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November 8, 2024

Tsukada Global Holdings Inc.
Consolidated Earnings Report for the Nine Months Ended September 30, 2024
(Japanese GAAP)

Stock listing: Tokyo Stock Exchange

Securities code: 2418

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Accounting Department

Dividend payout: -

Supplementary materials to financial results available: No

Earnings presentation held: No

(Amounts rounded down to the nearest million yen)

1. Consolidated Performance for the Nine Months Ended September 30, 2024
(January 1, 2024 – September 30, 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	%
Nine months ended September 30, 2024	42,773	7.8	2,676	74.8	2,375	(7.5)	2,295	(1.1)
Nine months ended September 30, 2023	39,660	14.5	1,530	—	2,569	19.0	2,321	707.7

Note: Comprehensive income: Nine months ended September 30, 2024: 1,691 million yen ((36.0)%)

Nine months ended September 30, 2023: 2,641 million yen (73.6%)

	Profit per share	Diluted profit per share
	yen	yen
Nine months ended September 30, 2024	48.13	-
Nine months ended September 30, 2023	48.66	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
September 30, 2024	100,417	29,682	28.4
December 31, 2023	93,154	27,428	29.2

Reference: Total equity: September 30, 2024: 28,526 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	—	5.00	—		
Year ending December 31, 2024 (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, 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
Year ending December 31, 2024	63,380	10.3	6,847	28.2	6,316	10.0	5,024	6.2	105.33

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

*Notes

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

Newly Consolidated: BT KALAKAUA, LLC 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.: 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)

	September 30, 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
	Nine months ended September 30, 2024	Nine months ended September 30, 2023
3) Average number of shares outstanding during the period	47,700,166	47,700,166

*Review of the accompanying quarterly consolidated financial statements by a certified public accountant or an auditing firm: None

***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.

Accompanying Material – Contents

- 1. Review of Consolidated Financial Results.....2
 - (1) Operating Results2
 - (2) Analysis of Financial Condition3
 - (3) Earnings Forecast for the Fiscal Year Ending December 31, 20243
- 2. Quarterly Consolidated Financial Statements and Main Notes.....4
 - (1) Consolidated Balance Sheets.....4
 - (2) Consolidated Statements of Income and Comprehensive Income6
 - Consolidated Statements of Income.....6
 - Consolidated Statements of Comprehensive Income.....7
 - (3) Notes on Quarterly Consolidated Financial Statements8
 - (Note on the Going-concern Assumption).....8
 - (Note on Significant Changes in the Amount of Shareholders' Equity).....8
 - (Application of Specific Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements).....8
 - (Notes on Consolidated Statements of Cash Flows)8
 - (Notes to Segment Information, etc.).....9
 - (Revenue Recognition).....10
- 3. Supplementary Information.....11
 - (Weddings Held and Orders Received).....11

1. Review of Consolidated Financial Results

(1) Operating Results

Operating Results and Analysis of Financial Condition

In the nine months ended September 30, 2024, the Japanese economy 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, as concerns about a downturn in overseas economies such as the continued high interest rate levels in the U.S. and Europe and the continued stagnation of the real estate market in China pose a risk of depressing our country's economy.

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 cumulative total number of foreign visitors to Japan was 26 million in September 2024 (up 10.1% from 2019: Japan National Tourism Organization "Number of Foreign Visitors to Japan (September 2024 estimate)"), remaining at a high level. These factors led to an upturn in the overnight occupancy rate and average charge per night, which remained stable in general. In June 2024, the Company acquired a portion of the equity interest in BT KALAKAUA, LLC, which operates the Kaimana Beach Hotel in Honolulu, Hawaii, the U.S., and made it a consolidated subsidiary, working to expand its business area and earnings in the future.

In the Wedding and Hotel businesses, the number of orders received slightly increased to 9,341 (up 0.4% from the same period of the previous fiscal year), and the spend per wedding, which had been lagging behind, recovered moderately. Moreover, 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 nine months of fiscal 2024, the Group posted consolidated net sales of ¥42,773 million (up 7.8% year on year) and operating income of ¥2,676 million (up 74.8% year on year). In addition, ordinary income came to ¥2,375 million (down 7.5% year on year) due to foreign exchange gains of ¥1,225 million that were recorded as non-operating income in the second quarter decreased significantly to ¥65 million in the third quarter due to the impact of rapid exchange rate fluctuations. Profit attributable to owners of the parent was ¥2,295 million (down 1.1% year on year) due to the posting of ¥1,058 million in gain on step acquisitions as stated above under extraordinary income where the Company acquired a portion of the equity interest in BT KALAKAUA, LLC, and made it a consolidated subsidiary.

The results for each business segment were as follows.

1) Wedding business

In the first nine months of fiscal 2024, the number of weddings held fell to 6,401 (down 12.9% year on year) due to the closure of unprofitable 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, spend per wedding recovered, despite the rise in energy costs and raw material prices, resulting in a slight year-on-year increase.

As a result, net sales in the Hotel business totaled ¥23,855 million (up 1.0% year on year) and segment profit was ¥2,232 million (up 6.3% year on year).

2) Hotel business

In the first nine months of fiscal 2024, the number of hotel weddings held fell to 6,401 (down 12.9% year on year) due to the closure of unprofitable outlets, but spend per wedding gradually recovered and thus net sales in the Hotel business also increased modestly year on year. In terms of profitability, spend per wedding recovered, despite the rise in energy costs and raw material prices, resulting in a slight year-on-year increase.

As a result, net sales in the Hotel business totaled ¥23,855 million (up 1.0% year on year) and segment profit was ¥2,232 million (up 6.3% year on year).

3) W&R business

In the first nine 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 same quarter of 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 Hotel business totaled ¥2,230 million (up 1.0% year on year) and segment profit was ¥65 million (compared with a loss of ¥87 million a year earlier).

(2) Analysis of Financial Condition

Assets, Liabilities, and Net Assets

Total assets as of September 30, 2024 amounted to ¥100,417 million, an increase of ¥7,263 million from the end of the previous fiscal year (December 31, 2023). This was mainly due to an increase of ¥8,303 million in land and ¥1,602 million in buildings and structures, respectively, as a result of BT KALAKAUA, LLC becoming a consolidated subsidiary.

Total liabilities as of September 30, 2024 came to ¥70,735 million, an increase of ¥5,008 million from the end of the previous fiscal year (December 31, 2023). This was mainly due to an increase of ¥6,732 million in current portion of long-term debt as a result of BT KALAKAUA, LLC becoming a consolidated subsidiary.

Total net assets as of September 30, 2024 amounted to ¥29,682 million, an increase of ¥2,254 million from the end of the previous fiscal year (December 31, 2023). This was mainly due to an increase of ¥1,818 million in retained earnings and ¥924 million in non-controlling interests due to the recording of profit attributable to owners of the parent among others. As a result, the equity ratio was 28.4%, down 0.8 percentage points from the end of the previous fiscal year (December 31, 2023) due to an increase in total liabilities.

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

There is no change to the consolidated earnings forecasts for the full fiscal year ending December 31, 2024, as announced in the Group's Consolidated Earnings Report for the Six Months ended June 30, 2024 (Japanese GAAP) released on August 9, 2024.

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, 2023	September 30, 2024
	Amount	Amount
Assets		
Current assets		
Cash and deposits	19,005	17,992
Accounts receivable - trade	1,705	1,697
Merchandise	161	185
Raw materials and supplies	390	393
Other	4,029	2,819
Allowance for doubtful receivables	(40)	(44)
Total current assets	25,249	23,044
Fixed assets		
Tangible assets		
Buildings and structures, net	27,795	29,397
Land	16,774	25,077
Construction in progress	743	704
Other, net	1,168	1,716
Total tangible assets	46,481	56,896
Intangible assets		
Goodwill	745	1,231
Other	877	800
Total intangible assets	1,622	2,031
Investments and other assets		
Investment securities	6,029	5,530
Lease and guarantee deposits	7,051	6,956
Other	6,691	5,948
Allowance for doubtful receivables	(128)	(129)
Total investments and other assets	19,644	18,306
Total fixed assets	67,747	77,234
Deferred assets	157	138
Total assets	93,154	100,417

	(millions of yen)	
	December 31, 2023	September 30, 2024
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable - trade	1,947	2,142
Current portion of long-term debt	7,118	13,851
Current portion of bonds	994	694
Income taxes payable	615	67
Advances received	3,080	4,669
Allowance for loss on shop closing	260	-
Other	4,296	4,004
Total current liabilities	18,312	25,428
Fixed liabilities		
Bonds	4,709	4,231
Long-term debt	36,391	34,496
Net defined benefit liability	409	448
Provision for directors' retirement benefits	1,005	1,042
Asset retirement obligations	4,549	4,571
Other	348	516
Total fixed liabilities	47,413	45,307
Total liabilities	65,726	70,735
Net assets		
Shareholders' equity		
Capital stock	472	472
Capital surplus	634	634
Retained earnings	26,393	28,212
Treasury stock	(892)	(892)
Total shareholders' equity	26,606	28,425
Accumulated other comprehensive income		
Deferred gain (loss) on derivatives under hedge accounting	99	177
Foreign currency translation adjustments	488	(79)
Remeasurements of defined benefit plan	2	2
Total accumulated other comprehensive income	589	100
Non-controlling interests	231	1,156
Total net assets	27,428	29,682
Total liabilities and net assets	93,154	100,417

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

	(millions of yen)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2024
	Amount	Amount
Net sales	39,660	42,773
Cost of sales	26,037	26,863
Gross profit (loss)	13,622	15,910
Selling, general and administrative expenses	12,091	13,234
Operating income	1,530	2,676
Non-operating income		
Interest income	119	143
Surrender value of insurance	-	170
Gain on investments in silent partnership	151	155
Gain on investments in capital	51	-
Foreign exchange gains	1,081	65
Other	158	60
Total non-operating income	1,562	595
Non-operating expenses		
Interest expenses	380	585
Share of loss of entities accounted for using equity method	88	160
Other	55	151
Total non-operating expenses	524	896
Ordinary income	2,569	2,375
Extraordinary income		
Compensation income	700	-
Gain on sales of fixed assets	0	0
Gain on step acquisitions	-	1,058
Total extraordinary income	700	1,058
Extraordinary loss		
Loss on disposal of fixed assets	62	1
Shop closing expenses	44	235
Other	26	1
Total extraordinary loss	133	238
Profit (loss) before income taxes	3,135	3,195
Income taxes	815	898
Profit (loss)	2,320	2,296
Profit (loss) attributable to non-controlling interests	(1)	1
Profit attributable to owners of the parent	2,321	2,295

Consolidated Statements of Comprehensive Income

	(millions of yen)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2024
	Amount	Amount
Profit (loss)	2,320	2,296
Other comprehensive income		
Deferred gain (loss) on derivatives under hedge accounting	22	78
Foreign currency translation adjustments	89	(683)
Remeasurements of defined benefit plan	(0)	0
Share of other comprehensive income of entities accounted for using equity method	210	-
Total other comprehensive income	321	(604)
Comprehensive income	2,641	1,691
(Breakdown)		
Comprehensive income attributable to owners of the parent	2,614	1,806
Comprehensive income attributable to non-controlling interests	26	(114)

**(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 nine months ended September 30, 2024, 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.

(Notes on Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows have not been prepared for the nine months ended September 30, 2024. Depreciation and amortization (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the nine months ended September 30, 2024, are as follows.

	Nine months ended September 30, Nine months ended September 30,	
	2023	2024
Depreciation and amortization	2,731 million yen	2,619 million yen
Amortization of goodwill	223	198

(Notes to Segment Information, etc.)

[Segment Information]

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

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

	Reportable segment				Adjustments (note 1)	(millions of yen) Amount recorded on consolidated statements of income (note 2)
	Wedding business	Hotel business	W&R business	Total		
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 a 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 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, 2024 (January 1 to September 30, 2024)

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

	Reportable segment				Adjustments (note 1)	(millions of yen) Amount recorded on consolidated statements of income (note 2)
	Wedding business	Hotel business	W&R business	Total		
Net sales						
Revenue from contracts with customers	23,756	16,687	2,230	42,674	—	42,674
Other revenue	99	—	—	99	—	99
Sales to outside customers	23,855	16,687	2,230	42,773	—	42,773
Inter-segment sales and transfers	1,398	642	7	2,048	(2,048)	—
Total	25,254	17,330	2,237	44,822	(2,048)	42,773
Segment income	2,232	1,931	65	4,229	(1,553)	2,676

Notes: 1. The minus 1,553 million yen adjustment for the segment income includes a minus 0 million yen elimination of inter-segment sales and minus 1,553 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

(Material Changes in the Amount of Goodwill)

In the Hotel business, BT KALAKAUA, LLC has been included in the scope of consolidation since the interim consolidated accounting period after the Company acquired a portion of the equity interest in it. As a result of this event, goodwill increased by ¥684 million.

(Revenue Recognition)

Information on the disaggregation of revenue from contracts with customers is as stated in “(Notes to Segment Information, etc.)” in “Notes on Interim Consolidated Financial Statements.”

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

1) Number of weddings held

	Nine months ended September 30, 2023	Nine months ended September 30, 2024	Year ended December 31, 2023
Segment	Number of weddings held (cases)	Number of weddings held (cases)	Number of weddings held (cases)
Wedding business	7,345	6,401	10,462
Hotel business	1,169	1,106	1,708
Total	8,514	7,507	12,170

2) Wedding orders received

	Nine months ended September 30, 2023		Nine months ended September 30, 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	7,975	6,610	7,986	7,116	10,013	5,531
Hotel business	1,327	1,278	1,355	1,360	1,699	1,111
Total	9,302	7,888	9,341	8,476	11,712	6,642