

Watabe Wedding Corporation

Briefing Materials on Consolidated Results for the First Three Months of FY2015



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WATABE WEDDING

Overview of Consolidated Results for the First Three Months of FY2015

Overview of Consolidated Results

(Millions of yen)

| Item | 1Q FY2014 | 1Q FY2015 | Year on year change |
|---|--------------|--------------|------------------------|
| Net sales | 11,127 | 11,346 | +2.0% |
| Gross profit | 7,122 | 7,314 | +2.7% |
| Gross profit ratio | 64.0% | 64.5% | +0.5 ppt |
| Selling, general and administrative expenses | 7,333 | 7,305 | -0.4% |
| SG&A ratio | 65.9% | 64.4% | -1.5 ppt |
| Operating income (loss) | (210) | 9 | |
| Operating income ratio | -1.9% | 0.1% | |
| Ordinary income (loss) | (185) | 140 | |
| Ordinary income ratio | -1.7% | 1.2% | |
| Loss attributable to owners of parent | (65) | (28) | |

Overview by Business Segment

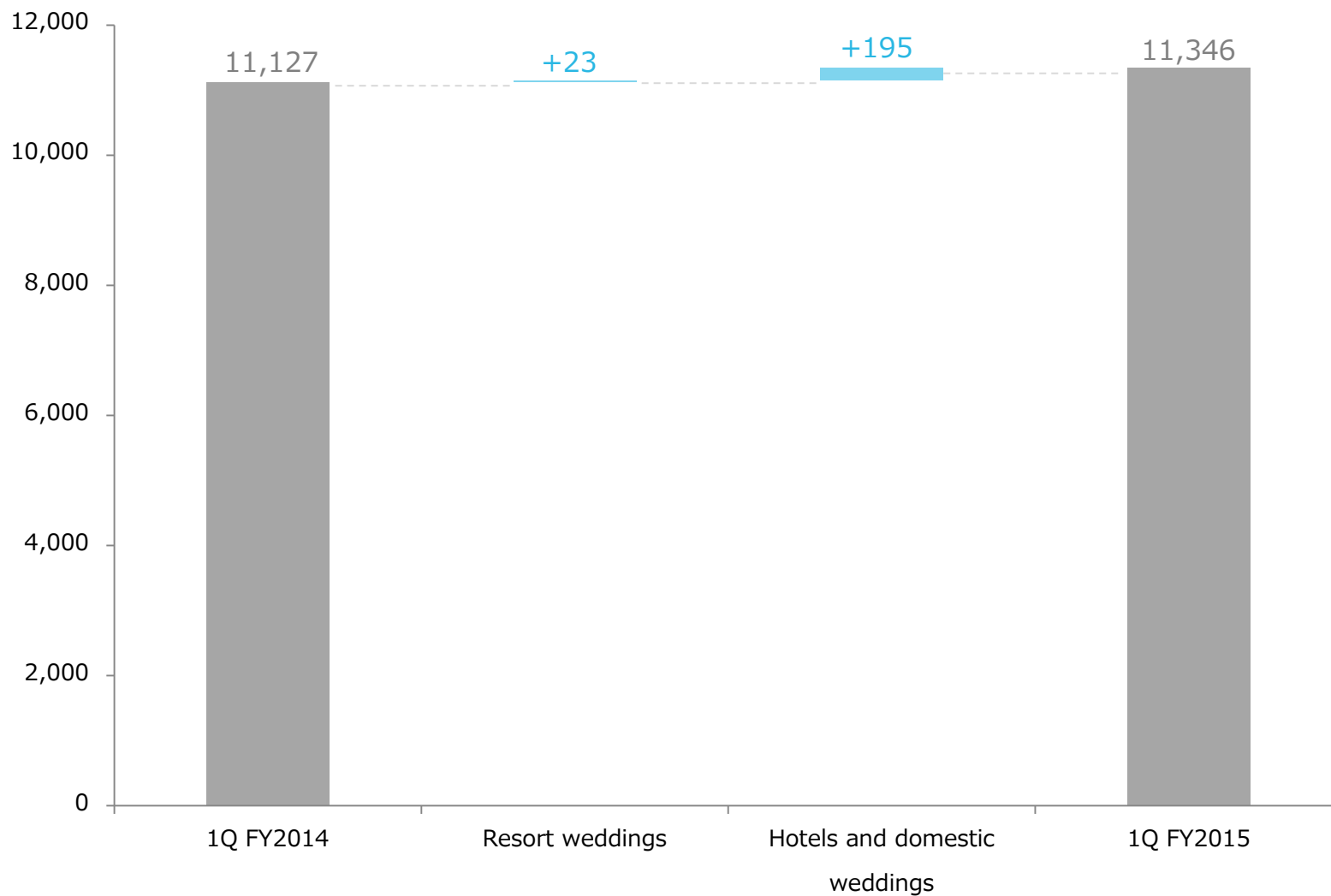
(Millions of yen)

| Item | Consolidated | | Resort weddings | | Hotels and domestic weddings | | Adjustments | |
|-------------------------|--------------|-----------|-----------------|-----------|------------------------------|-----------|-------------|-----------|
| | 1Q FY2014 | 1Q FY2015 | 1Q FY2014 | 1Q FY2015 | 1Q FY2014 | 1Q FY2015 | 1Q FY2014 | 1Q FY2015 |
| Net sales | 11,127 | 11,346 | 4,619 | 4,643 | 6,507 | 6,702 | — | — |
| Operating income (loss) | (210) | 1 | (47) | (129) | (174) | 131 | 11 | 0 |
| Operating income ratio | -2% | 0% | -1% | -3% | -3% | 2% | — | — |

Net sales: Sales to customers

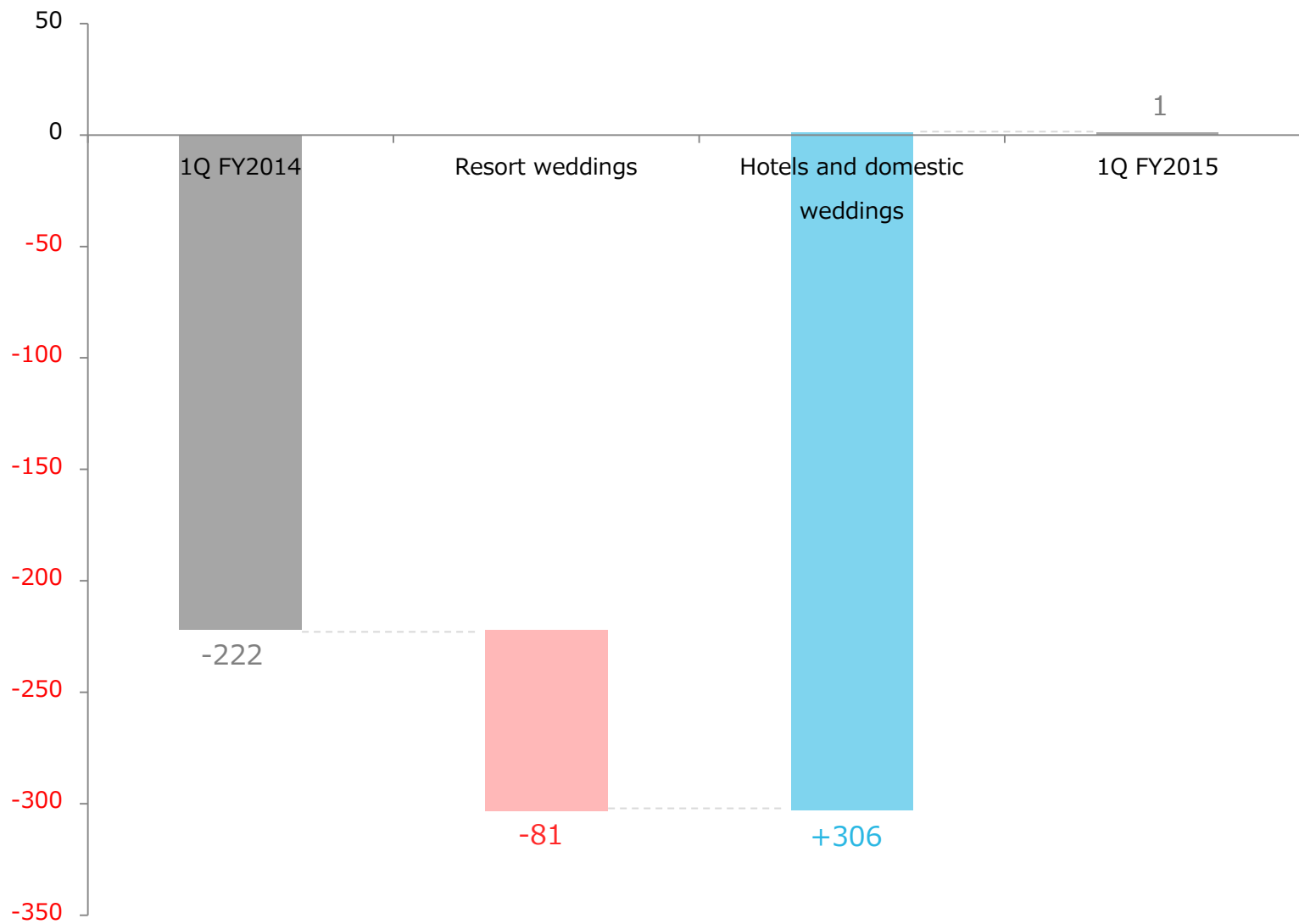
Net Sales Factor Analysis

(Millions of yen)



Segment Income (Loss) Factor Analysis

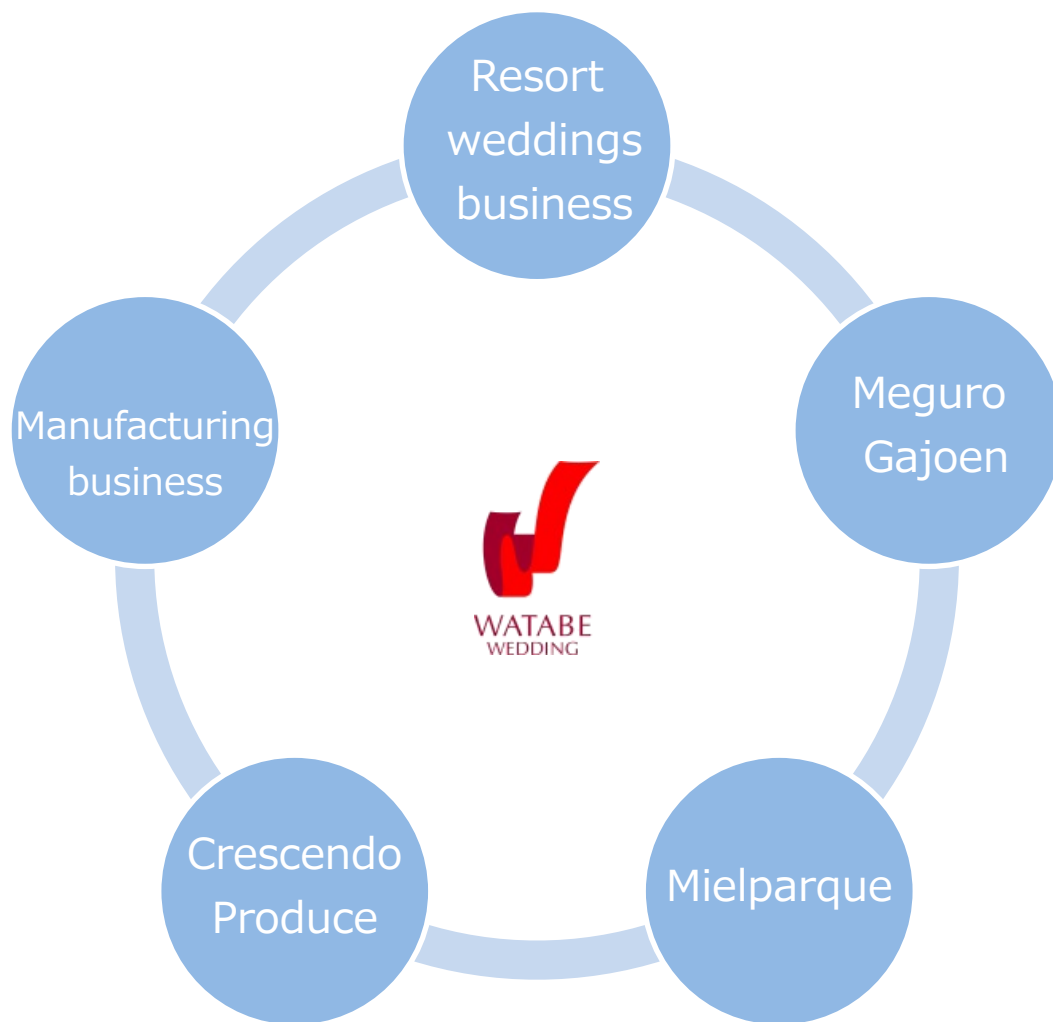
(Millions of yen)



Consolidated Balance Sheets

(Millions of yen)

| ASSETS | As of Mar. 31, 2015 | As of Jun. 30, 2015 | LIABILITIES | As of Mar. 31, 2015 | As of Jun. 30, 2015 |
|-------------------------------------|---------------------------|---------------------------|---|---------------------------|---------------------------|
| Current assets | | | Current liabilities | | |
| Cash and deposits | 4,502 | 4,256 | Accounts payable-trade | 1,532 | 1,628 |
| Accounts receivable-trade | 1,623 | 1,860 | Short-term loans payable | 625 | 930 |
| Other | 2,506 | 2,295 | Advances received | 2,363 | 2,313 |
| Total current assets | 8,631 | 8,411 | Other | 2,697 | 2,538 |
| Non-current assets | | | Total current liabilities | 7,217 | 7,409 |
| Property, plant and equipment | | | Non-current liabilities | | |
| Buildings and structures, net | 4,236 | 4,110 | Long-term loans payable | 750 | 250 |
| Other | 3,604 | 3,606 | Asset retirement obligations | 870 | 891 |
| Total property, plant and equipment | 7,840 | 7,716 | Other | 931 | 916 |
| Intangible assets | 640 | 607 | Total non-current liabilities | 2,551 | 2,057 |
| Investments and other assets | | | Total liabilities | 9,769 | 9,467 |
| Guarantee deposits | 2,845 | 2,739 | NET ASSETS | | |
| Other | 774 | 934 | Shareholders' equity | | |
| Total investments and other assets | 3,619 | 3,673 | Capital stock | 4,176 | 4,176 |
| Total non-current assets | 12,100 | 11,997 | Capital surplus | 4,038 | 4,038 |
| Total assets | 20,732 | 20,409 | Retained earnings | 2,473 | 2,445 |
| | | | Treasury shares | 0 | 0 |
| | | | Total shareholders' equity | 10,687 | 10,659 |
| | | | Total other comprehensive income | 223 | 224 |
| | | | Non-controlling interests | 52 | 57 |
| | | | Total net assets | 10,963 | 10,941 |
| | | | Total liabilities and net assets | 20,732 | 20,409 |



Resort Weddings Business

Salon Restructuring Strategy: Newly Opened Resort Wedding Salons

New salons will expand our market reach and attract the attention of more customers

Opened on June 19, 2015

Nagano Salon



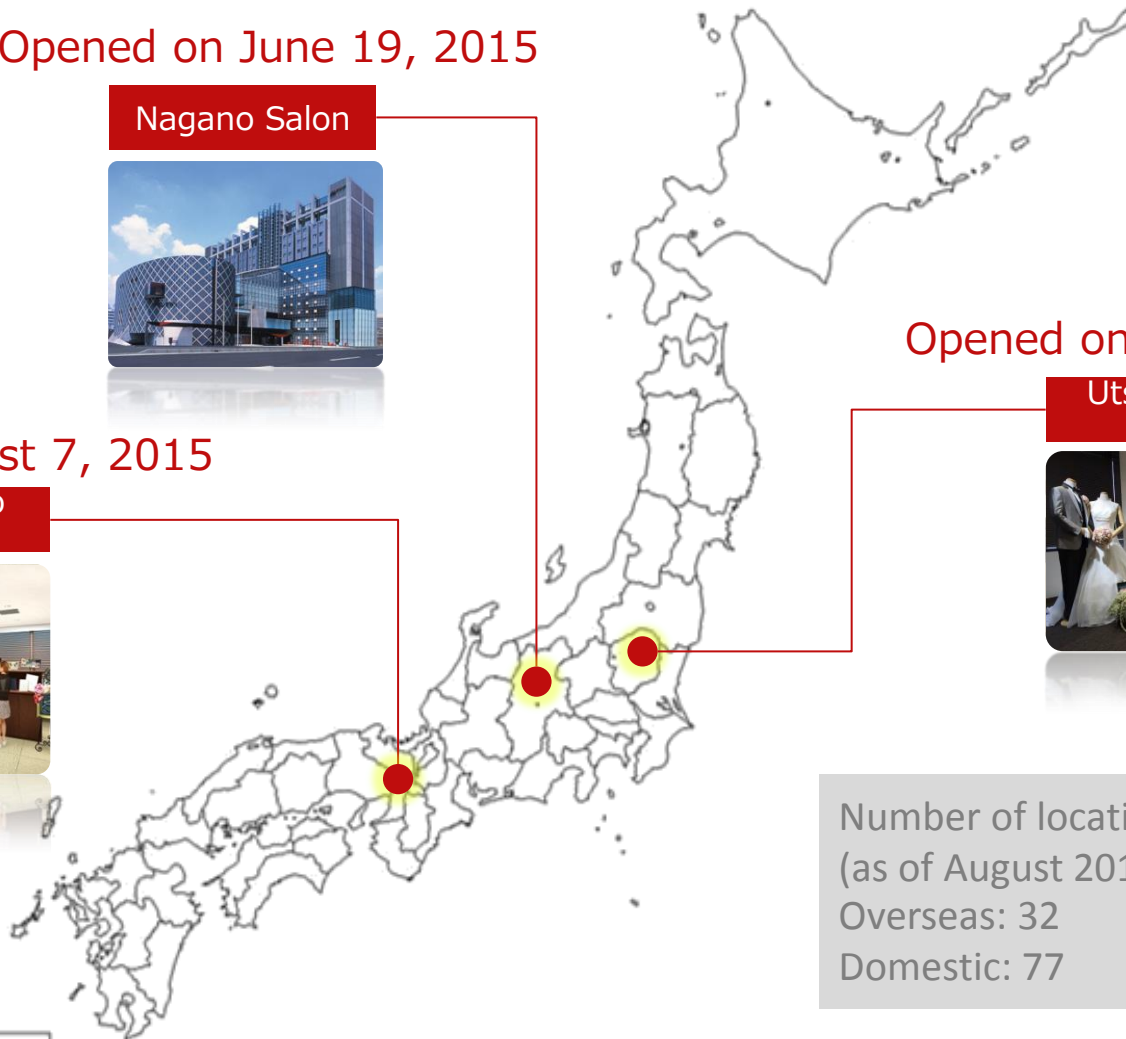
Opened on May 15, 2015

Utsunomiya Salon



Opened on August 7, 2015

Kyoto Shijo Salon



Number of locations
(as of August 2015)
Overseas: 32
Domestic: 77

Introduction of seasonal pricing should attract customers keen on a discount and raise efficiency of operations

| | Apr. | May | Jun. | Jul. | Aug. | Sep. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. |
|---------|-------------|------------|-------------|------------|------------|------------|-------------|-------------|------|------------|------|-------------|
| Hawaii | | | Peak season | Off season | Off season | | Peak season | Peak season | | Off season | | |
| Guam | | | Peak season | Off season | Off season | | Peak season | Peak season | | Off season | | |
| Okinawa | Peak season | Off season | | | Off season | Off season | Peak season | Peak season | | Off season | | Peak season |

Seasonality entails the setting of different prices for such things as travel-related services, such as airfare and accommodations and tours, according to seasonal demand or particularly busy or slow times of the year. By introducing a seasonal perspective into our pricing for resort weddings, the price of a wedding in an “off season” month will be ¥60,000-¥80,000 more reasonable than in a “peak season” month. Resort weddings, which typically involve travel, tend to occur less frequently in seasons when travel costs are high, but seasonal pricing will turn times when travel costs are high into the resort wedding off season, which will encourage more couples to consider a resort wedding at any time of the year as the issue of travel season becomes inconsequential.

Guam “Luz de Amor Chapel”

Newly opening
in November



Okinawa “Aquagrace Chapel”

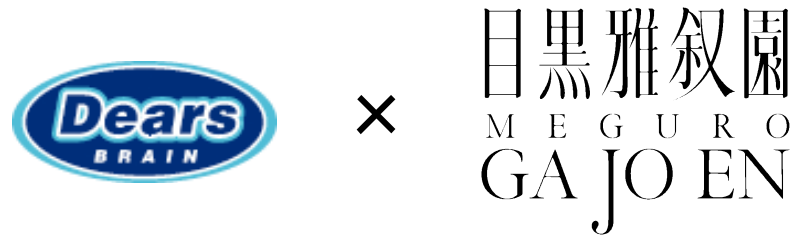
Renovated and reopening
in September



New “alohina” bridal gown designed by Japanese fashion model and actress Hinano Yoshikawa



Hotels and Domestic Weddings Business



We entered into a cooperative arrangement with Dears Brain, Inc., on marketing activities and will work to improve the brand power of Meguro Gajoen and make the facility more well known.

Dears Brain, Inc.

Dears Brain, Inc., promotes wedding-related activities at about 20 facilities and wedding halls in Japan, and had been involved in joint operation of Grace Hill, a wedding facility in Taiwan.

We have entered into cooperative arrangements with Dears Brain, as the company's stellar reputation for marketing know-how makes it a good business partner for expanding our hotels and domestic weddings business.

Cassiopeia—a medium-sized banquet room—reopened in August with an elegant, refined adult atmosphere on a “simple & natural” theme. In the photo area, evoking the idea of a garden, guests can capture a memorable moment. This summer, banquets amid greenery and with smiles like never before will unfold at Meguro Gajoen.



- In addition to the mainstay wedding business, we will utilize the great location of Mielparque facilities to reinforce non-wedding businesses, such as accommodations and banquets.
- The accommodation business maintains a high occupancy rate, and efforts will be made to boost spending per couple to further enhance profitability.
- In the banquet business, we will emphasize the Tokyo business center and capture the interest of corporate customers for a great variety of banquet-style events.



Consolidated Performance Forecast for FY2015

(Millions of yen)

| | FY2014 | FY2015 | Year on year |
|--|----------|--------|--------------|
| Net sales | 44,214 | 44,000 | -0.5% |
| Operating income (loss) | (696) | 200 | +896 |
| Ordinary income (loss) | (411) | 260 | +671 |
| Profit (loss) attributable to owners of parent | (1,805) | 60 | +1,865 |
| Profit (loss) per share (Yen) | (182.24) | 6.06 | +176.18 |

Watabe Wedding Corporation

<For institutional investors>

TEL: +81-3-5202-4166

FAX: +81-3-5202-4144

<For individual investors>

TEL: +81-75-778-4111

FAX: +81-75-778-4177

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