

Translation

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Summary of Non-Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)

November 7, 2019

Company name: MATCHING SERVICE JAPAN CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 6539 URL <https://company.jmsc.co.jp/>
 Representative: CEO Takahiro Arimoto
 Managing Director
 Inquiries: Business Administration Headquarter Mayuki Fujie TEL 03-3239-7373
 General Manager
 Scheduled date to file Quarterly Securities Report: November 11, 2019
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(1) Non-consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2019	2,043	12.8	821	2.9	967	16.9	659	16.3
Six months ended September 30, 2018	1,811	22.1	798	65.7	827	37.7	567	31.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2019	26.48		26.38	
Six months ended September 30, 2018	22.81		22.68	

Note: The Company conducted 4-for-1 stock splits on October 1, 2018 respectively. Earnings per Share and Diluted earnings per share were calculated based on the assumption that these stock splits were conducted at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	7,923	7,237	91.4
As of March 31, 2019	7,810	6,998	89.6

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	–	0.00	–	15.00	15.00
Year ending March 31, 2020	–	0.00	–	–	–
Year ending March 31, 2020 (Forecast)	–	–	–	15.00	15.00

3. Forecast of non-consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	4,643	21.3	1,994	18.0	2,014	13.8	1,395	16.5	56.04

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2019	24,908,400 shares	As of March 31, 2019	24,908,400 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	332 shares	As of March 31, 2019	332 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2019	24,908,068 shares	Six months ended September 30, 2018	24,861,268 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	2,868,746	3,442,973
Accounts receivable - trade	162,458	195,127
Securities	1,230,779	1,516,201
Other	84,522	103,068
Total current assets	<u>4,346,507</u>	<u>5,257,370</u>
Non-current assets		
Property, plant and equipment	71,231	65,393
Intangible assets	151,261	147,094
Investments and other assets		
Investment securities	3,020,175	2,217,194
Other	237,828	250,793
Allowance for doubtful accounts	(16,396)	(14,596)
Total investments and other assets	<u>3,241,607</u>	<u>2,453,391</u>
Total non-current assets	<u>3,464,101</u>	<u>2,665,879</u>
Total assets	<u>7,810,608</u>	<u>7,923,249</u>
Liabilities		
Current liabilities		
Income taxes payable	408,193	316,176
Provision for repayment	6,583	4,500
Provision for bonuses	115,647	110,435
Other	281,570	254,469
Total current liabilities	<u>811,995</u>	<u>685,582</u>
Total liabilities	<u>811,995</u>	<u>685,582</u>
Net assets		
Shareholders' equity		
Share capital	580,588	580,588
Capital surplus	1,226,526	1,226,526
Retained earnings	5,116,912	5,402,800
Treasury shares	(435)	(435)
Total shareholders' equity	<u>6,923,592</u>	<u>7,209,480</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	75,021	28,187
Total valuation and translation adjustments	<u>75,021</u>	<u>28,187</u>
Total net assets	<u>6,998,613</u>	<u>7,237,667</u>
Total liabilities and net assets	<u>7,810,608</u>	<u>7,923,249</u>

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	1,811,175	2,043,094
Cost of sales	2,323	742
Gross profit	1,808,851	2,042,352
Selling, general and administrative expenses	1,010,542	1,220,897
Operating profit	798,309	821,454
Non-operating income		
Interest and dividend income	28,681	68,017
Gain on sales of securities	356	94,906
Gain on investments in investment partnerships	6,287	–
Other	2,653	710
Total non-operating income	37,978	163,633
Non-operating expenses		
Commission expenses	5,644	4,854
Loss on redemption of securities	2,873	9,919
Loss on investments in investment partnerships	–	2,468
Other	431	422
Total non-operating expenses	8,948	17,665
Ordinary profit	827,338	967,423
Extraordinary losses		
Loss on retirement of non-current assets	169	–
Total extraordinary losses	169	–
Profit before income taxes	827,169	967,423
Income taxes - current	258,529	302,710
Income taxes - deferred	1,530	5,202
Total income taxes	260,059	307,913
Profit	567,109	659,509

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	827,169	967,423
Depreciation	29,687	29,594
Increase (decrease) in provision for repayment	(14,644)	(2,083)
Increase (decrease) in provision for bonuses	4,863	(5,212)
Interest and dividend income	(28,681)	(68,017)
Loss (gain) on sales of securities	(356)	(94,906)
Loss (gain) on redemption of securities	2,873	9,919
Loss (gain) on investments in investment partnerships	(6,287)	2,468
Loss on retirement of non-current assets	169	–
Decrease (increase) in trade receivables	(29,843)	(32,668)
Other, net	(4,129)	(1,019)
Subtotal	780,820	805,498
Interest and dividends received	13,681	28,201
Income taxes paid	(286,069)	(390,113)
Net cash provided by (used in) operating activities	508,431	443,587
Cash flows from investing activities		
Purchase of investment securities	(651,044)	(1,661,033)
Proceeds from sales of investment securities	512,695	2,192,038
Purchase of property, plant and equipment	(584)	(319)
Purchase of intangible assets	(38,641)	(18,154)
Purchase of long-term prepaid expenses	–	(5,184)
Proceeds from distributions from investment partnerships	18,780	1,570
Payments of guarantee deposits	–	(4,656)
Net cash provided by (used in) investing activities	(158,795)	504,260
Cash flows from financing activities		
Proceeds from issuance of shares	360	–
Dividends paid	(279,675)	(373,621)
Net cash provided by (used in) financing activities	(279,315)	(373,621)
Net increase (decrease) in cash and cash equivalents	70,320	574,226
Cash and cash equivalents at beginning of period	2,788,134	2,868,746
Cash and cash equivalents at end of period	2,858,454	3,442,973