

## 1. Overview of Operating Results and Others

### (1) Overview of Operating Results for the Fiscal Year

In the fiscal year under review, the Japanese economy showed better employment and personal consumption as well as a modest recovery trend thanks to improved corporate profitability.

Under these conditions, the Group has strived to increase the membership for marriage-hunting services to realize the medium-term management plan in which “IBJ will generate 1% of the total number of marriages in Japan.” In addition, the Group has strengthened the foundation of the Life Design Business, which provides peripheral services such as insurance and travel services to married couples and marriage-hunting service members.

As a result, consolidated net sales in the fiscal year under review came to 9,461,852 thousand yen (up 79.6% year on year), consolidated operating profit was 1,493,811 thousand yen (up 34.4% year on year), consolidated ordinary profit amounted to 1,493,231 thousand yen (up 34.9% year on year), and profit attributable to owners of parent was 1,036,842 thousand yen (up 42.8% year on year). IBJ's non-consolidated results in the fiscal year under review grew year on year. Net sales came to 5,850,819 thousand yen (up 14.9% year on year), operating profit was 1,523,861 thousand yen (up 36.6% year on year), ordinary profit amounted to 1,518,488 thousand yen (up 36.7% year on year), and profit was 1,061,351 thousand yen (up 45.3% year on year).

The business results for each segment are outlined below. Sales figures include intersegment sales and transfers.

Effective from the fiscal year under review, the classification of the reportable segments has been changed. 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. Moreover, the scope of consolidation included Kamome Corporation and Kamome & Ars Dream Inc. from the end of the previous fiscal year and therefore the consolidated sales from the end of the previous fiscal year for the Life Design Business do not include a year-on-year ratio because the performance of both companies is not included for the same quarter of the previous fiscal year in regards to the Life Design Business.

#### <Marriage-Hunting Business>

The Marriage-Hunting Business consists of the Corporate Sales to Startup Marriage Consulting Agencies Business, the Marriage Consulting Federation Business, the Franchise Business, the Community Business, the Event Business, and the Marriage Consulting Agencies Business.

In the fiscal year under review, we focused on the following activities.

(i) Corporate Sales to Startup New Marriage Consulting Agencies Business

(ii) Marriage Consulting Federation Business

We improved profitability by increasing the number of marriage servicers in the federation and our registered members, enhancing the capabilities of both the IBJ system (marriage meeting coordination system) and head office administrative functions, and releasing an app used by our members throughout Japan.

(iii) Franchise Business

We improved profitability by increasing the number of franchisees. We strengthened our marriage-hunting infrastructure in areas where we do not have directly-managed facilities by gaining franchisees.

(iv) Community Business

We sought to increase profitability by gaining more new members and increasing the number of registered members by enhancing the functions through the renewal of the marriage-hunting website to focus even more on marriage-hunting.

(v) Event Business

In addition to the renewal of “PARTY PARTY,” we increased the number of events held in our own halls and improved profitability by increasing the number of attendees through planned events held at outside venues in addition to the events held in our own halls.

(vi) Marriage Consulting Agencies Business

We increased the number of new members and successful marriages of the members by expanding “soft” aspects, including increasing the number of advisors and counselors and systematically providing training to improve their skills (in nurturing marriages) as part of our efforts to improve the quality of the membership consulting.

As a result of our continuous efforts in the above activities, segment net sales amounted to 5,850,634 thousand yen (up 14.9% year on year) and segment profit was 2,577,373 thousand yen (up 19.6% year on year).

#### <Life Design Business>

The Life Design Business consists of the Wedding Business and the Travel Business.

In the fiscal year under review, we focused on the following activities.

(i) Wedding Business

We sought to improve profitability by increasing the number of contracted wedding halls as well as the number of customers introduced to these wedding halls, and to strengthen publication of bridal magazines and sales of advertisement.

(ii) Travel Business

We planned package tours to Latin America, North America, Northern Europe, the Philippines, Papua New Guinea and other locations as well as actively undertook sales activities such as providing tours to major travel agencies and arranging made-to-order tours.

Consequently, segment net sales amounted to 3,611,218 thousand yen and a segment loss of 29,865 thousand yen.

## (2) Overview of the Financial Position for the Fiscal Year

### (Assets)

Current assets for the fiscal year under review amounted to 4,484,690 thousand yen, up 1,201,435 thousand yen from the end of the previous fiscal year. This was mainly attributed to increases of 1,144,982 thousand yen of cash and deposits, 15,410 thousand yen of accounts receivable - trade and 33,414 thousand yen in prepaid expenses. Non-current assets were 1,735,702 thousand yen, up 128,421 thousand yen from the end of the previous fiscal year.

This was mainly attributed to increases of 111,712 thousand yen in software, 39,720 thousand yen in investment securities, 95,943 thousand yen in shares of subsidiaries and associates and 63,209 thousand yen in guarantee deposits, despite a decrease in goodwill of 204,502 thousand yen.

Consequently, total assets came to 6,220,393 thousand yen, up 1,329,857 thousand yen from the end of the previous fiscal year.

### (Liabilities)

Current liabilities for the fiscal year under review amounted to 2,032,040 thousand yen, up 236,845 thousand yen from the end of the previous fiscal year. This was mainly attributed to increases of 70,000 thousand yen in provision for long-term loans payable, 26,518 thousand yen in accrued expenses, and 132,430 thousand yen in income taxes payable. Non-current liabilities were 1,017,125 thousand yen, down 71,320 thousand yen from the end of the previous fiscal year. This was mainly attributed to a decrease of 90,860 thousand yen in long-term loans payable, despite increases of 6,600 thousand yen in lease obligations and 13,348 thousand yen in asset retirement obligations.

As a result, total liabilities came to 3,049,165 thousand yen, up 165,525 thousand yen from the end of the previous fiscal year.

### (Net assets)

Net assets for the fiscal year under review amounted to 3,171,227 thousand yen, up 1,164,332 thousand yen from the end of the previous fiscal year. This was mainly attributed to increases of 232,189 thousand yen in capital surplus, 232,189 thousand yen in capital surplus, 1,036,842 thousand yen in profit attributable to owners of parent, 218,365 thousand yen in retained earnings, and 124,780 thousand yen in treasury shares.

## (3) Overview of Cash Flow for the Fiscal Year

Cash and cash equivalents ("Cash") at the end of the fiscal year under review totaled 3,607,498 thousand yen, up 1,144,982 thousand yen or 46.5%, compared to the previous fiscal year.

The following is a summary of cash flows and contributing factors in the fiscal year under review.

### (Cash flows from operating activities)

Net cash provided by operating activities amounted to 1,262,173 thousand yen (up 27.1% year on year). This was mainly attributed to profit before income taxes (1,545,256 thousand yen) and income taxes paid or refund (398,267 thousand yen).

### (Cash flows from investing activities)

Net cash used in investment activities amounted to 209,798 thousand yen (down 65.0% year on year). This was mainly attributed to purchase of shares of subsidiaries (105,000 thousand yen), purchase of property, plant and equipment (81,012 thousand yen), purchase of intangible fixed assets (151,161 thousand yen), purchase of investment securities (72,359 thousand yen) and payments for lease and guarantee deposits (65,615 thousand yen), despite proceeds from sales of investment securities (287,500 thousand yen).

### (Cash flows from financing activities)

Net cash provided by a result of financing activities amounted to 92,542 thousand yen (down 85.5% year on year). This was primarily attributed to purchase of treasury shares (124,780 thousand yen) and cash dividends paid (218,665 thousand yen), despite proceeds from proceeds from issuance of shares resulting from exercise of subscription rights to shares (458,586 thousand yen).

## (4) Future Outlook

In the coming fiscal year, we will further bolster our credit standing through our listing on the First Section in the Tokyo Stock Exchange and drive the marriage-hunting industry via a composite business model that integrates IT and services to strengthen our business foundation as a comprehensive life design company. The marriage-hunting market has been further revitalized by the participation of major enterprises in addition to the diversifying marriage-hunting styles and a trend toward growing demand. A high percentage of single people who would like to marry will need marriage-hunting services even more in the future. We will strengthen membership in our matching services via marriage-hunting parties, our strength, to realize a high marriage rate through our customer cycle and high profitability while the existing marriage-hunting business continues to grow based on further expansion expected in the market. In addition, we will strengthen our life design support systems and plan to accelerate synergy with the marriage-hunting business. For the fiscal year ending December 31, 2018, we forecast net sales of 10,620,092 thousand yen (up 12.2% year on year), operating profit of 1,750,085 thousand yen (up 17.2% year on year), ordinary profit of 1,749,165 thousand yen (up 17.1% year on year), and profit attributable to owners of parent of 1,180,947 thousand yen (up 13.9% year on year).

Forward-looking statements contained in this report are based on judgments made by the Company as of the end of the fiscal year under review.

(5) Basic Policy on Profit Distribution & Dividends for the Fiscal Year under Review and the Next Fiscal Year

We recognize the return of profits to all of our shareholders as an important management task. Our basic policy is to actively pay appropriate dividends from surplus according to our business performance, while also considering the need for internal reserves to strengthen our financial position and achieve further business expansion.

In accordance with this basic policy, we plan to pay a year-end dividend for the fiscal year ended December 2017 of 9.00 yen per share of common stock. The annual dividend per share for the fiscal year under review is therefore predicted to be 9.00 yen, resulting in a dividend payout ratio of 32.0%.

The dividend for the next fiscal year has yet to be determined.

2. Basic Rationale for Selection of Accounting Standards

The Group has a policy to prepare the consolidated financial statements based on the generally accepted accounting standards in Japan (Japanese GAAP), giving consideration to the possibility of comparing the consolidated financial statements between terms and with other companies.

Moreover, our policy appropriately applies the International Accounting Standards after giving consideration to various circumstances in Japan and overseas.