

Briefing Materials on Consolidated Results for the First Half of Fiscal Year 2014



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WATABE WEDDING

Overview of Consolidated Results for the First Half of FY2014

Overview of Consolidated Results

(Millions of yen)

Item	1Q-2Q FY2013	1Q-2Q FY2014	Year on Year Change
Net sales	22,575	20,577	Down 8.9%
Gross profit	14,683	13,268	Down 9.6%
Gross profit ratio	65.0%	64.5%	—
Selling, general and administrative expenses	16,146	14,720	Down 8.8%
SG&A ratio	71.5%	71.5%	—
Operating income (loss)	(1,463)	(1,452)	—
Operating income ratio	-6.5%	-7.1%	—
Ordinary income (loss)	(1,548)	(1,414)	—
Ordinary income ratio	-6.9%	-6.9%	—
Net income (loss)	(1,168)	(1,094)	—

Overview by Business Segment

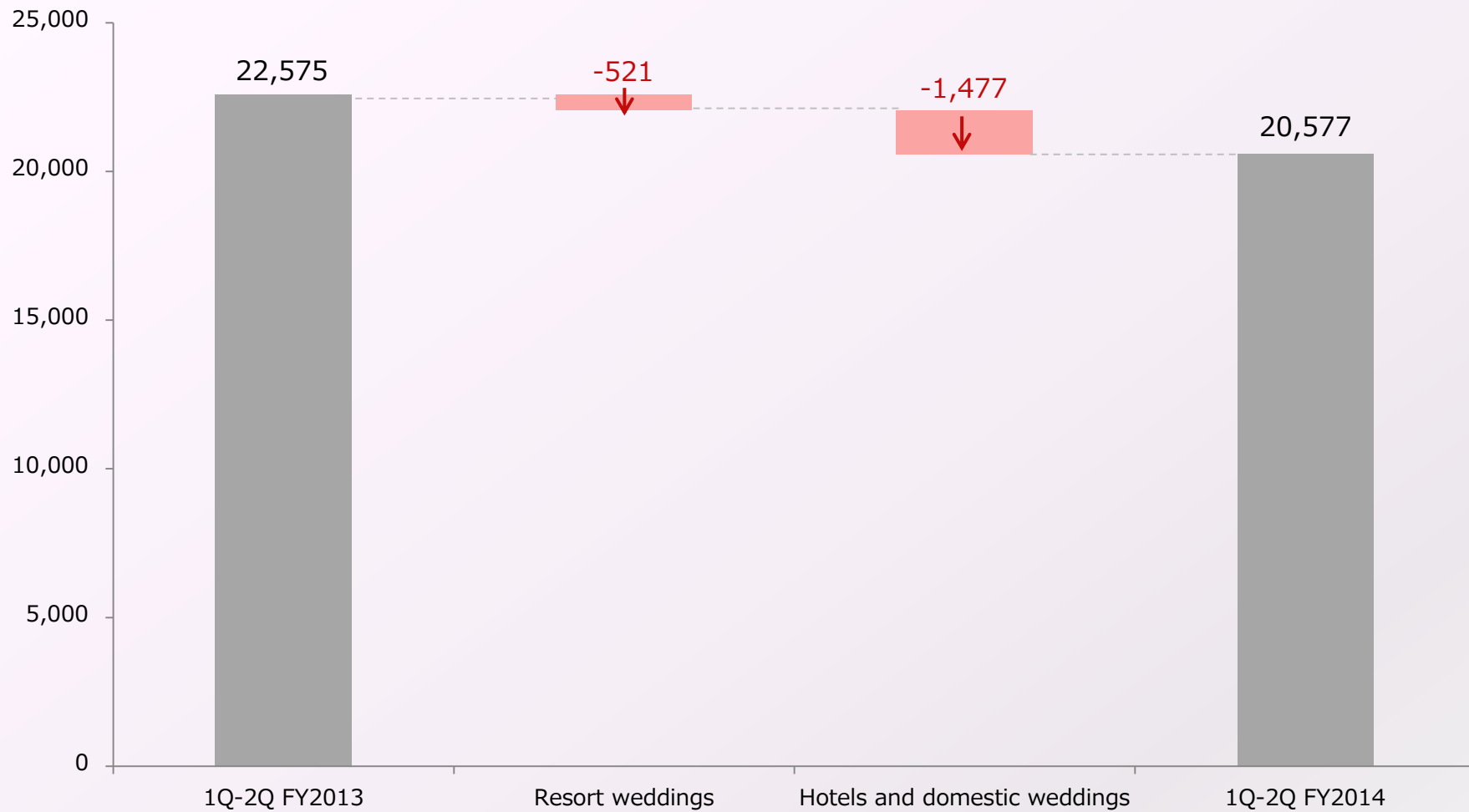
(Millions of yen)

Item	Consolidated		Resort weddings		Hotels and domestic weddings		Adjustments	
	1Q-2Q FY2013	1Q-2Q FY2014	1Q-2Q FY2013	1Q-2Q FY2014	1Q-2Q FY2013	1Q-2Q FY2014	1Q-2Q FY2013	1Q-2Q FY2014
Net sales (Sales to customers)	22,575	20,577	9,142	8,621	13,433	11,955	0	0
Operating income (loss)	(1,463)	(1,452)	(1,130)	(502)	(326)	(964)	(5)	14
Operating income ratio	-6%	-7%	-12%	-6%	-2%	-8%	—	—

Net sales: Sales to customers

Net Sales Factor Analysis

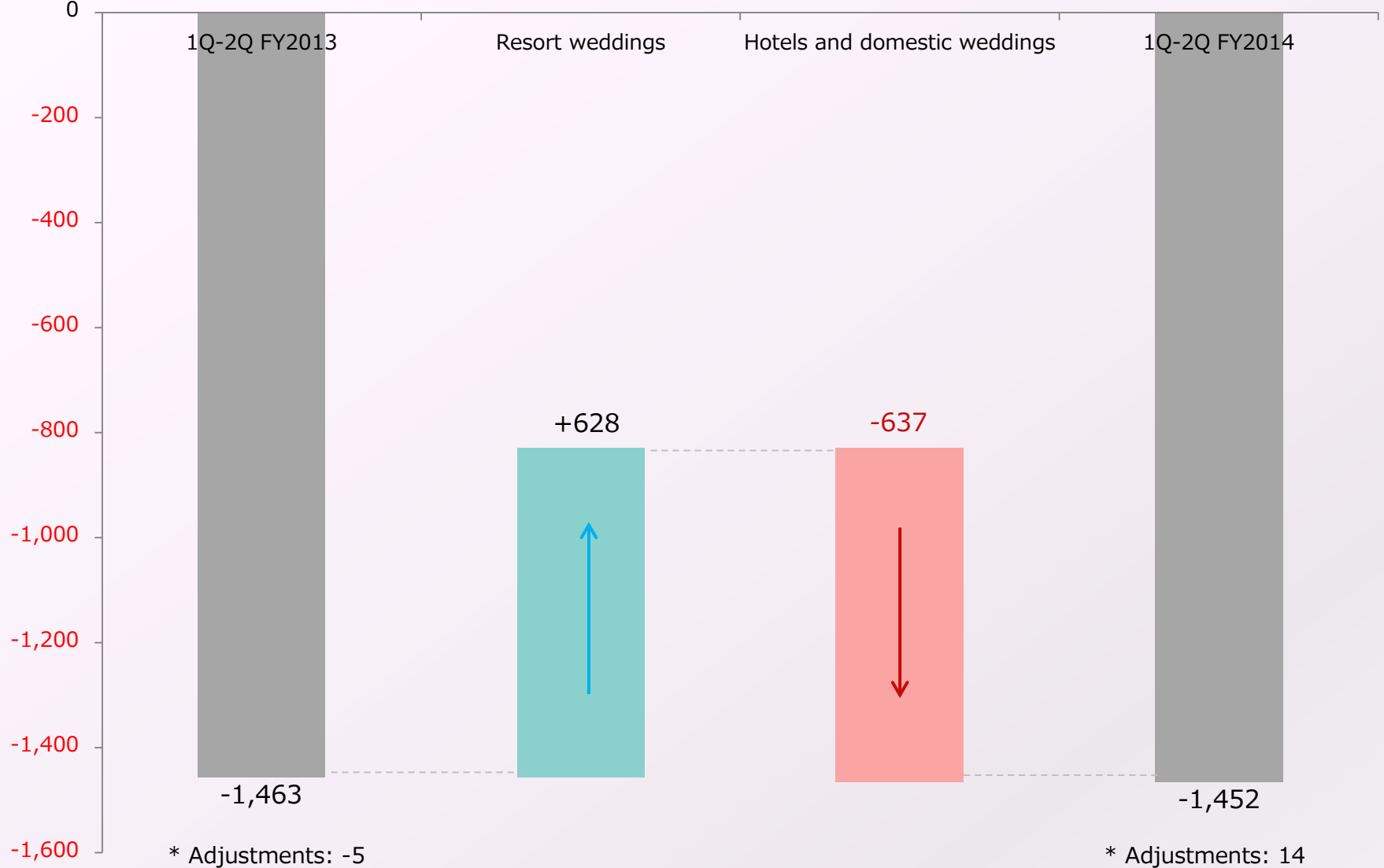
(Millions of yen)



Segment Income Factor Analysis

(Millions of yen)

* Including adjustments

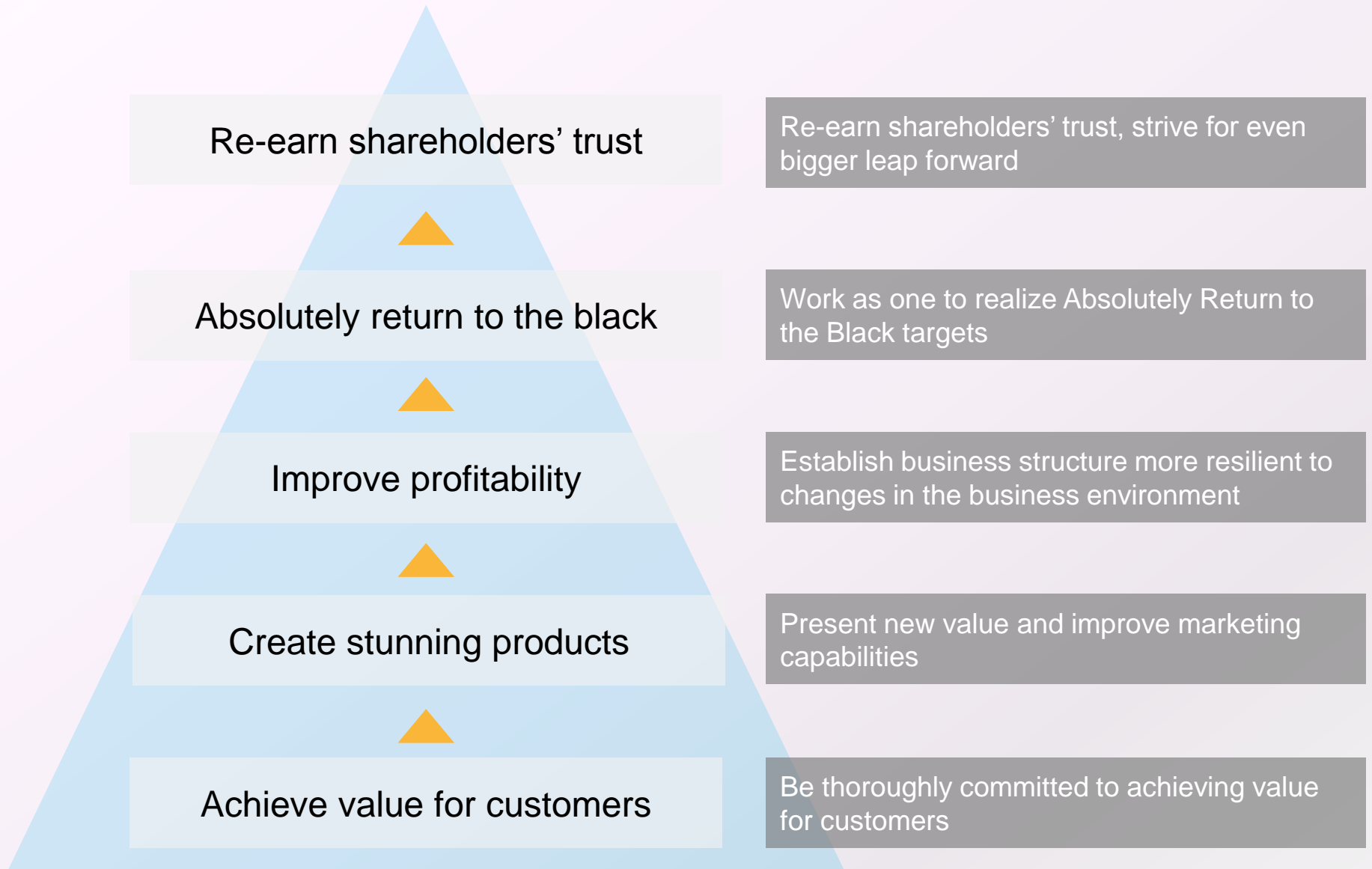


Consolidated Balance Sheets

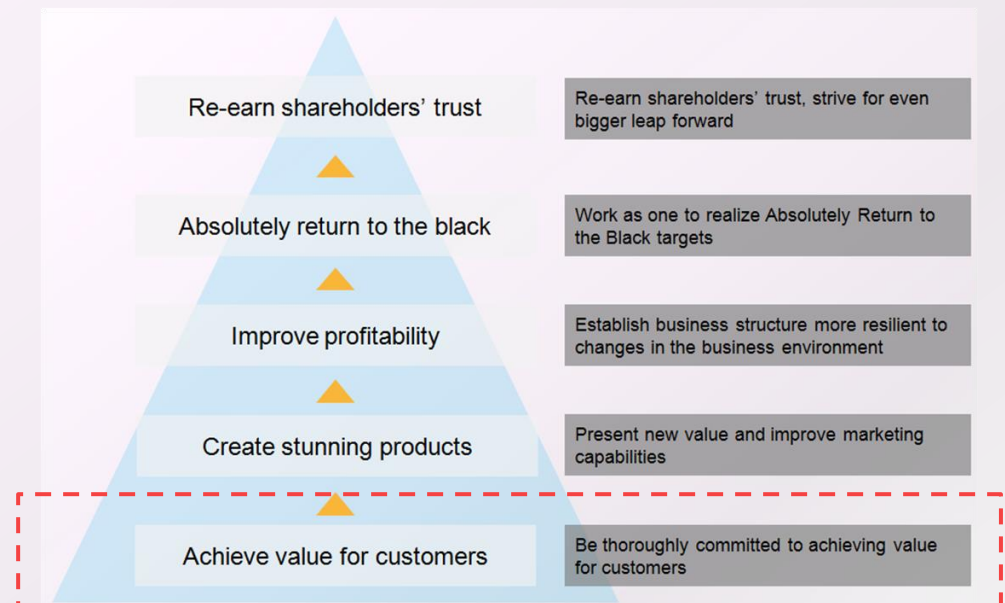
ASSETS	As of Mar. 31, 2014	As of Sep. 30, 2014
Current assets		
Cash and deposits	6,267	4,034
Accounts receivable-trade	1,785	1,600
Other	2,453	2,714
Total current assets	10,505	8,348
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,335	4,449
Other	3,657	3,746
Total property, plant and equipment	7,992	8,195
Intangible assets	854	734
Investments and other assets		
Guarantee deposits	2,980	2,995
Other	1,406	1,501
Total investments and other assets	4,386	4,496
Total non-current assets	13,233	13,426
Total assets	23,739	21,775

LIABILITIES	As of Mar. 31, 2014	As of Sep. 30, 2014
Current liabilities		
Accounts payable-trade	1,813	1,416
Short-term loans payable	1,325	1,425
Advances received	2,322	2,764
Other	3,349	2,381
Total current liabilities	8,809	7,986
Non-current liabilities		
Long-term loans payable	1,075	812
Asset retirement obligations	442	542
Other	1,423	1,536
Total non-current liabilities	2,940	2,890
Total liabilities	11,750	10,877
NET ASSETS		
Shareholders' equity		
Capital stock	4,176	4,176
Capital surplus	4,038	4,038
Retained earnings	4,344	3,184
Treasury shares	(0)	(0)
Total shareholders' equity	12,558	11,398
Total other comprehensive income (loss)	(606)	(546)
Minority interests	37	44
Total net assets	11,989	10,897
Total liabilities and net assets	23,739	21,775

Business Strategies for FY2014



Achieve Value for Customers

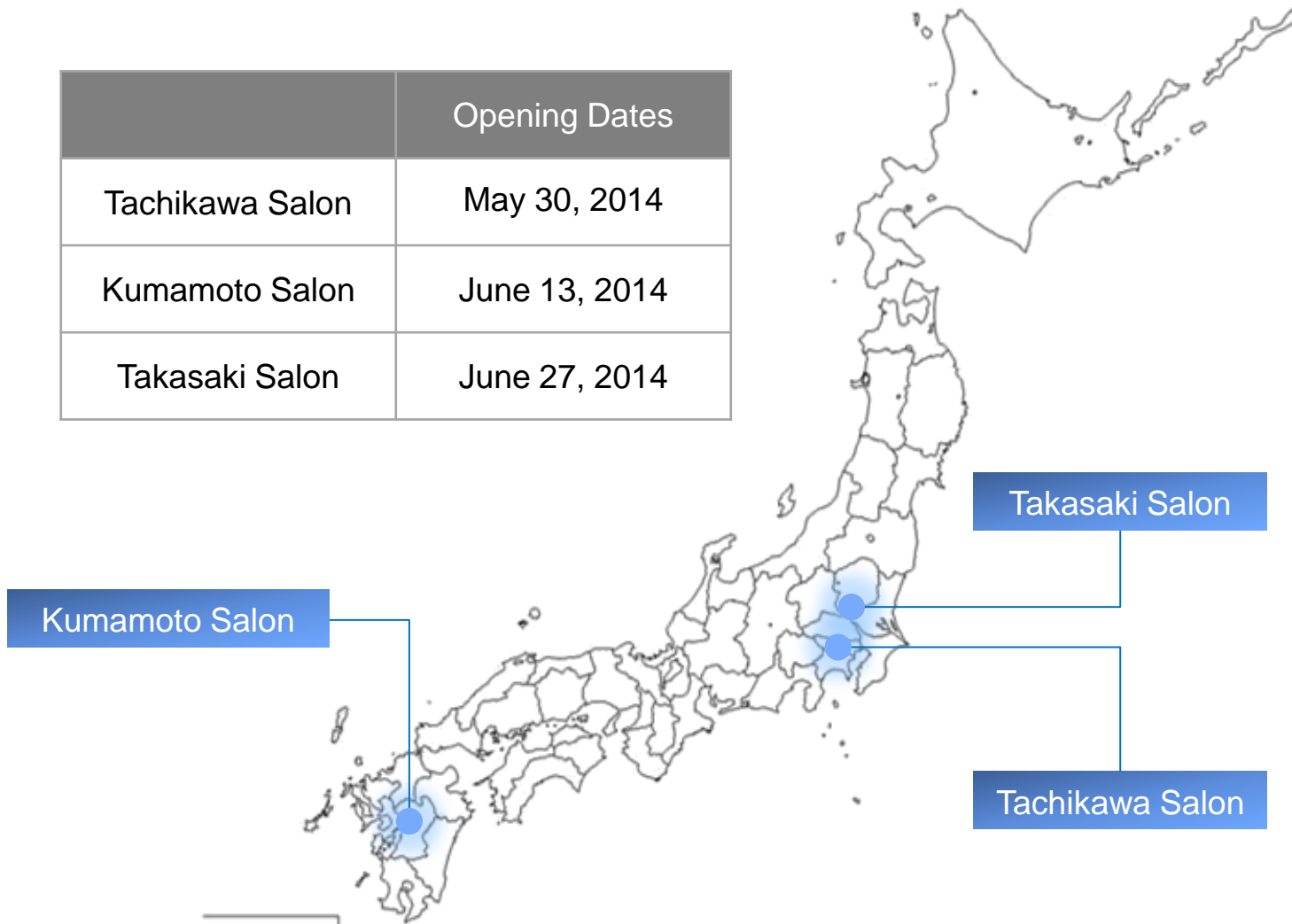


[Resort Weddings Business]

Salon Restructuring — Open Locations with Regional Emphasis

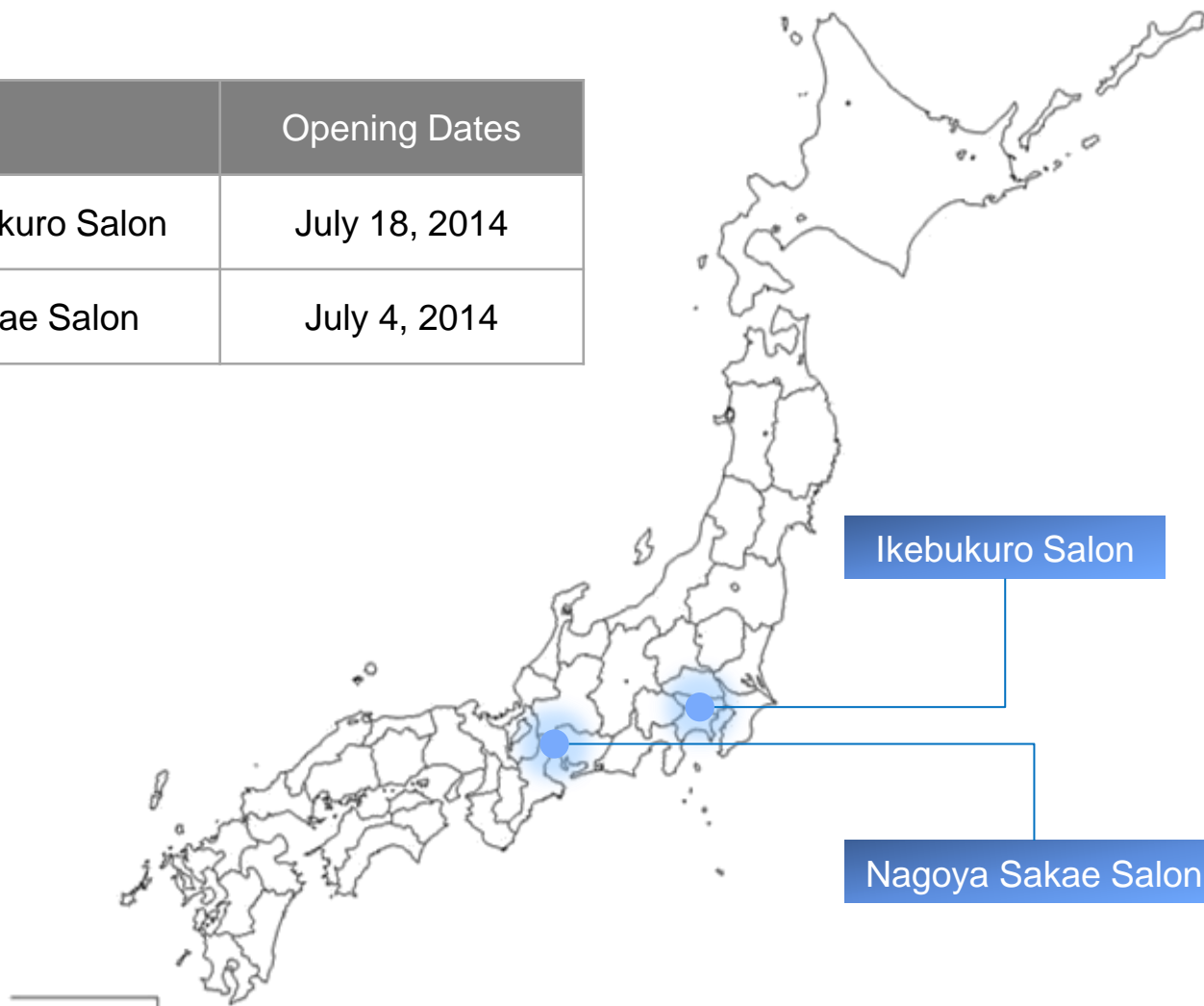
Expand sphere of activity and invigorate demand for resort weddings

	Opening Dates
Tachikawa Salon	May 30, 2014
Kumamoto Salon	June 13, 2014
Takasaki Salon	June 27, 2014



Expand sphere of activity and invigorate demand for resort weddings

	Opening Dates
Ikebukuro Salon	July 18, 2014
Sakae Salon	July 4, 2014



Opening of the newly designed *Shunyuki*, Meguro Gajoen's main dining hall

We offer privacy and comfort in a traditional Chinese setting with partitioned dining areas and Meguro Gajoen's original rotating table trays.



Rename all 10 locations of the newly branded Hotel Mielparque

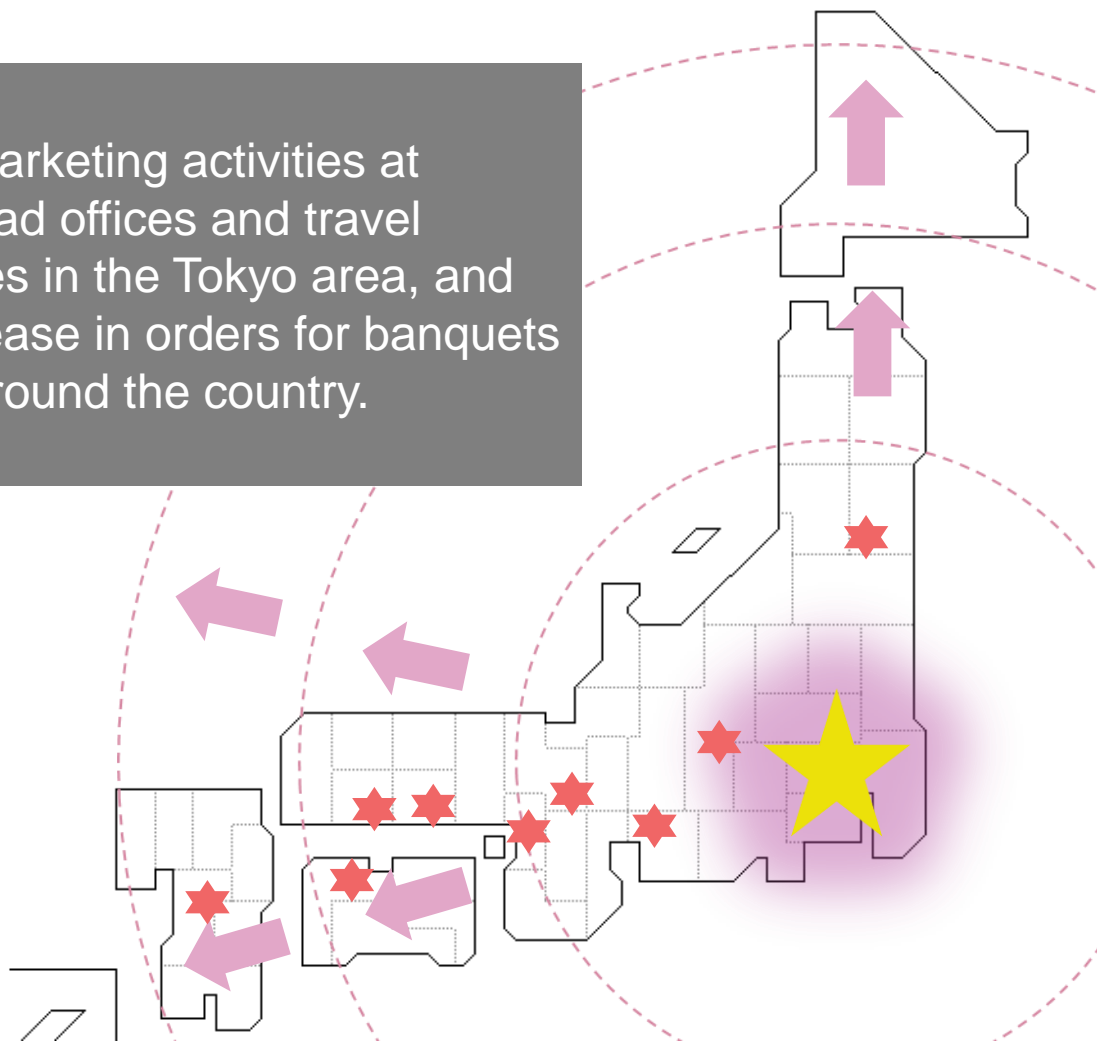
Hotel Mielparque Sendai
Hotel Mielparque Tokyo
Hotel Mielparque Yokohama
Hotel Mielparque Nagano
Hotel Mielparque Nagoya
Hotel Mielparque Osaka
Hotel Mielparque Okayama
Hotel Mielparque Hiroshima
Hotel Mielparque Matsuyama
Hotel Mielparque Kumamoto



Establish Tokyo business center and reinforce banquet business

Undertake marketing activities at corporate head offices and travel agency offices in the Tokyo area, and elicit an increase in orders for banquets at facilities around the country.

★ Mielparque locations

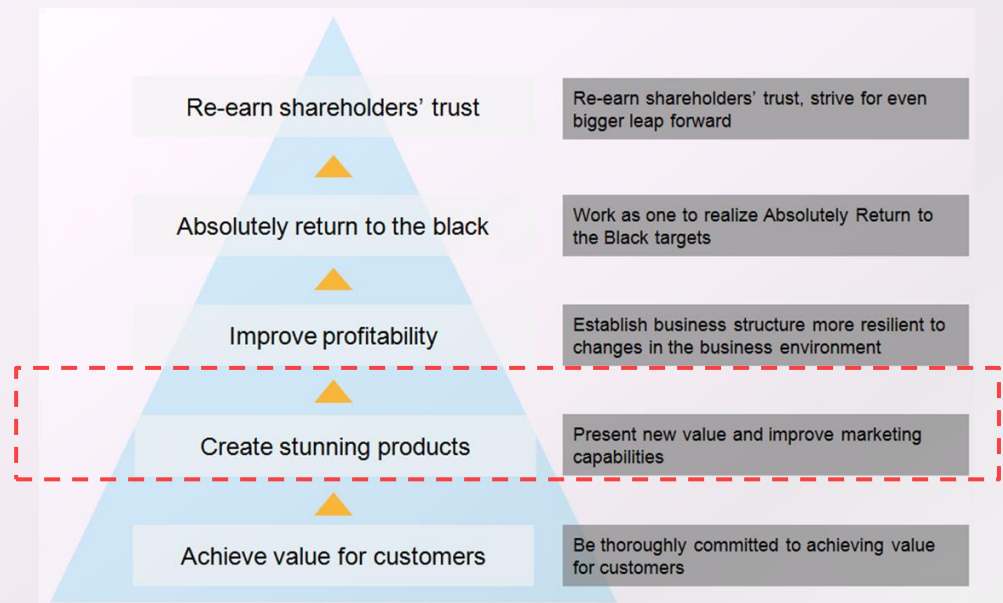


Asia Strategy: Developing Business Schemes and Boosting Profitability

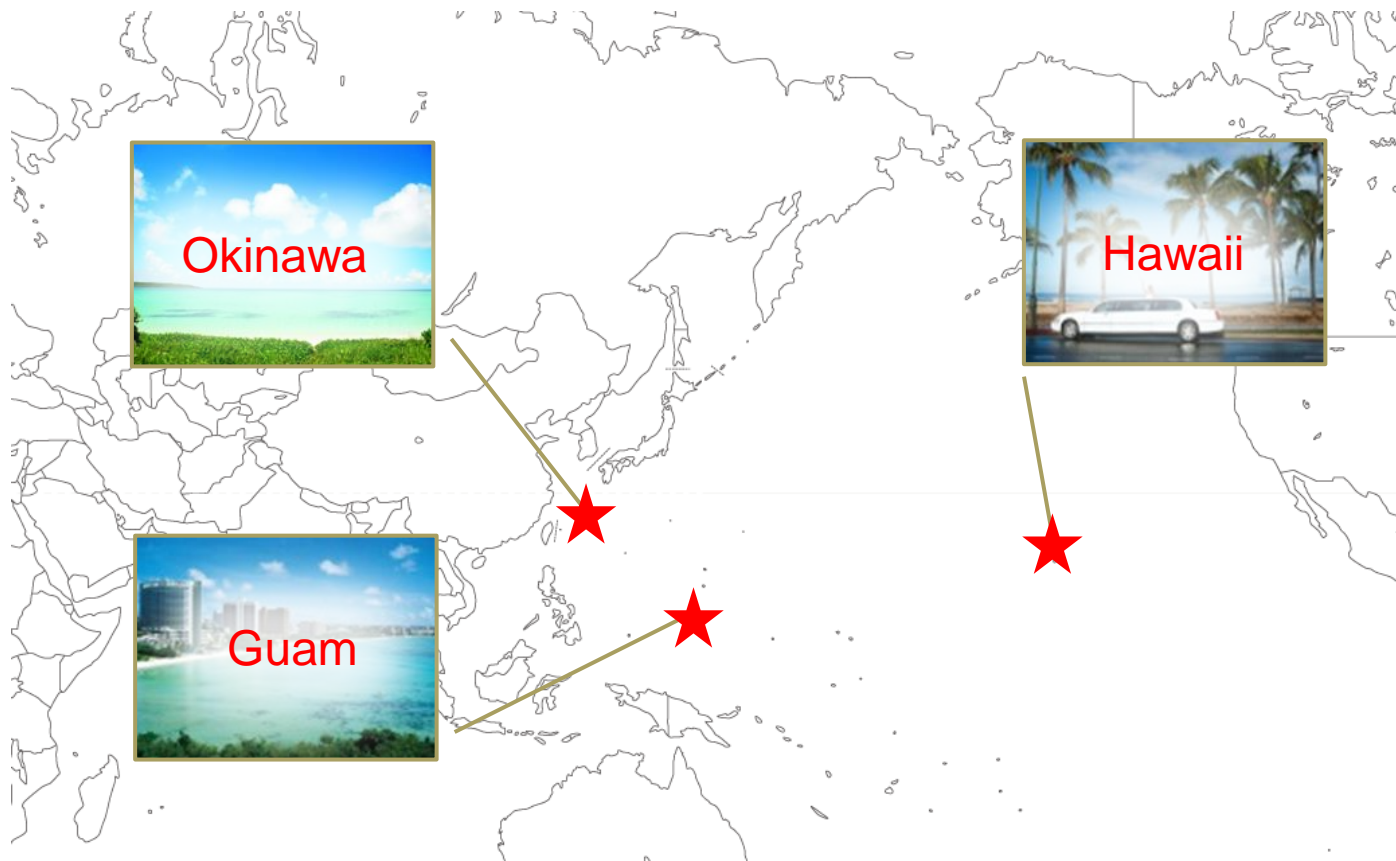
Establish product and operating structures matched to the needs of customers in Asia



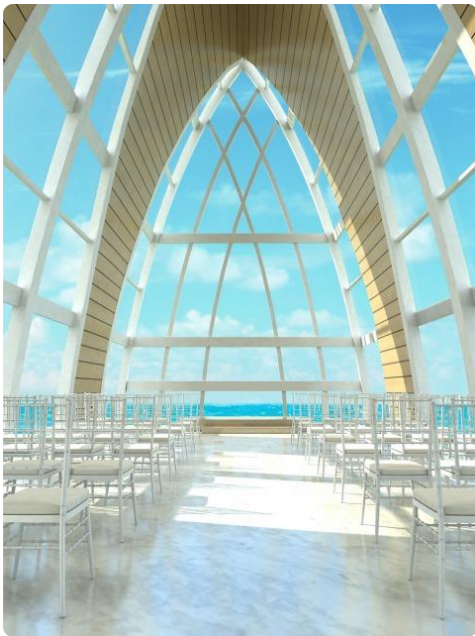
Create Stunning Products



Open or renovate chapels in popular resort wedding areas



Launch our exclusive wedding service at the new chapel of The Ritz-Carlton, Bali



The Majestic Chapel

alohina, a bridal gown designed by Hinano Yoshikawa

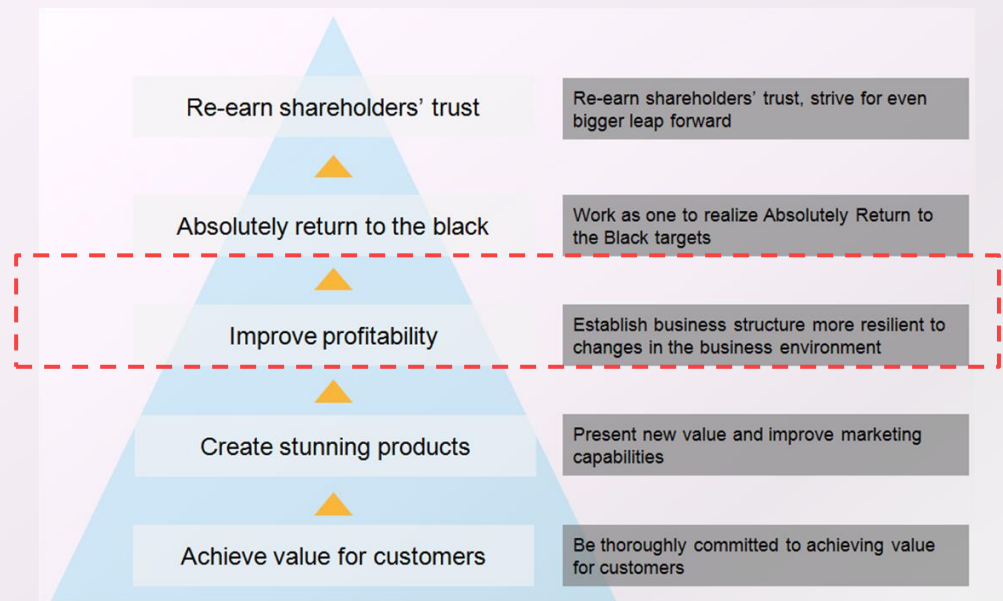
“*alohina*” is a bridal gown brand designed by Japanese fashion model and actress Hinano Yoshikawa for resort weddings. The brand’s name was created by combining the Hawaiian word for “shiny, bright sky,” *alohilani*, and Ms. Yoshikawa’s first name, Hinano.



Newly redesigned wedding album series

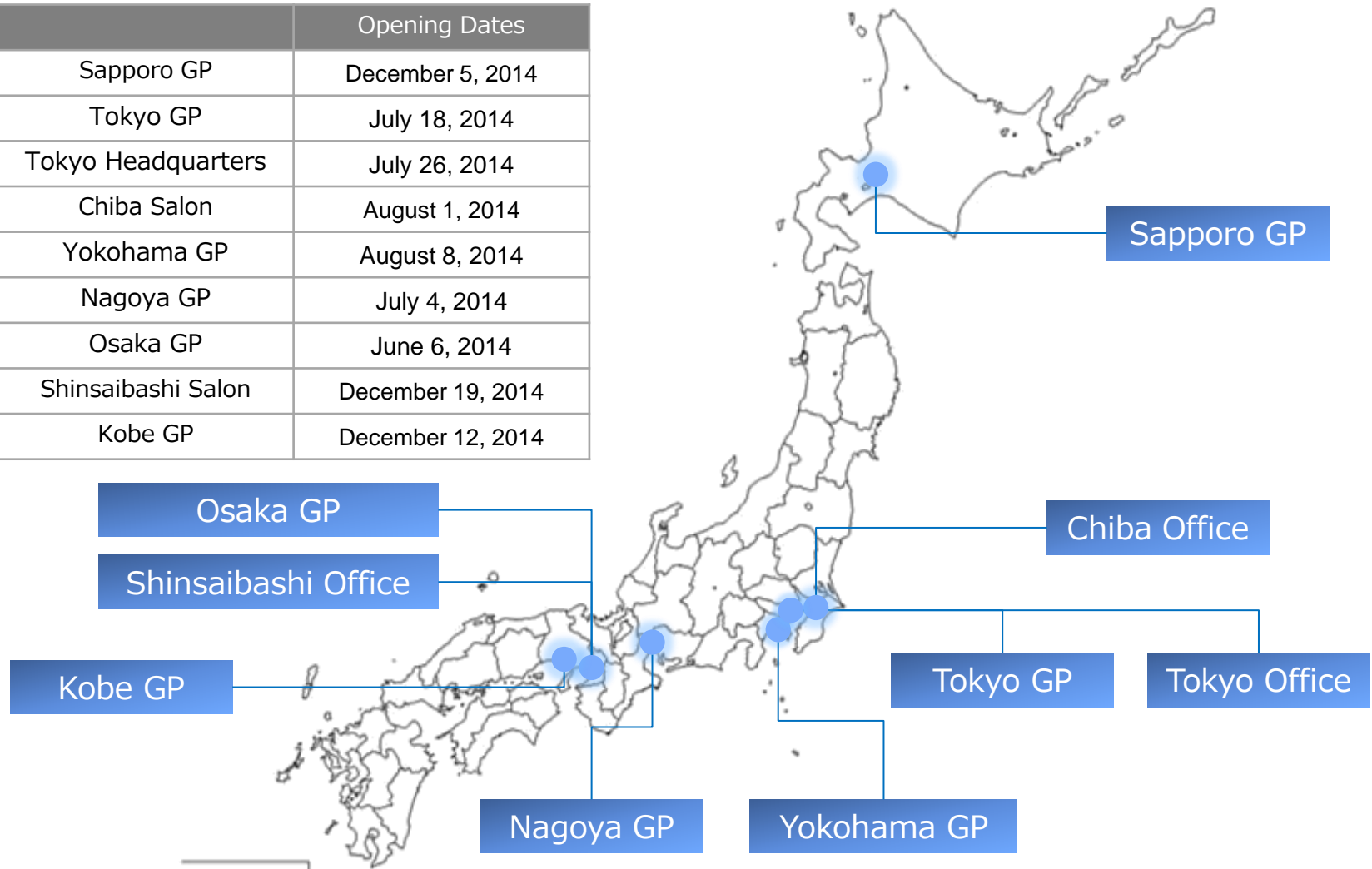


Improve Profitability



Expand sphere of activity and invigorate demand for resort weddings

	Opening Dates
Sapporo GP	December 5, 2014
Tokyo GP	July 18, 2014
Tokyo Headquarters	July 26, 2014
Chiba Salon	August 1, 2014
Yokohama GP	August 8, 2014
Nagoya GP	July 4, 2014
Osaka GP	June 6, 2014
Shinsaibashi Salon	December 19, 2014
Kobe GP	December 12, 2014



Consolidated Results Forecast for FY2014

	FY2014 Forecast	FY2013 Results	Change
Net sales	45,600	47,710	-2,110
Operating income (loss)	100	(765)	865
Ordinary income (loss)	130	(814)	944
Net income (loss)	(100)	(3,524)	3,424

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