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November 9, 2023

Tsukada Global Holdings Inc.
Consolidated Earnings Report for the Nine Months ended September 30, 2023
(Japanese GAAP)

Stock listing: Tokyo Stock Exchange (Prime Market)

Securities code: 2418

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

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Accounting Department

Scheduled dates:

Filing of statutory quarterly financial report (*shihanki hokokusho*):

November 10, 2023

Dividend payout:

-

Supplementary materials to quarterly financial results available: No

Quarterly earnings presentation held: No

(Amounts rounded down to the nearest million yen)

1. Consolidated Performance for the Nine Months ended September 30, 2023
(January 1, 2023 – September 30, 2023)

(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 | % |
| Nine months ended September 30, 2023 | 39,660 | 14.5 | 1,530 | - | 2,569 | 19.0 | 2,321 | 707.7 |
| Nine months ended September 30, 2022 | 34,627 | 64.0 | (378) | - | 2,158 | - | 287 | - |

Note: Comprehensive income: Nine months ended September 30, 2023 2,641 million yen (73.6%)
Nine months ended September 30, 2022: 1,521 million yen (- %)

| | Profit per share | Diluted profit per share |
|--------------------------------------|------------------|--------------------------|
| | yen | yen |
| Nine months ended September 30, 2023 | 48.66 | - |
| Nine months ended September 30, 2022 | 6.03 | - |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|--------------------|--------------|-------------|--------------|
| | million yen | million yen | % |
| September 30, 2023 | 87,079 | 25,250 | 28.7 |
| December 31, 2022 | 87,472 | 23,086 | 26.1 |

Reference: Total equity: September 30, 2023: 25,004 million yen
December 31, 2022: 22,866 million yen

2. Dividends

| | Dividend per share | | | | |
|--|--------------------|--------|--------|----------|--------------|
| | End-Q1 | End-Q2 | End-Q3 | Year-end | Annual total |
| | yen | yen | yen | yen | yen |
| Year ended December 31, 2022 | - | 0.00 | - | 5.00 | 5.00 |
| Year ending December 31, 2023 | - | 5.00 | - | | |
| Year ending December 31, 2023 (Forecast) | | | | 5.00 | 10.00 |

Note: No revision has been made to the latest dividends forecast.

3. Earnings Forecast for the Fiscal Year ending December 31, 2023 (January 1, 2023 – December 31, 2023)

(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 |
| Year ending December 31, 2023 | 58,300 | 12.8 | 4,738 | 59.2 | 4,771 | 0.3 | 3,950 | 163.6 | 82.81 |

Note: No revision has been made to the latest earnings forecast.

*Notes

(1) Changes in significant subsidiaries during the period: None

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

Newly Consolidated: None

Newly Deconsolidated: None

(2) Use of accounting methods specific to the preparation of quarterly consolidated financial statements: Yes

Note: For details, please refer to “(3) Notes on Quarterly Consolidated Financial Statements (Application of Specific Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements)” in section “2. Quarterly Consolidated Financial Statements and Main Notes” on page 8 in the accompanying materials.

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement

1) Changes in accordance with amendments to accounting standards, etc.: Yes

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

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Shares issued (common stock)

| | September 30, 2023 | December 31, 2022 |
|--|---|---|
| 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 |
| | Nine Months ended September 30, 2023 | Nine Months ended September 30, 2022 |
| 3) Average number of shares outstanding during the period | 47,700,166 | 47,700,166 |

* Quarterly earnings reports are exempt from quarterly reviews conducted by certified public accountants or by audit 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 "(3) Earnings Forecast for the Fiscal Year ending December 31, 2023" in the section "1. Review of Consolidated Financial Results" on page 3 in the accompanying materials.

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1. Review of Consolidated Financial Results

(1) Operating Results

Operating Results and Analysis of Financial Condition

During the first nine months of the fiscal year ending December 31, 2023, the Japanese economy as a whole was on a moderate recovery path as the effects of various government policies became apparent, including a pickup in both consumer spending and private-sector capital investment as well as an improvement in the employment and income environment. However, the outlook remains uncertain due to supply chain disruptions caused by heightened geopolitical risks and soaring energy and raw material costs.

Amidst this environment, the Tsukada Global Holdings Group (“the Group”) focused on creating new value, developing high-quality and attractive outlets, providing high value-added services in the bridal, hotel, and wellness and relaxation (W&R) markets, and on accurately responding to diversifying customer needs, and thereby strived to expand net sales and to improve profitability.

In the Hotel business, the number of domestic travelers rose as a result of the reclassification of COVID-19 to Class 5. And thanks to the lifting of travel restrictions, the number of foreign visitors to Japan exceeded 2 million (Japan National Tourism Organization, “Number of Foreign Visitors to Japan (September 2023 estimate)”), a recovery to 96.1% of the figure for September 2019. These factors led to an upturn in the overnight occupancy rate and average charge per night, which remained stable. In addition, the number of weddings held in the Wedding business and the Hotel business is returning to normal, as postponements due to COVID-19, which had been frequent until last year, have largely disappeared. However, the outlook is difficult to predict, as the recovery in the spend per wedding stalled due to the increase in the number of small weddings.

As a result, in the first nine months of fiscal 2023, the Group posted consolidated net sales of ¥39,660 million (up 14.5% year on year) and operating income was ¥1,530 million (compared with a loss of ¥378 million a year earlier). Due to foreign exchange gains of ¥1,081 million recorded in non-operating income, ordinary income was ¥2,569 million (up 19.0% year on year), and profit attributable to owners of the parent was ¥2,321 million (up 707.7% year on year).

The results for each business segment were as follows.

1) Wedding business

In the first nine months of fiscal 2023, the number of weddings held fell slightly to 7,345 (down 0.1% year on year), but spend per wedding gradually recovered and thus net sales in the Wedding business also increased modestly year on year. However, this segment profit decreased year on year due to a decline in profitability caused by the increase in the number of small weddings despite an uptrend in spend per wedding and an increase in energy and other costs.

As a result, net sales in the Wedding business totaled ¥23,612 million (up 2.7% year on year) and segment profit was ¥2,100 million (down 29.6%).

2) Hotel business

The number of hotel weddings held climbed slightly to 1,169 (up 1.5%) in the first nine months of fiscal 2023. The overnight occupancy rate and average charge per night remained firm due to an increase in the number of domestic travelers and the number of foreign visitors to Japan. Inbound tourism related-demand, which had declined sharply, is gradually recovering.

As a result, net sales in the Hotel business totaled ¥13,838 million (up 46.8% year on year) and segment profit was ¥919 million (compared with a loss of ¥2,059 million a year earlier).

3) W&R business

In the first nine months of fiscal 2023, the Beauty & Relax SPA-HERBS spa complex was selected as first place nationwide in the “Nifty Onsen Annual Ranking” which drove the number of visitors, net sales, and segment profit to exceed the levels of the previous fiscal year. However, the segment

net sales declined slightly mainly due to the difficulty in increasing the number of therapists and the closure of unprofitable outlets for the British-style Queensway reflexology salons, resulting in a segment loss, although profitability is on an uptrend.

As a result, net sales in the W&R business totaled ¥2,209 million (down 0.2% year on year) and segment loss was ¥87 million (compared with a loss of ¥263 million a year earlier).

(2) Analysis of Financial Condition

Assets, Liabilities, and Net Assets

Total assets as of September 30, 2023, the end of the first nine months of fiscal 2023, amounted to ¥87,079 million, a decrease of ¥392 million from the end of the previous fiscal year (December 31, 2022). This was mainly due to an increase of ¥2,854 million in other current assets offset by a ¥2,180 million decrease in cash and deposits due to repayment of interest-bearing debt and tax payments and by ¥1,048 million decrease in tangible assets due to depreciation.

Total liabilities as of September 30, 2023 came to ¥61,829 million, a decrease of ¥2,557 million from the end of the previous fiscal year (December 31, 2022). This was mainly due to a decrease of ¥1,360 million in long-term debt (including the current portion) due to repayment and a decrease of ¥747 million in bonds payable (including current portion) due to redemption.

Total net assets as of September 30, 2023 amounted to ¥25,250 million, an increase of ¥2,164 million from the end of the previous fiscal year (December 31, 2022). This was mainly due to an increase of ¥1,844 million in retained earnings due to the recording of profit attributable to owners of the parent. As a result, the equity ratio was 28.7%, an improvement of 2.6 percentage points from the end of the previous fiscal year (December 31, 2022).

(3) Earnings Forecast for the Fiscal Year Ending December 31, 2023

There is no change to the consolidated earnings forecasts for the full fiscal year ending December 31, 2023 as announced in the Group's Consolidated Earnings Report for the Six Months ended June 30, 2023 released on August 9, 2023.

Note that actual results may differ significantly due to various factors in the future. The Company will promptly release any revisions to its consolidated results forecasts should this become necessary.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

| | (millions of yen) | |
|---|-------------------|--------------------|
| | December 31, 2022 | September 30, 2023 |
| | Amount | Amount |
| Assets | | |
| Current assets | | |
| Cash and deposits | 21,238 | 19,057 |
| Accounts receivable - trade | 1,479 | 1,355 |
| Merchandise | 166 | 174 |
| Raw materials and supplies | 381 | 348 |
| Other | 1,360 | 4,215 |
| Allowance for doubtful receivables | (37) | (40) |
| Total current assets | 24,588 | 25,109 |
| Fixed assets | | |
| Buildings and structures, net | 29,083 | 28,385 |
| Land | 9,544 | 9,641 |
| Construction in progress | 1,007 | 712 |
| Other, net | 1,496 | 1,343 |
| Total tangible assets | 41,131 | 40,082 |
| Intangible assets | | |
| Goodwill | 1,157 | 933 |
| Other | 1,020 | 953 |
| Total intangible assets | 2,177 | 1,886 |
| Investments and other assets | | |
| Investment securities | 5,599 | 6,206 |
| Lease and guarantee deposits | 7,211 | 7,065 |
| Other | 6,703 | 6,704 |
| Allowance for doubtful receivables | (121) | (135) |
| Total investments and other assets | 19,392 | 19,840 |
| Total fixed assets | 62,702 | 61,810 |
| Deferred assets | 181 | 158 |
| Total assets | 87,472 | 87,079 |

| | (millions of yen) | |
|---|-------------------|--------------------|
| | December 31, 2022 | September 30, 2023 |
| | Amount | Amount |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 2,101 | 1,865 |
| Current portion of long-term debt | 7,106 | 7,134 |
| Current portion of bonds | 964 | 994 |
| Income taxes payable | 839 | 309 |
| Advances received | 3,107 | 3,972 |
| Allowance for loss on shop closing | 62 | 6 |
| Asset retirement obligations | 47 | 34 |
| Other | 4,300 | 3,816 |
| Total current liabilities | 18,530 | 18,135 |
| Fixed liabilities | | |
| Bonds | 5,703 | 4,926 |
| Long-term debt | 33,722 | 32,333 |
| Net defined benefit liability | 407 | 435 |
| Provision for directors' retirement benefits | 953 | 994 |
| Asset retirement obligations | 4,535 | 4,574 |
| Other | 532 | 429 |
| Total fixed liabilities | 45,855 | 43,694 |
| Total liabilities | 64,386 | 61,829 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 472 | 472 |
| Capital surplus | 634 | 634 |
| Retained earnings | 22,140 | 23,984 |
| Treasury stock | (892) | (892) |
| Total shareholders' equity | 22,353 | 24,198 |
| Accumulated other comprehensive income | | |
| Deferred gain (loss) on derivatives under hedge accounting | 171 | 194 |
| Foreign currency translation adjustments | 347 | 619 |
| Remeasurements of defined benefit plan | (5) | (6) |
| Total accumulated other comprehensive income | 513 | 806 |
| Non-controlling interests | 219 | 245 |
| Total net assets | 23,086 | 25,250 |
| Total liabilities and net assets | 87,472 | 87,079 |

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

| | (millions of yen) | |
|--|---|---|
| | Nine months ended September 30, 2022 | Nine months ended September 30, 2023 |
| | Amount | Amount |
| Net sales | 34,627 | 39,660 |
| Cost of sales | 24,371 | 26,037 |
| Gross profit (loss) | 10,255 | 13,622 |
| Selling, general and administrative expenses | 10,634 | 12,091 |
| Operating income (loss) | (378) | 1,530 |
| Non-operating income | | |
| Interest income | 26 | 119 |
| Gain on investments in silent partnership | 152 | 151 |
| Gain on investments in capital | - | 51 |
| Subsidy income | 1,292 | 19 |
| Foreign exchange gains | 1,794 | 1,081 |
| Other | 95 | 139 |
| Total non-operating income | 3,361 | 1,562 |
| Non-operating expenses | | |
| Interest expenses | 353 | 380 |
| Loss on investments in capital | 152 | - |
| Share of loss of entities accounted for using equity method | 38 | 88 |
| Other | 280 | 55 |
| Total non-operating expenses | 824 | 524 |
| Ordinary income (loss) | 2,158 | 2,569 |
| Extraordinary income | | |
| Compensation income | - | 700 |
| Gain on sales of fixed assets | 0 | 0 |
| Gain on sales of memberships | 3 | - |
| Total extraordinary income | 3 | 700 |
| Extraordinary loss | | |
| Loss on disposal of fixed assets | 0 | 62 |
| Shop closing expenses | 13 | 44 |
| Loss on sales of investment securities | 98 | - |
| Other | 0 | 26 |
| Total extraordinary loss | 112 | 133 |
| Profit (loss) before income taxes | 2,049 | 3,135 |
| Income taxes | 1,759 | 815 |
| Profit (loss) | 290 | 2,320 |
| Profit (loss) attributable to non-controlling interests | 2 | (1) |
| Profit (loss) attributable to owners of the parent | 287 | 2,321 |

Consolidated Statements of Comprehensive Income

(millions of yen)

| | Nine months ended September 30, 2022 | Nine months ended September 30, 2023 |
|---|---|---|
| | Amount | Amount |
| Profit (loss) | 290 | 2,320 |
| Other comprehensive income | | |
| Net unrealized gain (loss) on available-for-sale securities | 38 | - |
| Deferred gain (loss) on derivatives under hedge accounting | 493 | 22 |
| Foreign currency translation adjustments | 311 | 89 |
| Remeasurements of defined benefit plan | (1) | (0) |
| Share of other comprehensive income of entities accounted for using equity method | 389 | 210 |
| Total other comprehensive income | 1,231 | 321 |
| Comprehensive income | 1,521 | 2,641 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of the parent | 1,469 | 2,614 |
| Comprehensive income attributable to non-controlling interests | 52 | 26 |

(3) Notes on Quarterly Consolidated Financial Statements

(Note on the Going-concern Assumption)

Not applicable

(Note on Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Application of Specific Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements)

(Simplified accounting methods)

1) Calculation method for depreciation of fixed assets

Depreciation expenses for assets to which the declining-balance method is applied are calculated by allocating a quarterly proportion of the amount for the full fiscal year.

2) Calculation method for deferred tax assets and deferred tax liabilities

Regarding judgments on the amount of recoverable deferred tax assets, the Company has determined that there have been no significant changes in the economic environment or emergence of temporary differences since the end of the previous fiscal year, and therefore the calculations are based on future earnings forecasts from the previous fiscal year and tax planning methods.

(Special accounting treatments)

Calculation of taxes

The Company calculates tax liabilities by producing a reasonable estimate of the effective tax rate after applying tax-effect accounting to profit (loss) before income taxes for the fiscal year, which encompasses the third quarter ended September 30, 2023, and then multiplying profit (loss) before income taxes by this estimated effective tax rate. In cases where this estimated effective tax rate cannot be used, the statutory effective tax rate is used.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021, hereinafter the "Fair Value Measurement Guidance") has been applied from the beginning of the first quarter of the fiscal year ending December 31, 2023. In accordance with the transitional treatment set forth in Paragraph 27-2 of the Fair Value Measurement Guidance, the new accounting policy prescribed by the Fair Value Measurement Guidance has been applied prospectively. This application has no impact on the quarterly consolidated financial statements.

(Segment Information)

I. Nine months ended September 30, 2022 (January 1 to September 30, 2022)

1. Net sales and income/loss by reportable segment and information on the disaggregation of revenue

| | Reportable segment | | | | Adjustments (note 1) | (millions of yen) |
|---|---------------------|-------------------|-----------------|--------|-------------------------|--|
| | Wedding business | Hotel business | W&R business | Total | | Amount recorded on consolidated statements of income (note 2) |
| Net sales | | | | | | |
| Revenue from contracts with customers | 22,907 | 9,425 | 2,214 | 34,547 | - | 34,547 |
| Other revenue | 80 | - | - | 80 | - | 80 |
| Sales to outside customers | 22,987 | 9,425 | 2,214 | 34,627 | - | 34,627 |
| Inter-segment sales and transfers | 1,287 | 680 | 24 | 1,992 | (1,992) | - |
| Total | 24,275 | 10,105 | 2,239 | 36,620 | (1,992) | 34,627 |
| Segment income (loss) | 2,983 | (2,059) | (263) | 659 | (1,038) | (378) |

Notes: 1. The minus 1,038 million yen adjustment for the segment income (loss) includes an 67 million yen elimination of inter-segment sales and minus 1,105 million yen in corporate expenses that are not allocated to each reportable segment. The main component of these unallocated corporate expenses is general and administrative expenses that are not attributable to reportable segments

2. Segment income (loss) is adjusted to correspond with operating income reported on the quarterly consolidated statements of income.

2. Impairment loss on fixed assets or goodwill by reportable segment

Not applicable

II. Nine months ended September 30, 2023 (January 1 to September 30, 2023)

1. Net sales and income/loss by reportable segment and information on the disaggregation of revenue

| | Reportable segment | | | | Adjustments (note 1) | (millions of yen) |
|---|---------------------|-------------------|-----------------|---------------|-------------------------|---|
| | Wedding business | Hotel business | W&R business | Total | | Amount recorded on consolidated statements of income (note 2) |
| Net sales | | | | | | |
| Revenue from contracts with customers | 23,587 | 13,838 | 2,209 | 39,635 | - | 39,635 |
| Other revenue | 24 | - | - | 24 | - | 24 |
| Sales to outside customers | 23,612 | 13,838 | 2,209 | 39,660 | - | 39,660 |
| Inter-segment sales and transfers | 1,383 | 706 | 25 | 2,116 | (2,116) | - |
| Total | 24,996 | 14,545 | 2,235 | 41,776 | (2,116) | 39,660 |
| Segment income (loss) | 2,100 | 919 | (87) | 2,933 | (1,402) | 1,530 |

Notes: 1. The minus 1,402 million yen adjustment for the segment income (loss) includes an 17 million yen elimination of inter-segment sales and minus 1,420 million yen in corporate expenses that are not allocated to each reportable segment. The main component of these unallocated corporate expenses is general and administrative expenses that are not attributable to reportable segments

2. Segment income (loss) is adjusted to correspond with operating income (loss) reported on the quarterly consolidated statements of income.

2. Impairment loss on fixed assets or goodwill by reportable segment

Not applicable

(Revenue Recognition)

Information on the disaggregation of revenue from contracts with customers is as stated in "Notes on Quarterly Consolidated Financial Statements (Segment Information)".

**3. Supplementary Information
(Weddings Held and Orders Received)**

1) Number of weddings held

| | Nine Months ended September 30, 2022 | Nine Months ended September 30, 2023 | Year ended December 31, 2022 |
|------------------|---|---|------------------------------------|
| Segment | Number of weddings held (cases) | Number of weddings held (cases) | Number of weddings held (cases) |
| Wedding business | 7,351 | 7,345 | 10,837 |
| Hotel business | 1,152 | 1,169 | 1,660 |
| Annual total | 8,503 | 8,514 | 12,497 |

2) Wedding orders received

| | Nine Months ended September 30, 2022 | | Nine Months ended September 30, 2023 | | Year ended December 31, 2022 | |
|------------------|---|-----------------------------|---|-----------------------------|---------------------------------|-----------------------------|
| Segment | Orders received (cases) | Order backlog (cases) | Orders received (cases) | Order backlog (cases) | Orders received (cases) | Order backlog (cases) |
| Wedding business | 7,667 | 7,323 | 8,820 | 7,455 | 9,810 | 5,980 |
| Hotel business | 1,191 | 1,260 | 1,703 | 1,654 | 1,559 | 1,120 |
| Annual total | 8,858 | 8,583 | 10,523 | 9,109 | 11,369 | 7,100 |