

[Delayed] The original disclosure in Japanese was released on November 10, 2017 at 15:00 (GMT+9)

November 10, 2017

Tsukada Global Holdings Inc.
Consolidated Earnings Report for the Nine Months ended September 30, 2017
(Japanese GAAP)

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

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

Representative: Masayuki Tsukada, President and CEO

Information contact: Masahiro Yamazaki, Manager, Finance & Tel: +81-3-5464-0081

Accounting Department

Scheduled dates:

Filing of statutory quarterly financial report(*shihanki hokokusho*): November 14, 2017

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, 2017
(January 1, 2017 – September 30, 2017)

(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, 2017	39,833	2.6	1,346	59.9	1,445	428.1	594	-
Nine months ended September 30, 2016	38,829	2.5	842	(70.3)	273	(90.4)	(141)	-

Note: Comprehensive income: Nine months ended September 30, 2017: 406 million yen (- %)
Nine months ended September 30, 2016: (845) million yen (- %)

	Profit per share	Diluted profit per share
	yen	yen
Nine months ended September 30, 2017	12.46	11.15
Nine months ended September 30, 2016	(2.93)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
September 30, 2017	82,280	34,141	39.6
December 31, 2016	84,752	34,228	38.5

Reference: Total equity: September 30, 2017: 32,579 million yen
December 31, 2016: 32,618 million yen

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

2. Dividends

	Dividend per share				
	End-Q1	End-Q2	End-Q3	Year-end	Annual total
	yen	yen	yen	yen	yen
Year ended December 31, 2016	-	5.00	-	5.00	10.00
Year ending December 31, 2017	-	5.00	-		
Year ending December 31, 2017 (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, 2017 (January 1, 2017 – December 31, 2017)

(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, 2017	60,600	9.5	4,300	22.3	4,500	25.0	2,800	43.4	58.70

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

*Notes

- (1) Changes affecting the consolidation status of significant subsidiaries during the period: None
- (2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements: Yes
 Note: For details, please refer to “(3) Notes on the Quarterly Financial Statements (Application of Specific Accounting Methods for the Preparation of Quarterly Financial Statements)” under “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, 2017	December 31, 2016
1) Number of shares issued at the end of the period (including treasury stock)	48,960,000	48,960,000
2) Number of shares held in treasury stock at the end of the period	1,259,834	1,259,834
	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016
3) Average number of shares outstanding during the period	47,700,166	48,212,951

*** Quarterly Earnings Report is exempt from the review requirements.**

***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, 2017" 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 Results	2
(2) Analysis of Financial Condition	3
(3) Earnings Forecast for the Fiscal Year ending December 31, 2017	3
2. Quarterly Consolidated Financial Statements and Main Notes	4
(1) Consolidated Balance Sheets	4
(2) Consolidated Statements of Income and Comprehensive Income	6
Consolidated Statements of Income	6
Consolidated Statements of Comprehensive Income	7
(3) Notes on the Quarterly Financial Statements	8
(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 Financial Statements)	8
(Additional Information)	8
(Segment Information)	9
3. Supplementary Information	11

1. Review of Consolidated Financial Results

(1) Operating Results

In the first nine months of the fiscal year ending December 31, 2017, the Japanese economy followed a moderate recovery path in light of the improvement in personal spending, corporate earnings and employment conditions stemming from the favorable impact of the government's various economic policies. Still, the future outlook remained unclear due to uncertainties over the direction of the economies and policies of China and other emerging Asian countries.

In this environment, 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 working to create new value in those markets to develop high-quality, extremely appealing outlets, and to provide high value-added services. Based on this policy, Tsukada Global Holdings Inc. ("the Company") has taken steps this term to expand its earnings and geographical operating areas with its first foray into Okinawa Prefecture, preparations for the opening of its new outlet "The Strings Omotesando" (Minato Ward, Tokyo) and ArtGrace Next (Ashiya, Hyogo Prefecture), the opening of its comprehensive fitness club "Best Style Fitness" (Urayasu, Chiba Prefecture) in September 2017 and so forth.

As a result of these efforts, in the first nine months of the fiscal year ending December 31, 2017, the Company posted consolidated net sales of ¥39,833 million (up 2.6% year on year). It posted an operating income of ¥1,346 million (up 59.9% from a year earlier), ordinary income of ¥1,445 million (up 428.1%) and profit of ¥594 million (versus a loss of ¥141 million a year earlier) attributable to owners of the parent in the period under review

The results for each business segment were as follows.

a. Wedding business

In the first nine months of fiscal 2017, although the number of weddings held at its guesthouses in Japan, a core business, declined, wedding business sales rose slightly year on year underpinned by an increase in the number of weddings overseas. Income in this segment also rose from the impact of cost-cutting measures implemented from the previous year.

As a result, net sales in the wedding business were ¥24,338 million (up 1.0% year on year), and segment operating income was ¥2,584 million (up 0.8% from a year earlier).

b. Hotel business

In the first nine months of fiscal 2017, sales of the hotel business rose thanks to a slight increase in the number of weddings held at its hotels as well as generally steady increases in the overnight accommodation occupancy rate and average customer spend. Income in the segment increased in the absence of outlet-opening expenses and due to the effect of its cost-cutting efforts as was the case in the wedding business.

As a result, net sales in the hotel business reached ¥12,803 million (up 2.3% year on year), while segment operating income totaled ¥318 million (up 214.4% from a year earlier).

c. W&R business (Wellness & Relaxation business)

In the first nine months of fiscal 2017, sales increased reflecting the full nine-month term operation of the spa complex - Beauty & Relax SPA-HERBS. However, in terms of profitability, the Company posted a loss from the booking of expenses from the opening of the comprehensive fitness club "Best Style Fitness"

As a result, net sales in the W&R business came to ¥2,691 million (up 21.3% year on year), while segment operating loss totaled ¥271 million (versus a segment loss of ¥349 million a year earlier).

(2) Analysis of Financial Condition

1) Assets, Liabilities, and Net Assets

Total assets at the end of the first nine months of fiscal year 2017 (September 30, 2017) amounted to ¥82,280 million, a decrease of ¥2,472 million from the end of the previous fiscal year (December 31, 2016). The change largely reflects a ¥3,083 million yen decrease in cash and deposits primarily due to the early redemption of convertible bonds with stock acquisition rights and a ¥522 million decrease in buildings and structures from depreciation and amortization. These decreases eclipsed a ¥1,268 million increase in other tangible assets (mainly construction in progress) from the construction of “The Strings Omotesando.”

Liabilities at the end of the first nine months of the fiscal year came to ¥48,139 million, a decrease of ¥2,384 million from the end of the previous fiscal year. The decline is chiefly attributable to a decrease of ¥4,500 million in convertible bonds with stock acquisition rights due to early redemption which outweighed a ¥2,020 million increase in short-term debt to raise working capital.

Net assets at the end of the first nine months of the fiscal year totaled ¥34,141 million, ¥87 million less than at the end of the previous fiscal year. The change reflects a decrease of ¥477 million due to dividends paid to shareholders and a reduction of ¥163 million in foreign currency translation adjustments which helped offset ¥594 million in profit attributable to owners of the parent and a ¥117 million increase in retained earnings.

(3) Earnings Forecast for the Fiscal Year Ending December 31, 2017

There is no change to the consolidated earnings forecasts for the year ending December 31, 2017 that the Company reported in its second quarter Consolidated Earnings Report dated August 10, 2017.

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

	(millions of yen)	
	December 31, 2016	September 30 2017
	Amount	Amount
Assets		
Current assets		
Cash and deposits	15,468	12,385
Accounts receivable - trade	966	1,021
Merchandise	114	115
Raw materials and supplies	506	545
Other	2,008	2,427
Allowance for doubtful receivables	(64)	(43)
Total current assets	19,000	16,451
Fixed assets		
Tangible assets		
Buildings and structures, net	23,597	23,074
Land	21,156	20,860
Other, net	2,585	3,853
Total tangible assets	47,338	47,788
Intangible assets		
Goodwill	2,271	2,071
Other	272	248
Total intangible assets	2,543	2,319
Investments and other assets		
Investment securities	3,058	2,979
Lease and guarantee deposits	8,649	8,679
Other	4,062	3,974
Total investments and other assets	15,771	15,633
Total fixed assets	65,653	65,742
Deferred assets	98	86
Total assets	84,752	82,280

	(millions of yen)	
	December 31, 2016	September 30, 2017
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable - trade	2,362	2,411
Short-term debt	-	2,020
Current portion of long-term debt	13,062	9,742
Current portion of bonds	824	744
Current portion of convertible bonds with stock acquisition rights	-	500
Income taxes payable	1,112	460
Advances received	1,336	2,191
Other	3,366	3,553
Total current liabilities	22,065	21,622
Fixed liabilities		
Bonds	3,684	3,500
Convertible bonds with stock acquisition rights	5,000	-
Long-term debt	15,747	18,930
Net defined benefit liability	332	350
Provision for directors' retirement benefits	702	729
Asset retirement obligations	2,339	2,364
Other	652	641
Total fixed liabilities	28,459	26,516
Total liabilities	50,524	48,139
Net assets		
Shareholders' equity		
Capital stock	472	472
Capital surplus	634	634
Retained earnings	32,090	32,208
Treasury stock	(892)	(892)
Total shareholders' equity	32,304	32,422
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	(58)	(50)
Foreign currency translation adjustments	376	212
Remeasurements of defined benefit plan	(3)	(4)
Total accumulated other comprehensive income	313	157
Non-Controlling interests	1,610	1,561
Total net assets	34,228	34,141
Total liabilities and net assets	84,752	82,280

(2) Consolidated Statements of Income and Comprehensive Income

	Consolidated Statements of Income		(millions of yen)
	Nine months ended September 30, 2016	Nine months ended September 30, 2017	
	Amount	Amount	
Net sales	38,829	39,833	
Cost of sales	27,720	27,753	
Gross profit	11,109	12,080	
Selling, general and administrative expenses	10,266	10,733	
Operating income	842	1,346	
Non-operating income			
Interest income	39	28	
Dividend income	29	23	
Gain on investments in silent partnership	152	163	
Gain on redemption of investment securities	122	-	
Real estate rental income	92	189	
Foreign exchange gains	-	78	
Other	91	88	
Total non-operating income	527	571	
Non-operating expenses			
Interest expenses	182	163	
Loss on valuation of derivatives	270	189	
Foreign exchange loss	593	-	
Other	49	119	
Total non-operating expenses	1,096	472	
Ordinary income	273	1,445	
Extraordinary Income			
Gain on sales of fixed assets	1	0	
Gain on sales of investment securities	-	1	
Reversal gains of provisions for directors' retirement benefits	14	-	
Reversal gains of provisions for shop closing expenses	4	-	
Total extraordinary income	20	1	
Extraordinary loss			
Loss on disposal of fixed assets	56	11	
Loss on sales of investment securities	117	10	
Impairment loss	-	149	
Other	2	0	
Total extraordinary loss	177	171	
Profit before income taxes	116	1,276	
Income taxes	267	661	
Profit (loss) for the period	(150)	614	
Profit (Loss) attributable to non-controlling interests	(9)	19	
Profit (loss) attributable to owners of the parent	(141)	594	

Consolidated Statements of Comprehensive Income

	Nine months ended September 30, 2016	(millions of yen) Nine months ended September 30, 2017
	Amount	Amount
Profit (loss) for the period	(150)	614
Other comprehensive income		
Net unrealized gain on available-for-sale securities	(78)	8
Foreign currency translation adjustments	(614)	(215)
Remeasurements of defined benefit plan	(0)	(0)
Total other comprehensive income	(694)	(207)
Comprehensive income	(845)	406
(Breakdown)		
Comprehensive income attributable to owners of the parent	(721)	438
Comprehensive income attributable to non-controlling interests	(123)	(32)

(3) Notes on the Quarterly 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 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 income before income taxes for the fiscal year, which encompasses the third quarter ended September 30, 2017, 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 the Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company has applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASB Guidance No 26, March 28, 2016), effective from the three months ended March 31, 2017.

(Segment Information)

【Segment Information】

I. Nine months ended September 30, 2016 (January 1 to September 30, 2016)

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	24,093	12,516	2,219	38,829	-	38,829
Inter-segment sales and transfers	877	301	0	1,178	(1,178)	-
Total	24,970	12,817	2,219	40,008	(1,178)	38,829
Segment income (loss)	2,565	101	(349)	2,317	(1,474)	842

- Notes:
1. Minus 1,474 million yen adjustments for the segment income or loss include 15 million yen elimination of inter-segment sales and minus 1,490 million yen corporate expenses that are not allocated to each reportable segment. The main component of these unallocated corporate expenses is SG&A expenses that are not attributable to reportable segments.
 2. Segment income 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

Not applicable.

II. Nine months ended September 30, 2017 (January 1 to September 30, 2017)

1. Net sales and income/loss by reportable segment

	Reportable segment					(millions of yen)	
	Wedding business	Hotel business	W&R business	Total	Adjustments (note 1)	Amount recorded on consolidated statements of income (note 2)	
Net sales							
Sales to outside customers	24,338	12,803	2,691	39,833	-	39,833	
Inter-segment sales and transfers	900	226	0	1,126	(1,126)	-	
Total	25,239	13,029	2,691	40,960	(1,126)	39,833	
Segment income (loss)	2,584	318	(271)	2,630	(1,284)	1,346	

- Notes:
1. Minus 1,284 million yen adjustments for the segment income or loss include 24 million yen elimination of inter-segment sales and minus 1,309 million yen corporate expenses that are not allocated to each reportable segment. The main component of these unallocated corporate expenses is SG&A 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” and “W&R business” segments, the Company has concluded that the recovery of the investment in these assets could not likely be made. Hence, the book value of these assets has been written down to the recoverable amount, while the resulting extraordinary loss has been reported as impairment loss. Accordingly, the impairment loss of 139 million yen in the “Wedding business” segment and 10 million yen in the “W&R business” segment has been reported respectively in the first nine months of the fiscal year ending December 31, 2017.

3. Supplementary Information
Weddings Held and Orders Received

1) Number of weddings held

	Nine months ended September 30, 2016	Nine months ended September 30, 2017	Year ended December 31, 2016
Segment	Number of weddings held (cases)	Number of weddings held (cases)	Number of weddings held (cases)
Wedding business	7,925	8,238	11,401
Hotel business	1,262	1,268	1,799
Total	9,187	9,506	13,200

2) Wedding orders received

	Nine months ended September 30, 2016		Nine months ended September 30, 2017		Year ended December 31, 2016	
Segment	Orders received (cases)	Order backlog (cases)	Orders received (cases)	Order backlog (cases)	Orders received (cases)	Order backlog (cases)
Wedding business	9,191	7,282	9,741	7,681	11,563	6,178
Hotel business	1,417	1,397	1,394	1,383	1,814	1,257
Total	10,608	8,679	11,135	9,064	13,377	7,435