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November 7, 2019

**Tsukada Global Holdings Inc.**  
**Consolidated Earnings Report for the Nine Months ended September 30, 2019**  
**(Japanese GAAP)**

Stock listing: Tokyo Stock Exchange (First Section) Securities code: 2418

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

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Scheduled dates:

Filing of statutory quarterly financial report (*shihanki hokokusho*): November 14, 2019

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, 2019**

**(January 1, 2019 – September 30, 2019)**

(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, 2019	43,754	3.4	3,494	86.7	3,321	64.8	2,077	70.4
Nine months ended September 30, 2018	42,330	6.3	1,872	39.0	2,015	39.4	1,218	105.0

Note: Comprehensive income: Nine months ended September 30, 2019: 1,620 million yen (102.1%)

Nine months ended September 30, 2018: 802 million yen (97.3%)

	Profit per share	Diluted profit per share
	yen	yen
Nine months ended September 30, 2019	43.55	-
Nine months ended September 30, 2018	25.55	25.27

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
September 30, 2019	95,154	36,722	38.6
December 31, 2018	90,841	37,081	39.1

Reference: Total equity: September 30, 2019: 36,722 million yen

December 31, 2018: 35,548 million yen

Total equity = Shareholders' equity plus total accumulated other comprehensive income

Note: "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of

Japan (ASBJ) Statement No. 28, February 16, 2018) have been applied, effective from the first three months of the fiscal year ending December 31, 2019. Figures in the financial position as of December 31, 2018 were retroactively restated in accordance with said ASBJ amendments.

## 2. Dividends

	Dividend per share				
	End-Q1	End-Q2	End-Q3	Year-end	Annual total
	yen	yen	yen	yen	yen
Year ended December 31, 2018	-	5.00	-	5.00	10.00
Year ending December 31, 2019	-	5.00	-		
Year ending December 31, 2019 (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, 2019 (January 1, 2019 – December 31, 2019)

(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, 2019	63,000	4.7	5,500	4.8	5,560	5.8	3,100	27.9	64.99

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

### \*Notes

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

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

Newly Consolidated: BEST LIFE STYLE Inc.

Newly Deconsolidated: BT KALAKAUA, LLC

Note: For details, please refer to “(3) Notes on Quarterly Consolidated Financial Statements (Changes in Significant Subsidiaries for the Nine Months ended September 30, 2019)” in section “2. Quarterly Consolidated Financial Statements and Main Notes” on page 8 in the accompanying materials.

(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 material.

(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, 2019	December 31, 2018
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 stock at end of period	1,259,834	1,259,834
	Nine Months ended September 30, 2019	Nine Months ended September 30, 2018
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 auditing firms.

**\* Appropriate Use of Earnings Forecast and Other Important Information**

(Cautionary Statement with Respect to Forward-Looking Statements)

The above forecasts 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, 2019" 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 first nine months of the fiscal year ending December 31, 2019, despite uncertainties pertaining to the global economy and trade issues, the Japanese economy generally stayed on its recent moderate recovery track supported by improved employment conditions, expanded corporate earnings, and a recovery in personal spending. However, the future outlook remains clouded by the impact of the consumption tax rate increase on consumer sentiment and other factors.

In this environment, the Tsukada Global Holdings Group (the “Group”) endeavored to increase sales and profitability by accurately responding to increasingly individualized and diversifying customer needs in the bridal, hotel, and wellness and relaxation (W&R) markets, while also continuing its efforts to create new value and develop high-quality, appealing outlets capable of providing high value-added services.

In the Hotel business, as the Group looks ahead toward the Tokyo Olympic and Paralympic Games next year, it continued efforts to create new value and further improve the quality of its hospitality in the third quarter. For example, we began preparations to open Kimpton Hotel Shinjuku, Tokyo (provisional name), major renovations of The Strings by InterContinental Tokyo in Shinagawa, Tokyo, and refurbishment and rebranding of The Strings Hotel Yagoto Nagoya in Showa Ward, Nagoya, Aichi Prefecture.

In the Wedding business, the Group strove to expand earnings and business areas by increasing internal production of mainstay wedding-related products such as floral decoration and photo, video and audio content, as well as promoting external sales of these products.

As a result of these efforts, in the first nine months of fiscal 2019, Tsukada Global Holdings Inc. (“the Company”) posted consolidated net sales of ¥43,754 million (up 3.4% year on year). The Company recorded robust profit growth, with an operating income of ¥3,494 million (up 86.7% year on year), an ordinary income of ¥3,321 million (up 64.8% year on year) and profit attributable to owners of the parent of ¥2,077 million (up 70.4% year on year).

The results for each business segment were as follows.

#### 1) Wedding business

In the first nine months of fiscal 2019, sales grew in the Wedding business bolstered primarily by an increase in the number of weddings held in the mainstay Japanese market as well as a solid increase in spend per wedding. Segment income increased mainly due to increased internal production of wedding-related products and content such as photographs, videos, and floral decorations.

As a result, net sales in the wedding business totaled ¥28,137 million (up 6.6% year on year) and segment income totaled ¥4,801 million (up 56.4% year on year).

#### 2) Hotel business

Segment sales declined in the first nine months of fiscal 2019 despite solid growth of overnight occupancy rates and average charge per night, because the number of weddings held at our hotels decreased, and the number of guest rooms available for sale decreased due to major renovation work. Segment income also declined due to lower segment sales and expenses related to the preparations for opening Kimpton Hotel Shinjuku, Tokyo

(provisional name).

As a result, net sales in the hotel business came to ¥12,598 million (down 3.2% year on year), and segment income totaled ¥77 million (down 75.8%).

### 3) W&R business (Wellness & Relaxation business)

In the first nine months of fiscal 2019, this segment recorded higher sales due to full-year operation of comprehensive fitness club Best Style Fitness Kaihin Makuhari, which opened in December 2018. However, the segment posted an operating loss owing to slower-than-expected progress with membership growth at some comprehensive fitness clubs.

As a result, the W&R business posted net sales of ¥3,018 million (up 3.9% year on year) and an operating loss of ¥127 million (compared with a loss of ¥276 million a year earlier).

## (2) Analysis of Financial Condition

### Assets, Liabilities, and Net Assets

Total assets as of September 30, 2019, the end of the first nine months of fiscal 2019, amounted to ¥95,154 million, an increase of ¥4,312 million from the end of the previous fiscal year (December 31, 2018). The increase mainly reflects a ¥7,863 million increase in construction in progress related to the construction of Kimpton Hotel Shinjuku, Tokyo (provisional name) and a ¥3,288 million increase in investment securities as a result of investment of surplus funds. These were partially offset by a ¥3,472 million decline in buildings and structures and a ¥5,266 million decrease in land, as a result of exclusion from consolidation of former consolidated subsidiary BT KALAKAUA, LLC due to a reduced equity stake following partial divestment.

Total liabilities as of September 30, 2019, came to ¥58,431 million, an increase of ¥4,672 million from the end of the previous fiscal year. The increase mainly reflects increases in current liabilities – other of ¥4,923 million related to an increase in accounts payable for construction work on Kimpton Hotel Shinjuku, Tokyo (provisional name) and ¥971 million in wedding-related advances received which offset a ¥1,080 million reduction in long-term debt (including the current portion of long-term debt) and a ¥1,099 million decrease in income taxes payable following tax payments.

Net assets as of September 30, 2019, totaled ¥36,722 million, ¥359 million lower than at the end of the previous fiscal year. The major changes are a ¥1,600 million increase in retained earnings reflecting the posting of a quarterly profit attributable to owners of the parent and a ¥1,533 million decrease in non-controlling interests due to the exclusion of a subsidiary from the scope of consolidation.

### (3) Earnings Forecast for the Fiscal Year Ending December 31, 2019

There is no change to the consolidated earnings forecasts for the fiscal year ending December 31, 2019 that the Company announced in its second quarter Consolidated Earnings Report dated August 8, 2019.

**2. Quarterly Consolidated Financial Statements and Main Notes**  
**(1) Consolidated Balance Sheets**

	(millions of yen)	
	December 31, 2018	September 30, 2019
	Amount	Amount
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	24,206	25,377
Accounts receivable - trade	1,281	1,133
Marketable securities	289	2,498
Merchandise	127	115
Raw materials and supplies	490	505
Other	1,136	1,376
Allowance for doubtful receivables	(24)	(23)
<b>Total current assets</b>	<b>27,506</b>	<b>30,983</b>
<b>Fixed assets</b>		
Tangible assets		
Buildings and structures, net	25,361	21,888
Land	15,553	10,287
Construction in progress	1,972	9,835
Other, net	1,723	1,501
<b>Total tangible assets</b>	<b>44,610</b>	<b>43,512</b>
Intangible assets		
Goodwill	1,738	1,542
Other	184	190
<b>Total intangible assets</b>	<b>1,922</b>	<b>1,732</b>
Investments and other assets		
Investment securities	2,557	5,845
Lease and guarantee deposits	8,152	8,032
Other	6,138	5,108
Allowance for doubtful receivables	(206)	(211)
<b>Total investments and other assets</b>	<b>16,641</b>	<b>18,775</b>
<b>Total fixed assets</b>	<b>63,174</b>	<b>64,020</b>
<b>Deferred assets</b>	<b>160</b>	<b>150</b>
<b>Total assets</b>	<b>90,841</b>	<b>95,154</b>

	(millions of yen)	
	December 31, 2018	September 30, 2019
	Amount	Amount
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	2,437	2,434
Short-term debt	-	510
Current portion of long-term debt	3,172	4,494
Current portion of bonds	590	609
Income taxes payable	1,313	213
Advances received	1,884	2,855
Other	4,381	9,305
<b>Total current liabilities</b>	<b>13,778</b>	<b>20,422</b>
<b>Fixed liabilities</b>		
Bonds	3,125	3,800
Long-term debt	32,614	30,212
Net defined benefit liability	302	313
Provision for directors' retirement benefits	784	820
Asset retirement obligations	2,391	2,408
Other	762	453
<b>Total fixed liabilities</b>	<b>39,981</b>	<b>38,008</b>
<b>Total liabilities</b>	<b>53,759</b>	<b>58,431</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	472	472
Capital surplus	634	634
Retained earnings	35,849	37,449
Treasury stock	(892)	(892)
<b>Total shareholders' equity</b>	<b>36,063</b>	<b>37,663</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized gain (loss) on available-for-sale securities	(142)	(146)
Deferred gain (loss) on derivatives under hedge accounting	(249)	(544)
Foreign currency translation adjustments	(118)	(243)
Remeasurements of defined benefit plan	(4)	(5)
<b>Total accumulated other comprehensive income</b>	<b>(514)</b>	<b>(940)</b>
<b>Non-controlling interests</b>	1,533	-
<b>Total net assets</b>	<b>37,081</b>	<b>36,722</b>
<b>Total liabilities and net assets</b>	<b>90,841</b>	<b>95,154</b>



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

	Nine months ended September 30, 2018	(millions of yen) Nine months ended September 30, 2019
	Amount	Amount
<b>Net sales</b>	42,330	43,754
Cost of sales	29,646	29,220
<b>Gross profit</b>	12,683	14,534
<b>Selling, general and administrative expenses</b>	10,811	11,039
<b>Operating income</b>	1,872	3,494
<b>Non-operating income</b>		
Interest income	22	58
Dividend income	8	0
Gain on investments in silent partnership	150	153
Real estate rental income	168	183
Foreign exchange gains	7	-
Other	65	120
Total non-operating income	423	515
<b>Non-operating expenses</b>		
Interest expenses	165	336
Real estate rental expenses	75	156
Other	38	196
Total non-operating expenses	280	689
<b>Ordinary income</b>	2,015	3,321
<b>Extraordinary income</b>		
Gain on sales of fixed assets	492	23
Gain on sales of shares of subsidiaries	-	207
Other	1	-
Total extraordinary income	493	230
<b>Extraordinary loss</b>		
Loss on disposal of fixed assets	40	6
Shop closing expenses	65	71
Impairment loss	180	19
Other	8	16
Total extraordinary loss	294	113
<b>Profit before income taxes</b>	2,214	3,438
<b>Income taxes</b>	975	1,391
<b>Profit</b>	1,239	2,046
<b>Profit (loss) attributable to non-controlling interests</b>	20	(30)
<b>Profit attributable to owners of the parent</b>	1,218	2,077

## Consolidated Statements of Comprehensive Income

	(millions of yen)	
	Nine months ended September 30, 2018	Nine months ended September 30, 2019
	Amount	Amount
<b>Profit</b>	1,239	2,046
<b>Other comprehensive income</b>		
Net unrealized gain (loss) on available-for-sale securities	(51)	(4)
Deferred gain (loss) on derivatives under hedge accounting	(109)	(295)
Foreign currency translation adjustments	(276)	(95)
Remeasurements of defined benefit plan	0	(1)
Share of other comprehensive income of entities accounted for using equity method	-	(29)
Total other comprehensive income	(436)	(425)
<b>Comprehensive income</b>	802	1,620
(Breakdown)		
Comprehensive income attributable to owners of the parent	775	1,651
Comprehensive income (loss) attributable to non-controlling interests	26	(30)

### **(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

#### **(Changes in Significant Subsidiaries for the Nine Months ended September 30, 2019)**

BEST LIFE STYLE Inc. has been added to the scope of consolidation, due to its establishment during the second quarter ended June 30, 2019 of the current fiscal year. Additionally, due to the Company having sold a portion of its shareholding, BT KALAKAUA, LLC has been excluded from the scope of consolidation and has consequently been made an equity method affiliate from the end of the second quarter ended June 30, 2019 of the current fiscal year.

#### **(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 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 before income taxes for the fiscal year, which encompasses the third quarter ended September 30, 2019, 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.

##### **(Additional Information)**

(Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting")

"Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 of February 16, 2018) have been applied, effective from the first three months of the fiscal year ending December 31, 2019. Accordingly, deferred tax assets are shown under the heading of investments and other assets, while deferred tax liabilities are shown under the heading of fixed liabilities.

**(Segment Information)**

[Segment Information]

## I. Nine months ended September 30, 2018 (January 1 to September 30, 2018)

## 1. Net sales and income/loss by reportable segment

(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						
Sales to outside customers	26,405	13,019	2,905	42,330	-	42,330
Inter-segment sales and transfers	973	241	0	1,215	(1,215)	-
Total	27,378	13,260	2,906	43,545	(1,215)	42,330
Segment income (loss)	3,069	319	(276)	3,112	(1,239)	1,872

Notes: 1. Minus 1,239 million yen adjustments for the segment income or loss include 79 million yen elimination of inter-segment sales and minus 1,318 million yen 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 or loss adjustments are based on operating income reported on the quarterly consolidated statements of income for the corresponding period.

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

(Significant impairment loss on fixed assets)

As decreased profitability has remained in some fixed assets held in the "Wedding business" segment, the Company has concluded that the recovery of the investment in these assets could not likely be made during the course of the first nine months of the fiscal year ended December 31, 2018. Hence, the book value of these assets has been written down to the recoverable amount, and the resulting loss of 180 million yen has been reported as impairment loss under the extraordinary loss.

II. Nine months ended September 30, 2019 (January 1 to September 30, 2019)

1. Net sales and income/loss by reportable segment

(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							
Sales to outside customers	28,137	12,598	3,018	43,754	-	43,754	
Inter-segment sales and transfers	1,112	242	11	1,366	(1,366)	-	
Total	29,250	12,841	3,029	45,121	(1,366)	43,754	
Segment income (loss)	4,801	77	(127)	4,751	(1,256)	3,494	

- Notes: 1. Minus 1,256 million yen adjustments for the segment income or loss include 97 million yen elimination of inter-segment sales and minus 1,353 million yen 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 or loss adjustments are based on operating income reported on the quarterly consolidated statements of income for the corresponding period.

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

(Significant impairment loss on fixed assets)

As decreased profitability has remained in some fixed assets held in the "W&R business" segment, the Company has concluded that the recovery of the investment in these assets could not likely be made during the course of the first nine months of the fiscal year ending December 31, 2019. Hence, the book value of these assets has been written down to the recoverable amount, and the resulting loss of 19 million yen has been reported as impairment loss under the extraordinary loss.

### 3. Supplementary Information

#### Weddings Held and Orders Received

##### 1) Number of weddings held

	Nine months ended September 30, 2018	Nine months ended September 30, 2019	Year ended December 31, 2018
Segment	Number of weddings held (cases)	Number of weddings held (cases)	Number of weddings held (cases)
Wedding business	9,086	8,923	12,806
Hotel business	1,194	1,139	1,712
Total	10,280	10,062	14,518

##### 2) Wedding orders received

	Nine months ended September 30, 2018		Nine months ended September 30, 2019		Year ended December 31, 2018	
Segment	Orders received (cases)	Order backlog (cases)	Orders received (cases)	Order backlog (cases)	Orders received (cases)	Order backlog (cases)
Wedding business	10,287	8,150	9,373	7,569	12,976	7,119
Hotel business	1,427	1,349	1,210	1,250	1,775	1,179
Total	11,714	9,499	10,583	8,819	14,751	8,298