

Consolidated Quarterly Financial Statements for the 1st Quarter of the Fiscal Year Ending December 31, 2019

(1) Results of operations

In the first three months of the fiscal year under review, the Japanese economy showed a modest recovery trend amid continuous improvement of the employment and income environment. In the meantime, a sense of uncertainty regarding the global economic environment persisted due to issues related to the China-US trade friction and the Brexit, etc., and still entails the risk of exerting downward pressure on the Japanese economy.

Under these conditions, the Group, by newly acquiring Sunmarie Co., Ltd. as a consolidated subsidiary with the brand power of Sunmarie, a marriage agency with 38 years of history since the start of its operation targeting serious marriage-hunting users, strives to expand our member base and 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, by acquiring K Village Tokyo Co., Ltd. as a consolidated subsidiary, which operates Korean language schools and personnel placement business, the Group provides international exchange opportunities so as to build an international marriage business, and expands and enhances the Life Design Business by providing one-stop support to peripheral areas expanding from marriage-hunting activities including travel, insurance and mortgage as well as employment support for foreign nationals. IBJ Financial Advisory Co., Ltd., which was a non-consolidated subsidiary in the past, has launched a new healthcare business targeting the seniors market, and the Group made it a consolidated subsidiary with the aim of acquiring sales in the new field.

As a result, consolidated net sales in the first three months of the fiscal year under review came to 3,666,538 thousand yen (up 49.2% year on year), operating profit was 421,231 thousand yen (up 28.7% year on year), ordinary profit amounted to 449,192 thousand yen (up 38.1% year on year), and profit attributable to owners of parent declined year on year to 242,124 thousand yen (up 12.3% year on year).

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

Effective from the fiscal year under review, the classification of the reportable segments has been changed not only because Sunmarie Co., Ltd. and K Village Tokyo Co., Ltd. became new consolidated subsidiaries, and IBJ Financial Advisory Co., Ltd. became a consolidated subsidiary from a non-consolidated subsidiary, but also as a way to improve clarity in the Group's business performance.

The year on year comparison below compares the revised figures for the classification of the reportable segments after the change to figures from the previous fiscal year.

<Marriage-Hunting Business>

This segment 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.

- In the Corporate Sales to Startup New Marriage Consulting Agencies Business and the Franchise Business, we increased the number of affiliated consultation offices by strengthening support for new development for the marriage consulting business operators.
- In the Marriage Consulting Federation Business, we strengthened support for attracting customers and the training system, bolstered support for marriage consulting business operators, added and strengthened features in the IBJ system (Arranged Marriage Meeting Management System) such as introducing AI-enhanced matching and increased the variation in the services on offer.
- In the Community Business we improved matching by carrying out website improvements.
- In the Event Business, we worked on improving the quality of our parties and raised the attendance to capacity ratio.
- In the Marriage Consulting Agencies Business, we worked on boosting the quality of our members-only lounges by increasing the percentage of male members, among other measures, and continually worked on increasing the number of arranged marriage meetings and the number of marriages.
- Diverse, Inc. and Sunmarie Co., Ltd. were newly added to the Marriage-Hunting Business.

As a result, segment net sales amounted to 2,506,872 thousand yen (up 79.3% year on year) and segment profit was 714,905 thousand yen (up 19.0% year on year).

<Life Design Business>

The Life Design Business consists of the Wedding Business, Travel Business, Language School Business and Seniors Division. In the first three months of the fiscal year under review, we focused on the following activities.

- In the Wedding Business, we worked on reforming the website to boost the number of customers joining via the Internet.
- K Village Tokyo Co., Ltd. and IBJ Financial Advisory Co., Ltd. were newly added to the Life Design Business.

As a result, segment net sales amounted to 1,159,665 thousand yen (up 9.5% year on year) and segment profit was 32,794 thousand yen (up 14.6% year on year).

(2) Analysis of financial position

The “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances have been applied from the beginning of the first quarter ended March 31, 2019. Accordingly, the figures presented for the financial position for the fiscal year ended December 31, 2018 have been retrospectively adjusted in order to conduct comparison and analysis against the previous fiscal year using figures that reflect the application of the aforementioned standard, etc.

(Assets)

Current assets as of March 31, 2019 amounted to 5,336,916 thousand yen, up 308,504 thousand yen from the end of the previous fiscal year. This was mainly contributed to increases of 146,831 thousand yen in accounts receivable - trade, 29,462 thousand yen in advance payments - trade and 34,502 thousand yen in prepaid expenses. Non-current assets were 4,318,835 thousand yen, up 1,788,194 thousand yen from the end of the previous fiscal year. This was mainly contributed to increases of 581,252 thousand yen in goodwill, 1,006,317 thousand yen in long-term loans receivable and 150,708 thousand yen in guarantee deposits.

Consequently, total assets came to 9,655,751 thousand yen, up 2,096,699 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of March 31, 2019 amounted to 3,507,100 thousand yen, up 735,600 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 155,000 thousand yen in short-term loans payable, 126,604 thousand yen in advances received, 147,247 thousand yen in provision for bonuses and 218,500 thousand yen in current portion of long-term loans payable. Non-current liabilities were 2,353,926 thousand yen, up 1,122,671 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 1,066,910 thousand yen in long-term loans payable.

Consequently, total liabilities came to 5,861,027 thousand yen, up 1,858,271 thousand yen from the end of the previous fiscal year.

(Net assets)

Net assets as of March 31, 2019 stood at 3,794,723 thousand yen, up 238,427 thousand yen from the end of the previous fiscal year. This was mainly contributed to 286,502 thousand yen in non-controlling interests from newly consolidated subsidiaries, 354,292 thousand yen in cash dividends paid, and 242,124 thousand yen recorded in profit attributable to owners of parent. Consequently, the equity-to-asset ratio was 36.01% (compared to 46.63% at the end of the previous fiscal year).

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

The Group’s consolidated financial results for the first three months of the fiscal year ending December 31, 2019 were steady in terms of progress toward attaining the first-half and full-year earnings forecasts for the fiscal year ending December 31, 2019, which were stated in the earnings summary for the fiscal year ended December 31, 2018 announced on February 14, 2019. IBJ recognizes that this was mainly attributed to increased profitability through the increase of the number of new consolidated subsidiaries and the strengthening of the Marriage-Hunting Business.

[Progress against consolidated earnings forecast]	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
First-half (cumulative)	51.1%	56.1%	57.8%	45.9%
Full-year	24.4%	23.4%	24.3%	19.3%