

Consolidated Quarterly Financial Statements for the 1st Quarter of the Fiscal Year Ending December 31, 2018

(1) Results of operations

In the first three months of the fiscal year under review, the Japanese economy showed a modest recovery trend due to the effects of implementation of various policies amid continuous improvement of the employment and income environment. In the meantime, a sense of uncertainty regarding the global economic environment persisted, and still entails the risk of exerting downward pressure on the Japanese economy.

Under these conditions, the Group has striven to increase the membership for marriage-hunting services to realize the medium-term management plan in which “IBJ will generate 3% of the total number of marriages in Japan.” In addition, the Group has strengthened the foundation of the Life Design Business, which provides peripheral services such as insurance and travel services to married couples and marriage-hunting service members.

As a result, IBJ’s consolidated net sales in the first three months of the fiscal year under review grew compared to the same period of the previous fiscal year, coming to 2,457,298 thousand yen (up 4.9% year on year). On the other hand, operating profit was 327,241 thousand yen (down 4.2% year on year), ordinary profit amounted to 325,310 thousand yen (down 5.8% year on year), and profit attributable to owners of parent was 215,636 thousand yen (down 3.8% year on year).

The business results for each segment are outlined below. Sales figures include intersegment sales and transfers.

(Overview by segment)

<Marriage-Hunting Business>

The Marriage-Hunting Business consists of the Corporate Sales to Startup Marriage Consulting Agencies Business, the Marriage Consulting Federation Business, the Franchise Business, the Community Business, the Event Business, and the Marriage Consulting Agencies Business.

In the first three months of the fiscal year under review, we focused on the following activities.

- (i) Corporate Sales to Startup New Marriage Consulting Agencies Business
- (ii) Marriage Consulting Federation Business

We improved profitability by increasing the number of marriage servicers in the federation and our registered members, enhancing the capabilities of both the IBJ system (marriage meeting coordination system) app for members of the Japan Marriage Consulting Federation and head office administrative functions.

- (iii) Franchise Business

We improved profitability by increasing the number of franchisees. We strengthened our marriage-hunting infrastructure in areas where we do not have directly-managed facilities by gaining franchisees.

- (iv) Community Business

We sought to increase profitability by gaining more new members and increasing the number of registered members by enhancing the functions of the marriage-hunting website to focus even more on marriage-hunting.

- (v) Event Business

We increased the number of events held in our own halls and improved profitability by increasing the number of attendees through planned events held at outside venues in addition to the events held in our own halls.

- (vi) Marriage Consulting Agencies Business

We increased the number of new members and successful marriages of members by improving the quality of the membership consulting, including an increase in the number of advisors and counselors and systematically training them to improve their skills (in nurturing marriages).

As a result of our continuous efforts in the above activities, segment net sales amounted to 1,414,783 thousand yen (up 6.1% year on year) and segment profit was 584,593 thousand yen (down 2.1% year on year).

<Life Design Business>

The Life Design Business consists of the Wedding Business and the Travel Business.

In the first three months of the fiscal year under review, we focused on the following activities.

- (i) Wedding Business

We improved profitability by increasing the number of contracted wedding halls and steadily increasing the number of customers sent to wedding halls.

(ii) Travel Business

We planned package tours to Latin America, North America, Northern Europe, the Philippines, Papua New Guinea and other locations, provided tours to major travel agencies, and arranged made-to-order tours.

As a result of our continuous efforts in the above activities, segment net sales amounted to 1,042,514 thousand yen (up 3.2% year on year) and segment profit was 27,776 thousand yen (up 172.3% year on year).

(2) Analysis of financial position

(Assets)

Current assets as of March 31, 2018 amounted to 3,931,742 thousand yen, down 552,948 thousand yen from the end of the previous fiscal year. This was mainly attributable to a decrease of 505,065 thousand yen in cash and deposits. Non-current assets were 1,846,836 thousand yen, up 111,134 thousand yen from the end of the previous fiscal year. This was mainly attributable to increases of 53,626 thousand yen in buildings, 20,652 thousand yen in tools, furniture and fixtures, and 34,473 thousand yen in lease and guarantee deposits. Consequently, total assets came to 5,778,579 thousand yen, down 441,813 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of March 31, 2018 amounted to 1,659,900 thousand yen, down 372,139 thousand yen from the end of the previous fiscal year. This was mainly due to decreases of 295,958 thousand yen in income taxes payable and 60,000 thousand yen in current portion of long-term loans payable. Non-current liabilities were 968,597 thousand yen, down 48,528 thousand yen from the end of the previous fiscal year. This was mainly attributable to an increase of 12,514 thousand yen in asset retirement obligations, despite a decrease in long-term loans payable of 59,590 thousand yen.

Consequently, total liabilities came to 2,628,497 thousand yen, down 420,668 thousand yen from the end of the previous fiscal year.

(Net assets)

Net assets as of March 31, 2018 amounted to 3,150,082 thousand yen, down 21,145 thousand yen from the end of the previous fiscal year. This was mainly attributed to 76,302 thousand yen for the exercise of share acquisition rights, 355,127 thousand yen in cash dividends paid, and 215,636 thousand yen from profit attributable to owners of parent. As a result, the equity-to-asset ratio was 54.0% (compared to 50.9% at the end of the previous fiscal year).

(3) Note about consolidated earnings forecast and other forward-looking statements

IBJ's consolidated financial results for the first three months of the fiscal year ending December 31, 2018 were steady in terms of progress toward attaining the first-half and full-year earnings forecasts for the fiscal year ending December 31, 2018, which were stated in the earnings summary for the fiscal year ended December 31, 2017 announced on February 14, 2018. IBJ recognizes that this is mainly attributed to the increase in profitability from increasing the number of marriage servicers in the federation for the marriage-hunting business, and strengthening the life design support business.

[Progress against consolidated earnings forecast]	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
First-half (cumulative)	50.5%	47.0%	46.8%	46.1%
Full-year	23.1%	18.7%	18.6%	18.3%