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May 12, 2017

Tsukada Global Holdings Inc.
Consolidated Earnings Report for the Three Months ended March 31, 2017
(Japanese GAAP)

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

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

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Scheduled dates:

Filing of statutory quarterly financial report (*shihanki hokokusho*): May 15, 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 Three Months ended March 31, 2017
(January 1, 2017 – March 31, 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	%
Three months ended March 31, 2017	11,513	(0.5)	(603)	-	(670)	-	(526)	-
Three months ended March 31, 2016	11,571	7.6	(588)	-	(866)	-	(692)	-

Note: Comprehensive income: Three months ended March 31, 2017: (767) million yen (- %)
Three months ended March 31, 2016: (746) million yen (- %)

	Profit per share	Diluted profit per share
	yen	yen
Three months ended March 31, 2017	(11.03)	-
Three months ended March 31, 2016	(14.19)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
March 31, 2017	84,619	33,222	37.4
December 31, 2016	84,752	34,228	38.5

Reference: Total equity: March 31, 2017: 31,664 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	-				
Year ending December 31, 2017 (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, 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
Six months ending June 30, 2017	26,300	1.5	350	(1.4)	400	-	150	-	3.14
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) 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 Major 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, 2017	December 31, 2016
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, 2017	Three Months ended March 31, 2016
3) Average number of shares outstanding during the period	47,700,166	48,801,360

* 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.

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1. Review of Consolidated Financial Results

(1) Operating Results

In the first three months of the fiscal year ending December 31, 2017, the Japanese economy followed a moderate recovery path, thanks to the improvement in personal spending and employment situation due to the favorable impact of the government's economic policies. Nonetheless, the future outlook remains unclear in view of uncertainties over the direction of U.S. policies and the Chinese and other Asian economies.

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 markets while working to create new value, develop high-quality, extremely appealing outlets, and provide high value-added services.

Based on this policy, the Company is taking steps to expand its earnings and geographical operating areas with its first foray into Okinawa Prefecture and preparations for the opening of its new outlet "The Strings Omotesando" (Minato Ward, Tokyo).

As a result of these efforts, in the first three months of the fiscal year ending December 31, 2017, Tsukada Global Holdings Inc. ("the Company") posted consolidated net sales of ¥11,513 million (down 0.5% year on year). This decrease largely reflects the reduction in the number of weddings held partly due to the decline in the number of business days (national holidays) in the wedding segment, our core business. The company posted an operating loss of ¥603 million (compared with a loss of ¥588 million a year earlier), ordinary loss of ¥670 million (compared with a loss of ¥866 million a year earlier) and net loss of ¥526 million (compared with a loss of ¥692 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 three months of fiscal 2017, the number of weddings held and sales in the wedding business declined year on year primarily owing to the decreased number of business days (national holidays).

As a result, net sales in the wedding business were ¥6,561 million (down 3.9% year on year), and segment operating loss was ¥62 million (compared with a segment income of ¥28 million a year earlier).

b. Hotel business

In the first three months of fiscal 2017, sales of the hotel business increased slightly partly buttressed by the steady increases in the overnight accommodation occupancy rate and average customer spend thanks to the continued steady flow of visitors to Japan since last year. Another factor is the continued uptrend in the number of orders received and weddings held in the hotel wedding business.

As a result, net sales in the hotel business reached ¥4,136 million (up 0.5% year on year), while segment operating income totaled ¥32 million (compared with a segment loss of ¥120 million a year earlier).

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

In the first three months of fiscal 2017, sales surged fueled by the full three-month term operation of the spa complex - Beauty & Relax SPA-HERBS.

As a result, net sales in the W&R business came to ¥815 million (up 30.4% year on year), while segment operating loss totaled ¥114 million (compared with a segment loss of ¥78 million a year earlier).

(2) Analysis of Financial Condition

Assets, Liabilities, and Net Assets

Total assets at the end of the first three months of fiscal year 2017 (March 31, 2017) amounted to ¥84,619 million, a decrease of ¥133 million from the end of the previous fiscal year (December 31, 2016). The decline was mainly the result of a ¥351 million increase in other current assets primarily due to a rise in deferred tax assets and decrease of ¥553 million in cash and deposits.

Liabilities at the end of the first three months of the fiscal year came to ¥51,396 million, an increase of ¥872 million compared with the end of the previous fiscal year. The rise is chiefly attributable to a net increase of ¥637 million in advances received and ¥1,420 million in debt and corporate bonds, which eclipsed the impact of a decrease of ¥828 million in income taxes payable.

Net assets at the end of the first three months of fiscal year 2017 amounted to ¥33,222 million, ¥1,005 million less than at the end of the previous fiscal year. This decline largely reflects the net loss of ¥526 million attributable to owners of the parent and dividend payments of ¥238 million from retained earnings.

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

There is no change to the consolidated earnings forecasts for the six months ending June 30, 2017 and the year ending December 31, 2017 which the Company announced in its fiscal 2016 Consolidated Earnings Report dated February 14, 2017.

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

	(millions of yen)	
	December 31, 2016	March 31, 2017
	Amount	Amount
Assets		
Current assets		
Cash and deposits	15,468	14,914
Accounts receivable - trade	966	926
Marketable securities	-	41
Merchandise	114	103
Raw materials and supplies	506	504
Other	2,008	2,360
Allowance for doubtful receivables	(64)	(66)
Total current assets	19,000	18,785
Fixed assets		
Tangible assets		
Buildings and structures, net	23,597	23,596
Land	21,156	20,819
Other, net	2,585	2,856
Total tangible assets	47,338	47,272
Intangible assets		
Goodwill	2,271	2,204
Other	272	269
Total intangible assets	2,543	2,474
Investments and other assets		
Investment securities	3,058	3,325
Lease and guarantee deposits	8,649	8,664
Other	4,062	3,992
Total investments and other assets	15,771	15,982
Total fixed assets	65,653	65,729
Deferred assets	98	104
Total assets	84,752	84,619

	December 31, 2016	March 31, 2017
	Amount	Amount
(millions of yen)		
Liabilities		
Current liabilities		
Accounts payable - trade	2,362	2,162
Short-term debt	-	600
Current portion of long-term debt	13,062	12,388
Current portion of bonds	824	886
Income taxes payable	1,112	283
Advances received	1,336	1,974
Other	3,366	3,184
Total current liabilities	22,065	21,479
Fixed liabilities		
Bonds	3,684	3,795
Convertible bonds with stock acquisition rights	5,000	5,000
Long-term debt	15,747	17,069
Net defined benefit liability	332	343
Provision for directors' retirement benefits	702	711
Asset retirement obligations	2,339	2,354
Other	652	642
Total fixed liabilities	28,459	29,917
Total liabilities	50,524	51,396
Net assets		
Shareholders' equity		
Capital stock	472	472
Capital surplus	634	634
Retained earnings	32,090	31,326
Treasury stock	(892)	(892)
Total shareholders' equity	32,304	31,539
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	(58)	(67)
Foreign currency translation adjustments	376	195
Remeasurements of defined benefit plans	(3)	(3)
Total accumulated other comprehensive income	313	124
Non-controlling interests	1,610	1,558
Total net assets	34,228	33,222
Total liabilities and net assets	84,752	84,619

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

	Three months ended March 31, 2016	(millions of yen) Three months ended March 31, 2017
	Amount	Amount
Net sales	11,571	11,513
Cost of sales	8,760	8,570
Gross profit	2,810	2,943
Selling, general and administrative expenses	3,399	3,546
Operating income (loss)	(588)	(603)
Non-operating income		
Interest income	19	7
Dividend income	8	8
Gain on investments in silent partnership	74	74
Real estate rental income	11	61
Foreign exchange gains	-	56
Other	29	33
Total non-operating income	142	242
Non-operating expenses		
Interest expenses	61	55
Loss on valuation of derivatives	106	202
Foreign exchange loss	244	-
Other	9	50
Total non-operating expenses	421	309
Ordinary income (loss)	(866)	(670)
Extraordinary income		
Gain on sales of fixed assets	0	0
Reversal gains of provision for directors' retirement benefits	14	-
Total extraordinary income	14	0
Extraordinary loss		
Loss on disposal of fixed assets	3	9
Shop closing expenses	1	0
Loss on sales of investment securities	117	-
Total extraordinary loss	122	9
Profit (loss) before income taxes	(975)	(680)
Total income taxes	(283)	(161)
Profit (loss)	(692)	(518)
Profit (loss) attributable to non-controlling interests	-	7
Profit (loss) attributable to owners of the parent	(692)	(526)

Consolidated Statements of Comprehensive Income

	(millions of yen)	
	Three months ended March 31, 2016	Three months ended March 31, 2017
	Amount	Amount
Profit (loss)	(692)	(518)
Other comprehensive income		
Net unrealized gain on available-for-sale securities	39	(9)
Foreign currency translation adjustments	(93)	(239)
Remeasurements of defined benefit plan	0	0
Total other comprehensive income	(53)	(248)
Comprehensive income	(746)	(767)
(Breakdown)		
Comprehensive income attributable to owners of the parent	(746)	(715)
Comprehensive income attributable to non-controlling interests	-	(51)

(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 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, 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)

I. Three months ended March 31, 2016 (January 1 to March 31, 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	6,829	4,117	625	11,571	-	11,571
Inter-segment sales and transfers	310	97	-	408	(408)	-
Total	7,140	4,214	625	11,979	(408)	11,571
Segment income (loss)	28	(120)	(78)	(170)	(418)	(588)

- Notes:
1. Minus 418 million yen adjustments for the segment income or loss include 2 million yen elimination of inter-segment sales and minus 420 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, 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

3. Supplementary Information
Weddings Held and Orders Received

1) Number of weddings held

	Three months ended March 31, 2016	Three months ended March 31, 2017	Year ended December 31, 2016
Segment	Number of weddings held (cases)	Number of weddings held (cases)	Number of weddings held (cases)
Wedding business	2,204	2,077	11,401
Hotel business	415	420	1,799
Total	2,619	2,497	13,200

2) Wedding orders received

	Three months ended March 31, 2016		Three months ended March 31, 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	3,329	7,141	3,566	7,667	11,563	6,178
Hotel business	507	1,334	507	1,344	1,814	1,257
Total	3,836	8,475	4,073	9,011	13,377	7,435