〔Delayed〕The original disclosure in Japanese was released on May 11, 2018 at 15:00 (GMT+9)

May 11, 2018

Tsukada Global Holdings Inc.
Consolidated Earnings Report for the Three Months ended March 31, 2018 (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
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Scheduled dates:
Filing of statutory quarterly financial report (*shihanki hokokusho*): May 15, 2018
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, 2018 (January 1, 2018 – March 31, 2018)

(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, 2018	12,173	5.7	(583)	-	(794)	-	(365)	-
Three months ended March 31, 2017	11,513	(0.5)	(603)	-	(670)	-	(526)	-

Note: Comprehensive income: Three months ended March 31, 2018: (1,214) million yen (- %)
Three months ended March 31, 2017 (767) million yen (- %)

	Profit per share	Diluted profit per share
	yen	yen
Three months ended March 31, 2018	(7.66)	-
Three months ended March 31, 2017	(11.03)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
March 31, 2018	81,238	34,381	40.5
December 31, 2017	84,447	35,781	40.5

Reference: Total equity: March 31, 2018: 32,928 million yen
December 31, 2017: 34,208 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, 2017	-	5.00	-	5.00	10.00
Year ending December 31, 2018	-				
Year ending December 31, 2018 (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, 2018 (January 1, 2018 – December 31, 2018)

(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, 2018	28,000	7.0	800	6.2	800	15.6	400	151.0	8.39
Year ending December 31, 2018	61,500	7.4	5,000	17.1	5,050	14.8	3,000	36.2	62.89

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

*Notes

(1) Changes affecting the consolidation status of significant subsidiaries during the period: Yes

Newly Consolidated: None

Newly Deconsolidated: Best Bridal Korea Inc.

Note: For details, please refer to “(3) Notes on Quarterly Consolidated Financial Statements (Changes in Significant Subsidiaries)" 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 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)

	March 31, 2018	December 31, 2017
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
	Three Months ended March 31, 2018	Three Months ended March 31, 2017
3) Average number of shares outstanding during the period	47,700,166	47,700,166

* Quarterly Earnings Report is not subject to audit by certified public accountant and audit firm.

***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, 2018" 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

(1) Operating Results

In the first three months of the fiscal year ending December 31, 2018, the Japanese economy stayed on its recent moderate recovery track, supported by the positive impact of government policies that have boosted personal spending, improved employment conditions, and encouraged corporations to use expanding profits to increase capital expenditures. However, the future outlook remains clouded by uncertainties in the global economy.

In this environment, the Tsukada Global Holdings Group endeavored to increase sales and profitability by accurately responding to increasingly individualized and diversifying customer needs in the bridal, hotel 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. During the quarter, the Group continued its efforts to expand earnings and geographical operating areas. For example, we opened ArtGrace Next Ashiya in Hyogo Prefecture in March and made steady progress on The Strings Hotel Shinjuku (provisional name), scheduled to open in 2019 in Tokyo's Shinjuku Ward.

As a result of these efforts, in the first quarter of 2018, Tsukada Global Holdings Inc. ("the Company") posted consolidated net sales of ¥12,173 million (up 5.7% year on year). The Company recorded a first-quarter operating loss of ¥583 million (compared with a loss of ¥603 million a year earlier) and an ordinary loss of ¥794 million (compared with a loss of ¥670 million a year earlier). The net loss attributable to owners of the parent amounted to ¥365 million (compared with a loss of ¥526 million a year earlier).

The results for each business segment were as follows.

1) Wedding business

In the first three months of fiscal 2018, the wedding business achieved sales growth supported by an increase in the number of weddings held at its core guesthouses in Japan and at overseas facilities. Segment profits, however, were down year on year owing to startup costs at ArtGrace Next Ashiya.

As a result, net sales in the wedding business totaled ¥7,093 million (up 8.1% year on year), but the segment posted an operating loss of ¥103 million (compared with a loss of ¥62 million in the previous year).

2) Hotel business

The number of weddings held at our hotels decreased slightly in the first quarter of fiscal 2018, but segment sales increased on an overall strong trend in the hotels' overnight occupancy rates and average charge per night. The high occupancy rate also supported a big increase in segment profits.

As a result, net sales in the hotel business came to ¥4,167 million (up 0.7% year on year), and segment operating income totaled ¥65 million (up 104.0%).

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

This segment achieved strong sales growth in the first quarter, as it increased memberships at its Best Style Fitness comprehensive fitness club that opened in September 2017 as well as at the Beauty & Relax SPA-HERBS spa complex. However, the segment posted an operating loss owing to the closure of three Queensway reflexology salons and seasonal factors.

As a result, the W&R business posted net sales of ¥912 million (up 12.0% year on year) and an operating loss of ¥128 million (compared with a loss of ¥114 million a year earlier).

(2) Analysis of Financial Condition

Assets, Liabilities, and Net Assets

Total assets as of March 31, 2018, the end of the first three months of fiscal 2018, amounted to ¥81,238 million, a decrease of ¥3,208 million from the end of the previous fiscal year (December 31, 2017). The decline mainly reflects changes in fixed assets, in particular a ¥6,775 million decrease in the value of land holdings, which more than offset a ¥1,037 million increase in other fixed assets (mainly construction in progress) related to the construction of The Strings Hotel Shinjuku and a ¥2,686 million increase in cash and deposits owing to proceeds on the sale of commercial-use land at Jingumae in Tokyo.

Total liabilities as of March 31, 2018, came to ¥46,857 million, a decrease of ¥1,808 million from the end of the previous fiscal year. The decline reflects a ¥4,980 million repayment of short-term debt, which outweighed the increase in long-term debt related to financing capital investments.

Net assets as of March 31, 2018, totaled ¥34,381 million, ¥1,399 million less than at the end of the previous fiscal year. The major changes are a ¥529 million decrease in foreign currency translation adjustments caused by the stronger yen and a ¥518 million reduction to retained earnings owing to the payment of dividends and the posting of a quarterly net loss attributable to owners of the parent.

(3) Earnings Forecast for the Fiscal Year Ending December 31, 2018

There is no change to the consolidated earnings forecasts for the six months ending June 30, 2018, and the full fiscal year ending December 31, 2018, which the Company announced in its fiscal 2017 Consolidated Earnings Report dated February 14, 2018.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(millions of yen)

	December 31, 2017	March 31, 2018
	Amount	Amount
Assets		
Current assets		
Cash and deposits	14,985	17,671
Accounts receivable - trade	1,108	1,071
Merchandise	118	126
Raw materials and supplies	557	523
Other	1,672	2,039
Allowance for doubtful receivables	(38)	(24)
Total current assets	18,404	21,407
Fixed assets		
Tangible assets		
Buildings and structures, net	24,745	24,323
Land	20,881	14,106
Other, net	2,546	3,583
Total tangible assets	48,173	42,013
Intangible assets		
Goodwill	2,004	1,938
Other	231	219
Total intangible assets	2,236	2,157
Investments and other assets		
Investment securities	2,675	2,971
Lease and guarantee deposits	8,663	8,333
Other	4,392	4,375
Allowance for doubtful receivables	(180)	(196)
Total investments and other assets	15,550	15,483
Total fixed assets	65,960	59,654
Deferred assets	82	176
Total assets	84,447	81,238

(millions of yen)

	December 31, 2017	March 31, 2018
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable - trade	2,461	2,333
Short-term debt	8,100	3,120
Current portion of long-term debt	3,633	3,913
Current portion of bonds	744	590
Current portion of convertible bonds with stock acquisition rights	500	500
Income taxes payable	1,234	462
Advances received	1,625	2,183
Other	4,009	3,544
Total current liabilities	22,307	16,647
Fixed liabilities		
Bonds	3,415	3,505
Long-term debt	18,848	22,409
Net defined benefit liability	353	288
Provision for directors' retirement benefits	738	754
Asset retirement obligations	2,369	2,369
Other	632	881
Total fixed liabilities	26,358	30,209
Total liabilities	48,666	46,857
Net assets		
Shareholders' equity		
Capital stock	472	472
Capital surplus	634	634
Retained earnings	33,816	33,298
Treasury stock	(892)	(892)
Total shareholders' equity	34,030	33,511
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	(66)	(92)
Deferred gain (loss) on derivatives under hedge accounting	-	(206)
Foreign currency translation adjustments	250	(279)
Remeasurements of defined benefit plans	(5)	(4)
Total accumulated other comprehensive income	178	(583)
Non-controlling interests	1,572	1,453
Total net assets	35,781	34,381
Total liabilities and net assets	84,447	81,238

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

(millions of yen)

	Three months ended March 31, 2017	Three months ended March 31, 2018
	Amount	Amount
Net sales	11,513	12,173
Cost of sales	8,570	9,173
Gross profit	2,943	3,000
Selling, general and administrative expenses	3,546	3,584
Operating income (loss)	(603)	(583)
Non-operating income		
Interest income	7	8
Dividend income	8	2
Gain on investments in silent partnership	74	71
Real estate rental income	61	59
Foreign exchange gains	56	-
Other	33	12
Total non-operating income	242	153
Non-operating expenses		
Interest expenses	55	52
Loss on valuation of derivatives	202	29
Foreign exchange loss	-	251
Other	50	30
Total non-operating expenses	309	364
Ordinary income (loss)	(670)	(794)
Extraordinary income		
Gain on sales of fixed assets	0	492
Total extraordinary income	0	492
Extraordinary loss		
Loss on disposal of fixed assets	9	12
Shop closing expenses	0	37
Other	-	7
Total extraordinary loss	9	57
Profit (loss) before income taxes	(680)	(359)
Total income taxes	(161)	(0)
Profit (loss)	(518)	(358)
Profit (loss) attributable to non-controlling interests	7	7
Profit (loss) attributable to owners of the parent	(526)	(365)

Consolidated Statements of Comprehensive Income

(millions of yen)

	Three months ended March 31, 2017	Three months ended March 31, 2018
	Amount	Amount
Profit (loss)	(518)	(358)
Other comprehensive income		
Net unrealized gain on available-for-sale securities	(9)	(26)
Deferred gain (loss) on derivatives under hedge accounting	-	(206)
Foreign currency translation adjustments	(239)	(623)
Remeasurements of defined benefit plan	0	0
Total other comprehensive income	(248)	(855)
Comprehensive income	(767)	(1,214)
(Breakdown)		
Comprehensive income attributable to owners of the parent	(715)	(1,127)
Comprehensive income attributable to non-controlling interests	(51)	(87)

(3) Notes on Quarterly Consolidated Financial Statements

(Note on the Going-concern Assumption)

Not applicable

(Changes in Significant Subsidiaries)

Effective from the first quarter of the fiscal year ending December 31, 2018, Best Bridal Korea Inc., which used to be a consolidated subsidiary of the Company, has now been excluded from the scope of consolidation due to the lack of materiality.

(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 first quarter ended March 31, 2018, 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)

Some of the Company's consolidated subsidiaries used to have a lump-sum retirement payment plan, as well as defined benefit and defined contribution corporate pension plans. Effective on April 1, 2018, however, these plans have been abolished. In relation to this abolishment, "Accounting Treatment concerning Transfer, etc. between Retirement Benefit Plans" (ASBJ Implementation Guidance No. 1 on Accounting Standard) and "Practical Solution on Accounting Treatment concerning Transfers, etc. between Retirement Benefit Plans" (Practical Issue Task Force PITF No. 2) have been implemented. The financial effect of the said implementation is immaterial on the first quarter of the fiscal year ending December 31, 2018.

(Segment Information)

II. Three months ended March 31, 2017 (January 1 to March 31, 2017)

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	6,561	4,136	815	11,513	-	11,513
Inter-segment sales and transfers	288	57	-	345	(345)	-
Total	6,850	4,193	815	11,859	(345)	11,513
Segment income (loss)	(62)	32	(114)	(143)	(459)	(603)

Notes: 1. Minus 459 million yen adjustments for the segment income or loss include 8 million yen elimination of inter-segment sales and minus 468 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 loss 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. Three months ended March 31, 2018 (January 1 to March 31, 2018)

1. Net sales and income/loss by reportable segment

(millions of yen)

	Reportable segment					
	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	7,093	4,167	912	12,173	-	12,173
Inter-segment sales and transfers	286	80	0	366	(366)	-
Total	7,379	4,247	912	12,540	(366)	12,173
Segment income (loss)	(103)	65	(128)	(166)	(417)	(583)

Notes: 1. Minus 417 million yen adjustments for the segment income or loss include 13 million yen elimination of inter-segment sales and minus 430 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 loss 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

3. Supplementary Information

Weddings Held and Orders Received

1) Number of weddings held

	Three months ended March 31, 2017	Three months ended March 31, 2018	Year ended December 31, 2017
Segment	Number of weddings held (cases)	Number of weddings held (cases)	Number of weddings held (cases)
Wedding business	2,077	2,422	11,800
Hotel business	420	363	1,845
Total	2,497	2,785	13,645

2) Wedding orders received

	Three months ended March 31, 2017		Three months ended March 31, 2018		Year ended December 31, 2017	
Segment	Orders received (cases)	Order backlog (cases)	Orders received (cases)	Order backlog (cases)	Orders received (cases)	Order backlog (cases)
Wedding business	3,566	7,667	4,031	8,558	12,571	6,949
Hotel business	507	1,344	495	1,248	1,704	1,116
Total	4,073	9,011	4,526	9,806	14,275	8,065