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May 10, 2024

Tsukada Global Holdings Inc.
Consolidated Earnings Report for the Three Months ended March 31, 2024
(Japanese GAAP)

Stock listing: Tokyo Stock Exchange Securities code: 2418

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

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Scheduled dates:

Filing of statutory quarterly financial report (*shihanki hokokusho*): May 13, 2024

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 Three Months ended March 31, 2024
(January 1, 2024 – March 31, 2024)

(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	%
Three months ended March 31, 2024	13,428	9.6	747	-	1,342	-	1,000	-
Three months ended March 31, 2023	12,250	40.8	(13)	-	72	-	37	-

Note: Comprehensive income: Three months ended March 31, 2024: 1,183 million yen (- %)
Three months ended March 31, 2023: (182) million yen (- %)

	Profit per share	Diluted profit per share
	yen	yen
Three months ended March 31, 2024	20.98	-
Three months ended March 31, 2023	0.78	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
March 31, 2024	92,802	28,373	30.3
December 31, 2023	93,154	27,428	29.2

Reference: Total equity: March 31, 2024: 28,124 million yen
December 31, 2023: 27,196 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, 2023	-	5.00	-	5.00	10.00
Year ending December 31, 2024	-				
Year ending December 31, 2024 (Forecast)		5.00	-	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, 2024 (January 1, 2024 – December 31, 2024)

(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, 2024	28,287	5.4	1,810	27.6	2,283	5.4	1,461	(28.3)	30.64
Year ending December 31, 2024	63,217	10.0	6,421	20.2	6,202	8.0	4,327	(8.5)	90.72

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 4 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.: None

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

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Shares issued (common stock)

	March 31, 2024	December 31, 2023
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
	Three Months ended March 31, 2024	Three Months ended March 31, 2023
3) Average number of shares outstanding during the period	47,700,166	47,700,166

* Quarterly earnings reports are exempt from quarterly review 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, 2024" 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

In the three months ended March 31, 2024, the Japanese economy as a whole was on a moderate recovery path helped by the effects of various government policies, including improvements in corporate earnings, employment, and income, as well as the transformation from a cost-cutting economy to a growth-oriented one. However, the outlook remains uncertain with sharp fluctuations in foreign exchange rates resulting from global monetary tightening and rising consumer prices, including energy costs and raw material prices.

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 increased and the number of foreign visitors to Japan exceeded three million for the first time in a single month in March 2024 (Japan National Tourism Organization, "Number of Foreign Visitors to Japan (March 2024 estimate)"), increasing 11.6% compared to March 2019, thus causing occupancy rates and unit prices for accommodation to rise with stable conditions continuing as a whole. In addition, the spend per wedding in the Wedding and Hotel businesses is also recovering moderately, following a stall. In the W&R business, we have worked to strengthen our future profit base by closing unprofitable outlets which are slow to recover from the COVID-19 pandemic and improving business efficiency.

As a result, in the first three months of fiscal 2024, the Group posted consolidated net sales of ¥13,428 million (up 9.6% year on year), marking the 12th consecutive quarterly increase. The Group recorded an operating income of ¥747 million (compared with a loss of ¥13 million a year earlier) and ordinary income of ¥1,342 million (compared with ¥72 million a year earlier) due to foreign exchange gains of 612 million recorded in non-operating income. Net income attributable to owners of the parent was ¥1,000 million (compared with ¥37 million a year earlier), with a significant increase seen in both sales and income.

The results for each business segment were as follows.

1) Wedding business

In the first three months of fiscal 2024, the number of weddings held fell to 1,918 (down 11.1% year on year) due to the closure of some outlets, but spend per wedding gradually recovered and thus net sales in the Wedding business also increased modestly year on year. In terms of profitability, the increase in spend per wedding absorbed the rise in energy costs and raw material prices, resulting in a significant year on year increase.

As a result, net sales in the Wedding business totaled ¥7,442 million (up 4.1% year on year) and segment profit was ¥534 million (up 102.2% year on year).

2) Hotel business

The number of hotel weddings increased to 395 (up 11.6% year on year) in the first three months of fiscal 2024. Overnight occupancy rates and average charge per night were also strong as foreign visitors to Japan grew in number.

As a result, net sales in the Hotel business totaled ¥5,251 million (up 19.8% year on year) and segment profit was ¥676 million (up 214.1% year on year).

3) W&R business

In the first three months of fiscal 2024, the closure of unprofitable outlets of the British-style Queensway reflexology salons was promoted to strengthen our future profit base and streamline the business. Both net sales and segment profit of the Beauty & Relax SPA-HERBS spa complex were higher than the previous fiscal year as the number of visitors as well as food and beverage sales reached record highs.

As a result, net sales in the W&R business totaled ¥735 million (up 2.3% year on year) and the segment loss was ¥16 million (compared with a loss of ¥40 million a year earlier).

(2) Analysis of Financial Condition

Assets, Liabilities, and Net Assets

Total assets as of March 31, 2024, the end of the first three months of fiscal 2024, amounted to ¥92,802 million, a decrease of ¥352 million from the end of the previous fiscal year (December 31, 2023). This was mainly due to an increase of ¥401 million in tangible assets and ¥367 million in investment securities by a ¥1,071 million decrease in cash and deposits due to repayment of interest-bearing debt and payment of income taxes and consumption taxes.

Total liabilities as of March 31, 2024 came to ¥64,429 million, a decrease of ¥1,297 million from the end of the previous fiscal year (December 31, 2023). This was mainly due to a decrease of ¥1,056 million in long-term debt (including the current portion) due to repayment and a decrease of ¥280 million in bonds payable (including current portion) due to redemption.

Total net assets as of March 31, 2023 amounted to ¥28,373 million, an increase of ¥344 million from the end of the previous fiscal year (December 31, 2022). This was mainly due to an increase of ¥762 million in retained earnings due to the recording of profit attributable to owners of the parent. As a result, the equity ratio was 30.3%, an improvement of 1.1 percentage points from the end of the previous fiscal year (December 31, 2023).

(3) Earnings Forecast for the Fiscal Year Ending December 31, 2024

The consolidated results forecast for the first six months and full fiscal year ending December 31, 2024 was revised, taking into account the Company's performance and its progress during the first three months of fiscal 2024. Details were announced on May 8, 2024.

For details about the forecast revision, please refer to "Notice Regarding Revisions to Consolidated Earnings Forecasts for the Six Months Ending June 30, 2024 and the Fiscal Year Ending December 31, 2024."

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

	(millions of yen)	
	December 31, 2023	March 31, 2024
	Amount	Amount
Assets		
Current assets		
Cash and deposits	19,005	17,933
Accounts receivable - trade	1,705	1,874
Merchandise	161	169
Raw materials and supplies	390	354
Other	4,029	3,879
Allowance for doubtful receivables	(40)	(39)
Total current assets	25,249	24,172
Fixed assets		
Tangible assets		
Buildings and structures, net	27,795	27,613
Land	16,774	16,867
Construction in progress	743	971
Other, net	1,168	1,430
Total tangible assets	46,481	46,883
Intangible assets		
Goodwill	745	690
Other	877	886
Total intangible assets	1,622	1,576
Investments and other assets		
Investment securities	6,029	6,397
Lease and guarantee deposits	7,051	7,039
Other	6,691	6,720
Allowance for doubtful receivables	(128)	(136)
Total investments and other assets	19,644	20,020
Total fixed assets	67,747	68,480
Deferred assets	157	149
Total assets	93,154	92,802

	(millions of yen)	
	December 31, 2023	March 31, 2024
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable - trade	1,947	1,935
Current portion of long-term debt	7,118	7,034
Current portion of bonds	994	844
Income taxes payable	615	357
Advances received	3,080	3,504
Allowance for loss on shop closing	260	264
Other	4,296	4,189
Total current liabilities	18,312	18,129
Fixed liabilities		
Bonds	4,703	4,579
Long-term debt	36,391	35,419
Net defined benefit liability	409	423
Provision for directors' retirement benefits	1,005	1,016
Asset retirement obligations	4,549	4,556
Other	348	304
Total fixed liabilities	47,413	46,299
Total liabilities	65,726	64,429
Net assets		
Shareholders' equity		
Capital stock	472	472
Capital surplus	634	634
Retained earnings	26,393	27,155
Treasury stock	(892)	(892)
Total shareholders' equity	26,606	27,369
Accumulated other comprehensive income		
Deferred gain (loss) on derivatives under hedge accounting	99	118
Foreign currency translation adjustments	488	634
Remeasurements of defined benefit plan	2	2
Total accumulated other comprehensive income	589	755
Non-controlling interests	231	248
Total net assets	27,428	28,373
Total liabilities and net assets	93,154	92,802

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

	(millions of yen)	
	Three months ended March 31, 2023	Three months ended March 31, 2024
	Amount	Amount
Net sales	12,250	13,428
Cost of sales	8,360	8,448
Gross profit (loss)	3,890	4,980
Selling, general and administrative expenses	3,903	4,232
Operating income (loss)	(13)	747
Non-operating income		
Interest income	11	61
Gain on investments in silent partnership	70	74
Foreign exchange gains	68	612
Other	101	41
Total non-operating income	251	790
Non-operating expenses		
Interest expenses	122	138
Share of loss of entities accounted for using equity method	12	33
Other	30	23
Total non-operating expenses	165	195
Ordinary income (loss)	72	1,342
Extraordinary income		
Gain on sales of fixed assets	0	0
Total extraordinary income	0	0
Extraordinary loss		
Loss on disposal of fixed assets	51	0
Shop closing expenses	16	6
Other	-	25
Total extraordinary loss	68	33
Profit (loss) before income taxes	4	1,308
Income taxes	(32)	306
Profit (loss)	36	1,001
Profit (loss) attributable to non-controlling interests	(0)	1
Profit (loss) attributable to owners of the parent	37	1,000

Consolidated Statements of Comprehensive Income

	(millions of yen)	
	Three months ended March 31, 2023	Three months ended March 31, 2024
	Amount	Amount
Profit (loss)	36	1,001
Other comprehensive income		
Deferred gain (loss) on derivatives under hedge accounting	(238)	19
Foreign currency translation adjustments	10	50
Remeasurements of defined benefit plan	(0)	0
Share of other comprehensive income of entities accounted for using equity method	9	111
Total other comprehensive income	(218)	181
Comprehensive income	(182)	1,183
(Breakdown)		
Comprehensive income attributable to owners of the parent	(182)	1,166
Comprehensive income attributable to non-controlling interests	0	16

(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 first quarter ended March 31, 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.

(Segment Information)

I. Three months ended March 31, 2023 (January 1 to March 31, 2024)

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

(millions of yen)

	Reportable segment				Adjustments (note 1)	Amount recorded on consolidated statements of income (note 2)
	Wedding business	Hotel business	W&R business	Total		
Net sales						
Revenue from contracts with customers	7,145	4,382	718	12,246	—	12,246
Other revenue	4	-	-	4	-	4
Sales to outside customers	7,149	4,382	718	12,250	-	12,250
Inter-segment sales and transfers	426	244	8	678	(678)	-
Total	7,575	4,627	726	12,929	(678)	12,250
Segment loss	264	215	(40)	439	(452)	(13)

Notes: 1. The minus 452 million yen adjustment for the segment income (loss) includes a 5 million yen elimination of inter-segment sales and minus 458 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 loss reported on the quarterly consolidated statements of income.

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

Not applicable

II. Three months ended March 31, 2024 (January 1 to March 31, 2024)

1. Net sales and income/loss by reportable segment and information on 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	7,427	5,251	735	13,413	—	13,413
Other revenue	14	-	-	14	-	14
Sales to outside customers	7,442	5,251	735	13,428	—	13,428
Inter-segment sales and transfers	487	229	2	719	(719)	-
Total	7,929	5,480	737	14,147	(719)	13,428
Segment income	534	676	16	1,227	(480)	747

Notes: 1. The minus 480 million yen adjustment for the segment income includes a 5 million yen elimination of inter-segment sales and minus 485 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 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

	Three months ended March 31, 2023	Three months ended March 31, 2024	Year ended December 31, 2023
Segment	Number of weddings held (cases)	Number of weddings held (cases)	Number of weddings held (cases)
Wedding business	2,157	1,918	10,462
Hotel business	354	395	1,708
Total	2,511	2,313	12,170

2) Wedding orders received

	Three months ended March 31, 2023		Three months ended March 31, 2024		Year ended December 31, 2023	
Segment	Orders received (cases)	Order backlog (cases)	Orders received (cases)	Order backlog (cases)	Orders received (cases)	Order backlog (cases)
Wedding business	2,966	6,789	3,104	6,717	10,013	5,531
Hotel business	486	1,252	528	1,244	1,699	1,111
Total	3,452	8,041	3,632	7,961	11,712	6,642