

Consolidated Quarterly Financial Statements for the 3rd Quarter of the Fiscal Year Ending December 31, 2021

(1) Results of operations

In the first nine months of the fiscal year under review, social and economic activities were suppressed due to the repeated issuance of state of emergency declarations and public announcements of priority measures to prevent the spread of infection prompted by the impact of the novel coronavirus infection, and overall conditions remained harsh.

Despite the impact of the novel coronavirus infection, the Group continues to strive to expand our business in order to realize the aims of the medium term management plan (January 2021 to December 2027): “25,000 marriages,” “10,000 affiliated consultation offices,” “200,000 members for arranged marriage meetings,” and “500,000 matching members.”

In the first nine months of the fiscal year under review, the number of members in the Directly-Managed Lounge Business reached 12,536 (up 190.5% year on year), mainly due to the spread of the sales methods the Group has focused on, as well as ZWEI CO., LTD. becoming a group company in May 2020. In addition, in the Affiliate Business, the number of members for arranged marriage meetings reached 73,466 (up 8.6% year on year), as the member base grew steadily, thanks partly to stronger coordination between group companies. On the other hand, the Party Business was forced to reduce the scale of its events due to the repeated issuance of state of emergency declarations and public announcements of priority measures to prevent the spread of infection. The number of event participants decreased year on year despite recovery efforts, such as holding parties with thorough measures in place to prevent the spread of the novel coronavirus infection.

In addition, some investment securities that were previously included in investment securities under investments and other assets were reclassified as operational investment securities under current assets in the first quarter ended March 31, 2021. Furthermore, since the Group finalized the provisional accounting treatment for the business combination with ZWEI CO., LTD., at the end of the previous fiscal year, the figures for the first nine months of the fiscal year ended December 31, 2020 are those after retroactive application.

As a result, consolidated net sales in the first nine months of the fiscal year under review came to 10,375,056 thousand yen (up 8.9% year on year), operating profit was 1,068,274 thousand yen (down 5.0% year on year), ordinary profit was 993,883 thousand yen (down 5.5% year on year), and profit attributable to owners of parent was 636,247 thousand yen (up 83.8% year on year).

The business results for each segment are outlined below.

<Marriage-Hunting Business>

This segment consists of the Agency Opening Support Business, the Affiliate Business, the Directly-Managed Lounge Business, the Party Business, and the App Business.

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

- In the Agency Opening Support Business, the contract conclusion rate declined, partly because persons considering opening businesses delayed their decision-making as a result of the novel coronavirus infection, contributing to a decrease in the number of new business openings in the first nine months of the fiscal year under review to 494 (down 10.2% year on year).
- In the Affiliate Business, the number of affiliated consultation offices increased to 2,895 (up 13.5% year on year) and the number of registered members steadily increased to over 73,466 (up 8.6% year on year).
- In the Directly-Managed Lounge Business, the number of members reached 12,536 (up 190.5% year on year) during the first nine months of the fiscal year under review mainly due to the spread of the sales methods the Group has focused on for some time, as well as ZWEI CO., LTD. becoming a group company in May 2020.
- In the Party Business, despite our recovery efforts such as thorough measures to prevent the spread of the novel coronavirus infection and holding parties online, the number of event participants in the first nine months of the fiscal year under review decreased to 319,000 (down 7.5% year on year) due to the impact of the repeated issuance of state of emergency declarations and public announcements of priority measures to prevent the spread of infection.
- In the App Business, while the number of paying subscribers declined to 410,000 (down 4.9% year on year) as of September 30, 2021, we made efforts to improve customer satisfaction by holding marriage-hunting parties exclusively for app members, in addition to adjusting per-customer sales with partial revisions to the service fees, and as a result of such efforts, the number of paying subscribers is trending upward.

As a result, segment net sales amounted to 9,409,685 thousand yen (up 17.9% year on year) and segment profit was 1,781,309 thousand yen (down 6.0% year on year).

<Life Design Business>

The Life Design Business consists of the Wedding Business, Travel Business, Language School Business, Real Estate and Housing Loan Business, and Insurance Business.

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

- In the Wedding Business, which is operated by IBJ Wedding Co., Ltd., there was a significant impact of the spread of the novel coronavirus infection on the bridal market, such as cancellation and postponement of wedding ceremonies and reduction in the number of ceremony participants. As clients are being wary of investing in advertising, we worked to reduce the cost of producing magazines. In addition, the number of couples sent to wedding halls increased as a result of an increase in the number of married couples in the Group.
- In the Travel Business, which is operated by Kamome Co., Ltd., we have been forced to suspend our business in general because overseas travel remains impossible due to the measures in other countries to restrict the entry of Japanese nationals and travelers from Japan in response to the novel coronavirus infection and the continuation of recommendation to avoid all travel in the Travel Advice and Warning on Infectious Diseases issued by the Ministry of Foreign Affairs. Meanwhile, we strove to curb cash outflow by using subsidies, reviewing and reducing costs, among others.

As a result, segment net sales amounted to 965,371 thousand yen (down 37.5% year on year) and segment profit was 30,181 thousand yen (compared to segment loss of 64,629 thousand yen for the same period in the previous fiscal year).

(2) Analysis of financial position

Some investment securities that were previously included in investment securities under investments and other assets were reclassified as operational investment securities under current assets in the first quarter ended March 31, 2021. Furthermore, since the Group finalized the provisional accounting treatment for the business combination with ZWEI CO., LTD., at the end of the previous fiscal year, the figures for the first nine months of the fiscal year ended December 31, 2020 are those after retroactive application.

(Assets)

Current assets as of September 30, 2021 amounted to 7,165,715 thousand yen, down 1,419,639 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 1,859,648 thousand yen in ordinary deposits, despite an increase of 406,019 thousand yen in operational investment securities. Non-current assets were 5,608,451 thousand yen, up 306,050 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 213,262 thousand yen in buildings, 37,758 thousand yen in software in progress, 256,991 thousand yen in investment securities, 88,158 thousand yen in guarantee deposits, and 21,150 thousand yen in deferred tax assets, despite decreases of 216,345 thousand yen in goodwill and 111,359 thousand yen in long-term loans receivable.

Consequently, total assets came to 12,774,167 thousand yen, down 1,113,588 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of September 30, 2021 amounted to 4,177,377 thousand yen, down 2,686,700 thousand yen from the end of the previous fiscal year. This was mainly due to decreases of 152,574 thousand yen in accounts payable – other, 131,438 thousand yen in accrued expenses, and 2,500,000 thousand yen in short-term loans payable, despite increases of 153,736 thousand yen in advances received and 98,402 thousand yen in provision for bonuses. Non-current liabilities were 2,425,240 thousand yen, up 1,066,214 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 1,081,250 thousand yen in long-term loans payable and 38,811 thousand yen in asset retirement obligations, despite a decrease of 67,027 thousand yen in liabilities related to retirement benefits.

Consequently, total liabilities came to 6,602,618 thousand yen, down 1,620,486 thousand yen from the end of the previous fiscal year.

(Net assets)

Net assets as of September 30, 2021 stood at 6,171,549 thousand yen, up 506,897 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 26,079 thousand yen in capital surplus, 396,076 thousand yen in retained earnings, and 40,014 thousand yen in valuation difference on securities.

Consequently, the equity-to-asset ratio was 44.9% (compared to 37.9% at the end of the previous fiscal year).

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

Based on recent trends in business results, mainly affected by the spread of infection of the novel coronavirus, the Company revised the full-year earnings forecast for the fiscal year ending December 31, 2021 (from January 1, 2021 to December 31, 2021). Please refer to the “Notice on revisions of the earnings forecasts and dividend forecasts” announced on November 12, 2021, for details.

The earnings forecasts are prepared based on information available at the time of the release of this material, and actual business results may differ from the projected figures due to various factors, including the coronavirus pandemic.