

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2017
(Based on Japanese GAAP)**

May 11, 2017

Company name: Watabe Wedding Corporation
 Stock exchange listing: Tokyo
 Stock code: 4696 URL <http://www.watabe-wedding.co.jp>
 Representative: Executive President, Representative Director Nobuaki Hanafusa
 General Manager of Group Administration
 Inquiries: Division Chikaomi Hiraki TEL 075-778-4111
 Scheduled date of ordinary general meeting of shareholders: June 29, 2017
 Scheduled date to file Securities Report: June 30, 2017
 Scheduled date to commence dividend payments: June 30, 2017
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	43,908	0.1	1,000	581.0	674	224.0	123	163.0
Year ended March 31, 2016	43,882	(0.8)	146	-	208	-	46	-

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	12.47	-	1.2	3.2	2.3
Year ended March 31, 2016	4.74	-	0.4	1.0	0.3

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	21,336	10,540	49.1	1,058.10
As of March 31, 2016	20,811	10,342	49.5	1,038.79

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2017	2,239	(1,838)	(147)	5,431
Year ended March 31, 2016	1,679	(380)	(356)	5,307

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2016	-	0.00	-	5.00	5.00	49	105.5	0.5
Year ended March 31, 2017	-	0.00	-	5.00	5.00	49	40.1	0.5
Year ending March 31, 2018 (Forecast)	-	-	-	-	-	-	-	-

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	45,000	2.5	100	(90.0)	200	(70.4)	100	(19.1)	10.09

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2017	9,909,400 shares	As of March 31, 2016	9,909,400 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	451 shares	As of March 31, 2016	326 shares
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Average number of shares during the period

Year ended March 31, 2017	9,909,045 shares	Year ended March 31, 2016	9,909,074 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	5,311	5,436
Accounts receivable - trade	1,636	1,580
Merchandise	244	276
Work in process	15	8
Raw materials and supplies	463	398
Deferred tax assets	243	287
Other	1,447	1,488
Allowance for doubtful accounts	(33)	(15)
Total current assets	9,329	9,460
Non-current assets		
Property, plant and equipment		
Costumes for rent	1,122	1,128
Accumulated depreciation	(969)	(980)
Costumes for rent, net	152	147
Buildings and structures	10,946	10,493
Accumulated depreciation	(6,955)	(6,481)
Buildings and structures, net	3,990	4,012
Furniture and fixtures	4,912	5,017
Accumulated depreciation	(4,034)	(4,017)
Furniture and fixtures, net	878	999
Land	2,023	1,893
Construction in progress	0	479
Other	728	726
Accumulated depreciation	(563)	(576)
Other, net	165	150
Total property, plant and equipment	7,210	7,684
Intangible assets		
Goodwill	–	507
Other	573	496
Total intangible assets	573	1,003
Investments and other assets		
Deferred tax assets	567	238
Guarantee deposits	2,669	2,666
Other	463	285
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	3,697	3,187
Total non-current assets	11,481	11,875
Total assets	20,811	21,336

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	1,433	1,549
Short-term loans payable	308	850
Current portion of long-term loans payable	625	125
Accounts payable - other	1,029	1,174
Income taxes payable	473	309
Advances received	2,208	2,466
Provision for bonuses	508	626
Deferred tax liabilities	25	–
Other	1,763	1,858
Total current liabilities	8,376	8,959
Non-current liabilities		
Long-term loans payable	125	–
Deferred tax liabilities for land revaluation	9	9
Net defined benefit liability	1,011	1,050
Asset retirement obligations	586	588
Other	358	187
Total non-current liabilities	2,091	1,836
Total liabilities	10,468	10,796
Net assets		
Shareholders' equity		
Capital stock	4,176	4,176
Capital surplus	4,038	4,038
Retained earnings	2,504	2,578
Treasury shares	(0)	(0)
Total shareholders' equity	10,718	10,792
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	68	19
Deferred gains or losses on hedges	(260)	25
Revaluation reserve for land	(903)	(903)
Foreign currency translation adjustment	655	514
Remeasurements of defined benefit plans	14	36
Total accumulated other comprehensive income	(425)	(308)
Non-controlling interests	49	55
Total net assets	10,342	10,540
Total liabilities and net assets	20,811	21,336

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	43,882	43,908
Cost of sales	15,154	14,139
Gross profit	28,727	29,769
Selling, general and administrative expenses		
Salaries, allowances and bonuses	10,094	10,118
Provision for bonuses	451	553
Retirement benefit expenses	177	178
Rent expenses	5,052	4,964
Other	12,804	12,953
Total selling, general and administrative expenses	28,580	28,768
Operating profit	146	1,000
Non-operating income		
Insurance income	11	16
Other	101	81
Total non-operating income	112	98
Non-operating expenses		
Interest expenses	6	2
Foreign exchange losses	23	366
Other	21	55
Total non-operating expenses	51	424
Ordinary profit	208	674
Extraordinary income		
Gain on sales of non-current assets	44	50
Gain on sales of investment securities	–	89
Gain on sales of shares of subsidiaries and associates	–	60
Other	–	2
Total extraordinary income	44	202
Extraordinary losses		
Loss on sales and retirement of non-current assets	19	88
Impairment loss	111	84
Loss on restructuring wedding halls and branches	14	361
Other	–	2
Total extraordinary losses	145	537
Profit before income taxes	107	339
Income taxes - current	520	124
Refund of income taxes	–	(140)
Income taxes - deferred	(461)	225
Total income taxes	59	208
Profit	47	131
Profit attributable to non-controlling interests	0	7
Profit attributable to owners of parent	46	123

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	47	131
Other comprehensive income		
Valuation difference on available-for-sale securities	(24)	(49)
Deferred gains or losses on hedges	(422)	285
Revaluation reserve for land	0	–
Foreign currency translation adjustment	(145)	(143)
Remeasurements of defined benefit plans, net of tax	(72)	21
Share of other comprehensive income of entities accounted for using equity method	(3)	0
Total other comprehensive income	(667)	115
Comprehensive income	(620)	246
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(617)	240
Comprehensive income attributable to non-controlling interests	(3)	5

Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,176	4,038	2,473	(0)	10,687
Changes of items during period					
Profit attributable to owners of parent			46		46
Reversal of revaluation reserve for land			(15)		(15)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	31	-	31
Balance at end of current period	4,176	4,038	2,504	(0)	10,718

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	92	162	(920)	800	87	223	52	10,963
Changes of items during period								
Profit attributable to owners of parent								46
Reversal of revaluation reserve for land								(15)
Net changes of items other than shareholders' equity	(24)	(422)	16	(145)	(72)	(648)	(3)	(651)
Total changes of items during period	(24)	(422)	16	(145)	(72)	(648)	(3)	(620)
Balance at end of current period	68	(260)	(903)	655	14	(425)	49	10,342

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,176	4,038	2,504	(0)	10,718
Changes of items during period					
Dividends of surplus			(49)		(49)
Profit attributable to owners of parent			123		123
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	74	(0)	73
Balance at end of current period	4,176	4,038	2,578	(0)	10,792

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	68	(260)	(903)	655	14	(425)	49	10,342
Changes of items during period								
Dividends of surplus								(49)
Profit attributable to owners of parent								123
Purchase of treasury shares								(0)
Net changes of items other than shareholders' equity	(49)	285	-	(141)	21	117	6	123
Total changes of items during period	(49)	285	-	(141)	21	117	6	197
Balance at end of current period	19	25	(903)	514	36	(308)	55	10,540

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	107	339
Depreciation	1,477	1,279
Impairment loss	111	84
Increase (decrease) in provision for bonuses	128	120
Increase (decrease) in net defined benefit liability	57	73
Interest and dividend income	(6)	(8)
Interest expenses	6	2
Foreign exchange losses (gains)	220	(64)
Loss on restructuring wedding halls and branches	14	361
Loss (gain) on sales of shares of subsidiaries and associates	–	(60)
Loss (gain) on sales of investment securities	–	(89)
Decrease (increase) in notes and accounts receivable - trade	(12)	51
Decrease (increase) in inventories	16	11
Decrease (increase) in prepaid expenses	43	(128)
Increase (decrease) in notes and accounts payable - trade	(85)	124
Increase (decrease) in accounts payable - other	32	109
Increase (decrease) in advances received	(133)	265
Other, net	160	(380)
Subtotal	2,139	2,091
Interest and dividend income received	6	9
Interest expenses paid	(6)	(2)
Income taxes paid	(459)	(362)
Income taxes refund	–	503
Net cash provided by (used in) operating activities	1,679	2,239
Cash flows from investing activities		
Proceeds from sales of investments in subsidiaries and affiliates resulting in change in scope of consolidation	–	16
Payments for transfer of business	–	(555)
Proceeds from sales of investment securities	–	187
Purchase of property, plant and equipment	(815)	(1,759)
Proceeds from sales of property, plant and equipment	411	326
Purchase of intangible assets	(171)	(119)
Proceeds from collection of guarantee deposits	266	87
Payments for guarantee deposits	(109)	(90)
Other, net	37	68
Net cash provided by (used in) investing activities	(380)	(1,838)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	9	550
Repayments of long-term loans payable	(325)	(625)
Proceeds from share issuance to non-controlling shareholders	–	14
Cash dividends paid	–	(49)
Other, net	(40)	(37)
Net cash provided by (used in) financing activities	(356)	(147)
Effect of exchange rate change on cash and cash equivalents	(133)	(128)
Net increase (decrease) in cash and cash equivalents	809	124
Cash and cash equivalents at beginning of period	4,497	5,307
Cash and cash equivalents at end of period	5,307	5,431