

Consolidated Quarterly Financial Statements for the 3rd Quarter of the Fiscal Year Ending December 31, 2019

(1) Results of operations

In the first nine months of the fiscal year under review, the Japanese economy showed a modest recovery trend thanks to stable domestic demand amid continuous improvement of the employment and income environment. In the meantime, the uncertainty regarding the global economy continued, and still entails the risk of exerting downward pressure on the Japanese economy. Under these conditions, the Group, by introducing Ms. Rie Shibata as a new ambassador to further raise awareness of the Marriage-Hunting Business and 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 begun a 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 nine months of the fiscal year under review came to 11,457,238 thousand yen (up 38.7% year on year), operating profit was 1,756,082 thousand yen (up 67.9% year on year), ordinary profit was 1,781,032 thousand yen (up 71.3% year on year), and profit attributable to owners of parent was 1,158,173 thousand yen (up 66.7% year on year).

The business results for each segment are outlined below.

Sales figures include intersegment sales and transfers.

Effective from the first quarter ended March 31, 2019, 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.

(Overview by segment)

<Marriage-Hunting Business>

This segment consists of the Agency Opening Support Business (name changed from Corporate Sales to Startup Marriage Consulting Agencies Business), the Affiliate Business (name changed from Marriage Consulting Federation Business), the FC Business, the App Business (name changed from Community Business), the Party Business (name changed from Event Business), and the Directly-Managed Lounge Business (name changed from Marriage Consulting Agencies Business).

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

- In the Agency Opening Support Business, we rose the awareness of the business by introducing Ms. Rie Shibata as an ambassador, and increased the number of affiliated consultation offices by strengthening support for new development for the marriage consulting business operators and other operators.
- In the Affiliate Business, we increased the variation in the services on offer by adding and strengthening features in the IBJ system (Arranged Marriage Meeting Management System) such as introducing AI-enhanced matching. Also, we endeavored to increase additional use of fee-charging plans by renewing tools to attract customers for franchisees.
- In the Party Business, we promoted app downloads, which increased the number of applications, improved the quality of our party services, which raised the attendance to capacity ratio, and saw increased number of participants due to the longer Golden Week holiday.
- In the Directly-Managed Lounge 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 7,865,446 thousand yen (up 52.6% year on year) and segment profit was 2,603,405 thousand yen (up 41.1% 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 nine months of the fiscal year under review, we focused on the following activities.

- In the Wedding Business, the number of pamphlet-making orders increased and, by redesigning our magazines, we increased the number of new advertisements, which increased the number of customers sent to wedding halls.
- In the Travel Business, the number of customers traveling overseas increased due to the longer Golden Week holiday.
- 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 3,591,792 thousand yen (up 15.7% year on year) and segment profit was 105,568 thousand yen (up 128.0% 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.

1) Assets, liabilities and net assets

(Assets)

Current assets as of September 30, 2019 amounted to 6,006,785 thousand yen, up 978,373 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 750,719 thousand yen in cash and deposits and 119,943 thousand yen in accounts receivable - trade.

Non-current assets were 4,566,593 thousand yen, up 2,035,952 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 471,877 thousand yen in goodwill, 1,108,617 thousand yen in long-term loans receivable and 149,512 thousand yen in guarantee deposits.

Consequently, total assets came to 10,573,378 thousand yen, up 3,014,326 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of September 30, 2019 amounted to 3,575,083 thousand yen, up 803,583 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 205,000 thousand yen in short-term loans payable, 103,972 thousand yen in income taxes payable, 237,000 thousand yen in current portion of long-term loans payable, and 200,588 thousand yen in provision for bonuses. Non-current liabilities were 2,098,044 thousand yen, up 866,788 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 800,730 thousand yen in long-term loans payable.

Consequently, total liabilities came to 5,673,127 thousand yen, up 1,670,371 thousand yen from the end of the previous fiscal year.

(Net assets)

Net assets as of September 30, 2019 stood at 4,900,251 thousand yen, up 1,343,954 thousand yen from the end of the previous fiscal year. This was mainly due to 354,292 thousand yen in cash dividends paid, 1,158,173 thousand yen recorded in profit attributable to owners of parent, and 365,010 thousand yen recorded in non-controlling interests.

Consequently, the equity-to-asset ratio was 42.6% (compared to 46.6% 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 nine months of the fiscal year ending December 31, 2019 were steady in terms of progress toward attaining the 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 attributed to factors such as an increase in customers using the marriage-hunting service and expense cutting efforts.

For the full-year earnings forecast for the fiscal year ending December 31, 2019, we are currently reviewing the forecast carefully and, if any revisions are necessary, we will promptly announce the revisions.

[Progress against consolidated earnings forecast]	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Full-year	76.1%	97.6%	96.3%	92.2%