of Decolte Asakusa Building on January 31, 2022, as well as cash decreasing factors including 178 million yen of purchase of investments due to rent contracts, etc. for opening of new studios during the current fiscal year, and 237 million yen of purchase of property, machinery and equipment, and intangible assets.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 1,288 million yen (the previous fiscal year was use of 1,189 million yen). This was mainly attributable to cash decreasing factors including the 601million-yen purchase of treasury shares, 440 million yen of repayments of lease liabilities due to rent payments, etc. for properties in rent and 243 million yen of repayment of long-term borrowings due to repayment of borrowings.

(4) Future Outlook

While the fiscal year ending September 30, 2023, continues to face uncertain conditions such as possible resurgence of COVID-19, the Group has presented earnings forecasts for the fiscal year ending September 30, 2023, as follows. It is based on assumption that COVID-19 will have a certain degree of impact even in the fiscal year ending September 30, 2023.

(Consolidated)	(Millions of yen)			
	Revenue	Operating profit	Pre-tax profit	Profit attributable to owners of parent
Fiscal year ending September 30, 2023 (forecast)	6,928	1,233	1,092	735
Fiscal year ended September 30, 2022 (actual results)	5,322	1,377	1,264	1,018
Fiscal year ended September 30, 2022 (note)	5,322	985	872	720

Note: Figures after deducting revenue and expenses occurred with the transfer of fixed assets from those for the fiscal year ended September 30, 2022 (actual results).

For the photo wedding service of the studio business, which is the Company's major business, as growth of the photo wedding market is expected to continue due to factors such as values towards wedding ceremonies changing at a faster pace amidst the pandemic, the Company will capture demands by opening new studios in addition to enhancing existing studios.

For the photo wedding services, in addition to expecting expansion of net sales at existing studios and full-year contribution of the two studios opened during the fiscal year ended September 30, 2022, to the revenue, the Company plans to open three new studios in the major metropolitan areas. With such, the Company forecasts an increase in revenue by 1,320 million yen to 6,377 million yen (up 26.1% year on year).

For the anniversary photo services, in addition to expecting full-year contribution of the two studios opened during the fiscal year ended September 30, 2022, to the revenue, the Company plans to open six new studios. With such, the Company forecasts an increase in revenue by 274 million yen to 448 million yen (up 158.4% year on year). On the other hand, in order to continue accelerating the business development in the fiscal year ending September 30, 2023, and beyond to enhance the life event-related businesses other than wedding, the Company expects increase in expenses with the advanced investment for improving management systems, personnel training and such.

For fitness gyms, as a gradual improvement in profit and loss is expected with net sales being in a recovery trend due to the easing of activity restrictions, the Company expects an increase in revenue by 11 million yen to 103 million yen (up 12.6% year on year).

Considering the above, the Group expects revenue of 6,928 million yen, operating profit of 1,233 million yen, pre-tax profit of 1,092 million yen and profit attributable to owners of parent of 735 million yen in the fiscal year ending September 30, 2023, to record an increase in revenue and profit compared with the financial results of fiscal year ended September 30, 2022, when excluding the impact of the transfer of fixed assets.

The earnings forecast and other forward-looking statements contained in this document are based on information currently available to, and certain assumptions that are deemed to be reasonable by, the Company. Actual results may differ materially from the forecast due to various factors.

2. Basic Policy Regarding Selection of Accounting Standards

The Group adopts International Financial Reporting Standards (IFRS) since the fiscal year ended September 30, 2019, with the transition date of October 1, 2018, in order to increase international comparability and convenience of financial information in the capital market.

3. Consolidated Financial Statement and Significant Notes Thereto
(1) Consolidated Statement of Financial Position

(Thousands of yen)

	Previous fiscal year (As of September 30, 2021)	Current fiscal year (As of September 30, 2022)
Assets		
Current assets		
Cash and cash equivalents	1,288,296	1,350,976
Trade and other receivables	206,821	222,044
Inventories	77,519	82,030
Other current assets	57,141	68,208
Total current assets	1,629,779	1,723,259
Non-current assets		
Property, machinery and equipment	801,617	938,675
Right-of-use assets	2,568,645	3,735,754
Goodwill	5,635,785	5,635,785
Intangible assets	199,846	18,715
Other financial assets	304,041	470,505
Deferred tax assets	7,492	60,655
Other non-current assets	5,761	4,928
Total non-current assets	9,523,191	10,865,020
Total assets	11,152,970	12,588,280

(Thousands of yen)

	Previous fiscal year (As of September 30, 2021)	Current fiscal year (As of September 30, 2022)
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	243,512	258,624
Trade and other payables	158,316	284,537
Lease liabilities	375,583	443,447
Income taxes payable	238,248	209,922
Contract liabilities	302,755	339,276
Other current liabilities	416,622	308,299
Total current liabilities	1,735,037	1,844,107
Non-current liabilities		
Borrowings	3,344,842	3,126,473
Lease liabilities	2,005,252	3,101,078
Provisions	232,309	259,388
Deferred tax liabilities	8,214	—
Total non-current liabilities	5,590,619	6,486,939
Total liabilities	7,325,656	8,331,047
Equity		
Share capital	155,384	155,384
Capital surplus	2,754,073	2,753,165
Retained earnings	901,390	1,919,947
Other components of equity	16,535	28,888
Treasury shares	(68)	(600,152)
Total equity attributable to owners of parent	3,827,314	4,257,232
Total equity	3,827,314	4,257,232
Total liabilities and equity	11,152,970	12,588,280

(2) Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Previous fiscal year (October 1, 2020 - September 30, 2021)	Current fiscal year (October 1, 2021 - September 30, 2022)
Continuing operations		
Revenue	4,592,196	5,322,418
Cost of sales	2,626,309	3,097,444
Gross profit	1,965,887	2,224,974
Selling, general and administrative expenses	1,112,949	1,280,249
Other income	52,507	440,061
Other expenses	33,639	6,972
Operating profit	871,806	1,377,813
Finance income	4,591	5,467
Finance expenses	141,004	118,306
Pre-tax profit	735,393	1,264,975
Income tax expenses	220,293	246,418
Profit from continuing operations	515,099	1,018,557
Discontinued operations		
Profit from discontinued operations	59,877	—
Profit	574,977	1,018,557
Profit attributable to		
Owners of parent	574,977	1,018,557
Profit	574,977	1,018,557
Other comprehensive income	—	—
Comprehensive income	574,977	1,018,557
Earnings per share		
Basic earnings per share (yen)		
Continuing operations	91.55	190.17
Discontinued operations	10.64	—
Total	102.20	190.17

(3) Consolidated Statement of Changes in Equity

Previous fiscal year (October 1, 2020 - September 30, 2021)

(Thousands of yen)

	Equity attributable to owners of parent						Total
	Share capital	Capital surplus	Retained earnings	Other components of equity	Treasury shares	Total	
				Share acquisition rights			
Balance as of October 1, 2020	100,000	2,700,000	326,412	—	—	3,126,412	3,126,412
Profit	—	—	574,977	—	—	574,977	574,977
Other comprehensive income	—	—	—	—	—	—	—
Total comprehensive income	—	—	574,977	—	—	574,977	574,977
Issuance of new shares	55,384	54,073	—	—	—	109,457	109,457
Issuance of share acquisition rights	—	—	—	1,625	—	1,625	1,625
Forfeiture of share acquisition rights	—	—	—	—	—	—	—
Share-based payment transactions	—	—	—	14,910	—	14,910	14,910
Purchase of treasury shares	—	—	—	—	(68)	(68)	(68)
Total transactions with owners, etc.	55,384	54,073	—	16,535	(68)	125,924	125,924
Balance as of September 30, 2021	155,384	2,754,073	901,390	16,535	(68)	3,827,314	3,827,314

Current fiscal year (October 1, 2021 - September 30, 2022)

(Thousands of yen)

	Equity attributable to owners of parent						Total
	Share capital	Capital surplus	Retained earnings	Other components of equity	Treasury shares	Total	
				Share acquisition rights			
Balance as of October 1, 2021	155,384	2,754,073	901,390	16,535	(68)	3,827,314	3,827,314
Profit	—	—	1,018,557	—	—	1,018,557	1,018,557
Other comprehensive income	—	—	—	—	—	—	—
Total comprehensive income	—	—	1,018,557	—	—	1,018,557	1,018,557
Issuance of new shares	—	—	—	—	—	—	—
Issuance of share acquisition rights	—	—	—	—	—	—	—
Forfeiture of share acquisition rights	—	325	—	(325)	—	—	—
Share-based payment transactions	—	—	—	12,678	—	12,678	12,678
Purchase of treasury shares	—	(1,232)	—	—	(600,083)	(601,316)	(601,316)
Total transactions with owners, etc.	—	(907)	—	12,353	(600,083)	(588,638)	(588,638)
Balance as of September 30, 2022	155,384	2,753,165	1,919,947	28,888	(600,152)	4,257,232	4,257,232

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Previous fiscal year (October 1, 2020 - September 30, 2021)	Current fiscal year (October 1, 2021 - September 30, 2022)
Cash flows from operating activities		
Pre-tax profit from continuing operations	735,393	1,264,975
Depreciation and amortization	502,772	648,335
Loss (gain) on sale of fixed assets	—	(437,379)
Finance income	(4,591)	(5,467)
Finance expenses	141,004	118,306
Loss on retirement of property, machinery and equipment	1,906	5,227
Decrease (increase) in trade and other receivables	(11,773)	(15,662)
Decrease (increase) in inventories	(9,280)	(4,511)
Increase (decrease) in trade and other payables	(11,512)	56,387
Increase (decrease) in contract liabilities	18,028	36,521
Increase (decrease) in other liabilities	(68,444)	(108,172)
Other, net	3,120	14,321
Subtotal	1,296,623	1,572,882
Interest and dividends received	17	16
Interest paid	(81,812)	(75,201)
Income taxes refund (paid)	32,383	(345,362)
Cash flows from operating activities of discontinued operations	(194)	—
Net cash provided by (used in) operating activities	1,247,016	1,152,334
Cash flows from investing activities		
Purchase of property, machinery and equipment, and intangible assets	(287,345)	(237,105)
Purchase of investments	(54,746)	(178,002)
Proceeds from sale of property, machinery and equipment	—	614,000
Proceeds from sale and redemption of investments	6,660	—
Cash flows from investing activities of discontinued operations	(21,505)	—
Net cash provided by (used in) investing activities	(356,937)	198,892
Cash flows from financing activities		
Repayments of short-term borrowings	(200,000)	—
Proceeds from long-term borrowings	3,287,000	—
Repayments of long-term borrowings	(3,847,636)	(243,512)
Repayments of lease liabilities	(379,657)	(440,150)
Proceeds from issuance of shares	109,457	—
Purchase of treasury shares	(68)	(601,883)
Proceeds from issuance of share acquisition rights	1,625	—
Fees related to loans	(114,370)	—
Other, net	(34,413)	(3,000)
Cash flows from financing activities of discontinued operations	(11,838)	—
Net cash provided by (used in) financing activities	(1,189,902)	(1,288,546)
Net increase (decrease) in cash and cash equivalents	(299,823)	62,680
Cash and cash equivalents at beginning of period	1,588,120	1,288,296
Cash and cash equivalents at end of period	1,288,296	1,350,976

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

Not applicable.

(Changes in Accounting Estimates)

Not applicable.

(Segment Information)

(1) Overview of reportable segments

The Company's reportable segments consist of the Company's constituent units for which separate financial information is available and which are subject to periodic examination in order for the board of directors to determine the allocation of management resources and evaluate results.

The Company has departments for each product/service and each department plans comprehensive strategies and develops business activities regarding the product/service it handles.

The Company consists of segments for each product/service based on departments and the studio business is the reportable segment.

The studio business provides photo wedding services, shooting and photo processing of anniversary photos and production of albums, etc.

(2) Information on reportable segments

Accounting policies for reportable segments are the same as the Group's accounting policies applied for the preparation of the consolidated financial statements.

Previous fiscal year (October 1, 2020 - September 30, 2021)

(Thousands of yen)

	Reportable segment		Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded in consolidated financial statements
	Studio business	Total				
Revenue						
Revenue from external customers	4,501,907	4,501,907	90,289	4,592,196	—	4,592,196
Intersegment revenue	—	—	—	—	—	—
Total	4,501,907	4,501,907	90,289	4,592,196	—	4,592,196
Segment profit (loss)	889,263	889,263	(17,456)	871,806	—	871,806
Finance income	—	—	—	—	—	4,591
Finance expenses	—	—	—	—	—	141,004
Pre-tax profit	—	—	—	—	—	735,393
Depreciation and amortization	482,893	482,893	19,878	502,772	—	502,772
Capital expenditures	944,907	944,907	219	945,126	—	945,126
Reportable segment assets	10,446,123	10,446,123	158,581	10,604,704	548,265	11,152,970

(Note) 1. "Other" consists of business segments not included in reportable segments such as fitness.

2. Adjustments of segment assets include surplus assets (cash and cash equivalents) held mainly for general corporate purposes.

Current fiscal year (October 1, 2021 - September 30, 2022)

(Thousands of yen)

	Reportable segment		Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded in consolidated financial statements
	Studio business	Total				
Revenue						
Revenue from external customers	5,230,780	5,230,780	91,637	5,322,418	—	5,322,418
Intersegment revenue	—	—	—	—	—	—
Total	5,230,780	5,230,780	91,637	5,322,418	—	5,322,418
Segment profit	1,367,252	1,367,252	10,561	1,377,813	—	1,377,813
Finance income	—	—	—	—	—	5,467
Finance expenses	—	—	—	—	—	118,306
Pre-tax profit	—	—	—	—	—	1,264,975
Depreciation and amortization	630,738	630,738	17,597	648,335	—	648,335
Capital expenditures	1,567,141	1,567,141	31	1,567,172	—	1,567,172
Reportable segment assets	11,936,900	11,936,900	129,817	12,066,718	521,562	12,588,280

(Note) 1. "Other" consists of business segments not included in reportable segments such as fitness.

2. Adjustments of segment assets include surplus assets (cash and cash equivalents) held mainly for general corporate purposes.

(Assets Held for Sale and Discontinued Business)

The Group classifies business segments that have been already disposed or classified to be held for sale as discontinued business.

(1) Disposal group classified to be held for sale
Not applicable.

(2) Discontinued operations

The Group resolved the transfer of its wedding business on September 29, 2020, and transferred the business to Best-Anniversary Inc. on November 30, 2020. Therefore, the wedding business is classified as discontinued operations in the previous fiscal year.

1) Profit or loss from discontinued operations

Profit or loss from discontinued operations is as follows.

(Thousands of yen)

	Previous fiscal year (October 1, 2020 - September 30, 2021)	Current fiscal year (October 1, 2021 - September 30, 2022)
Profit (loss) from discontinued operations		
Revenue	198,462	—
Expenses	106,976	—
Pre-tax profit from discontinued operations	91,486	—
Corporate income tax expenses	31,608	—
Profit from discontinued operations	59,877	—

2) Cash flows from discontinued operations

Cash flows from discontinued operations are as follows.

(Thousands of yen)

	Previous fiscal year (October 1, 2020 - September 30, 2021)	Current fiscal year (October 1, 2021 - September 30, 2022)
Cash flows from discontinued business		
Cash flows from operating activities	(194)	—
Cash flows from investing activities	(21,505)	—
Cash flows from financing activities	(11,838)	—
Total	(33,539)	—

(Per Share Information)

(1) Basis for calculating basic earnings per share

	Previous fiscal year (October 1, 2020 - September 30, 2021)	Current fiscal year (October 1, 2021 - September 30, 2022)
Profit attributable to owners of parent (thousand yen)		
Continuing operations	574,977	1,018,557
Discontinued operations	515,099	1,018,557
	59,877	—
Weighted average number of common shares (thousand shares)	5,626	5,355
Basic earnings per share (yen)	102.20	190.17
Continuing operations	91.55	190.17
Discontinued operations	10.64	—

(Note) Based on a resolution made at the Board of Directors' meeting held on April 15, 2021, the Company conducted a 2-for-1 share split of its common shares on May 6, 2021. Basic earnings per share are calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

(2) Diluted earnings per share

As there were no dilutive shares having dilutive effects, diluted earnings per share are the same as basic earnings per share.

(Significant Subsequent Events)

Not applicable.