

1. Qualitative Analysis of Quarterly Business Performance and Financial Positions

(1) Analysis of Business Performance

We develop our unique business unprecedented domestically or internationally by providing the integrated “Kon-Katsu (marriage hunting)” services both by virtually via Internet and in the real life, based on the management philosophy “to bring happiness to all the people linked by “Go-En(fate)””. According to “the low birth rate paper (version 2015)” issued by Cabinet Office, the number of marriages, which had exceeded 1 million annually during the period from 1970 through 1975 decreased gradually to become the level under 700 thousand annually after 2011. The rate of unmarried Japanese people continued to rise so that the people who remain single until the death jumped up in the 30 years from 1980 to 2010: from 2.6% to 20.1% (male) and from 4.5% to 10.6% (female), which was calculated by the average of the rate of unmarried from the age of 45-49 and that from 50-54 as well as by the rate of unmarried at the age of 50. At the same time, the average age of first marriage of Japanese people rose by 3.1 (male) and 4.1 (female) in the three decades. We consider that the low marriage and the delayed marriage are the major factors of the low birth rate problem.

In the meantime, the word “Kon-Katsu (marriage hunting)” is fully recognized and well-established in the domestic market, so far. In combination with lowering of psychological hurdle against the “Kon-Katsu (marriage hunting)” services, the consumer confidence is now rising. Triggered by entrance into the marriage hunting(Kon-Katsu) market by major companies, the recognition of the marriage hunting(Kon-Katsu) market is going up, which means that the potential market scale is on the upward trend. As the unmarried rate is still on the rise, the social demands toward our business are still high.

Under such circumstances, we continue to grow utilizing our original integrated “Kon-Katsu (marriage hunting)” complex business strategies, by combining the Media Division providing online solutions mainly and the Service Division providing face-to-face services through the agencies registered in our federation. Taking advantage of our uniqueness and high-quality client-oriented services based on the philosophy that “an interpersonal encounter is arranged only by a human”, we will expand our share in the marriage hunting (Kon-Katsu) market utilizing our edge of information technologies and develop the marriage-related services for our continued growth. In the domestic market, the marriage hunting (Kon-Katsu) market is entered by major companies one after another, and the people whom we could not reach are expected to be interested in the marriage hunting activities (Kon-Katsu). We welcome such opportunities as our business chance to newly acquire potential members.

Based on the fact that both the number of our members and the number of marriages of our members are increasing steadily, we graph the equation of population growth, which is the “Kon-Katsu (marriage-hunting)” services participated by many members will lead to increase the number of

marriages by matchmaking, which eventually enhances the national birth rate to increase the population”. As the number of our members and the number of marriages produced by us are increasing steadily, we are proud to mention that we are one of them that contribute to the solutions to the social problems in our country such as low marriages, delayed marriages and low birth rate. Furthermore, as an activity of the private business consortium called “Kon-Katsu (marriage hunting) Support Consortium”, which is administered by us and supported by 10 private companies, we held, in June this year, the first “Kon-Katsu(marriage hunting)” symposium inviting the notability including Mr. Shinjiro Koizumi, Member of the House of Representatives. Thus, we strive to create opportunities for cross-department serious discussions to cope with the national problem of low birth rate.

The current number of our members of our main “Kon-Katsu (marriage hunting)” services is around 370 thousand; the current number of agencies registered in our federation is 1,046 organizations. In the 2nd cumulative quarter, in addition to introducing our members to the business of engagement and marriage rings as a product of marriage consumption in the life design area, we newly conducted “the coordinate introduction (introduction focused on the members’ demands)” by introducing our members to the business of wedding ceremony halls by alliance with major wedding planners. We aggressively entered the surrounding business segments, in such ways, to consolidate our business platform soundly.

We are pleased to announce that our stock was listed on the first section of the Tokyo Stock Exchange on July 17, 2015. In order to fulfill our social responsibilities and our social missions, we are determined to spare no effort to assist all of our members to “reach marriage”.

Consequently, the sales of the 2nd quarter of the current fiscal year ended up with 1,949 million yen, up by 27.6% from the same quarter of the previous fiscal year; the operating income was 394 million yen, up by 36.3% from the same quarter of the previous fiscal year; the ordinary income was 389 million yen, up by 35.4% from the same quarter of the previous fiscal year; and the quarterly net profit for the 2nd quarter of the current fiscal year was 245 million yen, up by 41.3% from the same quarter of the previous fiscal year.

The business results by segment are as described in the below. The sales include those of internal transactions and transfers.

◁Media Division▷

The Media Division consists of the affiliate business, the media service, the community business and the event business. In the 2nd quarter of the current fiscal year, we focused on the following activities:

- Marriage Consulting Federation Business

We supported launch of marriage consulting agencies of “Institution Bridalnet of Japan

(Marriage Consulting Federation)”, modified IBJ system (Internet matching system) and consolidated the administrative functions of the head office. Thus, we made efforts to enhance profitability by increasing the number of servicers which participate in the federation and the total number of our members

- Media Service

We acquired new earning capacity by establishment of the new business scheme introducing our members in the life design area, in addition to sales expansion by online and offline advertisings.

- Community Business

We achieved high profitability, increasing the number of our members by membership acquisition via the “Kon-Kastu (marriage hunting)” website “Bridal Net” and by enhancement of efficiency through the consolidated functions, such as a new matchmaking function.

- Event Business

We increased the number of events held in our own halls after solid start of the Sendai hall, as the first hall in the Tohoku area in January this year. Additionally, we increased the participants in the event projects held in outside halls, enhanced the hosting rate by reinforcing the matching systems of the matchmaking parties and exploited potential promising halls (restaurants and bars). As a result, the sales grew steadily.

Consequently, the sales of the segment ended up with 1,379 million yen, up by 35.6% from the same quarter of the previous fiscal year, and the operating income was 532 million yen, up by 46.0% from the same quarter of the previous fiscal year.

〈Service Division〉

The Service Division consists of the marriage consulting agencies business only. In the 2nd quarter of the current fiscal year, we focused on the following activities:

- Marriage Consulting Agencies Business

Although we did not launch any hall in our hardware approaches, we continued to exert efforts to acquire new members, to increase the number of marriages and to introduce members to the business of engagement and marriage rings and the business of wedding ceremony halls by increase of marriage advisors, counselor staffs as well as by implementation of training plans for their skill upgrading (to lead the members to marriage), which is one of our software approaches.

Consequently, the sales of the segment ended up with 625 million yen, up by 13.6% from the same quarter of the previous fiscal year, and the operating income was 247 million yen, up by 3.0% from the same quarter of the previous fiscal year.

(2) Analysis of Financial Positions

(Assets)

The current assets ended up with 1,894 million yen, down by 9 million yen from the end of the previous fiscal year. This resulted mainly from increases in accounts receivable by 36 million yen and prepaid expense by 16 million yen, washed by a decrease in cash & cash deposits by 58 million yen. The fixed assets ended up with 857 million yen, up by 26 million yen from the end of the previous fiscal year. This resulted mainly from increases in tangible fixed assets by 32 million yen and investments and other assets by 5 million yen, washed by a decrease in intangible fixed assets by 11 million yen.

Consequently, the total assets stood at 2,752 million yen, up by 17 million yen from the end of the previous fiscal year.

(Liabilities)

The current liabilities ended up with 970 million yen, down by 58 million yen from the end of the previous fiscal year. This resulted mainly from increases in advance payments received by 13 million yen, other payables by 9 million yen and accrued expenses payable by 8 million yen and accounts payable by 5 million yen, washed by decreases in income taxes payable by 60 million and consumption tax payable by 33 million yen. The fixed liabilities ended up with 233 million yen, down by 19 million yen from the end of the previous fiscal year. This resulted mainly from an increase in asset retirement obligations by 6 million yen, washed by a decrease in long-term loans payable by 25 million yen.

Consequently, the total liabilities stood at 1,204 million yen, down by 78 million yen from the end of the previous fiscal year.

(Net assets)

The net assets ended up with 1,548 million yen, up by 95 million yen from the end of the previous fiscal year. This resulted mainly from a decrease in retained earnings by 155 million yen caused by dividend payable and recording of the net profit for the 2nd quarter of the current fiscal year (245 million yen).

Consequently, the capital adequacy ratio was 55.9% (compared to 53.0% of the end of the previous fiscal year).

(3) Prospects of Future Business Performance

In regard to the business performance of the 2nd cumulative quarter of the fiscal year ends in December 2015, the achievement rates of sales and operating income of the quarterly cumulative were 109.8% and 122.7%, respectively, to those before the upward revision. As to the business performance of the fiscal year ends in December 2015, the achievement rates of sales and operating income of the full-year forecast are 50.5% and 50.3%, respectively, to those before the upward revision. Because of a substantial increase in the number of marriage hunting members over our

forecast, we carefully re-examined the assumptions when we revised the quarterly cumulative forecast released on June 26, 2015. In regard to the business performance of the 2nd cumulative quarter of the fiscal year ends in December 2015, the new achievement rates of sales and operating income of the quarterly cumulative were 100.1% and 101.2%, respectively, to those after the upward revision. As to the business performance of the fiscal year ends in December 2015, the new achievement rates of sales and operating income of the full-year forecast are 48.3% and 46.2%, respectively, to those after the upward revision. At present, there is no further change in the new assumptions for the full-year forecast. Therefore, we have no plan any more to revise the full-year forecast for the entire business performance released on June 26, 2015. However, whenever we judge the revision to be necessary, we will announce it immediately.