

1. Qualitative Analysis of Quarterly Business Performance and Financial Positions

(1) Analysis of Business Performance

With regard to the population of our country, according to “the low birth rate paper (version 2015)” issued by Cabinet Office, the number of marriages, which had exceeded 1 million annually during the period from 1970 through 1975 decreased gradually to become the level under 700 thousand annually after 2011. The rate of unmarried Japanese people continued to rise so that the people who remain single until the death jumped up in the 30 years from 1980 to 2010: from 2.6% to 20.1% (male) and from 4.5% to 10.6% (female), which was calculated by the average of the rate of unmarried from the age of 45-49 and that from 50-54 as well as the rate of unmarried at the age of 50. At the same time, the average age of first marriage of Japanese people rose by 3.1 (male) and 4.1 (female) in the three decades. We consider that the low marriage and the bachelorship are the major factors of the low birth rate problem, as well as the delayed marriage and the delayed childbirth, which are spurring the trend toward fewer children per family. As the government advocated in “Machi Hito Shigoto Construction Basic Policy (2015)”, we are facing the crisis in which the static population will decrease by 3 million when improvement of the birth rate is delayed in every 5 years.

In the meantime, the word “Kon-Katsu(marriage hunting)” is fully recognized and well-established in the domestic market, so far. In combination with lowering of psychological hurdle against the marriage hunting services, the consumer confidence is now rising. Triggered by entrance into the marriage hunting market by major companies, the recognition of the marriage hunting market is going up. In July this year, “Japan Marriage Introduction Council (JMIC)” was established as an industry organization for enhancement of the industry credibility and further consolidation of the industry soundness. Since the potential market scale is on the upward trend and the unmarried rate is still on the rise, the social demands toward our business are predominantly increasing.

Under such circumstances, we all work together to practice the management philosophy “to bring happiness to all the people linked by “Go-En(fate)”,” whereby developing the unique business models to provide the integrated marriage hunting services both by virtually via Internet and in the real life, which we believe to be our complete originality unprecedented domestically or globally. We continue to grow utilizing our original integrated marriage hunting complex business strategies, by combining the Media Division providing online solutions mainly and the Service Division providing face-to-face services through the agencies registered in our federation. Taking advantage of our uniqueness and high-quality client-oriented services based on the philosophy that “an interpersonal encounter is arranged only by a human”, we will expand our share in the marriage hunting market utilizing our edge of information technologies and develop the marriage-related services for our continued growth.

The current number of our members of our main marriage hunting services is around 400 thousand;

the current number of agencies registered in our federation is 1,083 organizations. Based on the fact that both the number of our members and the number of marriages of our members are increasing steadily, we graph the equation of population growth, which is “the marriage hunting services participated by many members will lead to increase the number of marriages by matchmaking, which eventually enhances the national birth rate to increase the population”. As the number of our members and the number of marriages produced by us are increasing steadily, we are proud to mention that we are one of them that contribute to the solutions to the social problems in our country such as low marriages, delayed marriages and low birth rate. Furthermore, as an activity of the private business consortium called “Kon-Katsu (Marriage Hunting) Support Consortium”, which is administered by us and supported by 10 private companies, we held, in June this year, the first marriage hunting symposium inviting the notability including Mr. Shinjiro Koizumi, Member of the House of Representatives. Additionally, we launched “Ambitious Local Revitalization Venture Joint Association”, which consists of the private business association of 10 IT venture companies, in July this year. This aims to solve the new local issues by the trinity formed by “venture companies”, “local authorities” and “regional accelerators” and to deliver detailed policy proposals to the national government and the local governments. Thus, we strive to create opportunities aggressively for cross-department serious discussions to cope with the national problems of low birth rate and local revitalizations.

We are pleased to announce that our stock was listed on the first section of the Tokyo Stock Exchange on July 17, 2015. In order to fulfill our social responsibilities and our social missions, we are determined to spare no effort to assist all of our members to “reach marriage”.

Consequently, the sales of the 3rd quarter of the current fiscal year ended up with 3,011 million yen, up by 25.4% from the same quarter of the previous fiscal year; the operating income was 609 million yen, up by 30.6% from the same quarter of the previous fiscal year; the ordinary income was 604 million yen, up by 31.4% from the same quarter of the previous fiscal year; and the quarterly net profit for the 3rd quarter of the current fiscal year was 378 million yen, up by 24.7% from the same quarter of the previous fiscal year.

The business results by segment are as described in the below. The sales include those of internal transactions and transfers.

(Briefing by Segment)

〈Media Division〉

The Media Division consists of the affiliate and media service business, the community business and the event business.

In the 3rd quarter of the current fiscal year, we focused on the following activities:

- Marriage Consulting Federation Business

We supported launch of matching services of “Institution Bridalnet of Japan (Marriage Consulting Federation) ”, modified IBJ system (Internet matching system) and consolidated the administrative functions of the head office. Thus, we made efforts to enhance profitability by increasing the number of services which participate in the federation and the total number of our members

● Community Business

We achieved high profitability, increasing the number of our members by membership acquisition via the marriage hunting website “Bridal Net” and by enhancement of efficiency through the consolidated functions, such as a new matchmaking function.

● Event Business

We increased the number of events held in our own halls after solid start of the Sendai hall, as the first hall in the Tohoku area in January this year. Additionally, we increased the participants in the event projects held in outside halls, enhanced the hosting rate by reinforcing the matching systems of the matchmaking parties and exploited potential promising halls (restaurants and bars). As a result, the sales grew steadily.

Consequently, the sales of the segment ended up with 2,133 million yen, up by 30.2% from the same quarter of the previous fiscal year, and the operating income was 859 million yen, up by 40.4% from the same quarter of the previous fiscal year.

〈Service Division〉

The Service Division consists of the agent business only. In the 3rd quarter of the current fiscal year, we focused on the following activities:

● Marriage Consulting Agencies Business

We continued to exert efforts to acquire new members, to increase the number of marriages and to introduce members to the business of engagement and marriage rings and the business of wedding ceremony halls by increase of marriage advisors, counselor staffs as well as by implementation of training plans for their skill upgrading (to lead the members to marriage), which is one of our software approaches.

Consequently, the sales of the segment ended up with 954 million yen, up by 15.7% from the same quarter of the previous fiscal year, and the operating income was 367 million yen, up by 4.7% from the same quarter of the previous fiscal year.

(2) Analysis of Financial Positions

(Assets)

The current assets ended up with 1,874 million yen, down by 28 million yen from the end of the previous fiscal year.

This resulted mainly from increases in accounts receivable by 48 million yen, washed by a decrease

in cash & cash deposits by 75 million yen. The fixed assets ended up with 893 million yen, up by 62 million yen from the end of the previous fiscal year. This resulted mainly from increases in tangible fixed assets by 22 million yen and investments and other assets by 54 million yen, washed by a decrease in intangible fixed assets by 14 million yen.

Consequently, the total assets stood at 2,768 million yen, up by 33 million yen from the end of the previous fiscal year.

(Liabilities)

The current liabilities ended up with 866 million yen, down by 163 million yen from the end of the previous fiscal year.

This resulted mainly from increases in reserve for bonus payment by 42 million yen, advance payments received by 8 million yen, washed by decreases in income taxes payable by 112 million yen, accrued expenses payable by 71 million yen and consumption tax payable by 16 million yen.

The fixed liabilities ended up with 221 million yen, down by 30 million yen from the end of the previous fiscal year. This resulted mainly from an increase in asset retirement obligations by 6 million yen, washed by a decrease in long-term loans by 37 million yen.

Consequently, the total liabilities stood at 1,088 million yen, down by 193 million yen from the end of the previous fiscal year.

(Net Assets)

The net assets ended up with 1,680 million yen, up by 227 million yen from the end of the previous fiscal year. This resulted mainly from a decrease in earned surplus by 155million yen caused by distribution of profit and recording of the net profit for the 3rd quarter of the current fiscal year (378 million yen).

Consequently, the capital adequacy ratio was 60.4% (compared to 53.0% of the end of the previous fiscal year).

(3) Prospects of Future Business Performance

In regard to the business performance of the 3rd cumulative quarter of the fiscal year ends in December 2015, the achievement rates of sales and operating income of the quarterly cumulative were 78.0% and 77.7%, respectively, to those for the full year before the revision. As to the business performance of the fiscal year ends in December 2015, the achievement rates of sales and operating income of the full-year forecast are 74.7% and 71.5%, respectively, to those before the revision.

Because of a substantial increase in the number of marriage hunting members over our forecast, we carefully re-examined the assumptions when we revised the quarterly cumulative forecast released on June 26, 2015. At present, there is no further change in the new assumptions for the full-year forecast. Therefore, we have no plan any more to revise the full-year forecast for the entire business performance released on June 26, 2015. However, whenever we judge the revision to be necessary, we will announce it immediately.