

Presentation Material of Results for First Quarter of Fiscal Year Ending September 2023



February 3, 2023
Decolte Holdings Corporation

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Results for First Quarter of Fiscal Year Ending September 2023

Despite the impact of the eighth wave of COVID-19, unit price growth contributed greatly to performance.

Revenue exceeded the first quarter of the previous year and record-high quarterly revenue was achieved on a consolidated basis.

(Millions of yen)	FYE Sep. 2023 First Quarter	FYE Sep. 2022 First Quarter	YoY Change	FYE Sep. 2023 Forecast
Revenue	1,815	1,554	116.8%	6,928
Gross profit	899	789	113.9%	
Operating profit	539	474	113.6%	1,233
Profit	341	301	113.3%	735

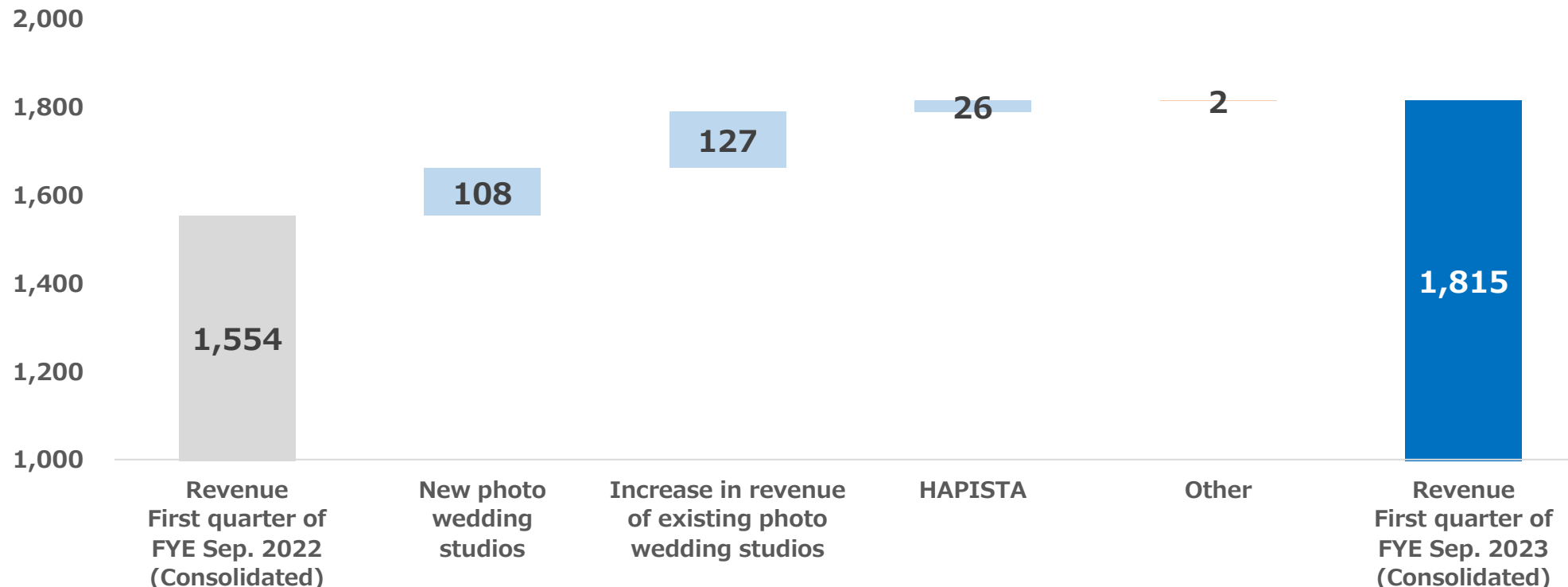
- For photo weddings, average customer spend saw a significant increase of 22.0% from the same period of the previous fiscal year despite a decrease in the number of new customers and lower number of photo shoots caused by the impact of the eighth wave of COVID-19. As a result, revenue grew considerably from the same period of the previous fiscal year (+4.6% for existing studios, +16.8% company-wide).
- Upfront investment costs such as personnel and advertising expenses associated with accelerating opening of new studios arising since the fiscal year ended September 2021 put pressure on profits in the first quarter of the previous fiscal year, but in the current consolidated fiscal period contributions of existing studios and new photo wedding studios opened in the previous consolidated fiscal year led to sales growth, which absorbed the increase in expenses, while operating profit increased steadily by 13.6% from the same period of the previous fiscal year.
- See page 7 for changes in major costs associated with business expansion (personnel and advertising expenses and depreciation).

Change in Revenue from First Quarter of Previous Fiscal Year (Consolidated)

Revenue for the first quarter of the current consolidated fiscal year was **1.81 billion yen (+16.8% YoY)**

Growth of new photo wedding studios and existing studios (+4.6% YoY) contributed significantly to revenue growth.

(Millions of yen)



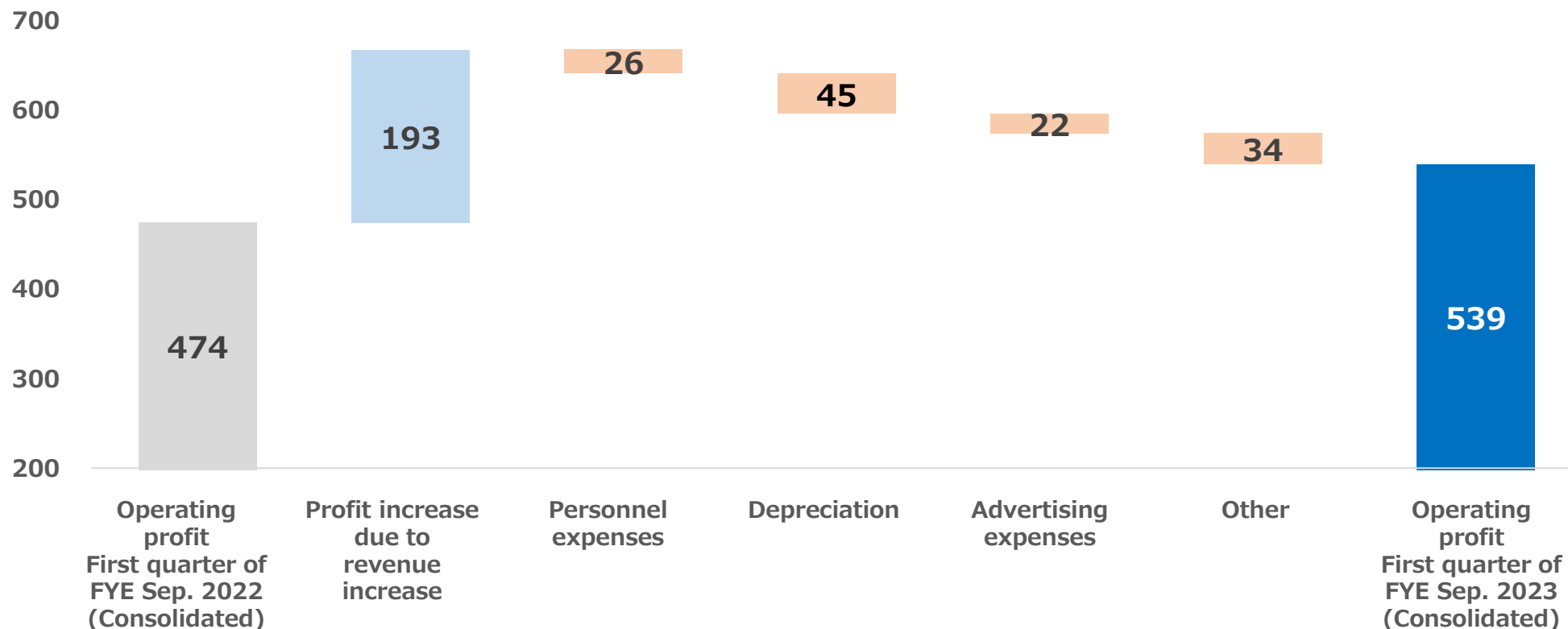
New photo wedding studios: Studio TVB Namba Parks (March 2022), Studio Eight Nagoya Ekimae (September 2022)

Existing photo wedding studios: Aggregate of studios that have been operating for 13 months or longer

Operating profit for first quarter of the current consolidated fiscal year totaled 539 million yen (+13.6% YoY).

Increased expenses were absorbed by revenue growth centering on the studio business.

(Millions of yen)



Profit increase due to revenue increase : Estimated amount of profit increase after accounting for change in travel and transportation expenses associated with merchandise purchasing, costume repairs, shooting, etc.

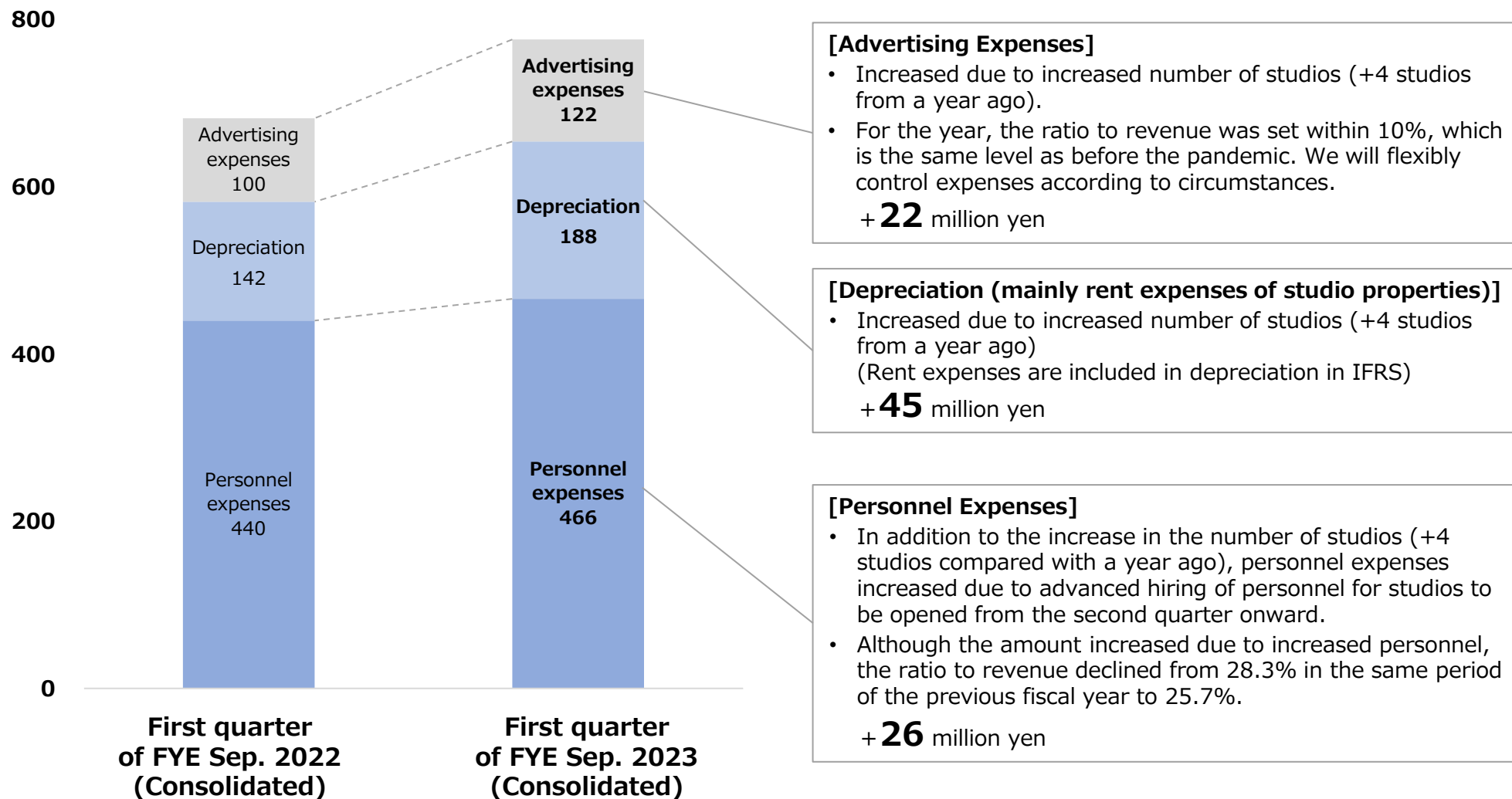
Personnel expenses : Increased due to proactive hiring for future studio openings

Depreciation : Depreciation increased due to the opening of two photo wedding studios and two HAPISTA in the fiscal year ended September 2022

Personnel expenses increased due to increased hiring and training to match studio increase and accelerated pace of openings.

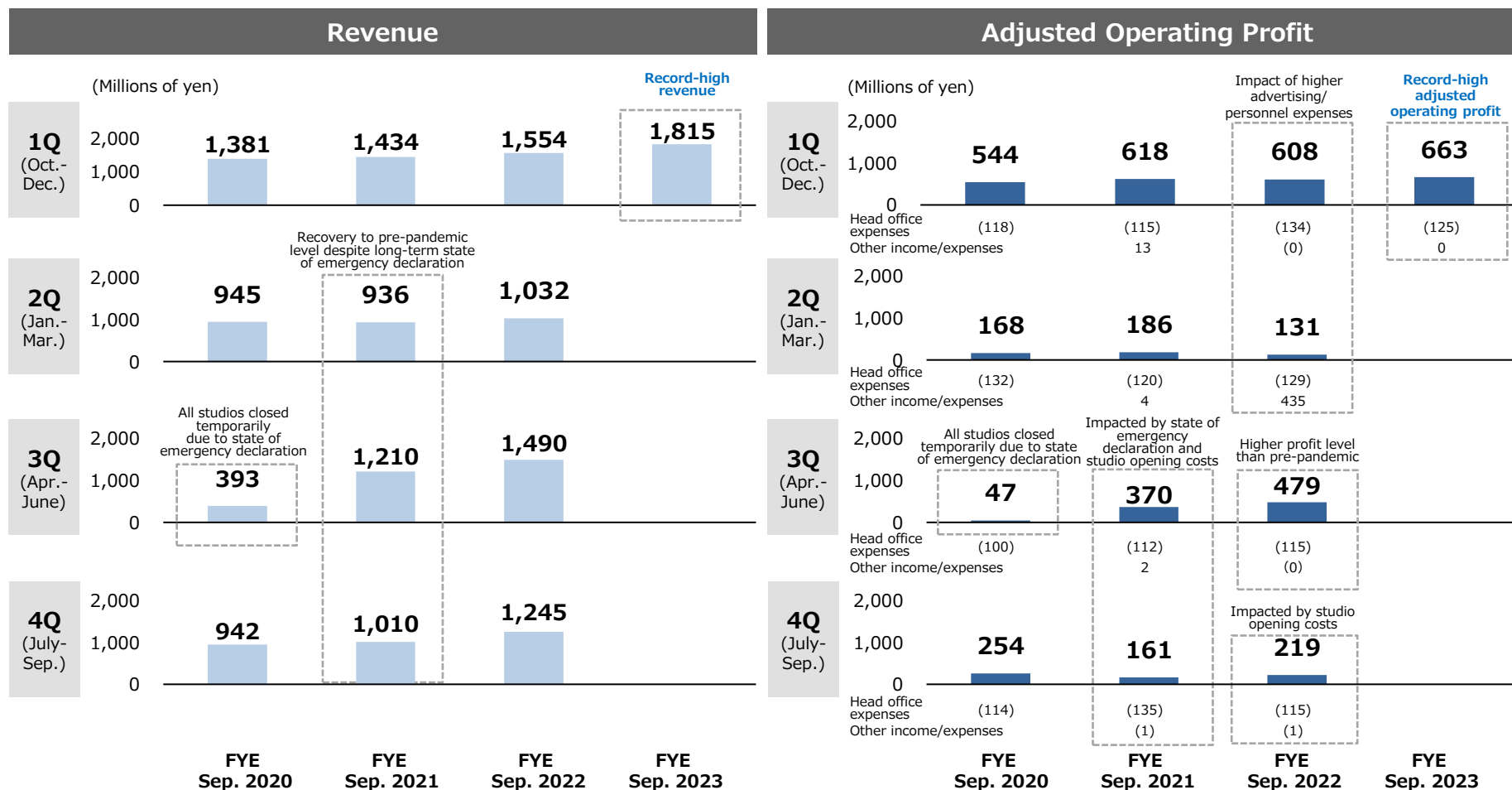
Increased advertising expenses but maintained flexible control in light of the infection status of COVID-19.

(Millions of yen)



Change in Quarterly Results (Adjusted Operating Profit)

Record-high first-quarter **revenue** despite the impact of the eighth wave of infection
Adjusted operating profit also **reached a record high** thanks to contributions from studios opened in the previous fiscal year.



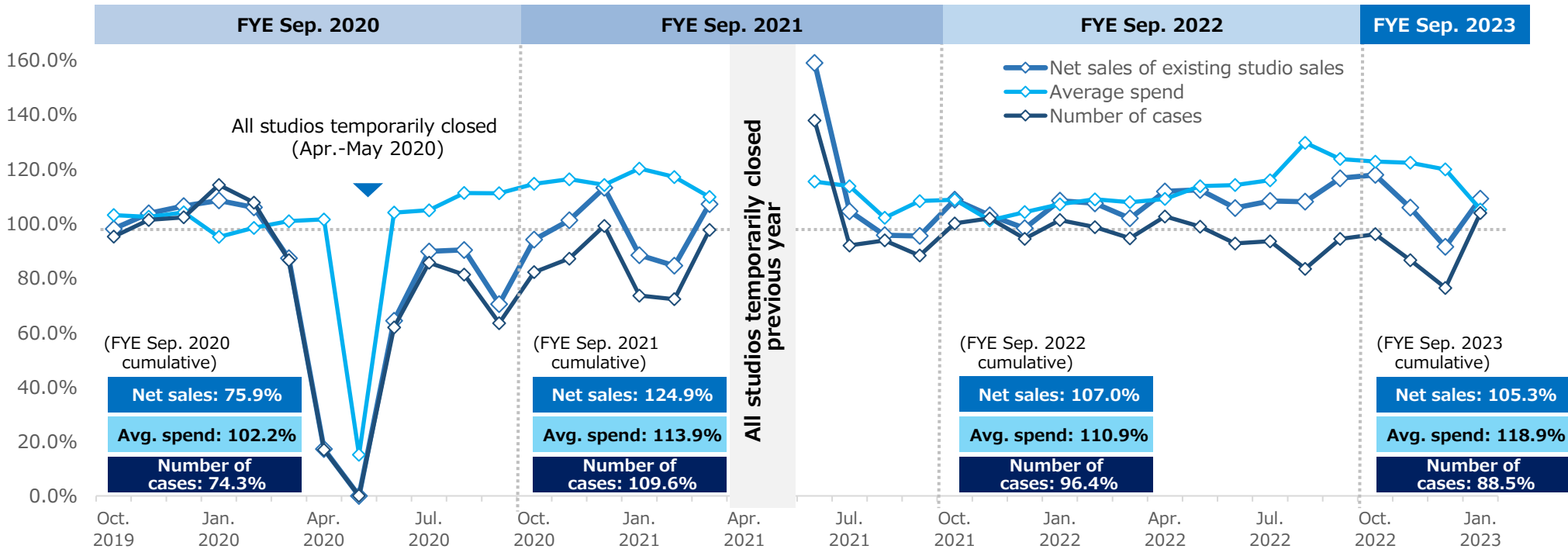
Note: Revenues are for continuing operations as of end of December 2022 (studio business and fitness).

Adjusted operating profit = operating profit + head office expenses + (other expenses - other income)

Head office expenses: Expenses related to head office functions such as the Finance and Administration Department

Due to expanded use of Live Retouch, increased number of costumes used, and increased use of high-priced costumes, etc., **average spend at existing studios increased considerably by 18.9% year on year cumulatively, while net sales increased by 5.3% year on year.**

YoY Change in Performance of Existing Studios



Growth Drivers of Existing Studios

Avg. spend

- **Increased use of Live Retouch**, introduced in May 2022, largely contributed.
- The average cost of costumes continued to rise. **In addition to an increase in the number of costumes used per couple**, there was **increased use of high-priced costumes** introduced through partnerships with domestic and overseas luxury brands.
- **An increase in resort photos, which have a high unit price, also contributed to unit price growth.**
- We will continue to implement measures to improve the average customer spend by offering a full range of products that go beyond just photography.

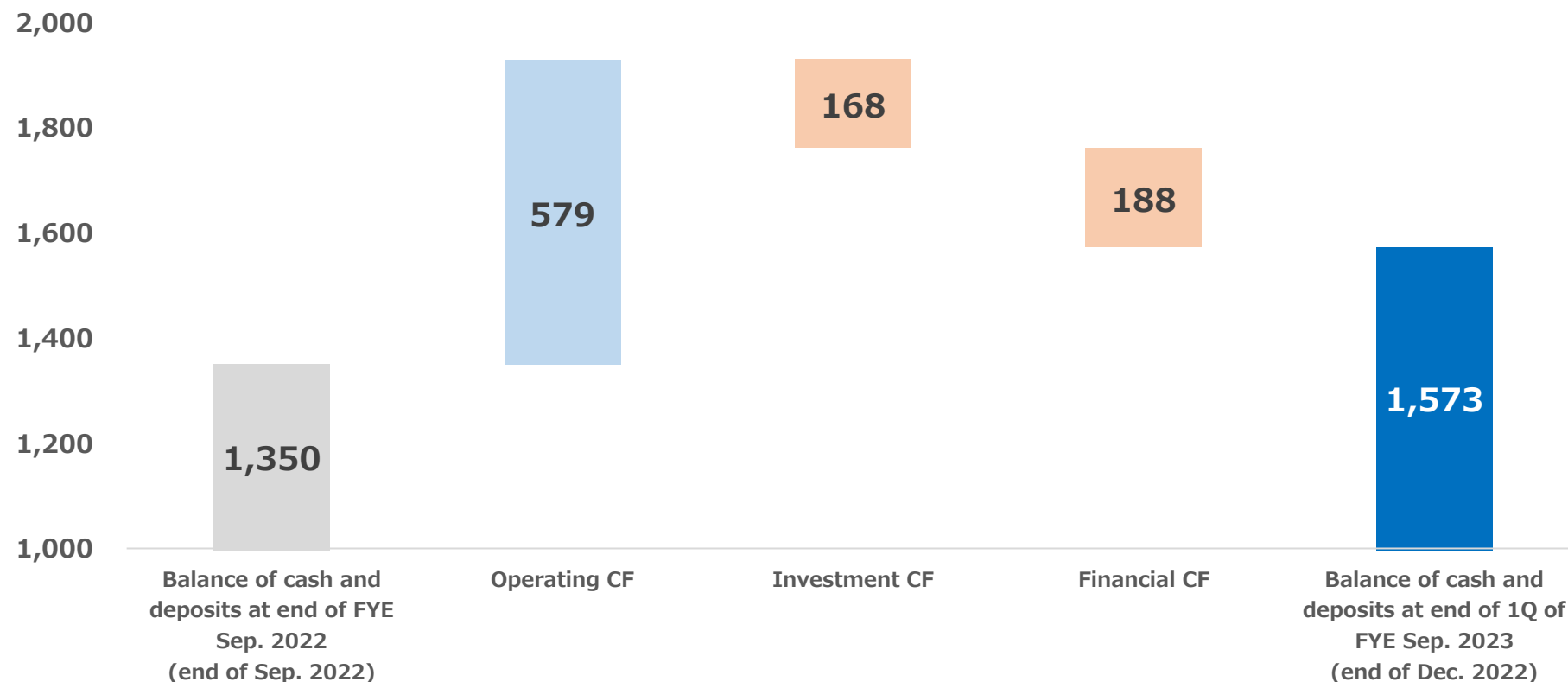
Number of cases

- Order-securing activities were affected by the eighth wave of COVID-19 infections.
- **While average spend rose** due to two-costume Japanese- and Western-style plans and studio + location shooting plans, etc. **the longer shooting hours impacted the number of photography contracts.**
- **Demand for resort photos in Okinawa, etc. has increased** as activity restrictions have eased.
- **Increased demand for pre-shooting and separate shooting is expected with the resumption of wedding ceremonies and receptions** as the transition to living with COVID-19 progresses.

Note: The above graph shows year-on-year change in the photo wedding service at existing studios. Existing studios are defined as studios that have been operating for 13 months or longer. April and May 2021 are omitted due to the temporary closure in the preceding year.

Operating CF increased by 570 million yen due to revenue growth during the busy seasons
Balance of cash and deposits increased despite investment CF and financing CF burden
We are preparing to open new studios from the second quarter onwards

(Millions of yen)



Investment CF : Payment to acquire fixed assets for studios opened in September 2022 in October (77 million yen)
 Payment for guarantee deposits accompanying lease agreements for studios scheduled to open this fiscal year, including Studio AQUA Yokohama Ekimae (79 million yen)

Financial CF : Repayment of short-term borrowings (62 million yen)
 Payment of lease liabilities (rent for studio properties) associated with lease contracts (123 million yen)

Summary of Consolidated Financial Position Statement (vs. Previous Fiscal Year-End)

Increase in right-of-use assets and lease liabilities corresponding to rent for studios to be opened from the second quarter onwards.

The equity ratio attributable to owners of the parent increased to 35.3% due to an increase in retained earnings.

(Millions of yen)

	End of Dec. 2022	End of Sep. 2022	Change
Cash and cash equivalents	1,573	1,350	222
Trade and other receivables	238	222	16
Other	113	150	-36
Total current assets	1,925	1,723	202
Property, machinery and equipment	905	938	-33
Right-of-use assets	3,946	3,735	210
Goodwill	5,635	5,635	0
Other	636	554	81
Total non-current assets	11,123	10,865	258
Total assets	13,049	12,588	461

	End of Dec. 2022	End of Sep. 2022	Change
Short-term borrowings	2,840	258	2,582
Lease liabilities	444	443	0
Other	1,097	1,142	-45
Total current liabilities	4,382	1,844	2,538
Borrowings	490	3,126	-2,635
Lease liabilities	3,306	3,101	205
Other	266	259	7
Total non-current liabilities	4,064	6,486	-2,422
Total equity	4,602	4,257	345
Total liabilities and equity	13,049	12,588	461

Right-of-use assets, lease liabilities : Increased due to conclusion of lease contract for Studio AQUA Yokohama Ekimae, which opened in January 2023; decreased due to lease payment (rent) under lease contracts for existing studios.

Borrowings : Transferred the syndicated loan concluded in December 2020 to short-term borrowings as the repayment date is the end of November 2023. Scheduled to be refinanced by the due date.

Equity : Increased with retained earnings (341 million yen).

<Regarding right-of-use assets and lease liabilities recognized in connection with lease contracts, etc.>

In accordance with IFRS 16 "Leases," when we enter into a lease contract for leased property (mainly for studios), the total discounted cash flows of the total future rental payments are recognized as a lease liability, and also our "right of use" is recorded as a right-of-use asset.

<Regarding the high ratio of goodwill to total assets>

Since our group prepares its consolidated statement of financial position in accordance with IFRS, it is not required to amortize this goodwill under the current standards. However, the company has recorded 5,635 million yen as goodwill in non-current assets, which accounts for 43.2% of total assets (as of end of December 2022).

The recoverable amount of the cash-generating unit or group assets containing the goodwill as of the end of the consolidated fiscal year ended September 2022 is significantly higher than the carrying amount. Therefore, even if the key assumptions used for the impairment test were to change within a reasonable range, we believe it is unlikely that the recoverable amount of the cash-generating unit or group assets would be less than the carrying amount. We believe that even if the growth rate over the next five years were zero, the recoverable amount would still be well in excess of the carrying amount of the assets of the cash-generating unit or group assets containing the goodwill, and therefore an impairment loss is not probable.

Revenue of 6.92 billion yen (+30.2% YoY) and operating profit of 1.23 billion yen (practically +25.2% YoY) with the opening of multiple HAPISTA in addition to growth of the photo wedding business.

(Millions of yen)	Forecast for FYE Sep. 2023	Results of FYE Sep. 2022	YoY change
Revenue	6,928	5,322	+30.2%
Gross profit	2,748	2,224	+23.5%
Operating profit	1,233	1,377	-10.4%
Operating margin	17.8%	25.9%	
Operating profit excluding effect of sale of fixed assets^{*1}	1,233	985	+25.2%
Operating profit excluding gain on sale of fixed assets	17.8%	18.5%	
Profit	735	1,018	-27.7%
Profit excluding gain on sale of fixed assets^{*2}	735	720	+2.1%

*1 Profit deducting the revenue and expenses generated from sales of fixed assets conducted in the fiscal year from operating profit for the fiscal year ended September 2022

*2 Profit deducting the gain on sale of fixed assets conducted in the fiscal year for the fiscal year ended September 2022

- We forecast **revenue increase of 30.2% year-on-year** with effects of new photo wedding and anniversary photo studios and growth of existing studios. In spite of increase of upfront investments accompanying multiple anniversary photo studio openings for expenses, we forecast **operating profit to practically increase by 25.2% year-on-year** when excluding gain on sale of fixed assets posted previous fiscal year.

Status of Growth Measures

Implementation of new year's card present campaign as **first step of partnership with MIXI Group.**

Launch of new **wedding photo business in collaboration with IBJ**, a leading provider of services for marriage-seekers.

Initiatives with MIXI Group



Collaboration with MIXI Group's SFIDANTE Inc.

- Implementation of free new year's card present campaign for our photo wedding/anniversary photo customers using SFIDANTE's smartphone photo new year's card service.
- **Linking information with SFIDANTE** will lead to **customer referrals to HAPISTA in the future.**

Launch of New Photo Service for Marriage-Seekers

Collaboration with IBJ Inc., which operates Japan's largest network of marriage agencies



- **In January 2023, we launched a photo service for marriage-seekers** that takes profile photos for members of IBJ's directly managed marriage agencies.
- Thanks to photo shoots with Decollte's in-house hair and makeup artists and photographers along with a retouching service like that offered for our photo weddings, customers can have the perfect picture taken, which will increase interest from potential matches.
- **We aim to acquire customers by guiding these clients toward our mainstay photo wedding business** in the future.

Started Handling Korean Dress Brand Aurum - A First in Japan

We started handling dresses by Aurum, which is a trendsetter in Korea

- At a series of fashion shows organized by Decollte that were held starting in December, Aurum was very popular, and we acquired new reservations at these events.
- These bridal dresses help make a once-in-a-lifetime moment the best experience possible.
They will contribute to customer acquisition by providing clothing aligned with client needs.



Growth Strategy and Medium-Term Management Plan

In addition to **steady growth of the photo wedding business**, we will **capture digital photo needs in the life event field** and enhance life-time-value of customers for growth.

DE & Co.
DECOLLTE HOLDINGS

Strengths

- Can offer comprehensive, high-quality photo wedding services
 - Ability to attract customers through website/social media
 - Professional staff
 - Costumes, indoor studios
- Abilities to adapt to the environment and comprehend customer needs

Now

- Centered on photo wedding business
- Focused on major cities and large studios

1 Growth of photo wedding business

Continuous new studio openings (increase in number)
Continue to open two or more studios each year

Further capture wedding needs (increase average spend)
Develop attractive new plans

Improve studio productivity (reduce costs)
Improve efficiency through centralized operation, etc.

2 Accelerating expansion into the life event field

Multiple studio openings of anniversary photo services (HAPISTA)
To reach 50-studio structure by the end of fiscal year ending September 2026

Enhance life event field other than wedding
Enhance life-time-value of customers by providing various shooting experiences

Service development to cater to social trends
Coming-of-age ceremony photos, pet photos, etc.

Our target market

Life event photo market

Potential market
Over 1 trillion yen

Photo wedding market

Potential market
Over 186 billion yen

Actual market
Over 52.1 billion yen

Note: The calculation method of the market size in the life event photo market is described on pages 52 to 55. Regarding the calculation method of the market size in the photo wedding market, the actual market is described on page 23 and the potential market is described on page 42. We made these estimates using external statistics and other published data based on certain assumptions, but the actual market size may differ from the estimates due to inherent limitations in the statistics and estimates on which they were based.

Accelerate growth of anniversary photo business “HAPISTA” alongside further growth of mainstay photo wedding service, creating the foundation of a life photo company.

Medium-Term Management Plan (FYE Sep. 2023 to FYE Sep. 2025)

Overview of Medium-Term Management Plan

From a leading company in the photo wedding market to a life photo company

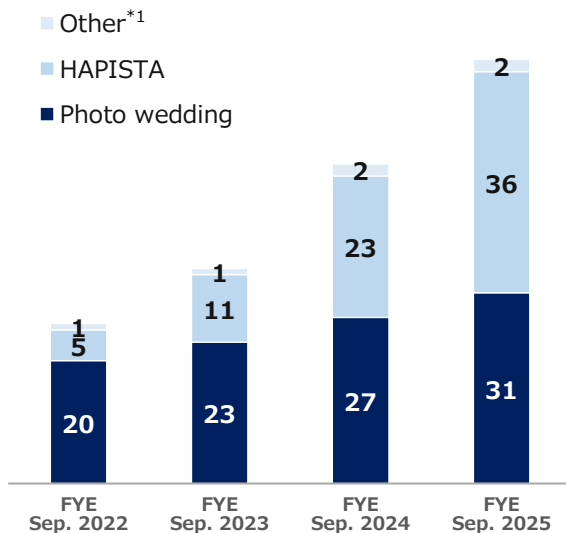
[Further growth of photo wedding service]

- Thrive to expand the market as a leading photo wedding company and aim for further growth by increasing the pace of new studio openings.
- While proceeding new store openings in the metropolitan areas, where there are strong customer bases, we will start developing stores in regional cities in the fiscal year ending September 2025 and expand trading area.
- We will promote initiatives towards streamlining studio operation such as centralization of online customer service in addition to part of costume management starting to be centralized.

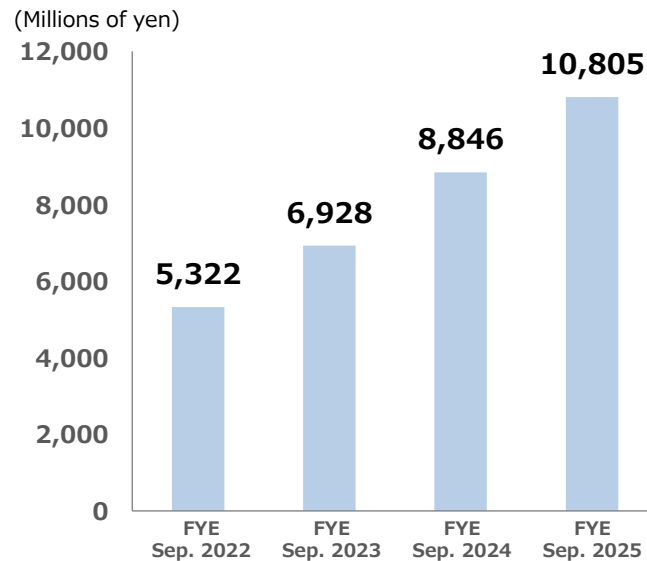
[Creating the foundation to become a life photo company]

- Accelerate development of HAPISTA offering anniversary photos, expanding to 50 studios by the end of September 2026.
- Accelerate moves toward commercialization of coming-of-age ceremony photography and consider entering into other life event field.

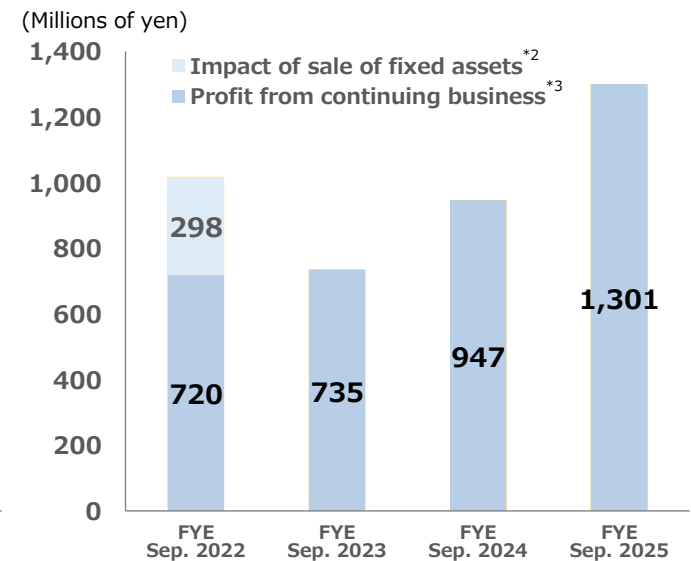
Studio Opening Plan



Revenue



Profit



Note 1: HAREI and coming-of-age ceremony photo service.

Note 2: Gain on sale of fixed assetbusinesss conducted in fiscal year ended September 2022

Note 3: Profit from continuing operations the impact of gain on sale of fixed assets.

**Revenue growth rate of 22-30% per year due to accelerated studio openings.
Operating profit growth rate*⁴ of 25% to 35% despite investments accompanying
new studio openings.**

(Millions of yen)	FYE Sep. 2022 (Actual)	FYE Sep. 2023 (Plan)	FYE Sep. 2024 (Plan)	FYE Sep. 2025 (Plan)
Revenue	5,322	6,928	8,846	10,805
Operating profit	985 ^{*3}	1,233	1,582	2,136
Operating margin	18.5%	17.8%	17.9%	19.8%
Profit	1,018	735	947	1,301
Continuing operations (studios, fitness) ^{*1}	720	735	947	1,301
Impact of sale of fixed assets ^{*2}	298	—	—	—
Profit margin	19.1%	10.6%	10.7%	12.0%
Revenue growth rate		30.2%	27.7%	22.1%
Operating profit growth rate ^{*4}		25.2%	28.3%	35.1%
Profit growth rate from continuing operations ^{*4}		2.1%	28.9%	37.3%

Note 1: Continuing operations is the aggregate of gains and losses arising from studio business and fitness, excluding gain on sale of fixed assets.

Note 2: Gain on sale of fixed asset conducted in fiscal year ended September 2022 is calculated as revenue from discontinued business

Note 3: Profit deducting the revenue and expenses generated from sales of fixed assets from operating profit of fiscal year ended September 2022

Note 4: Calculates the growth rate of operating profit and profit from continuing operations excluding gain on sale of fixed assets.

Medium-Term Management Plan: Photo Wedding Service

For the time being, we will step up studio openings in major metropolitan areas to capture growing demand in key markets.

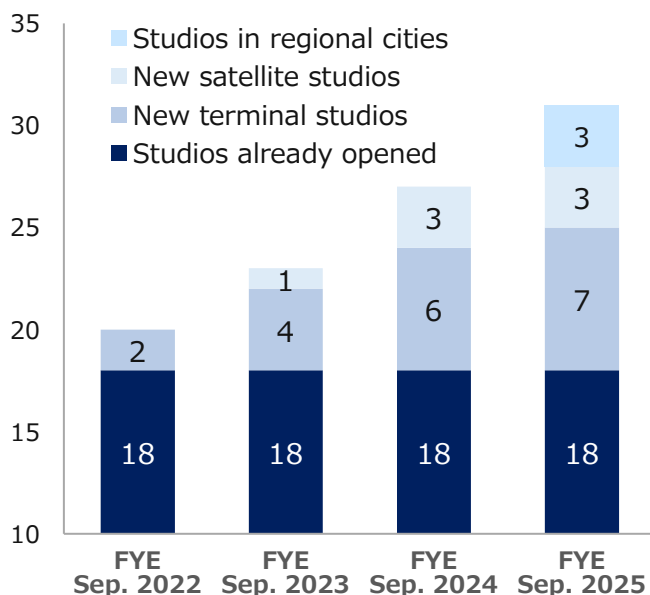
We will maintain an operating margin above 19% and a high growth rate ranging from 20-26%.

(Millions of yen)	FYE Sep. 2022	FYE Sep. 2023	FYE Sep. 2024	FYE Sep. 2025
Revenue	5,057	6,377	7,466	8,490
Revenue growth rate		26.1%	17.1%	13.7%
Operating profit*	992	1,255	1,543	1,905
Operating margin	19.6%	19.7%	20.7%	22.4%
Operating profit growth rate		26.4%	22.9%	23.5%



* Profit deducting the revenue and expenses generated from sales of fixed assets from profit

Change in Number of Photo Wedding Service Studios



Business Strategy

- **Step up opening new terminal and satellite studios in metropolitan areas, which have greater potential for growth** in the growing photo wedding market, to capture the growing needs of the market.
- Increase customer satisfaction by **enriching photo wedding products beyond just photography**, and implement measures to increase average spend per customer.
- Implement measures to generate steady revenue, such as utilizing **resort studios**, which have different busy seasons and off-seasons from urban studios, to reduce the gap between these seasons and improve activity rates throughout the year.
- **Optimize studio operation** by centralizing online customer service and costume management to **improve productivity per employee** and **develop infrastructure for expansion into regional cities**.

Studio Revenue Model

- Terminal studios
Opened in terminal stations in metropolitan areas, annual sales around 400 million yen, studio operating margin around 30%.
- Satellite studios
Opened in suburbs along terminal studio lines, annual sales around 200 million yen, studio operating margin around 30%.
- Regional city studios (to be developed from FYE Sep. 2025 onward)
Suited to small commercial areas following centralized operation, annual sales around 150 million yen, studio operating margin around 30%.

① Growth of photo wedding business

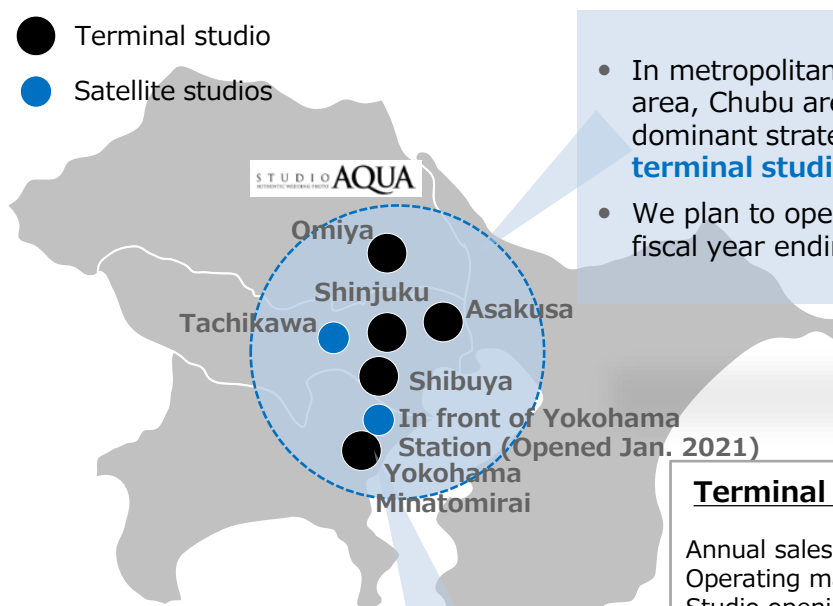
Capturing Photo Wedding Needs by Expanding Nationwide (1/3)

Increasing both terminal studios and satellite studios in metropolitan areas based on dominant strategy.

Dominant Strategy in Metropolitan Areas

- Terminal studio
- Satellite studios

- In metropolitan areas (capital area, Kinki area, Chubu area, etc.), we plan to deploy a dominant strategy by combining large-scale **terminal studios** and **satellite studios**.
- We plan to open three new studios in the fiscal year ending Sep. 2023.



Capital Area

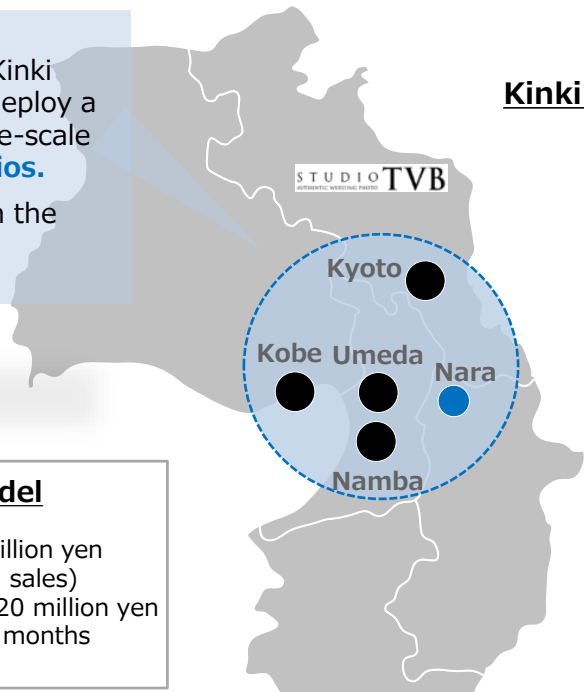
Jan. 21, 2023: Opening of Studio AQUA Yokohama Ekimae

We opened a studio in front of Yokohama Station, a location with good transportation access, in an aim to expand the trade zone in Eastern Kanagawa together with the existing Yokohama Minatomirai studio.

We established a permanent resort counter to increase orders for resort photos.

Terminal Studio Revenue Model	
Annual sales	: Around 400 million yen
Operating margin	: Over 30% (vs. sales)
Studio opening costs	: Around 100-120 million yen
Payout period	: Around 12-18 months

Satellite Studio Revenue Model	
Annual sales	: Around 200 million yen
Operating margin	: Over 30% (vs. sales)
Studio opening costs	: Around 70-90 million yen
Payout period	: Around 12-18 months



Kinki Area

Leading Candidate Stations for Opening Studios in Metropolitan Area	
Shinagawa, Chiba, Ikebukuro, Nihombashi, East Shinjuku, Ginza, Ueno, Kawasaki, Machida, Funabashi and Kashiwa, etc.	

Note: The operating margin in the revenue model is based on information as of December 31, 2022, before factoring in the allocation of head office expenses.

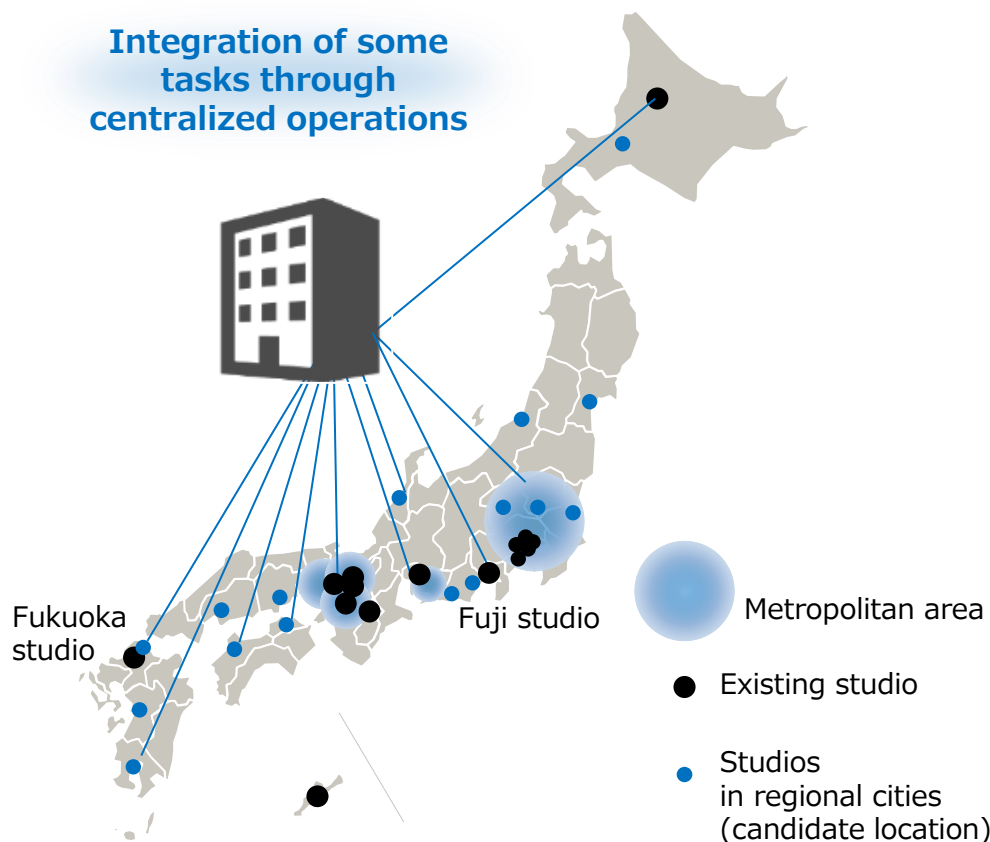
① Growth of Photo Wedding Business

Capturing Photo Wedding Needs by Expanding Nationwide (2/3)

Promote opening studios in regional cities by lowering studio opening costs through the use of centralized operation.
(FYE Sep. 2025 onward)

Studios in Regional Cities

Integration of some tasks through centralized operations



- As the number of studios increases, customer service tasks, costume selection, etc. are gradually being converted to centralized operations through the use of online systems. Our policy is to ensure high profitability by reducing the resources required by studios, including the number of employees and amount of space per studio.

Examples of Leading Candidate Locations for Opening Studios in Regional Cities

- Candidate locations equivalent to metropolitan area terminal studios (sales of over 200-300 million yen)
Sapporo Station, Hiroshima Station, Sendai Station
- Other candidate locations (sales of 100 million yen or more)
Okayama, Takasaki, Utsunomiya, Hamamatsu, Shizuoka, Kitakyushu, Mito, Kumamoto, Niigata, Kanazawa, Takamatsu, Matsuyama, Kagoshima, etc.

Revenue Model for Studios in Regional Cities

Annual sales	: Around 150 million yen
Operating margin	: Over 30% (vs. sales)
Studio opening costs	: Around 50 million yen
Payout period	: Around 12-18 months

Note: The operating margin in the revenue model is based on information as of December 31, 2022, before factoring in the allocation of head office expenses.

Capturing Photo Wedding Needs by Expanding Nationwide (3/3)

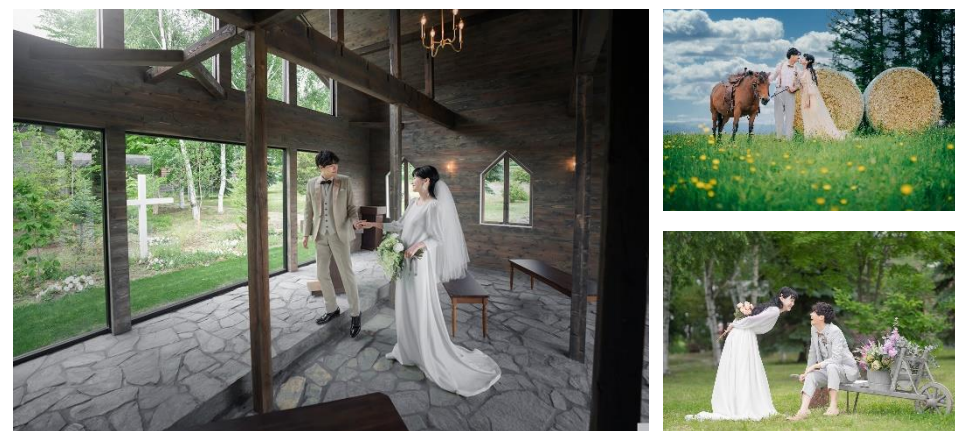
Developing attractive photography plans and opening studios in tourist locations across Japan that attract many visitors to capture demand during the off-season and respond to growing domestic resort demands.

Resort-Type Studios

STUDIO SUNS (Okinawa)



STUDIO SOLA (Hokkaido)



Strategic Significance of Resort-Type Studios

- Generating demand during off-seasons for urban studios (summer and winter)
 - Using attractiveness of locations such as Hokkaido and Okinawa in summer
- Improving studio utilization rate by lengthening the peak busy seasons (cherry blossom and autumn leaves seasons)
 - Responding to the difference in timing of cherry blossom and autumn leaves seasons in summer resort areas, etc. by moving personnel from urban studios
- Enhancing photographers' creativity and increasing photography plan options

Examples of Leading Candidate Locations for Opening Resort-Type Studios

Hokkaido	: Biei (opened), Otaru, Hakodate
Capital area	: Karuizawa (opened), Nikko, Kamakura, Atami
Tokai	: Iseshima
Kansai	: Biwako, Awajishima, Kinosaki, Onomichi
Kyushu	: Nagasaki, Amamioshima
Okinawa	: Okinawa (opened), Ishigakijima, Miyakojima

1 Growth of Photo Wedding Business

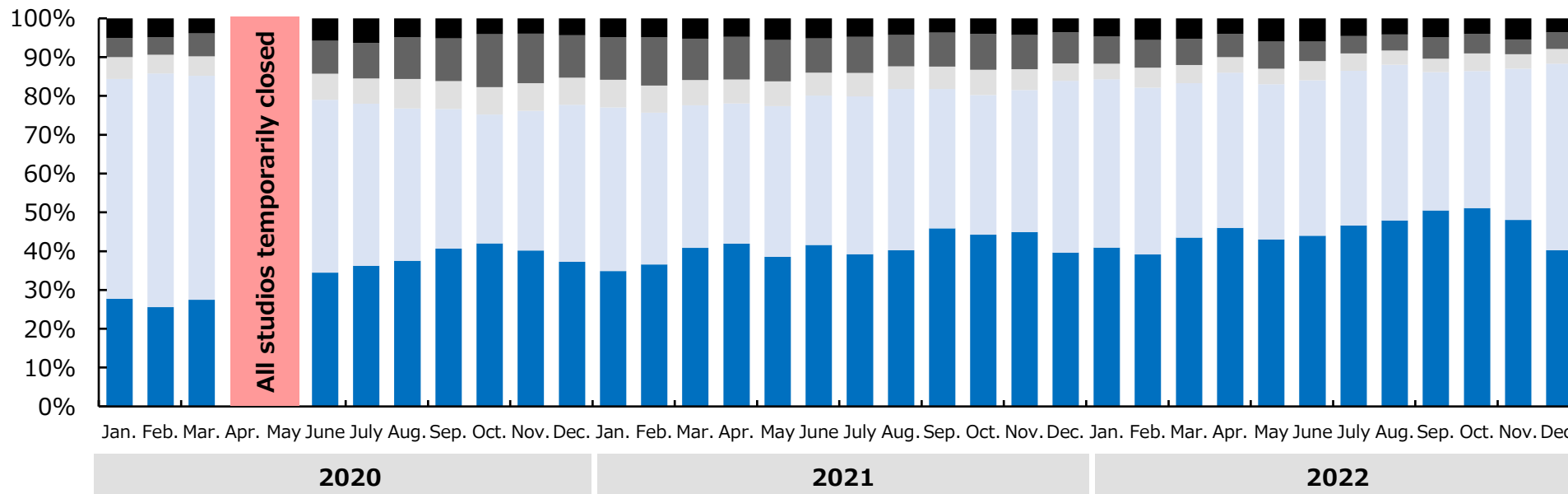
Capturing Diversifying Wedding Needs by Focusing on Photos (1/4)

Perceptions of marriage are changing faster amid the pandemic.

The proportion of couples who choose not to have a ceremony and reception is increasing, and the proportion of photographic wedding ceremonies consistently increased compared with the same month of the previous year.

Survey on Wedding Ceremony Plans of Customers Visiting Studios

■ Photographic wedding ceremony (wedding photos only) ■ Wedding ceremony + reception ■ Wedding ceremony only ■ Undecided ■ No response



Market Changes Due to the Pandemic

- The percentage of “photographic wedding ceremonies”(wedding photos only) increased rapidly amidst the pandemic. Among our customers, the percentage of those who held ceremonies and receptions declined from around 60% before the pandemic to around 40%, while the percentage of those with wedding photos only increased to around 45%.
- Although the number of couples holding ceremonies and receptions is making a partial recovery, views on marriage are changing at a faster pace, and photo wedding needs are increasing.

Our Response to Market Changes

- Achieving continuous growth through adapting to the mindset of customers during the pandemic, in addition to capturing the existing segment of couples who choose not to have a wedding ceremony/reception.
- Expanding the product lineup to meet the needs of customers who do not hold a ceremony or reception, such as packages with both Japanese-style and Western-style costumes, in-studio + on-location shoots, and Photogenic Journey service.
- Promoting the acquisition of contactless orders by introducing online customer service before others during the pandemic, while also improving the operational efficiency of photo planners.

1 Growth of Photo Wedding Business

Capturing Diversifying Wedding Needs by Focusing on Photos (2/4)

Aiming to further expand the photo wedding market and acquire more clients by capturing demand from couples who use photography services of wedding ceremony/reception service providers and couples who choose not to have ceremony and reception by placing them as the main target.

Breakdown of Photo Wedding Industry (couples)*1

Number of marriages (586,000)	With ceremony (386,000)	With a photo shoot on a separate day (244,000)	Photographed by a specialized company (82,000)	Increased focus on wedding events
		Without a photo shoot on a separate day (136,000)	Photography *2 by wedding ceremony/reception service providers (162,000)	
	Without ceremony (206,000)	With photo shoot (64,000)	Without photo shoot (141,000)	Changing views of wedding ceremonies
		Without photo shoot (141,000)		

Target Market to Be Newly Developed

Our current target market *3
Market size: 24.8 billion yen, 147,000 couples

Main Target Market to Be Newly Developed

(1) (With ceremony, without separate shoots) 136,000 couples
Capturing the segment of couples who may choose not to have a wedding ceremony by offering a full lineup of options centered around photos.

(2) (Provided by wedding ceremony/reception service provider) 162,000 couples
Attracting the segment of couples that place high importance on the wedding event and who are using the wedding hall or another vendor for a photo wedding by meeting their needs with a full lineup of services.

Note 1: Figures as of 2018. Rounded down to the first decimal place.

We made these estimates using external statistics and other published data based on certain assumptions, but the actual market size may differ from the estimates due to inherent limitations in the statistics and estimates on which they were based.

Note 2: Calculated based on the results of Recruit Marketing Partners' questionnaire survey "Zexy Kekkon Torendo Chosa 2018" (Zexy wedding trend survey 2018) on photography service providers and the ratio of in-studio shoots to on-location shoots, in which the proportion of respondents using a wedding hall or other vendor was 66.3% and the proportion using a specialized company was 33.7%. See pg. 51 for details.

Note 3: Price per photo shoot (169,000 yen) (= average of price per in-studio shoot [159,000 yen] and price per on-location shoot [176,000 yen], based on figures from "Zexy Kekkon Torendo Chosa 2018" (Zexy wedding trend survey 2018) by Recruit Marketing Partners) x number of target couples (64,000 + 82,000 = 147,000). See pg. 51 for details.

Source: "Outline of Vital Statistics in Japan (2019) (final figures)" of the Ministry of Health, Labor and Welfare; "Zexy torendo chosa 2018" (Zexy wedding trend survey 2018) by Recruit Marketing Partners; "Kekkon sougou ishiki chosa 2018" (Comprehensive marriage awareness survey 2018) by Recruit Bridal Souken, Recruit Marketing Partners; "Nashi-kon ni kansuru jittai chosa (2018/12/17)" (Fact-finding survey on marriages without ceremonies/receptions; Dec. 17, 2018) by Wedding Park

1 Growth of Photo Wedding Business

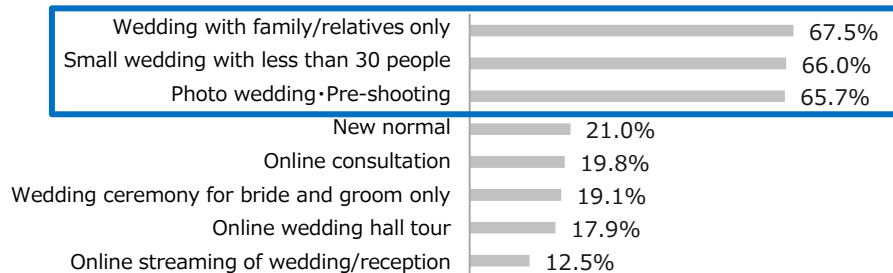
Capturing Diversifying Wedding Needs by Focusing on Photos (3/4)

Increasing prices and capturing needs by providing a wide range of services, including activities (= experiences), with a focus on photos that cover all wedding-related content.

Formats That Continue to Grow in Popularity After the Pandemic

Q. Choose the wedding format(s) that you believe will continue to grow in popularity after the pandemic.

(Respondents = 329 wedding industry workers; multiple responses allowed.)*1



- While there is still demand for traditional ceremonies and receptions, formats centered around photography, which meets diversifying wedding needs, are a growing presence.

Traditional ceremony/ reception

Wedding format with a focus on photography

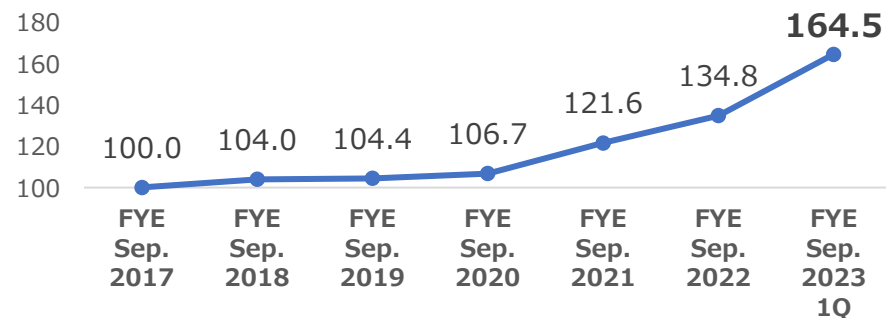
Enhancing Photo Wedding Packages and Increasing Prices

Expanding the options to provide "photo weddings that go beyond just photo wedding"



Price Increases

The average price per wedding continues to increase. (indexed by taking the fiscal year ended September 2017 as 100)*2



Note 1: Source: Press release of Kufu Company (November 20, 2020).

Note 2: Comparison of average price per photography contract for studios that have been open for 13 months (established studios) in each fiscal year.

① Growth of Photo Wedding Business

Capturing Diversifying Wedding Needs by Focusing on Photos (4/4)

Identifying changes in consumer demand for photography ahead of others, developing services in response to these, and ensuring we don't miss out on capturing new needs (examples of new options).

Photogenic Journey (Trip + Photo Wedding)

- Allows couples to have a photo wedding while traveling to various places, satisfying the needs of couples who want to shoot wedding photos or take photos in beautiful locations instead of having a wedding ceremony or going on a honeymoon.



- With the increasing popularity of domestic resorts due to the pandemic, there are increasing number of Photogenic Journey at the resort-type studios.
- Propose a new "Trip + Photo Wedding" to customers in Japan and overseas including limited-time studio.

Public Photo Wedding (Online + Photo Wedding)

- This service features a combination of photo wedding and online wedding, which provides "photos" and "experiences" at the same time so that couples can have photos taken by a professional photographer and let their families, relatives and friends know their marriages using photos showing themselves dressed in a wedding costume.

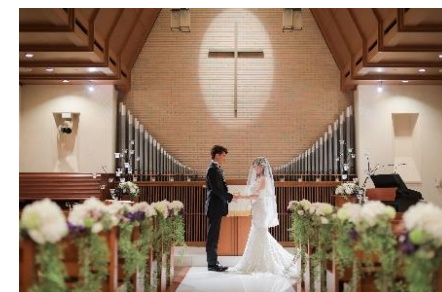
Family Photo Wedding (Family Members + Photo Wedding)

- Allows couples to create special memories by shooting photos of themselves in wedding costumes with their beloved families
- In addition to in-studio shoots, couples can choose on-location shoots, etc.



Chapel Photo Package (Chapel + Photo Wedding)

- Formal photo wedding at a chapel.
- Renting a chapel allows couples to have a family-only photo wedding or a photo wedding tailored to the bride and groom's preferences.
- We partner with over 40 chapels across Japan.



② Accelerating Expansion into the Life Event Field

Capturing New Consumer Needs by Developing Services According to Recent Trends (1/3)

Accelerating business development of HAPISTA and enhancing life event field other than weddings.

Increase the pace of new studio openings from FYE Sep. 2023 for full-fledged multiple studio openings.

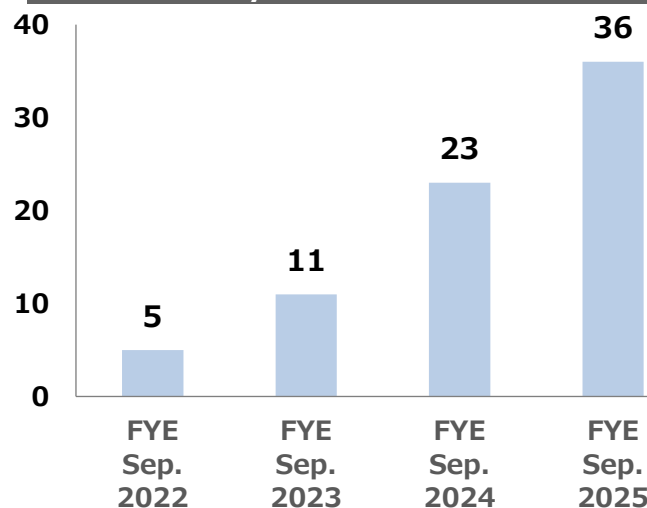
(Millions of yen)	FYE Sep. 2022	FYE Sep. 2023	FYE Sep. 2024	FYE Sep. 2025
Revenue	173	448	1,136	2,063
Revenue growth rate		158.4%	153.5%	81.7%
Operating profit	-9*1	-32*2	18	204
Operating margin	-5.2%	-7.1%	1.6%	9.9%
Operating profit growth rate		-	-	974.4%

*1 Profit deducting the revenue and expenses generated from sales of fixed assets from profit

*2 Difference of -21 million yen for fiscal year ending September 2023 is recognized when adjusting from Japanese GAAP to IFRS



Change in Number of Anniversary Photo Service Studios



Business strategy

- To strengthen our business in the life event field, we will accelerate the opening of HAPISTA offering anniversary photo services (multiple locations have already opened), with a target of 50 studios in cumulative total by the end of the FYE Sep. 2026, and make it our second-largest revenue stream after photo weddings.
- To provide photo services that meet the needs of customers who are not satisfied with conventional children's photos and offer families happy experiences that encourage repeat business (not limited to the Shichi-Go-San festival for 3-, 5-, and 7-year-olds).
- Accelerate the pace of new studio openings centering on metropolitan areas in fiscal year ended September 2023 and beyond to solidify the revenue base during fiscal year ending September 2024.
- Even though the operating margin is low due to significant upfront costs through fiscal year ending September 2024, the operating profit growth rate is expected to exceed that of the photo wedding business in fiscal year ending September 2025 and beyond.

Studio Revenue Model

- To develop a business model and brand image focused predominantly on major metropolitan areas in the Kanto and Kansai regions during the current plan period, then expand into regional areas later on.
- Annual sales of around 75 million yen, studio operating margin of 30%.

② Accelerating Expansion into the Life Event Field

Capturing New Consumer Needs by Developing Services According to Recent Trends (2/3)

Leveraging technology and expertise cultivated in the photo wedding business to open studios and expand our high-quality anniversary photo business (HAPISTA), which takes “natural” pictures of people.

Anniversary Photo Business That Sets Itself Apart from Conventional Family Photography

Conventional family photo studio

- Taking in-studio photos of children dressed up for occasions such as a baby’s first shrine visit or the Shichi-Go-San festival
- The angles, poses, etc. are more or less the same for all families
- Studio lighting

Anniversary photos that capture “natural” pictures of people (HAPISTA)

- **Leveraging technology and expertise cultivated through photo wedding business.**
- **Creating original costumes** and also offering **on-location shoots.**
- Using various arrangements to capture **natural expressions in natural light** as much as possible, in addition to photo shooting of children in given positions/poses.

Future Business Development Outlined in Medium-Term Management Plan

- Transitioning to the development of multiple studios as **the first step in expanding our business into the field of life events** other than weddings.
- Accelerate the pace of new studio openings in fiscal year ending September 2023 and beyond and **plan to open a total of 50 studios by the end of the fiscal year ending September 2026.**
- As with existing studios, we will offer a wide range of options, high-quality experiences, and photo services that leverage HAPISTA’s appeal.
- We will increase the variety of costumes by including both Japanese- and Western-style garments and also offer on-location shoots.
- **Using the human resource development system established for the photo wedding business,** we will train professionals who can flexibly respond to children’s natural movements and expressions **and provide services that meet the needs of customers who are not satisfied with conventional children’s photos.**



② Accelerating Expansion into the Life Event Field

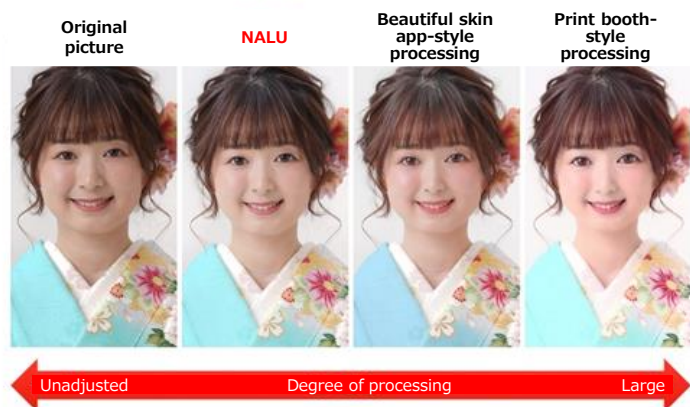
Capturing New Consumer Needs by Developing Services According to Recent Trends (3/3)

Launched NALU photo service for coming-of-age ceremonies and began commercialization.
Beginning preparations to resume services for foreign tourists once restrictions on entry into Japan for foreign travelers are eased.

Coming-of-Age Ceremony Photos



- Jointly developed a product with FuRyu Corporation, which has the largest share of the photo sticker machine market.
- Developed a new, ground-breaking photo service for coming-of-age ceremonies** by leveraging the hair, makeup, dressing, and photography techniques we have cultivated in the photo wedding business and FuRyu Corporation's image adjustment technology and young women-oriented marketing capabilities.
- Customers themselves can adjust images that are familiar to young women on the spot.** It produces a **natural finish suited to coming-of-age ceremony photos** which differs from both photo sticker machines and camera apps. It also supports more efficient image adjustment after taking photos.



Efforts to Resume Photo Services for Foreign Tourists

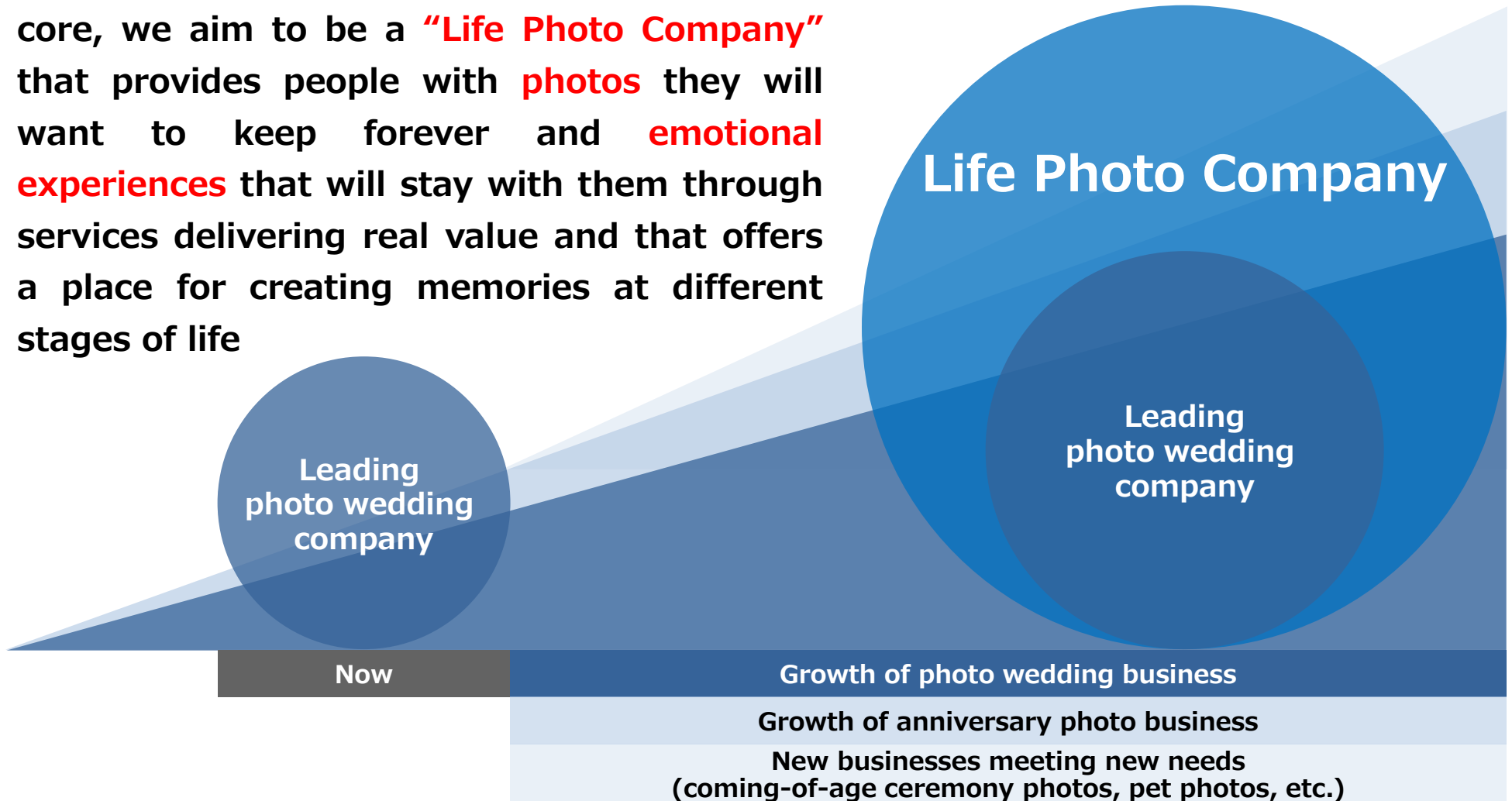
- Before the pandemic, we established an office in Hong Kong and hired local employees to conduct sales activities aimed at acquiring inbound tourist customers.
- Inbound tourist sales (sales from services provided in response to orders by non-Japanese residents) were 93 million yen in the fiscal year ended September 2019.
- As of January 2023, border measures are being strengthened for Chinese tourists entering Japan, but since the number of visitors is expected to recover in the future, we are preparing for re-expansion.**
- The aim is a scale exceeding fiscal year ended September 2019 especially after the re-expansion of entry from China.



Pet Photography

- Photo service focusing on pets with pictures taken at a studio made available for the customer's exclusive use or in various everyday situations (walking the dog, etc.).
- Trial in progress at HAREI Jingumae.

Having sophisticated photo techniques at the core, we aim to be a **“Life Photo Company”** that provides people with **photos** they will want to keep forever and **emotional experiences** that will stay with them through services delivering real value and that offers a place for creating memories at different stages of life



Company Highlights

Decollte has built an encompassing business model and operation dedicated to photo weddings.

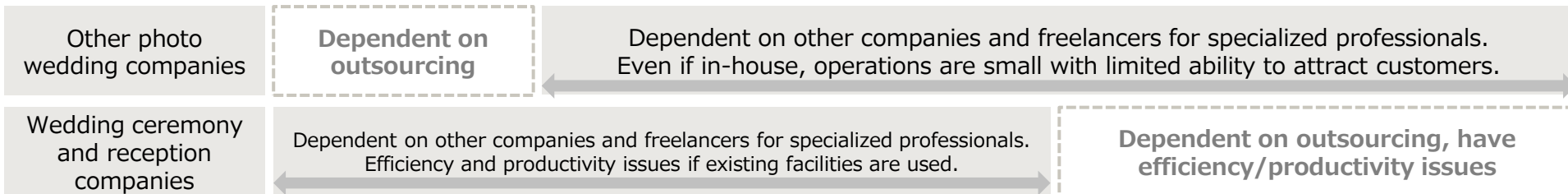
The result is being capable to achieve both **reliable, high-quality services and high profit margins.**



Major competitive factors	Photography track record Word-of-mouth reputation SEO Social media exposure	Wide range of plans High-quality photos Reasonable prices	Professional staff specializing in photo weddings		
			Wide variety of costumes and accessories	Dedicated personnel for meticulous hair, makeup and attendant	Dedicated photo wedding studios



We have built an encompassing proprietary model and operation from customer acquisition (over 90% via our website) to photo shoots.
 We employ many in-house photographers and hair and makeup artists specializing in photo weddings.

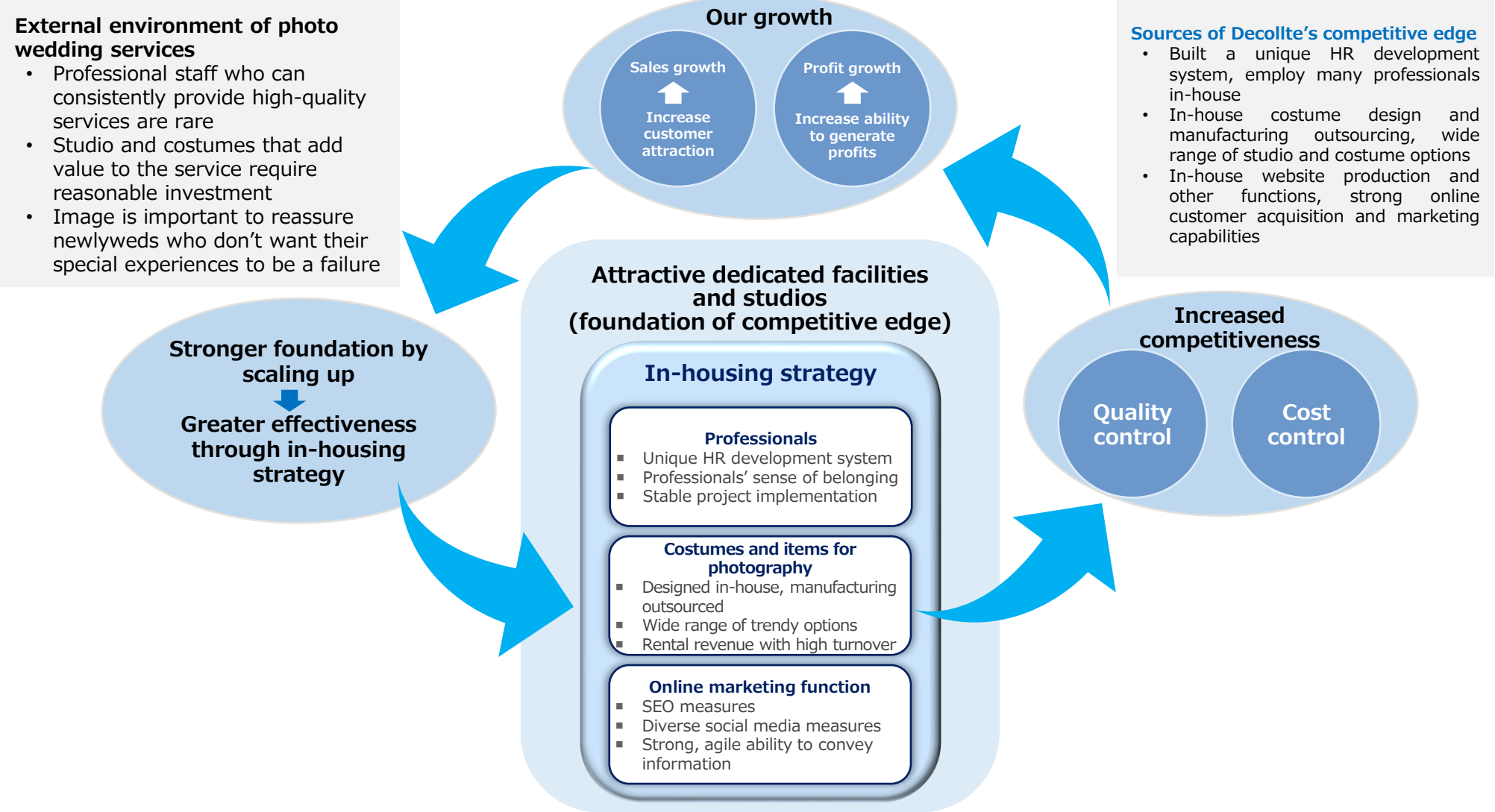


As a result, our photo wedding business is highly profitable, with an operating margin* over 30%* and a payout period of around 12 to 18 months after opening a new studio.

Note: Operating margin at studios, excluding head office expenses (expenses related to head office functions such as the Finance and Administration Department)

Company Highlights: Summary

In-housing of online customer acquisition, professional staff, dedicated facilities and items, the sources of our photo wedding service’s competitive edge. Scaling up through growth will solidify our competitive edge.

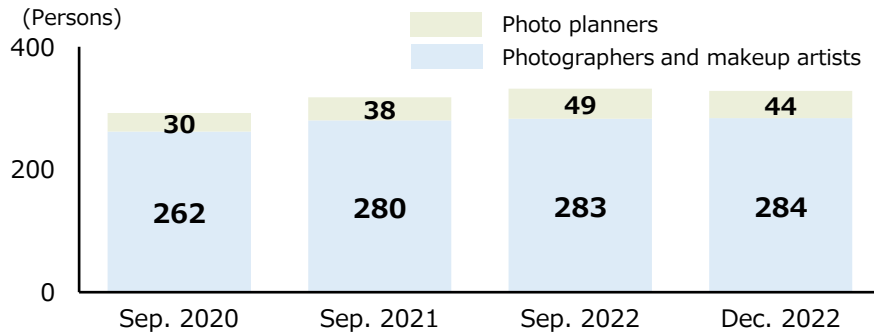


Note: The professional positions are defined as the photographers and makeup artists.

Decollte has a **competitive number of professionals as permanent employees** based on our unique education program.

Secure Many Professionals

Number of Professionals and Planners*1



◆ In addition to photographers and makeup artists, we have hiring more “photo planners” in charge of customer service, including new customers, to allow the professionals to focus more on photography. This has reduced the workload of the professional staff.

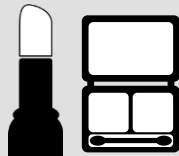
Photographers



134
people*2

Have studio, on-location, and portrait photography techniques

Makeup artists



150
people*2

Each artist has skills to set hairstyles, apply makeup and help dress customers in western dresses/tuxedos and kimonos.

Our Strength in Hiring and Retaining Human Resources

1 Unique education program

- We actively hire staff who have no experience and provide a special photo wedding curriculum and education system so that they can do [almost all the work in about 2 years](#)

2 A place to work hard and encourage each other

- We provide a place to raise aspirations and aim for even higher heights [through our unique environment that employs many strongly independent photographers and makeup artists as full-time employees](#)

3 A place where professionals easily demonstrate their originality

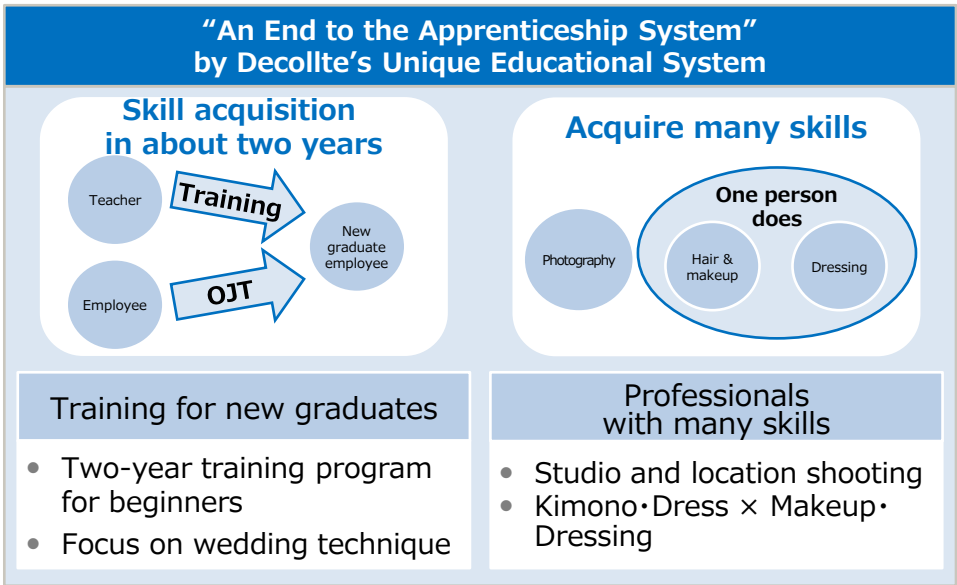
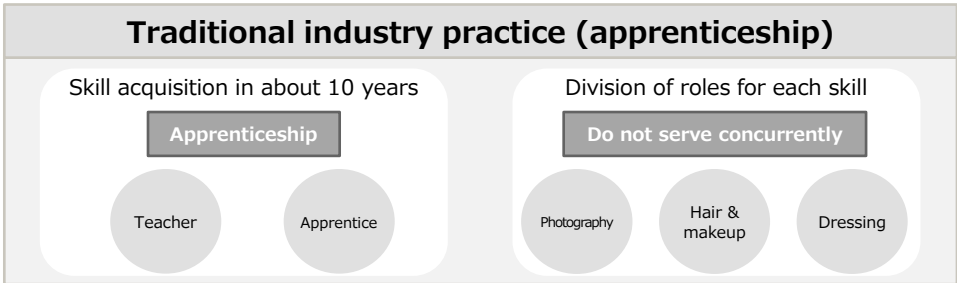
- Each of 24,000 couples of customers a year [can choose a photographer or makeup artist](#) according to their preferences and the taste of the photos they want to take
- [Each professional has](#) Instagram and other [social media accounts](#) where they can demonstrate and share their individuality and be rewarded by being personally selected

Note 1: The number of persons as of the end of month.
Note 2: The number of persons as of the end of December 2022.

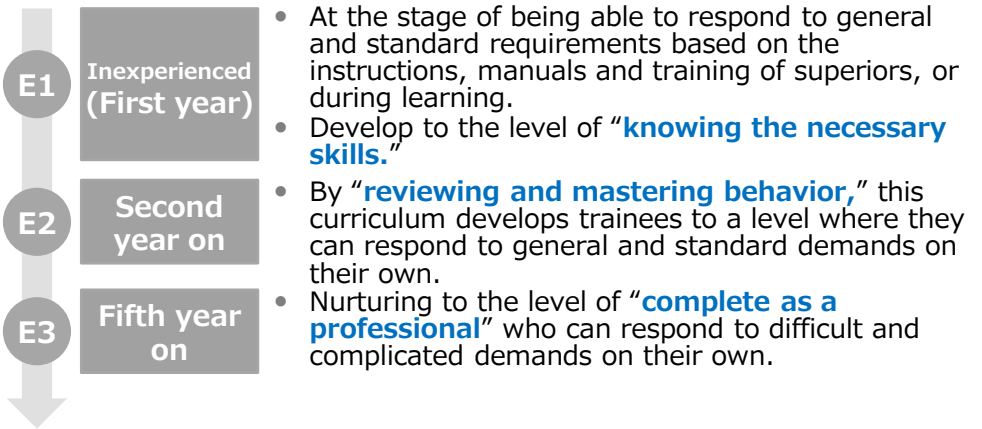
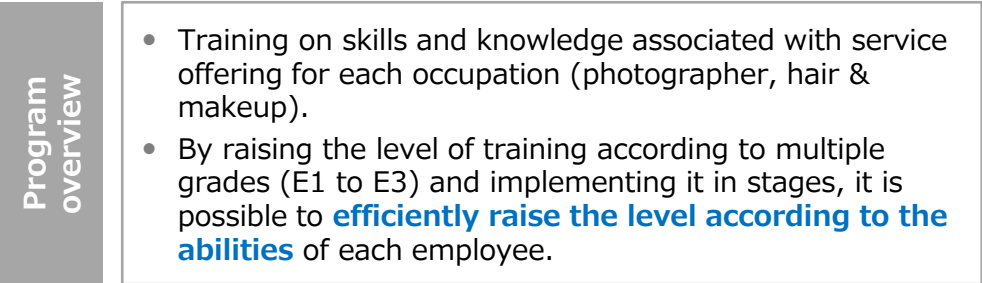
Unique Professional Development System

We have built a unique educational curriculum that allows those who want to be professionals to acquire many skills in a short period of time, instead of the traditional teacher-apprentice system. It is directly linked to superiority in acquiring human resources.

Our Professional Development System, Which Can Be Said to Be Bringing an End to the Apprenticeship System



Our Unique Educational Program



High-level homogenization of technique

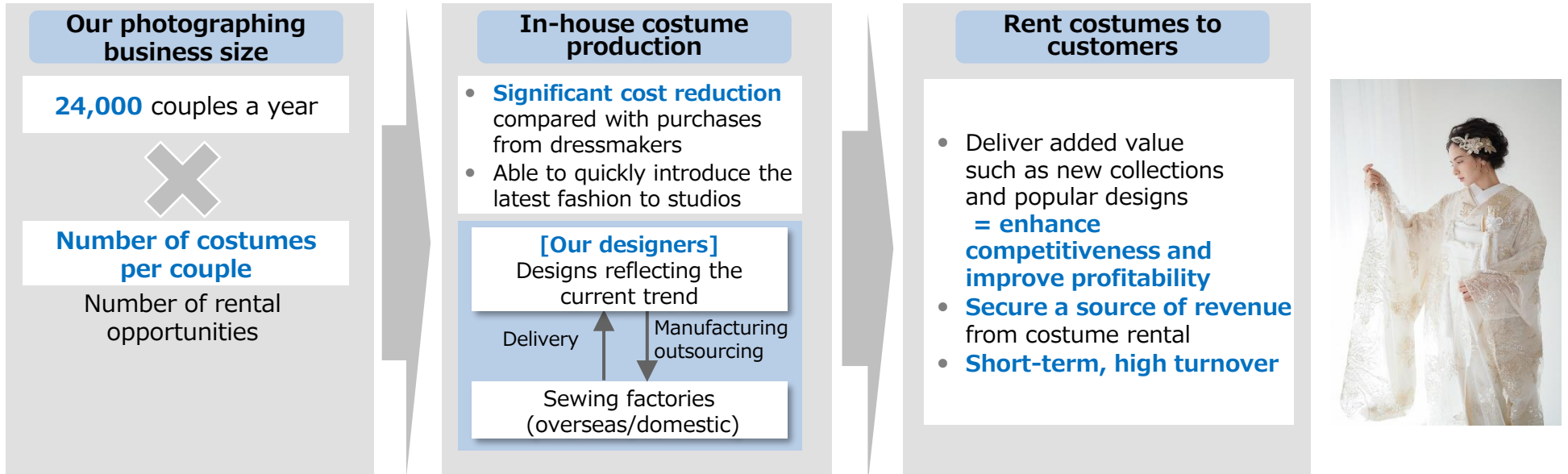
② In-House Development of Photo Shoot Facilities/Items (e.g., Costumes)

In-House Development of Facilities/Items (e.g., Costumes)

Taking advantage of our size (photo shooting for 24,000+ couples per year), we produce our own costumes, indoor gardens, etc.

We generate cost competitiveness and increase earnings through in-house development of photo wedding facilities and items.

Advantages of In-House Development of Costumes



Advantages of Dedicated Photo Wedding Studios and Indoor Gardens

- Dedicated **full-scale photo wedding studios, indoor gardens, stand-alone chapels.**
- Having built many studios, we are able to reduce design, procurement and renovation costs.

- **Able to shoot regardless of weather and climate,** reducing the risk of being unable to shoot photos.
- Can be photographed immediately after hair and makeup, eliminating the time and burden of traveling to and from the location at the customer side. **Also increases number of operations and productivity.**

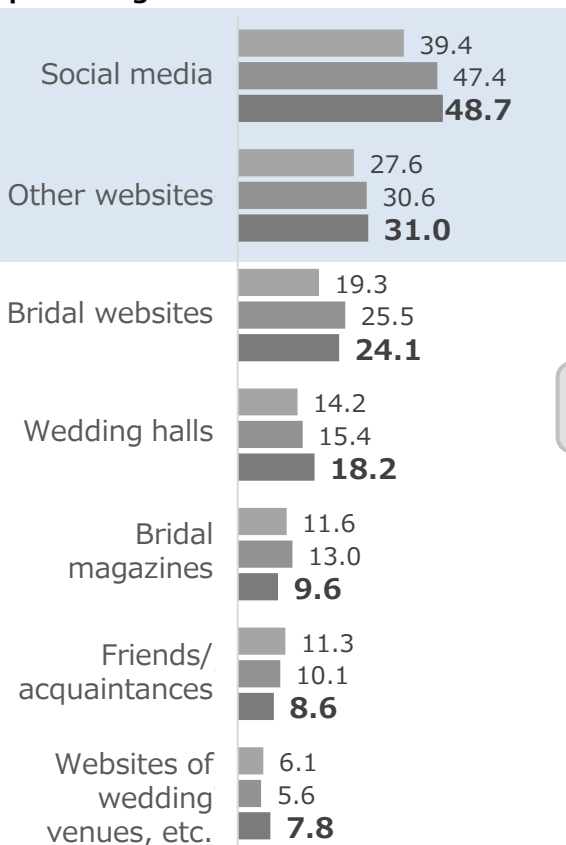


Our Ability to Attract Customers Through Online Search/Social Media

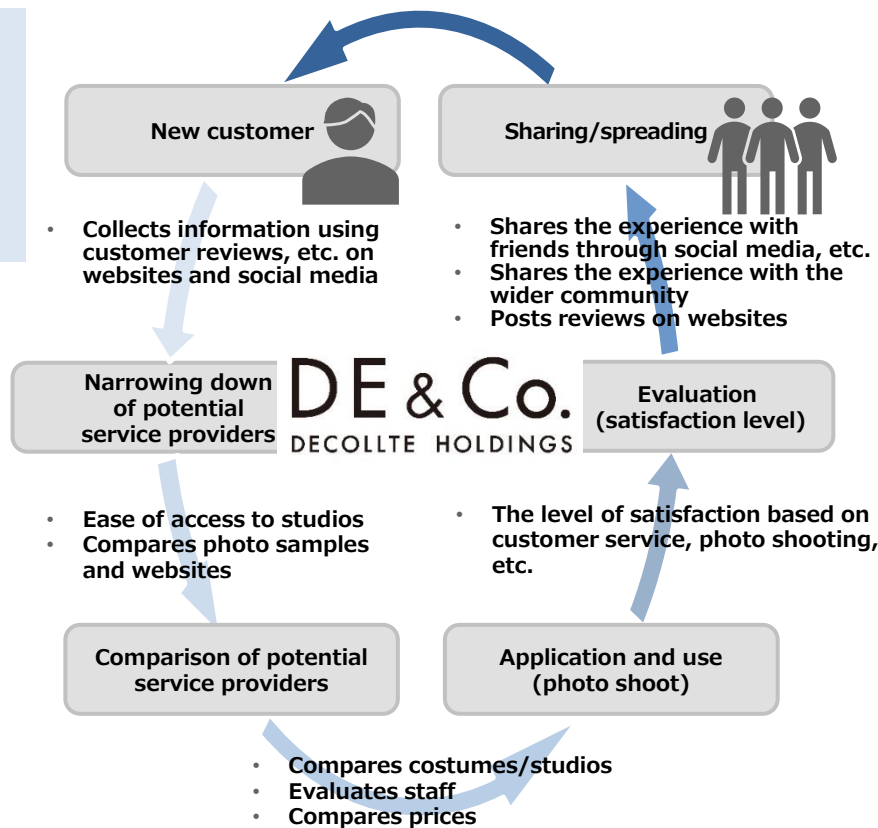
Attracting customers is key for photo weddings, which are special experiences. We excel in service websites and social media, which is the main media customers use for selection.

Media Used to Select Photo Wedding Services (%) and Customer Acquisition Cycle

Social media and company service sites have high percentages



- Accumulation of positive reviews
- Photo exposure



Our Strength in Online Search

More than **90%** of customers are acquired through our website

- Developed the website production team in-house
- Ranks high in each region in keyword searches using words such as photo wedding, pre-shooting

Ranking high in Google search

(Example)

"Tokyo photo wedding"	1st
"Osaka photo wedding"	1st
"Tokyo pre-shooting"	2nd
"Osaka pre-shooting"	1st

(As of April 16, 2021)

Improved competitiveness in attracting customers
Reduced spending on advertising media

■ 2020 ■ 2021 ■ 2022

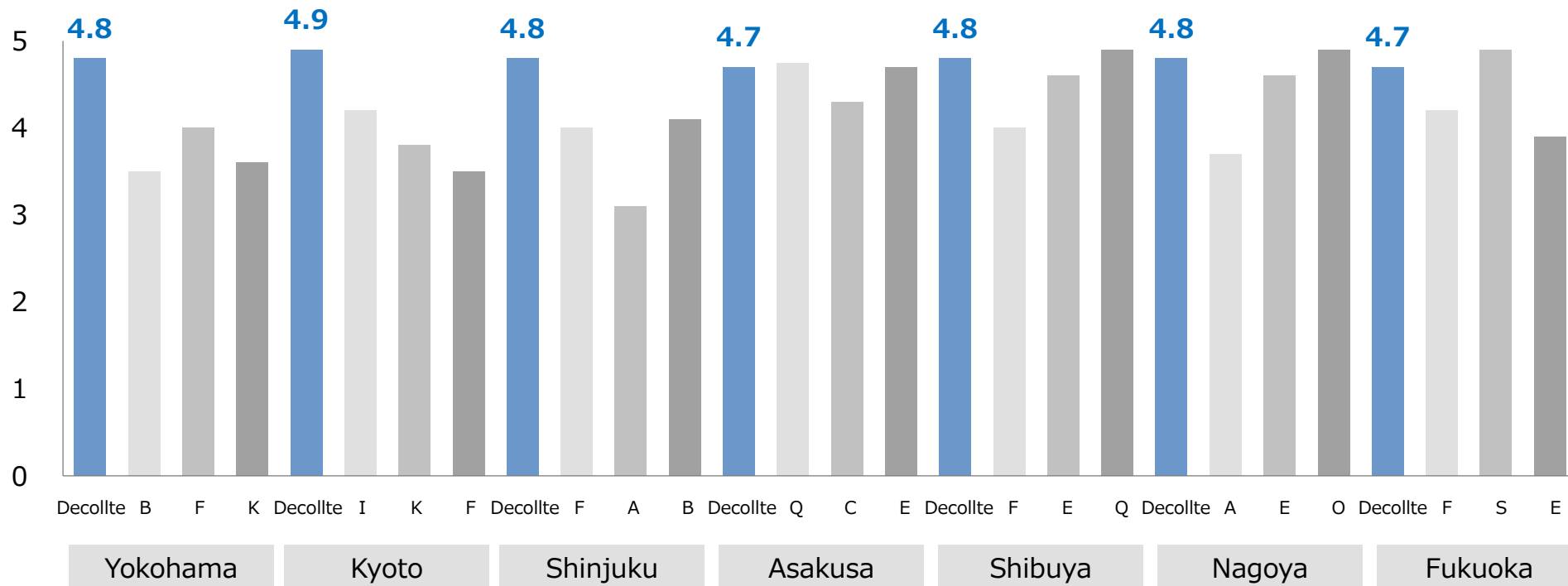
High Level of Customer Satisfaction for Our Services

Our services are rated highly by users. The sharing of positive experiences through websites and social media by users directly results in better recognition.

Strong Customer Satisfaction for Our Services

Evaluation of Decollte Based on Google User Reviews*only for some studios

(Average score out of the highest score of 5)



Note: Evaluation as of January 23, 2023.

The above seven studios were selected based on the descending order of the number of reviews posted (Yokohama: 1,566, Kyoto: 1,488, Shinjuku: 1,045, Asakusa: 812, Shibuya: 696, Sakae: 602, Fukuoka: 589).

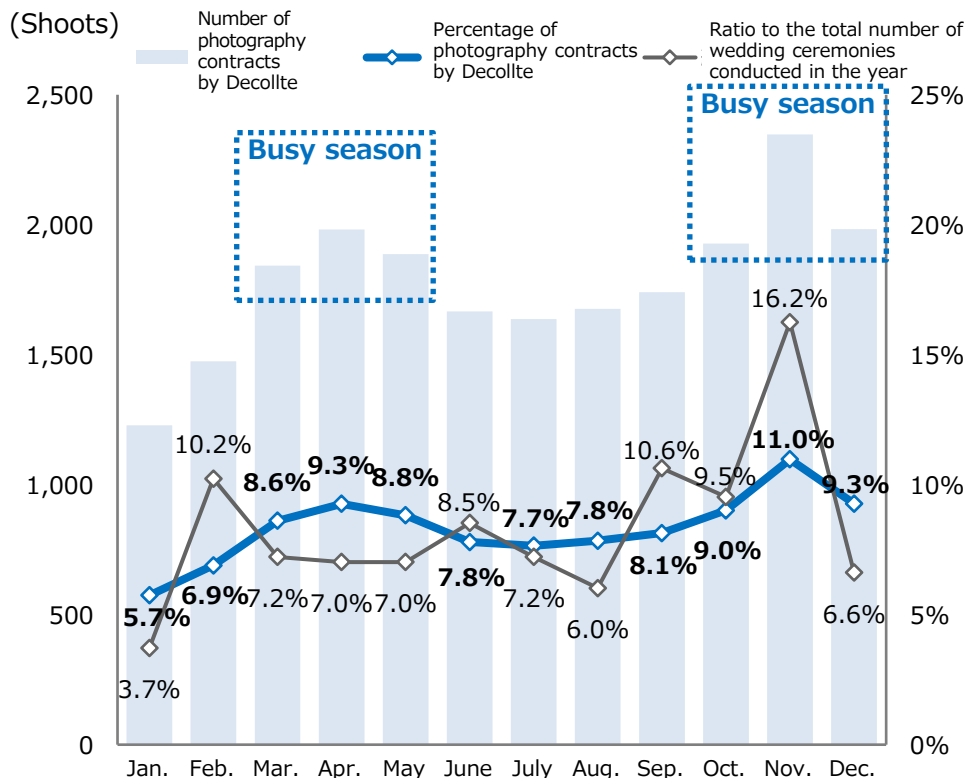
The competitors listed are companies most frequently mentioned by customers as their potential selection in our December 2022 preliminary customer survey.

Efficient Staffing to Cater for Busy Seasons and Off-Seasons

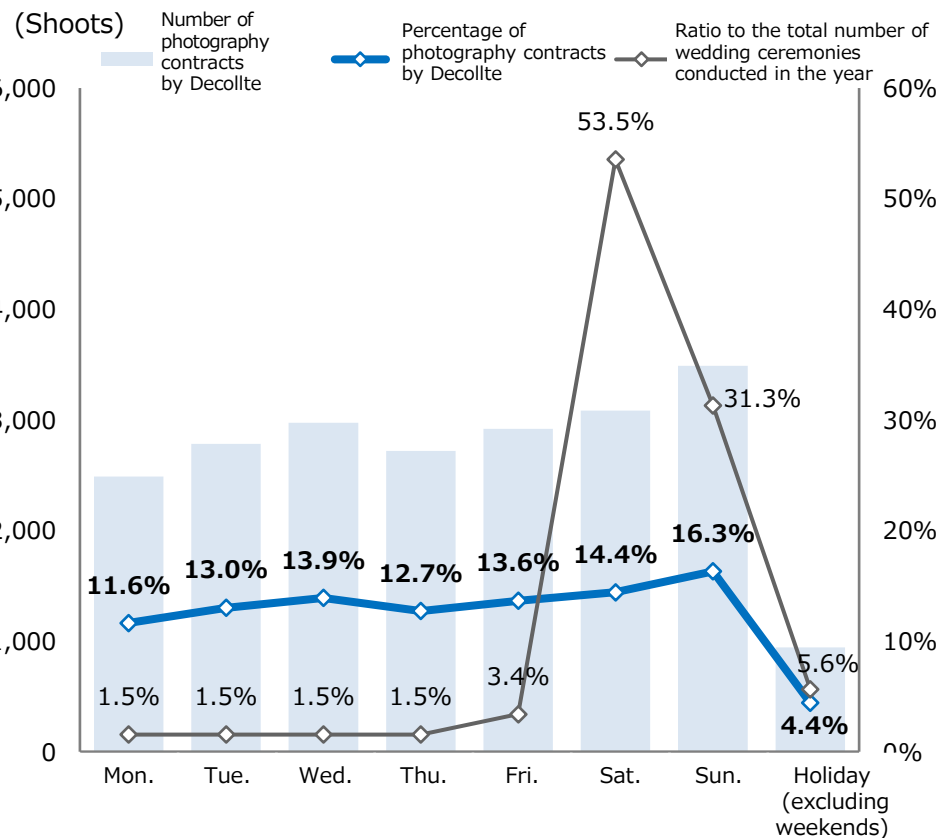
While there is a great gap between the busy seasons and off-seasons for weddings, **there is little difference between days of the week.**

Efficient staffing also enables us to capture demand during busy seasons.

Percentage of Photography Contracts in Different Months



Number of Photography Contracts on Different Days

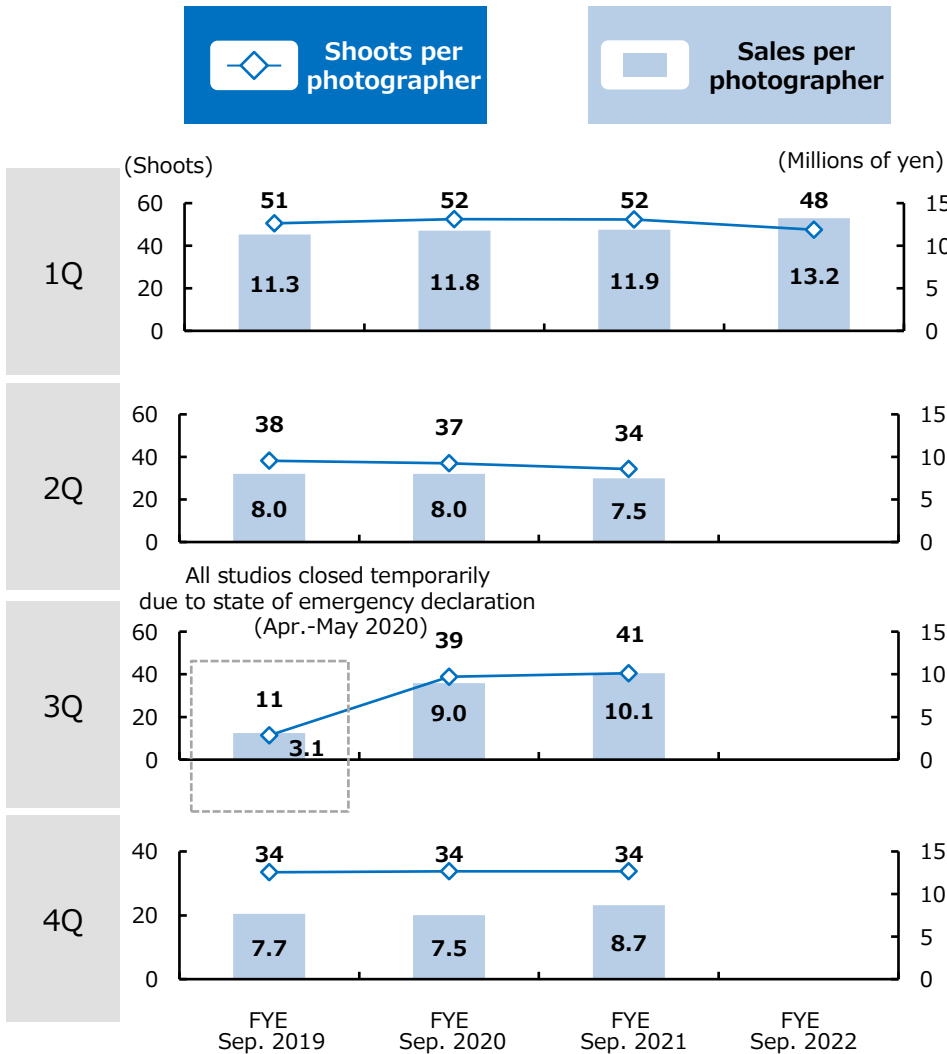


Note: Ratio of wedding ceremonies conducted to the total number of wedding ceremonies based on survey results in metropolitan areas = (number of wedding ceremonies conducted based on survey results in the metropolitan areas / number of surveys conducted in the metropolitan areas) / (1 - ratio of no response, etc.). The survey results showed that 6.0% of respondents had their wedding ceremony between Monday and Thursday. Based on this, it is assumed that 1.5% of respondents had their wedding ceremonies on each of those days. The number of weddings conducted is the average for the month/day during a period between April 2018 and March 2020. Source: Zekushi Kekkon Torendo Chosa 2020 (Zexy Wedding Trend Survey 2020) by Recruit Marketing Partners

Change in Operation Status/Productivity

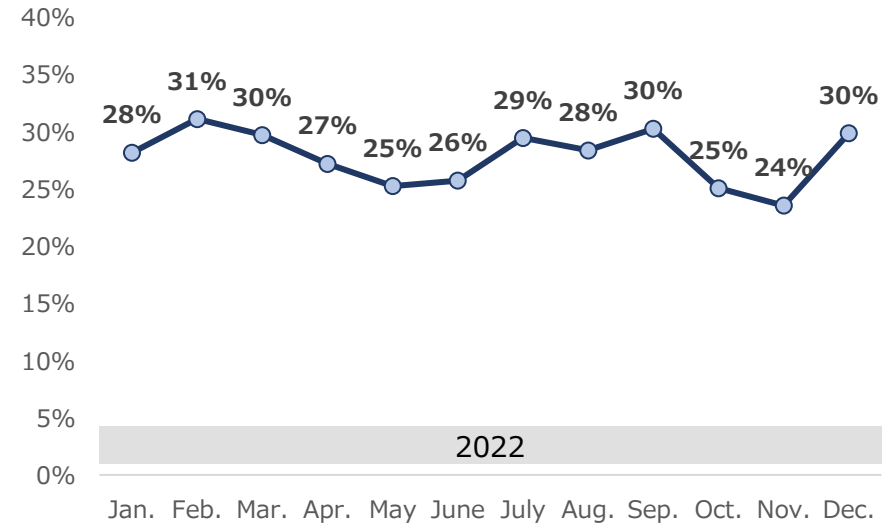
Sales per photographer **grew 11.6% YoY** despite increasing headcount. We increased the number of photo planners (customer service) and operational efficiency through online customer service.

Sales Per Photographer and Number of Photography Contracts



Online Customer Service

Change in Percentage of Online Orders to Total Contracts



Increased operational efficiency through online customer service

- **Future centralization** will improve studio operations, **reducing costs**
- **Captured new customer segments** (consultations by customers living far or after the close of studios)

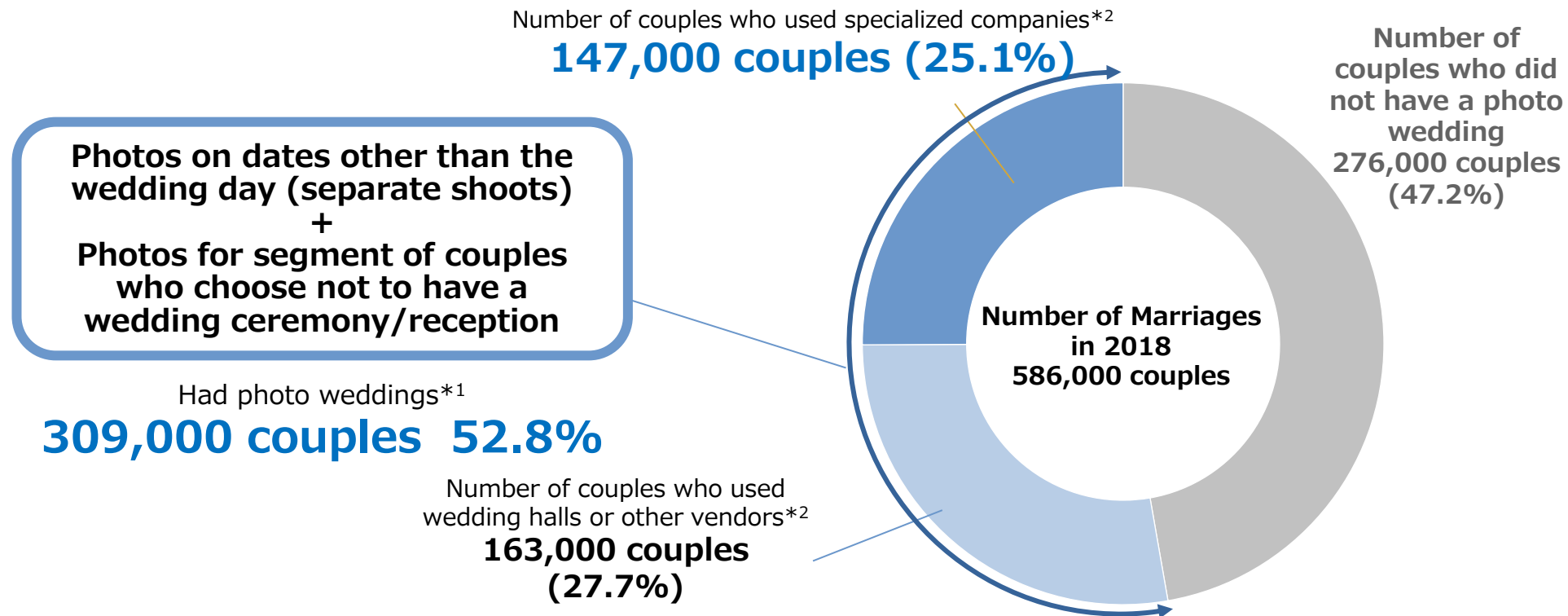
Establishment of infrastructure for opening studios in regional cities

Structural Changes in the Wedding Industry

Proportion of Newly Married Couples Having Photo Weddings

The percentage of couples having photo weddings is high at 52.8%.

The percentage who have photos taken by specialized companies like us is 25.1%, so there is considerable room for growth in the future.



Note 1: As of 2018. Calculated as follows: number of couples who had a wedding ceremony and had photos taken (number of newly married couples x percentage of couples who had a wedding ceremony x percentage of couples who had photos taken on a separate day) + number of couples who had photos taken but chose not to have a ceremony/reception (number of married couples x [1 - percentage of couples who had a wedding ceremony] x percentage of couples who had photos taken but chose not to have a ceremony/reception).

(a) The number of couples who had a photo wedding among those who had a wedding ceremony:

- Number of couples who had a wedding ceremony: Total newly married couples (586,000 couples) ("Outline of Vital Statistics in Japan (2019) (final figures)" of the Ministry of Health, Labor and Welfare) x percentage of couples who had a ceremony (64.9%) ("Kekkon sougou ishiki chosa 2018" (Comprehensive marriage awareness survey 2018) by Recruit Bridal Souken, Recruit Marketing Partners) = 380,000 couples.
- Number of couples who had a photo wedding: number of couples who had a wedding ceremony (380,000 couples) x percentage of couples who had photos taken on a separate day (64.3%) ("Zexy kekkon torendo chosa 2018" (Zexy wedding trend survey 2018) by Recruit Marketing Partners) = 244,000 couples (number of couples rounded down to the first decimal place).

(b) Number of couples who had a photo wedding among those who did not have a ceremony:

- Number of couples who did not have a ceremony: Total number of newly married couples (586,000 couples) - number of couples who had a wedding ceremony (380,000 couples) = 206,000 couples.
- Number of couples who had a photo wedding: Number of couples who did not have a ceremony (206,000 couples) x percentage of couples who had photos taken but chose not to have a ceremony/ reception (31.4%) "Nashi-kon ni kansuru jittai chosa (2018/12/17)" (Fact-finding survey on marriages without ceremonies/receptions; Dec. 17, 2018) by Wedding Park) = 64,000 couples (number of couples rounded down to the first decimal place).

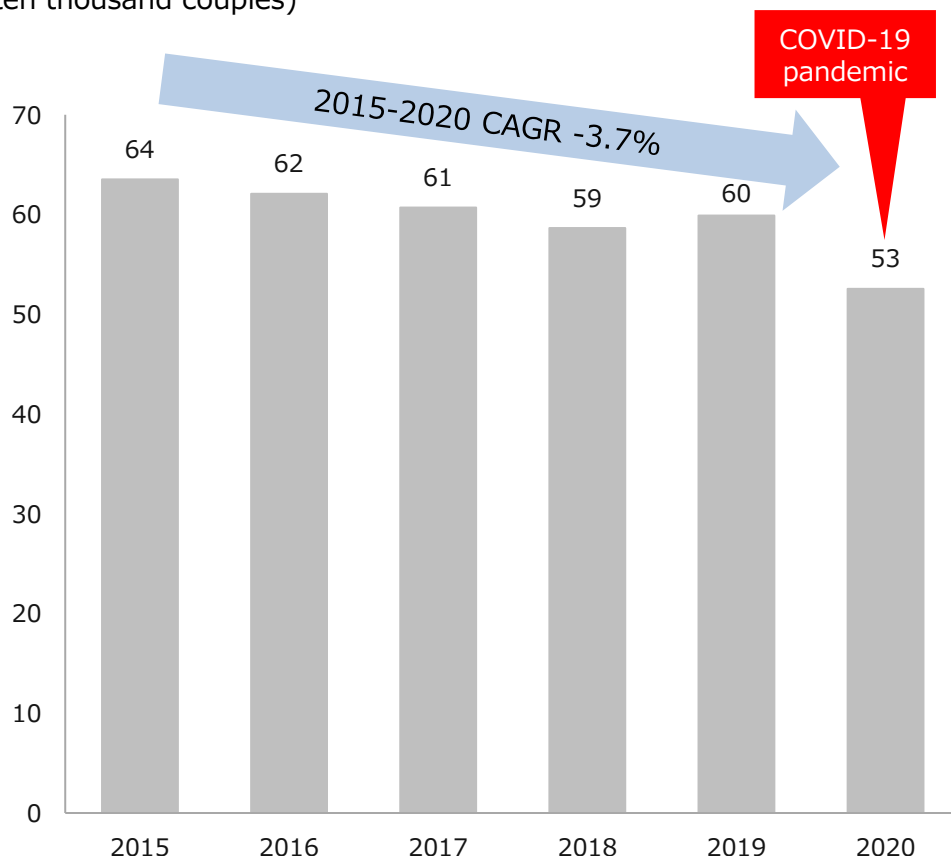
Note 2: The number of couples who used specialized companies: number of couples who had a wedding ceremony and a photo wedding x percentage of couples who used specialized companies + number of couples who had a photo wedding but did not have a wedding ceremony.

Number of couples who used wedding halls or other vendors: number of couples who had a wedding ceremony and a photo wedding x percentage of couples who used wedding halls or other vendors
The percentage of couples who used specialized companies and percentage of couples who used wedding halls or other vendors were calculated (rounded off to the first decimal place) based on figures from "Zexy kekkon torendo chosa 2018" (Zexy wedding trend survey 2018) by Recruit Marketing Partners. See page 51 for details.

The number of marriages is declining each year. However, **the current size of the photo wedding market is around 52.1 billion yen**, and it is expected to keep growing steadily.

Change in Number of Marriages in Japan

(ten thousand couples)



Size of Photo Wedding Market*1

Photo wedding market
Approx. 52.1 billion yen
 *2018

Factors Driving Future Market Growth

- ① **Increase in the percentage of couples who have photo shoot provided by the ceremony/reception vendor on a separate day (⇒ page 44)**
 - The emergence of services meeting customer needs and couples' desire to have photos that cannot be taken on the day of the wedding are key factors driving the increase in the number of couples who want to have photo shoots on a separate day
- ② **Existing needs for photo weddings among couples who choose not to have a wedding ceremony/reception (⇒ page 45)**
 - A photo wedding is a new wedding format that is attracting interest because it allows women to enjoy the experience of being a bride and have photos they can keep while being more affordable than a wedding ceremony

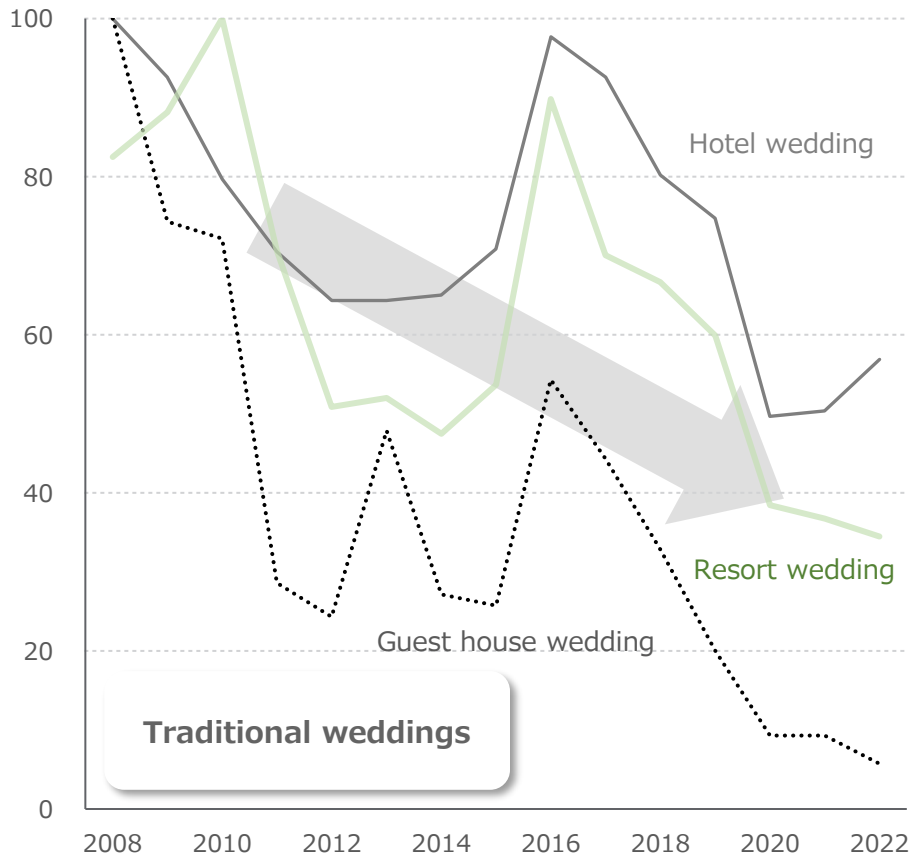
Note 1: The size of Japan's photo wedding market was calculated according to the formula below:
 Price per photo shooting: 169,000 yen (average of price per in-studio photo shooting [159,000 yen] and price per on-location photo shooting [178,000 yen], based on figures from "Zexy Kekkon Torendo Chosa 2018" (Zexy wedding trend survey 2018) by Recruit Marketing Partners) x number of couples who had a photo wedding: 309,000 couples = 52.1 billion yen.

We made these estimates using external statistics and other published data based on certain assumptions, but the actual market size may differ from the estimates due to inherent limitations in the statistics and estimates on which they were based.

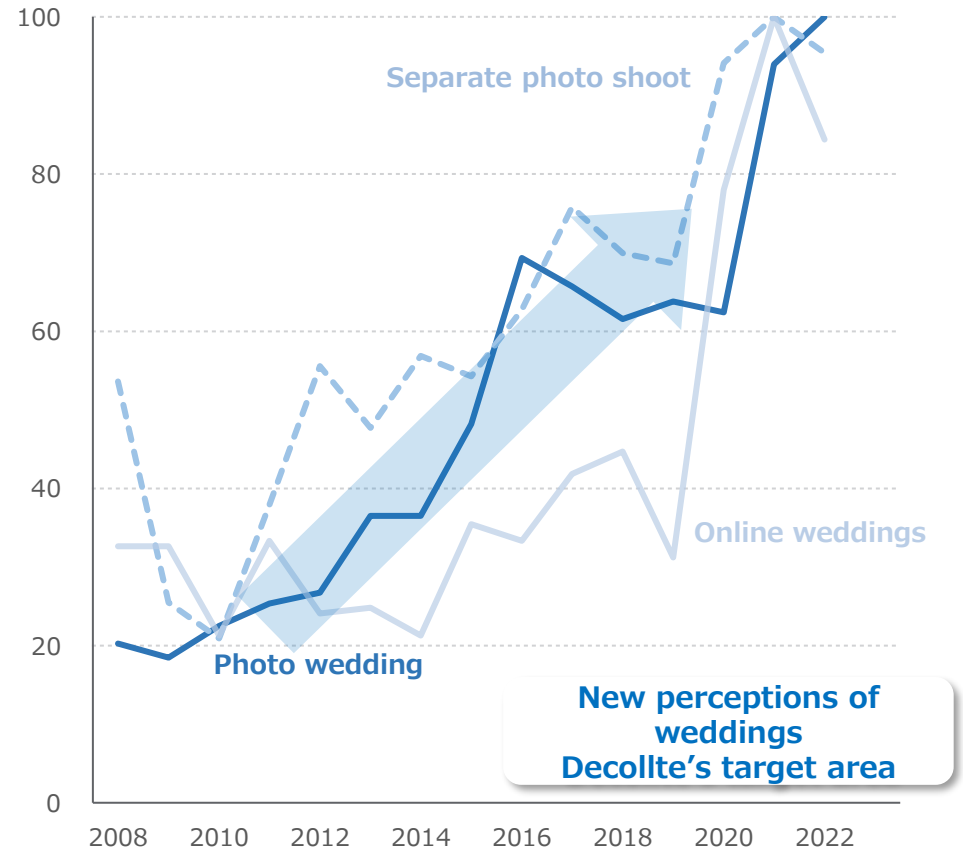
Source: "Outline of Vital Statistics in Japan (2020) (final figures)" of the Ministry of Health, Labor and Welfare

Interest in having wedding ceremonies/receptions with the attendance of guests is trending downward. **Interest in non-traditional formats of wedding** such as photo weddings, wedding photo shoots on a separate day, and online weddings **is growing**.

Google Search Trends for Traditional Weddings



Google Search Trends for Non-Traditional Weddings



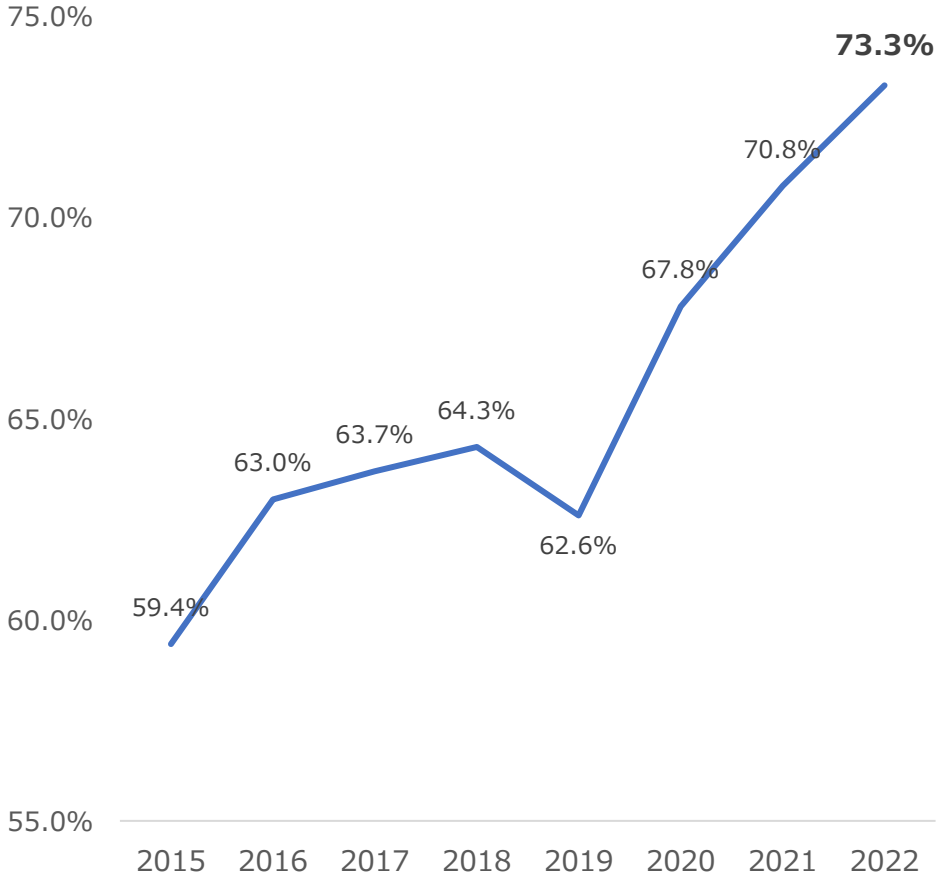
Note: The graph shows the number of searches for each keyword from 2008 to the present as an index, with the maximum value as 100. 0 indicates that there was not enough data for that keyword.

Source: Google Trends

Increasing Percentage of Couples with Separate Photo Shoot by Wedding Hall or Reception Vendor

The proportion of couples who have photo shoots on a separate day is rising every year. The emergence of services meeting customer needs and couples' desire to have photos that cannot be taken on the day of the wedding are key factors driving the increase in the number of couples who want to have photo shoots on a separate day.

Change in Proportion of Couples Who Have Separate Photo Shoots Taken by the Wedding Hall or Reception Vendor



Background to Increased Proportion of Separate Photo Shoots

More couples want to take center stage without worrying about what's happening around them

- Couples are busy dealing with guests, etc. on the day of the wedding ceremony and reception

Increased desire to have photos that cannot be taken on the day of the wedding

- There is growing demand to have photos that cannot be taken on the day of the wedding ceremony and reception as a record of the marriage, such as photos in different outfits or locations



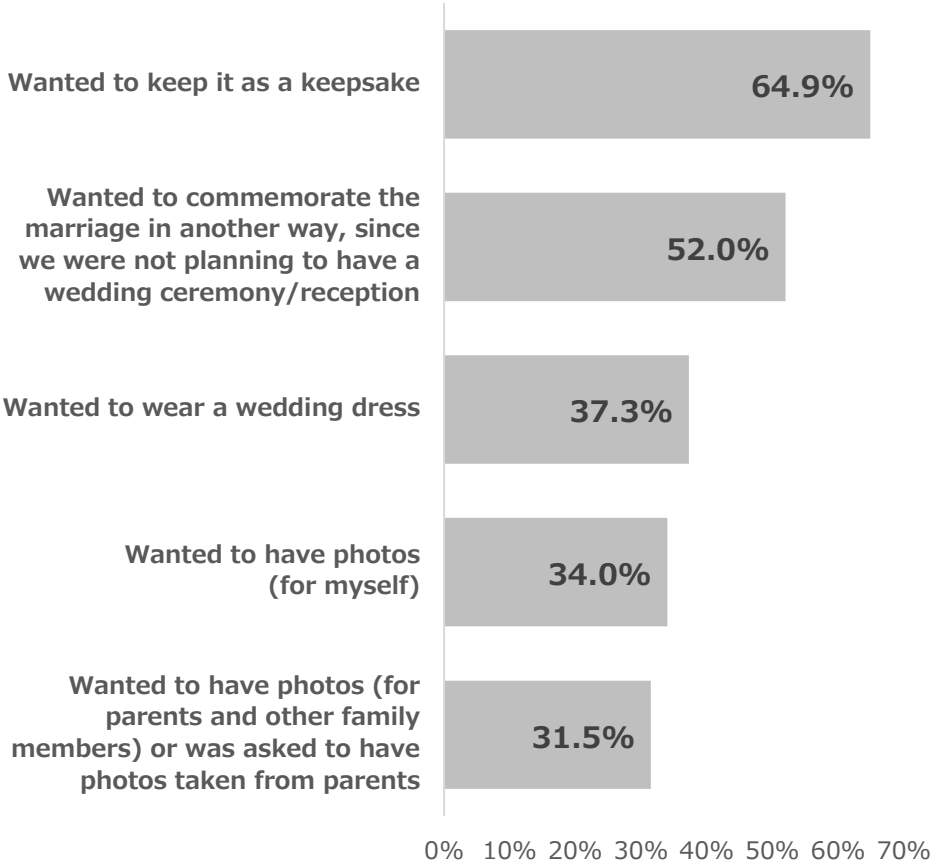
Source: "Zexy Kekkō Tōrendo Chōsa 2015-2022" (Zexy wedding trend survey 2015-2022) by Recruit Marketing Partners

Existence of Photo Wedding Needs among Couples Who Choose Not to Have a Wedding Ceremony/Reception

Photo weddings provide the experience of being a bride at a lower cost than a wedding ceremony.

They are also attracting interest as a new wedding format since the experience can be preserved in photos.

**Reasons for Considering a Photo Wedding
(Number of Respondents Who Did Not Have a Wedding Ceremony or Reception = 598)*1**



Added Value Delivered by Photo Weddings



Hair and makeup



Kimono



Western dress

- Experience of being a bride through an exciting, new style of photo shoots
- Preserving memories (photos)
- Showing appreciation to parents and family members through photos
- Enjoying a memorable, emotional experience at a reasonable price



Note 1: Multiple responses allowed. The top 5 items out of all responses are shown.
Source: "Foto-wedding doko chosa (2022/10/6) (Photo wedding trend survey 2022; October 6, 2022)" by Wedding Park

Risk Information

Risk Information

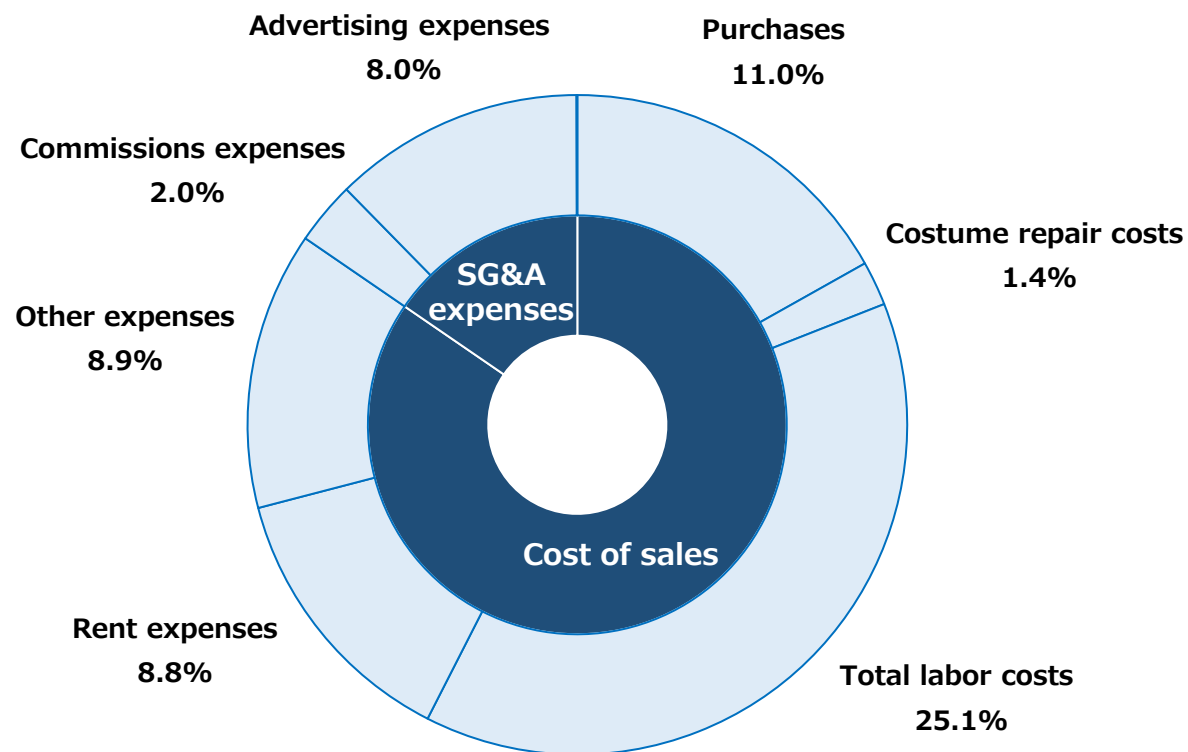
The main risks recognized as having the potential to materially impact achieving the company’s growth or executing its business plan, along with the countermeasures addressing them, are as shown below.

For other risks, please refer to “Other Business Risks, Etc.” in the annual securities report.

	Recognized Risks	Countermeasures
<p>1</p> <p>Acquiring and Developing Human Resources</p>	<ul style="list-style-type: none"> We recognize that acquiring exceptional talent and developing our human resources will be key issues as we pursue the growth of our business in the future. The failure to acquire the necessary human resources, departures of core talent, or failure to develop our human resources could delay plans to open new studios or impede the operation of existing studios, which could affect our group’s financial situation and performance. 	<ul style="list-style-type: none"> To acquire human resources, we have hired a group-wide hiring manager and implemented a system to strengthen our hiring practices. We are pursuing efforts to increase the applicant pool by increasing the number of channels through which we post information and reducing the number of applicants who withdraw during the process by revising the recruitment flow. In addition, due to current decreased hiring in the conventional bridal business due to the pandemic, the labor environment facilitates hiring by us and we are proactively engaged in recruitment activities. In terms of human resources development, we have built a unique educational curriculum that allows those who want to be professionals to acquire many skills in a short period of time, instead of the traditional teacher-apprentice system. In addition, we have implemented a personnel system that raises the level of training based on the employee’s grade, and by implementing training in stages, we enable inexperienced new hires to rapidly develop their potential and encourage each employee to improve their level in an efficient manner, based on their abilities.
<p>2</p> <p>Opening Studios</p>	<ul style="list-style-type: none"> We are actively pursuing the opening of new studios to increase revenue. However, although we are developing new studios in multiple regions at the same time, in case of us being unable to secure suitable candidate properties for studio locations, being unable to open new studios on schedule due to being unable to acquire the human resources necessary to open new studios, or if our studio opening performance diverges from our plans, it could affect our group’s financial situation and performance. 	<ul style="list-style-type: none"> In terms of securing candidate locations for new studios, it is not necessary for our studios to be located in commercial facilities or street frontages, since the various services we offer require booking a studio visit in advance online or by phone, unlike service industry or restaurant industry businesses, which focus on facilitating access or visits by an unspecified number of customers. A wide range of options are possible for opening studios, including general office floors. We are pursuing measures to acquire the human resources necessary for studio openings, as described in 1 above.

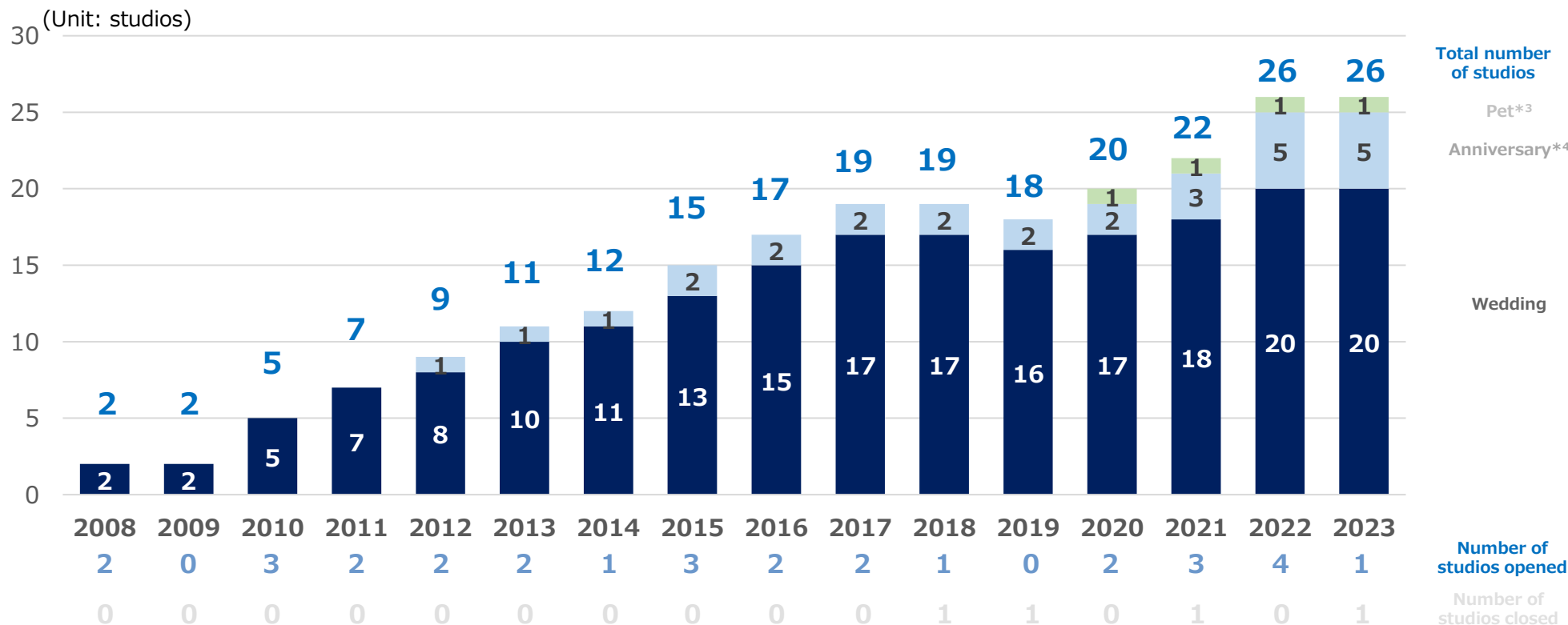
Appendix

Cost Breakdown (Photo Wedding Business)



Note: The studio cost breakdown (cost of sales + SG&A expenses) for the photo wedding business from October 2021 to September 2022 is shown. Percentages indicate the ratio to sales.

Changes in Annual Studio Openings and Total Number of Studios



- **Opened Studio AQUA Yokohama Ekimae on January 21, 2023.**

- Chapel SUNS closed in January 2023.

Chapel SUNS was opened as a ceremony business studio. After that, it was used as a photography chapel with the transfer of the ceremony business.

In addition to the building’s deterioration, we decided to close the studio because we can continue meeting customers’ chapel photo demand by partnering with a popular nearby chapel.

Note 1: Years are based on the calendar year.

Note 2: 2023 figures are as of January 31.

Note 3: The studio that shoot pet photos is HAREI Jingumae.

Note 4: HAPISTA are anniversary photo studios.

Approximate Calculation Methods for the Ratio of Couples Using Specialized Companies, Wedding Halls, Etc. and the Size of the Photo Wedding Market

Breakdown of the Number of Newly Married Couples in 2018*1

Breakdown of the Number of Couples Having a Photo Wedding in 2018*1

With ceremony	<p>380,000 couples</p> <p>= total number of weddings*2 (586,000 couples) × percentage of couples who had a ceremony*3 (64.9%)</p>	<p>With a photo shoot on a separate day</p> <p>244,000 couples</p> <p>= number of couples who had a ceremony (380,000 couples) × percentage of couples who had a separate photo shoot*4 (64.3%)</p>	<p>Specialized companies</p> <p>82,000 couples</p> <p>= number of couples who had a ceremony and separate photo shoot (244,000 couples) × percentage who used a specialized company*6 (33.7%)</p> <p>Market size*7 13.86 billion yen</p>
		<p>Without a photo shoot on a separate day</p> <p>136,000 couples</p> <p>= number of couples who had a ceremony (380,000 couples) - the number of couples who had a ceremony and separate photo shoot (244,000 couples)</p>	<p>Wedding halls, etc.</p> <p>162,000 couples</p> <p>= number of couples who had a ceremony and separate photo shoot (244,000 couples) - number of couples who had a ceremony and separate photo shoot who used a specialized company (82,000 couples)</p> <p>Market size*7 27.32 billion yen</p>
Marriage without a ceremony/reception	<p>206,000 couples</p> <p>= total number of marriages*2 (586,000 couples) - number of couples who had a ceremony (380,000 couples)</p>	<p>With photo shoot</p> <p>64,000 couples</p> <p>= number of couples who did not have a ceremony/reception (206,000 couples) × percentage who choose not to have a ceremony/reception but had a photo shoot*5 (31.4%)</p>	<p>Specialized companies</p> <p>64,000 couples</p> <p>Specialized companies are the photo wedding service provider for couples who choose not to have a ceremony/reception</p> <p>Market size*7 10.9 billion yen</p>
		<p>Without a photo shoot</p> <p>141,000 couples</p> <p>= number of couples who did not have a ceremony (206,000 couples) - number of couples who did not have a ceremony but had a photo shoot (65,000 couples)</p>	

Note 1: We made these estimates using external statistics and other published data based on certain assumptions, but the actual market size may differ from the estimates due to inherent limitations in the statistics and estimates on which they were based. The number of couples is rounded down to the first decimal place.

Note 2: Excerpted from "Outline of Vital Statistics in Japan (2019) (final figures)" of the Ministry of Health, Labor and Welfare

Note 3: Excerpted from "Kekkon sougou ishiki chosa 2018" (comprehensive marriage awareness survey 2018) by Recruit Bridal Souken, Recruit Marketing Partners

Note 4: Excerpted from "Zexy Kekkon Torendo Chosa 2018" (Zexy wedding trend survey 2018) by Recruit Marketing Partners

Note 5: Excerpted from "Kekkon sougou ishiki chosa 2018" (comprehensive marriage awareness survey 2018) by Recruit Bridal Souken, Recruit Marketing Partners

Note 6: Calculated based on the results of a questionnaire conducted as part of "Zexy Kekkon Torendo Chosa 2018" (Zexy wedding trend survey 2018) by Recruit Marketing Partners

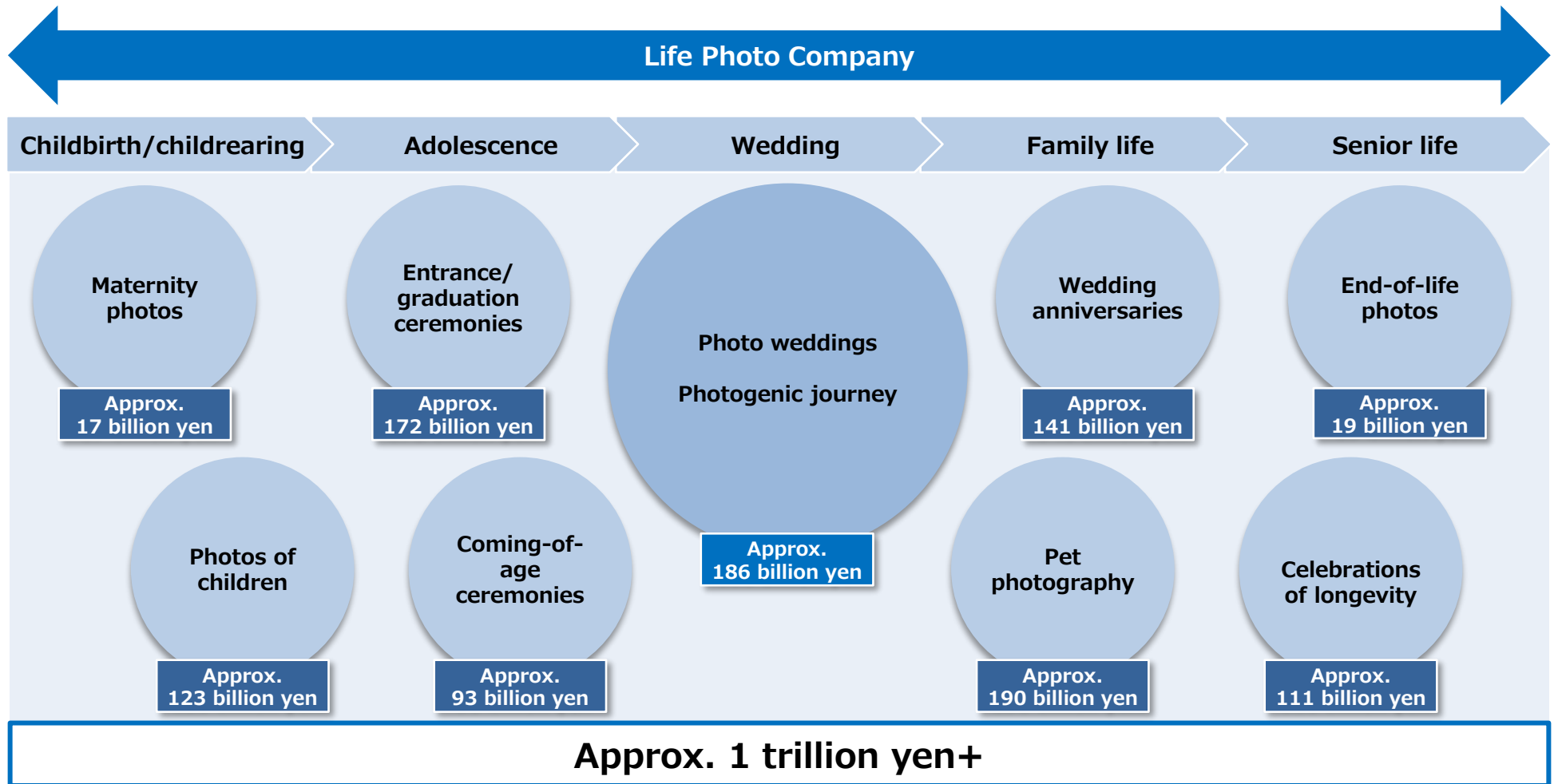
- Service provider of separate in-studio photo shoots: Percentage of specialized companies: we used the percentage obtained after eliminating "no answer" responses from the results (nationwide estimates) of a survey on service provider for separate in-studio photo shoots (wedding halls and other vendors = 65.4% [51.1% + 14.3%], specialized companies = 28.7%, no answer = 5.9%)*8 (ratio of wedding halls and other vendors to specialized companies = 69.5%:30.5%).
- Service provider of separate on-location photo shoots: Percentage of specialized companies: we used the percentage obtained after eliminating "no answer" responses from the results (nationwide estimates) of a survey on service provider of separate on-location photo shoots (wedding halls and other vendors = 59.8% [46.4% + 13.4%], specialized companies = 34.3%, no answer = 5.9%)*8 (ratio of wedding halls and other vendors to specialized companies = 63.5%:36.5%).
- Percentage of in-studio and on-location shoots: We used the percentage obtained after eliminating "both" responses from the results (nationwide estimates) of a survey on the details of separate in-studio and on-location photo shoots (in-studio: 36.7%, on-location: 41.4%, both: 21.9%) (ratio of in-studio to on-location photo shoots = 47.0%:53.0%).
- Percentage of specialized companies used for separate shoots: Based on the above calculation results, the percentage of in-studio photo shoots (47.0%) × the percentage of couples using specialized companies (30.5%) + the percentage of on-location photo shoots (53.0%) × the percentage of couples using specialized companies (36.5%) = 33.7%.

Note 7: The market size was calculated by multiplying the number of couples by the price per photo wedding, which is 169,000 yen (the average of the price per in-studio photo shooting [159,000 yen] and price per on-location photo shooting [178,000 yen]).

Note 8: Wedding halls and other vendors = companies exclusive to or affiliated with the venue + external costume stores, or companies affiliated with or referred by costume stores; specialized companies = external photo studios/photographers.

Source: "Outline of Vital Statistics in Japan (2019) (final figures)" of the Ministry of Health, Labor and Welfare; "Zexy Kekkon Torendo Chosa 2018" (Zexy wedding trend survey 2018) by Recruit Marketing Partners; "Kekkon sougou ishiki chosa 2018" (Comprehensive marriage awareness survey 2018) by Recruit Bridal Souken, Recruit Marketing Partners; "Nashi-kon ni kansuru jittai chosa (2018/12/17)" (Fact-finding survey on marriages without ceremonies/receptions; Dec. 17, 2018) by Wedding Park

Markets to Be Approached (TAM: Total Addressable Market)



Note: The approximate value of each TAM is calculated by estimating the maximum number of photography contracts and the average spend, as shown on page 53 and after. The estimates may not always be accurate.

Assumptions for Calculating Approximate Value of Each TAM (1/3)

Event	Category	Unit price	Number of people			Total amount (100 millions of yen)	Calculation assumptions / source	
			Age	Gender	Total (thousands of people)			
Maternity photos		20,000 yen	0	MF	894	179	The number of pregnant women is assumed to be equal to the number of 0-year-olds. Source for number of people: "Population Estimates (as of October 1, 2019)" of the Ministry of Internal Affairs and Communications	
Photos of children	Shrine visit	20,000 yen	0	MF	894	179	*1: Assuming that each child aged 0 to 6 will experience the Girls' Day or Boys' Day festival at least once, the average of the totals for boys and girls aged 0 to 6 is shown. Source for number of people: "Population Estimates (as of October 1, 2019)" of the Ministry of Internal Affairs and Communications	
	100th day celebration	20,000 yen	0	MF	894	179		
	Half-birthday	20,000 yen	0	MF	894	179		
	Shichi-Go-San festival		20,000 yen	3	F	487		97
				5	M	499		100
				7	F	497		99
	Girls' Day / Boys' Day	20,000 yen	0-6	MF	964 ^{*1}	193		
Half-adult ceremony	20,000 yen	10	MF	1,061	212			
	Total					1,238		
Entrance/ graduation ceremonies	Elementary school entrance ceremony	20,000 yen	7	MF	1,018	204	*2: Calculated by multiplying the population for each age by the high school enrollment rate. *3: Calculated by multiplying the population for each age by the university enrollment rate. *4: Calculated by multiplying the population for each age by the junior college and vocational school enrollment rate. Source for number of people: "Population Estimates (as of October 1, 2019)" by Ministry of Internal Affairs and Communications Source for high school enrollment rates: "Basic Survey of Schools in 2019" of the Ministry of Education, Culture, Sports, Science and Technology Source for university, junior college, and vocational school enrollment rates: "Current State of High School Education" of the Ministry of Education, Culture, Sports, Science and Technology	
	Elementary school graduation ceremony	20,000 yen	12	MF	1,074	215		
	Junior high school entrance ceremony	20,000 yen	13	MF	1,066	213		
	Junior high school graduation ceremony	20,000 yen	15	MF	1,107	221		
	High school entrance ceremony	20,000 yen	16	MF	1,112 ^{*2}	222		
	High school graduation ceremony	20,000 yen	18	MF	1,174 ^{*2}	235		
	University entrance ceremony	20,000 yen	19	MF	667 ^{*3}	133		
	University graduation ceremony	20,000 yen	22	MF	689 ^{*3}	138		
	Junior college / vocational school entrance ceremony	20,000 yen	19	MF	348 ^{*4}	70		
	Junior college / vocational school graduation ceremony	20,000 yen	20	MF	352 ^{*4}	70		
	Total					1,721		
Coming-of-age ceremonies		50,000 yen	20	M	646	323	Source for number of people: "Population Estimates (as of October 1, 2019)" of the Ministry of Internal Affairs and Communications	
		100,000 yen	20	F	610	610		
	Total					933		

Assumptions for Calculating Approximate Value of Each TAM (2/3)

Event	Category	Unit price	Number of people			Total amount (100 millions of yen)	Calculation assumptions / source
			Age	Gender	Total (Thousands of Couples)		
Photo weddings		168,500 yen			586	988	Source for price per photo wedding: "Zexy Kekkon Torendo Chosa 2018" (Zexy wedding trend survey 2018) by Recruit Marketing Partners (Average of price per in-studio photo shooting [159,000 yen] and price per on-location shooting [178,000 yen]) Source for number of people: "Outline of Vital Statistics in Japan (2019) (final figures)" of the Ministry of Health, Labor and Welfare
Photogenic journey		150,000 yen			586	880	
Wedding anniversaries	1st anniversary	15,000 yen	31	MF	535	80	We have assumed that the average marrying age is 30 years old. The number of people is calculated by multiplying the average male and female populations for each age by the marriage rate. Source for marriage rate: "Population Census Report" of the Ministry of Internal Affairs and Communications Statistics Bureau Source for number of people: "Population Estimates (as of October 1, 2019)" of the Ministry of Internal Affairs and Communications
	2nd anniversary	15,000 yen	32	MF	550	82	
	3rd anniversary	15,000 yen	33	MF	559	84	
	4th anniversary	15,000 yen	34	MF	580	87	
	5th anniversary	15,000 yen	35	MF	599	90	
	10th anniversary	15,000 yen	40	MF	658	99	
	15th anniversary	15,000 yen	45	MF	809	121	
	20th anniversary	15,000 yen	50	MF	749	112	
	25th anniversary	15,000 yen	55	MF	657	99	
	30th anniversary	15,000 yen	60	MF	621	93	
	35th anniversary	15,000 yen	65	MF	631	95	
	40th anniversary	15,000 yen	70	MF	863	129	
	45th anniversary	15,000 yen	75	MF	631	95	
	50th anniversary	15,000 yen	80	MF	438	66	
	55th anniversary	15,000 yen	85	MF	352	53	
60th anniversary	15,000 yen	90	MF	198	30		
Total						1,415	

Assumptions for Calculating Approximate Value of Each TAM (3/3)

Event	Category	Unit price	Number of people			Total amount (100 millions of yen)	Calculation assumptions / source
			Age	MF	Total (thousands of people)		
Pet photography	Dog	15,000 yen			7,152	1,073	The number of people indicates the number of households keeping dogs or cats. Source for number of households keeping dogs or cats: Japan Pet Food Association
	Cat	15,000 yen			5,524	829	
	Total					1,901	
End-of life-photos		15,000 yen	60-64	MF	43	7	The number of people indicates the number of deaths by age group. Source for number of fatalities: "Vital Statistics in Japan (2018)" of the Ministry of Health, Labour and Welfare
		15,000 yen	65-69	MF	86	13	
		15,000 yen	70-74	MF	115	17	
		15,000 yen	75-79	MF	158	24	
		15,000 yen	80-84	MF	225	34	
		15,000 yen	85-89	MF	277	42	
		15,000 yen	90-94	MF	235	35	
		15,000 yen	95-99	MF	109	16	
		15,000 yen	100+	MF	28	4	
Total					191		
Celebrations of longevity	60th birthday	15,000 yen	61	MF	1,485	223	Source for number of people: "Population Estimates (as of October 1, 2019)" of the Ministry of Internal Affairs and Communications
	70th birthday	15,000 yen	70	MF	2,124	319	
	77th birthday	15,000 yen	77	MF	1,500	225	
	80th birthday	15,000 yen	80	MF	1,078	162	
	88th birthday	15,000 yen	88	MF	648	97	
	90th birthday	15,000 yen	90	MF	486	73	
	99th birthday	15,000 yen	99	MF	43	6	
	100th birthday	15,000 yen	100	MF	35	5	
Total					1,110		

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