

In the first three months of the fiscal year under review, the Japanese economy continued to see improvement in the employment and income situations. Given the impact of lower crude oil prices and the effects of a number of policies, the economy is expected to stage a modest recovery. However, there remain risks that may potentially cause the Japanese economy to slow down, such as natural disasters and a downturn in the overseas economies.

According to the Cabinet Office's 2015 Declining Birth Rate White Paper, after peaking at more than one million couples in the early 1970s, the annual number of marriages in Japan trended downward year by year and it has been at a level of below 700,000 couples since 2011. In addition, looking at the percentage of lifetime singles (the percentage of people who remain unmarried at age 50, which is the average of the percentages of being single at ages 45–49 and 50–54), over approximately the last 30 years the percentage of men soared from 2.6% in 1980 to 20.1% in 2010, and the percentage of women jumped from 4.5% to 10.6%. At the same time, the average age for a first marriage in Japan has also increased by 3.1 years for men and 4.1 years for women over the same period of approximately 30 years. It can be inferred that major factors behind Japan's falling birth rate problem are not only the decline in the birth rate stemming from the trend of people not marrying and remaining single, but also the slow improvement in the birth rate attributable to the progress of late marriage and late childbirth. As the government stated in the "Town, people and job creation basic policy (2015)," if the present situation continues, Japan will be unable to avert a crisis in which every five-year delay in improving the birth rate will decrease the static population by 3 million.

Under these conditions, the Company offers original services that represent the first of their kind in Japan or anywhere else in the world, providing integrated online and offline marriage-hunting services, in line with its management philosophy "Bringing happiness to all people who share a connection." The Company has developed a complex marriage-hunting business model by combining its Media Division, which provides online services over the Internet, and its Service Division, which provides offline real services mainly through matching servicers. By striking a balance between high-quality customer-oriented services, which reflect the originality and belief that "people connect people," and the exploitation of information technology, the Company aims to achieve sustainable growth through expansion of the marriage-hunting market and the development of related businesses.

The word "Kon-Katsu (marriage-hunting)" has become a fully recognized and well-established phrase in Japanese society, and, moreover, this, together with lower psychological barriers to the use of marriage-hunting services, is increasing consumer motivation to participate in "Kon-Katsu." Amid rising expectations for further vitalization and the improved visibility of the marriage-hunting market as major companies enter the marriage-hunting market, various initiatives to increase the credibility and soundness of the industry have also been implemented. Considering the expanding

growth potential of the “Kon-Katsu” market and the ever-rising percentage of unmarried people, the Company understands that the social demand for its services is growing significantly. Moreover, taking into account the fact that the Company has been recording steady increases in the number of its members registered in marriage-hunting services and the number of marriages, the Company believes that its services are contributing as a measure to addressing issues of the tendency for people not to marry, late marriages, and the falling birth rate in Japan.

Looking to realize its medium-term management plan in which “IBJ will generate 1% of the total number of marriages in Japan,” the Company took initiatives to support marriage-hunting by lobbying national government and local governments in the first quarter of the fiscal year under review. The Company also established Kon-Katsu Labo Co., Ltd. for the purpose of scientifically analyzing the behavioral data of the 450,000 members of its marriage-hunting services, providing marriage-hunting data and marriage-hunting support. Moreover, with the receipt of technological cooperation from the University of Tokyo, it started developing an algorithm that enhances the accuracy of matching through artificial intelligence (AI) and image recognition. While actively working to make its unique social contribution, the Company has made proposals and recommendations with these initiatives concerning possible solutions to the social problems facing Japan, such as falling birth rates and the tendency for people not to marry. At the same time, the Company also sought to steadily strengthen its business base by opening halls in Kyoto and Ikebukuro as directly-managed event venues, increasing partner companies operating on the consumption side in the life design sector, and actively focusing on other business areas outside the marriage-hunting sector.