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November 9, 2018

Tsukada Global Holdings Inc.
Consolidated Earnings Report for the Nine Months ended September 30, 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

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, 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 Nine Months ended September 30, 2018
(January 1, 2018 – September 30, 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	%
Nine months ended September 30, 2018	42,330	6.3	1,872	39.0	2,015	39.4	1,218	105.0
Nine months ended September 30, 2017	39,833	2.6	1,346	59.9	1,445	428.1	594	-

Note: Comprehensive income: Nine months ended September 30, 2018: 802 million yen (97.3 %)
Nine months ended September 30, 2017: 406 million yen (- %)

	Profit per share	Diluted profit per share
	yen	yen
Nine months ended September 30, 2018	25.55	25.27
Nine months ended September 30, 2017	12.46	11.15

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
September 30, 2018	83,932	36,159	41.2
December 31, 2017	84,447	35,781	40.5

Reference: Total equity: September 30, 2018: 34,592 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	-	5.00	-		
Year ending December 31, 2018 (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, 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
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 in significant subsidiaries during the period: Yes

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

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 for the Nine Months Ended September 30, 2018)" on page 8 in section "2. Quarterly Consolidated Financial Statements and Main Notes" 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)" on page 8 in section "2. Quarterly Consolidated Financial Statements and Main Notes" 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, 2018	December 31, 2017
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, 2018	Nine Months ended September 30, 2017
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, 2018" in the section "1. Review of Consolidated Financial Results" on page 2 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, 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 expanded corporate profits. However, the future outlook remains clouded by the impact that trade issues could have on the global economy and the uncertainties in the economic conditions abroad.

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 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. During the nine months, 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 Kimpton Hotel Shinjuku, Tokyo (provisional name), scheduled to open in 2020 in Tokyo's Shinjuku Ward.

As a result of these efforts, in the first nine months of 2018, Tsukada Global Holdings Inc. ("the Company") posted consolidated net sales of ¥42,330 million (up 6.3 year on year). The Company recorded an operating income of ¥1,872 million (up 39.0% year on year), an ordinary income of ¥2,015 million (up 39.4% year on year) and net income of ¥1,218 million (up 105.0% year on year) attributable to owners of the parent.

The results for each business segment were as follows.

1) Wedding business

In the first nine months of fiscal 2018, sales grew in the wedding business bolstered by an increase in the number of weddings held in the mainstay Japanese market as well as at overseas facilities. Segment profits increased on the back of increased facility occupation in the period despite the impact of the startup costs for ArtGrace Next Ashiya.

As a result, net sales in the wedding business totaled ¥26,405 million (up 8.5% year on year) and segment operating income totaled ¥3,069 million (up 18.7% year on year).

2) Hotel business

The number of weddings held at our hotels decreased slightly in the first nine months of fiscal 2018, but segment sales increased as overnight occupancy rates and average charge per night grew strongly overall. The high occupancy rate as a whole contributed to an increase in segment profits.

As a result, net sales in the hotel business came to ¥13,019 million (up 1.7% year on year), and segment operating income totaled ¥319 million (up 0.3%).

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

This segment achieved strong sales growth in the period under review, as it increased memberships at its Best Style Fitness Shin-Urayasu comprehensive fitness club that opened in 2017 as well as at the fitness department of the Beauty & Relax SPA-HERBS spa complex. However, the segment posted an operating loss owing to the startup cost of eight Queensway reflexology salons and Best Style Fitness Balance Ginza and due to

seasonal factors.

As a result, the W&R business posted net sales of ¥2,905 million (up 8.0% year on year) and an operating loss of ¥276 million (compared with a loss of ¥271 million a year earlier).

(2) Analysis of Financial Condition

Assets, Liabilities, and Net Assets

Total assets as of September 30, 2018, the end of the first nine months of fiscal 2018, amounted to ¥83,932 million, a decrease of ¥515 million from the end of the previous fiscal year (December 31, 2017). The decline mainly reflects changes in fixed assets, in particular a ¥5,799 million decrease in the value of land holdings and a ¥1,105 million decline in buildings and structures, which more than offset a ¥1,135 million increase in other fixed assets (mainly construction in progress) related to the construction of Kimpton Hotel Shinjuku, Tokyo (provisional name) and a ¥5,333 million increase in cash and deposits owing to proceeds on the sale of commercial-use land at Jingumae in Tokyo as well as financing.

Total liabilities as of September 30, 2018, came to ¥47,772 million, a decrease of ¥893 million from the end of the previous fiscal year. The decline reflects a ¥7,610 million reduction in short-term debt, a ¥500 million fall in the current portion of convertible bonds with stock acquisition rights and a ¥728 million decrease in income taxes payable, which outweighed a ¥8,094 million increase in long-term debt related to financing capital investments (including the current portion of long-term debt).

Net assets as of September 30, 2018, totaled ¥36,159 million, ¥378 million more than at the end of the previous fiscal year. The major changes is a ¥827 million increase in retained earnings reflecting the posting of a quarterly net profit attributable to owners of the parent, which offset a ¥282 million decrease in foreign currency translation adjustments caused by the stronger yen.

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

There is no change to the consolidated earnings forecasts for the year ending December 31, 2018 that the Company reported in its second quarter Consolidated Earnings Report dated August 7, 2018.

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

	(millions of yen)	
	December 31, 2017	September 30 2018
	Amount	Amount
Assets		
Current assets		
Cash and deposits	14,985	20,319
Accounts receivable - trade	1,108	1,123
Merchandise	118	124
Raw materials and supplies	557	477
Other	1,672	2,100
Allowance for doubtful receivables	(38)	(23)
Total current assets	18,404	24,121
Fixed assets		
Tangible assets		
Buildings and structures, net	24,745	23,640
Land	20,881	15,082
Other, net	2,546	3,681
Total tangible assets	48,173	42,404
Intangible assets		
Goodwill	2,004	1,804
Other	231	193
Total intangible assets	2,236	1,998
Investments and other assets		
Investment securities	2,675	2,940
Lease and guarantee deposits	8,663	8,183
Other	4,392	4,316
Allowance for doubtful receivables	(180)	(198)
Total investments and other assets	15,550	15,242
Total fixed assets	65,960	59,645
Deferred assets	82	165
Total assets	84,447	83,932

	(millions of yen)	
	December 31, 2017	September 30, 2018
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable - trade	2,461	2,447
Short-term debt	8,100	490
Current portion of long-term debt	3,633	3,156
Current portion of bonds	744	590
Current portion of convertible bonds with stock acquisition rights	500	-
Income taxes payable	1,234	506
Advances received	1,625	2,186
Other	4,009	3,587
Total current liabilities	22,307	12,964
Fixed liabilities		
Bonds	3,415	3,210
Long-term debt	18,848	27,419
Net defined benefit liability	353	304
Provision for directors' retirement benefits	738	774
Asset retirement obligations	2,369	2,386
Other	632	712
Total fixed liabilities	26,358	34,807
Total liabilities	48,666	47,772
Net assets		
Shareholders' equity		
Capital stock	472	472
Capital surplus	634	634
Retained earnings	33,816	34,643
Treasury stock	(892)	(892)
Total shareholders' equity	34,030	34,857
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	(66)	(118)
Deferred gain (loss) on derivatives under hedge accounting	-	(109)
Foreign currency translation adjustments	250	(32)
Remeasurements of defined benefit plan	(5)	(5)
Total accumulated other comprehensive income	178	(265)
Non-Controlling interests	1,572	1,567
Total net assets	35,781	36,159
Total liabilities and net assets	84,447	83,932

(2) Consolidated Statements of Income and Comprehensive Income

	Consolidated Statements of Income		(millions of yen)
	Nine months ended September 30, 2017	Nine months ended September 30, 2018	
	Amount	Amount	
Net sales	39,833	42,330	
Cost of sales	27,753	29,646	
Gross profit	12,080	12,683	
Selling, general and administrative expenses	10,733	10,811	
Operating income	1,346	1,872	
Non-operating income			
Interest income	28	22	
Dividend income	23	8	
Gain on investments in silent partnership	163	150	
Real estate rental income	189	168	
Foreign exchange gains	78	7	
Other	88	65	
Total non-operating income	571	423	
Non-operating expenses			
Interest expenses	163	165	
Loss on valuation of derivatives	189	-	
Real estate rental expenses	73	75	
Other	45	38	
Total non-operating expenses	472	280	
Ordinary income	1,445	2,015	
Extraordinary Income			
Gain on sales of fixed assets	0	492	
Gain on sales of investment securities	1	-	
Other	-	1	
Total extraordinary income	1	493	
Extraordinary loss			
Loss on disposal of fixed assets	11	40	
Loss on sales of investment securities	10	-	
Shop closing expenses	0	65	
Impairment loss	149	180	
Other	0	8	
Total extraordinary loss	171	294	
Profit before income taxes	1,276	2,214	
Income taxes	661	975	
Profit for the period	614	1,239	
Profit attributable to non-controlling interests	19	20	
Profit attributable to owners of the parent	594	1,218	

Consolidated Statements of Comprehensive Income

	Nine months ended September 30, 2017	(millions of yen) Nine months ended September 30, 2018
	Amount	Amount
Profit for the period	614	1,239
Other comprehensive income		
Net unrealized gain on available-for-sale securities	8	(51)
Deferred gain (loss) on derivatives under hedge accounting	-	(109)
Foreign currency translation adjustments	(215)	(276)
Remeasurements of defined benefit plan	(0)	0
Total other comprehensive income	(207)	(436)
Comprehensive income	406	802
(Breakdown)		
Comprehensive income attributable to owners of the parent	438	775
Comprehensive income attributable to non-controlling interests	(32)	26

(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, 2018)

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

(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, 2018, and then multiplying profit 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 Issues Task Force PITF No. 2) have been implemented. The financial effect of the said implementation is immaterial on the nine months of the fiscal year ending December 31, 2018.

(Segment Information)

[Segment Information]

I. 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 remained in some fixed assets held in the "Wedding business" and "W&R business" segments, the Company concluded that the recovery of the investment in these assets could not likely be made. Hence, the book value of these assets was written down to the recoverable amount, while the resulting extraordinary loss was 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 was reported respectively in the first nine months of the fiscal year ending December 31, 2017.

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

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	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 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" segment, the Company has concluded that the recovery of the investment in these assets could not likely be made during the nine months of the fiscal year ending December 2018. Hence, the book value of these assets has been written down to the recoverable amount, while the resulting extraordinary loss of 180 million yen has been reported as impairment loss.

3. Supplementary Information
Weddings Held and Orders Received

1) Number of weddings held

	Nine months ended September 30, 2017	Nine months ended September 30, 2018	Year ended December 31, 2017
Segment	Number of weddings held (cases)	Number of weddings held (cases)	Number of weddings held (cases)
Wedding business	8,238	9,086	11,800
Hotel business	1,268	1,194	1,845
Total	9,506	10,280	13,645

2) Wedding orders received

	Nine months ended September 30, 2017		Nine months ended September 30, 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	9,741	7,681	10,287	8,150	12,571	6,949
Hotel business	1,394	1,383	1,427	1,349	1,704	1,116
Total	11,135	9,064	11,714	9,499	14,275	8,065