

Translation

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## Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending September 2023 (Based on IFRS)

February 3, 2023

Name of listed company: Decollte Holdings Corporation

Listing exchange: Tokyo Stock Exchange

Securities code: 7372 URL: <https://www.decollte.co.jp/>

Representative: Kenji Arai, CEO

Inquiries: Noriyuki Tachibana, Director and General Manager of the Administration Department Phone: +81-797-38-3692

Scheduled date for filing quarterly securities report: February 3, 2023

Scheduled date for commencing dividend payments: -

Preparation of supplementary materials on quarterly financial results: Yes

Holding of quarterly financial results briefing session: No

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

### 1. Financial Results for the First Quarter (October 1, 2022 to December 31, 2022) of the Fiscal Year Ending September 30, 2023

#### (1) Consolidated Operating Results (Cumulative)

(Percentage figures represent year-on-year changes)

	Revenue		Operating profit		Pre-tax profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter ended								
December 31, 2022	1,815	16.8	539	13.6	509	13.7	341	13.3
December 31, 2021	1,554	8.4	474	(8.1)	448	(3.5)	301	(15.7)

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
First quarter ended						
December 31, 2022	341	13.3	341	13.3	66.97	-
December 31, 2021	301	(15.7)	301	(15.7)	53.13	-

(Note) Although there exists balance of share acquisition rights, 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
	Millions of yen	Millions of yen	Millions of yen	%
As of				
December 31, 2022	13,049	4,602	4,602	35.3
September 30, 2022 (end of previous fiscal year)	12,588	4,257	4,257	33.8

### 2. Cash Dividends

	Annual dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2022	-	0.00	-	0.00	0.00
Fiscal year ending September 30, 2023	-				
Fiscal year ending September 30, 2023 (Forecast)		0.00	-	0.00	0.00

(Note) Revisions to the most recently announced dividend forecast: No

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

(Percentage figures indicate 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

(Note) Revisions to the most recently announced earnings forecast: No

\* 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 December 31, 2022	5,670,000 shares	As of September 30, 2022	5,670,000 shares
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2) Number of treasury shares at the end of the period

As of December 31, 2022	571,939 shares	As of September 30, 2022	571,939 shares
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3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

First quarter ended December 31, 2022	5,098,061 shares	First quarter ended December 31, 2021	5,669,951 shares
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\* This summary of financial results is not subject to quarterly 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 February 3, 2023.

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## 1. Qualitative Information on the Financial Results for the Period under Review

### (1) Overview of Operating Results

During the first quarter of the fiscal year ending September 30, 2023, the Japanese economy initially showed signs of recovery in consumption trends for both corporates and consumers as activity restrictions and overseas travel restrictions were eased. However, uncertain condition continues due to factors such as sluggish consumption activities brought about by the following eighth wave of COVID-19 infections, and price hikes on resources and raw materials caused by the depreciation of yen resulting from the unstable overseas situation and global monetary tightening 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.

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 currently operates five studios throughout Japan and will target business expansion through increasing the number of new studio openings.

The operating results for the first quarter of the fiscal year ending September 30, 2023, was affected by the eighth wave of COVID-19 infections, but revenue from the studio 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 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, but the revenue growth achieved by the growth of existing studios as well as contribution from new studios opened in the previous fiscal year absorbed the cost increase. As a result, revenue was 1,815 million yen (up 16.8% year on year), an increase of 261 million yen from the year-earlier period. Operating profit was 539 million yen (up 13.6% year on year), an increase of 64 million yen from the year-earlier period. Profit attributable to owners of parent was 341 million yen (up 13.3% year on year), an increase of 40 million yen from the same period in the previous fiscal year.

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 eighth wave of COVID-19 infections during the first quarter of the fiscal year ending September 30, 2023, as mentioned above. However, revenue and operating profit performed steadily 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 first quarter of the fiscal year ending September 30, 2023, were revenue of 1,793 million yen (up 17.1% year on year) and segment profit of 538 million yen (up 13.1% 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 the contribution 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 22.0% and net sales at existing studios increased by 4.6% year-on-year. In addition, Studio TVB Namba Parks and Studio 8 Nagoya Ekimae, which both opened during the previous fiscal year, contributed to revenue from the beginning of the current fiscal year. These and other factors have led to an increase in revenue by 235 million yen compared to the same period in the previous fiscal year to 1,715 million yen (up 15.9% year on year).

#### • Anniversary Photo Service

Amidst activity restrictions and overseas travel restrictions being eased, although there was impact of the eighth wave of COVID-19 infections, HAPISTA Esaka and HAPISTA Hirakata T-SITE, which both opened during the previous fiscal year, contributed to revenue from the beginning of the current fiscal year. These and other factors have led to an increase in revenue by 26 million yen to 78 million yen (up 51.9% year on year).

<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, and revenue remained at the level of the same period in the previous fiscal year.

Segment results for the first quarter of the fiscal year ending September 30, 2023, were revenue of 22 million yen (down 3.6% year on year).

## **(2) Financial Position**

### **1) Financial Position**

(Assets)

Current assets at the end of the first quarter of the current fiscal year was 1,925 million yen, an increase of 202 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 222 million yen in cash and cash equivalents and an increase of 16 million yen in trade and other receivables as well as a decrease of 34 million yen in inventories. Non-current assets was 11,123 million yen, an increase of 258 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 210 million yen in right-of-use assets due to the conclusion of lease contract for Studio AQUA Yokohama Ekimae, which opened in January 2023.

As a result, total assets was 13,049 million yen, an increase of 461 million yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the first quarter of the current fiscal year was 4,382 million yen, an increase of 2,538 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 2,582 million yen in short-term borrowings due to the transfer from long-term borrowings, as the syndicated loan concluded in December 2020 is due for repayment at the end of November 2023. Non-current liabilities was 4,064 million yen, a decrease of 2,422 million yen from the end of the previous fiscal year. This was mainly attributable to a decrease of 2,635 million yen in long-term borrowings due to the transfer to short-term borrowings, as the syndicated loan concluded in December 2020 is due for repayment at the end of November 2023.

As a result, total liabilities was 8,446 million yen, an increase of 115 million yen from the end of the previous fiscal year.

(Equity)

Total equity at the end of the first quarter of the current fiscal year was 4,602 million yen, an increase of 345 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 341 million yen in retained earnings.

As a result, ratio of equity attributable to owners of parent was 35.3% (33.8% at the end of the previous fiscal year).

### **2) Cash Flows**

Cash and cash equivalents at the end of the first quarter of the current fiscal year was 1,573 million yen, a 222 million yen increase from the end of the previous fiscal year. Cash flows from various activities during the first quarter of the current fiscal year and their contributing factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities increased by 143 million yen from the year-earlier period and amounted to 579 million yen. This was mainly attributable to 509 million yen of pre-tax profit and cash increasing factors including 188 million yen of depreciation and amortization and 40 million yen of increase in other liabilities, as well as cash decreasing factors including 202 million yen of income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 168 million yen (the previous fiscal year was use of 45 million yen). This was mainly attributable to cash decreasing factors including 79 million yen of purchase of investments due to rent contracts, etc. for opening of new studios including Studio AQUA Yokohama Ekimae and 88 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 188 million yen (the previous fiscal year was use of 161 million yen). This was mainly attributable to cash decreasing factors including 123 million yen of repayments of lease liabilities due to rent payments, etc. for properties in rent and 62 million yen of repayment of long-term borrowings due to repayment of borrowings.

## **(3) Explanations on Consolidated Earnings Forecast and Other Forecast Information**

With regard to consolidated earnings forecast, no change has been made to the forecast for the entire fiscal year announced on November 4, 2022. The earnings forecast is prepared under the expectation that the impact of COVID-19 will continue for a certain period of time, but if it becomes necessary to revise the earnings forecast in light of future performance trends, the revisions will be promptly disclosed.

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. Condensed Quarterly Consolidated Financial Statement and Significant Notes Thereto**  
**(1) Condensed Quarterly Consolidated Statement of Financial Position**

(Thousands of yen)

	Previous fiscal year (As of September 30, 2022)	First quarter of current fiscal year (As of December 31, 2022)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	1,350,976	1,573,393
Trade and other receivables	222,044	238,876
Inventories	82,030	48,018
Other current assets	68,208	65,701
Total current assets	<u>1,723,259</u>	<u>1,925,990</u>
Non-current assets		
Property, machinery and equipment	938,675	905,387
Right-of-use assets	3,735,754	3,946,066
Goodwill	5,635,785	5,635,785
Intangible assets	18,715	16,965
Other financial assets	470,505	546,027
Deferred tax assets	60,655	68,215
Other non-current assets	4,928	4,928
Total non-current assets	<u>10,865,020</u>	<u>11,123,375</u>
Total assets	<u><u>12,588,280</u></u>	<u><u>13,049,365</u></u>

(Thousands of yen)

	Previous fiscal year (As of September 30, 2022)	First quarter of current fiscal year (As of December 31, 2022)
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	258,624	2,840,886
Trade and other payables	284,537	229,789
Lease liabilities	443,447	444,383
Income taxes payable	209,922	185,204
Contract liabilities	339,276	332,881
Other current liabilities	308,299	349,129
Total current liabilities	1,844,107	4,382,274
Non-current liabilities		
Borrowings	3,126,473	490,964
Lease liabilities	3,101,078	3,306,825
Provisions	259,388	266,723
Total non-current liabilities	6,486,939	4,064,513
Total liabilities	8,331,047	8,446,787
Equity		
Share capital	155,384	155,384
Capital surplus	2,753,165	2,753,165
Retained earnings	1,919,947	2,261,343
Other components of equity	28,888	32,837
Treasury shares	(600,152)	(600,152)
Total equity attributable to owners of parent	4,257,232	4,602,578
Total equity	4,257,232	4,602,578
Total liabilities and equity	12,588,280	13,049,365

**(2) Condensed Quarterly Consolidated Statement of Comprehensive Income**  
(Cumulative)

(Thousands of yen)

	First quarter of previous fiscal year (October 1, 2021 - December 31, 2021)	First quarter of current fiscal year (October 1, 2022 - December 31, 2022)
Revenue	1,554,405	1,815,561
Cost of sales	764,521	916,151
Gross profit	789,884	899,409
Selling, general and administrative expenses	314,930	360,931
Other income	245	849
Other expenses	374	—
Operating profit	474,824	539,327
Finance income	1,248	1,545
Finance expenses	27,960	31,302
Pre-tax profit	448,112	509,570
Income tax expenses	146,870	168,174
Profit	301,242	341,396
Profit attributable to Owners of parent Profit	301,242	341,396
Other comprehensive income	—	—
Comprehensive income	301,242	341,396
Earnings per share Basic earnings per share (yen)	53.13	66.97



**(3) Condensed Quarterly Consolidated Statement of Changes in Equity**

First quarter of previous fiscal year (October 1, 2021 - December 31, 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, 2021	155,384	2,754,073	901,390	16,535	(68)	3,827,314	3,827,314
Profit	—	—	301,242	—	—	301,242	301,242
Other comprehensive income	—	—	—	—	—	—	—
Total comprehensive income	—	—	301,242	—	—	301,242	301,242
Forfeiture of share acquisition rights	—	175	—	(175)	—	—	—
Share-based payment transactions	—	—	—	2,794	—	2,794	2,794
Total transactions with owners, etc.	—	175	—	2,619	—	2,794	2,794
Balance as of December 31, 2021	<u>155,384</u>	<u>2,754,248</u>	<u>1,202,632</u>	<u>19,154</u>	<u>(68)</u>	<u>4,131,350</u>	<u>4,131,350</u>

First quarter of current fiscal year (October 1, 2022 - December 31, 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, 2022	155,384	2,753,165	1,919,947	28,888	(600,152)	4,257,232	4,257,232
Profit	—	—	341,396	—	—	341,396	341,396
Other comprehensive income	—	—	—	—	—	—	—
Total comprehensive income	—	—	341,396	—	—	341,396	341,396
Forfeiture of share acquisition rights	—	—	—	—	—	—	—
Share-based payment transactions	—	—	—	3,949	—	3,949	3,949
Total transactions with owners, etc.	—	—	—	3,949	—	3,949	3,949
Balance as of December 31, 2022	<u>155,384</u>	<u>2,753,165</u>	<u>2,261,343</u>	<u>32,837</u>	<u>(600,152)</u>	<u>4,602,578</u>	<u>4,602,578</u>

**(4) Condensed Quarterly Consolidated Statement of Cash Flows**

(Thousands of yen)

	First quarter of previous fiscal year (October 1, 2021 - December 31, 2021)	First quarter of current fiscal year (October 1, 2022 - December 31, 2022)
Cash flows from operating activities		
Pre-tax profit	448,112	509,570
Depreciation and amortization	142,369	188,361
Finance income	(1,248)	(1,545)
Finance expenses	27,960	31,302
Loss on retirement of property, machinery and equipment	373	—
Decrease (increase) in trade and other receivables	(32,749)	(16,392)
Decrease (increase) in inventories	28,758	34,012
Increase (decrease) in trade and other payables	38,919	17,964
Increase (decrease) in contract liabilities	46,710	(6,394)
Increase (decrease) in other liabilities	(16,756)	40,879
Other, net	4,229	5,417
Subtotal	686,680	803,175
Interest and dividends received	0	0
Interest paid	(13,915)	(21,305)
Income taxes paid	(236,663)	(202,420)
Net cash provided by (used in) operating activities	436,102	579,450
Cash flows from investing activities		
Purchase of property, machinery and equipment, and intangible assets	(13,755)	(88,724)
Purchase of investments	(31,812)	(79,522)
Net cash provided by (used in) investing activities	(45,568)	(168,247)
Cash flows from financing activities		
Repayments of long-term borrowings	(59,212)	(62,544)
Repayments of lease liabilities	(102,141)	(123,241)
Other, net	—	(3,000)
Net cash provided by (used in) financing activities	(161,353)	(188,785)
Net increase (decrease) in cash and cash equivalents	229,180	222,417
Cash and cash equivalents at beginning of period	1,288,296	1,350,976
Cash and cash equivalents at end of period	1,517,477	1,573,393

**(5) Notes to Condensed Quarterly 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**

Segment information during the first quarter of previous fiscal year and the first quarter of current fiscal year are as described below.

First quarter of previous fiscal year (October 1, 2021 - December 31, 2021)

(Thousands of yen)

	Reportable segment		Other (Note)	Total	Amount recorded in condensed quarterly consolidated financial statements
	Studio business	Total			
Revenue					
Revenue from external customers	1,531,508	1,531,508	22,897	1,554,405	1,554,405
Intersegment revenue	—	—	—	—	—
Total	1,531,508	1,531,508	22,897	1,554,405	1,554,405
Segment profit (loss)	476,270	476,270	(1,445)	474,824	474,824
Finance income	—	—	—	—	1,248
Finance expenses	—	—	—	—	27,960
Pre-tax profit	—	—	—	—	448,112

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

First quarter of current fiscal year (October 1, 2022 - December 31, 2022)

(Thousands of yen)

	Reportable segment		Other (Note)	Total	Amount recorded in condensed quarterly consolidated financial statements
	Studio business	Total			
Revenue					
Revenue from external customers	1,793,499	1,793,499	22,061	1,815,561	1,815,561
Intersegment revenue	—	—	—	—	—
Total	1,793,499	1,793,499	22,061	1,815,561	1,815,561
Segment profit	538,687	538,687	639	539,327	539,327
Finance income	—	—	—	—	1,545
Finance expenses	—	—	—	—	31,302
Pre-tax profit	—	—	—	—	509,570

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