

## 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 a modest recovery trend, along with the steady increase of corporate profitability, driven by better employment and income environment. In the meantime, the uncertainty regarding the global economy continued, and still entails the risk of exerting downward pressure on the Japanese economy.

Under these conditions, the Group, by introducing Ms. Rie Shibata as a new ambassador to further raise awareness of the Marriage-Hunting Business and newly acquiring Sunmarie Co., Ltd. as a consolidated subsidiary with the brand power of Sunmarie, a marriage agency with 38 years of history since the start of its operation targeting serious marriage-hunting users, strives to expand our member base and increase the membership for marriage-hunting services to realize the medium term management plan in which "IBJ will generate 3% of the total number of marriages in Japan." In addition, by acquiring K Village Tokyo Co., Ltd. as a consolidated subsidiary, which operates Korean language schools and personnel placement business, the Group provides international exchange opportunities so as to build an international marriage business, and expands and enhances the Life Design Business by providing one-stop support to peripheral areas expanding from marriage-hunting activities including travel, insurance and mortgage as well as employment support for foreign nationals. IBJ Financial Advisory Co., Ltd., which was a non-consolidated subsidiary in the past, has begun a healthcare business targeting the seniors market, and the Group made it a consolidated subsidiary with the aim of acquiring sales in the new field.

As a result, net sales in the fiscal year under review came to 15,282,312 thousand yen (up 29.3% year on year), operating profit was 2,339,437 thousand yen (up 58.4% year on year), ordinary profit amounted to 2,346,247 thousand yen (up 59.7% year on year), and profit attributable to owners of parent was 1,523,149 thousand yen (up 44.9% year on year). In terms of IBJ's non-consolidated results in the fiscal year under review, net sales came to 6,811,288 thousand yen (up 11.4% year on year), operating profit was 1,955,752 thousand yen (up 43.6% year on year), ordinary profit amounted to 2,026,410 thousand yen (up 47.9% year on year), and profit was 1,389,556 thousand yen (up 53.8% year on year).

The business results for each segment are outlined below.

Effective from the first quarter ended March 31, 2019, the classification of the reportable segments has been changed not only because Sunmarie Co., Ltd. and K Village Tokyo Co., Ltd. became new consolidated subsidiaries, and IBJ Financial Advisory Co., Ltd. became a consolidated subsidiary from a non-consolidated subsidiary, but also as a way to improve clarity in the Group's business performance.

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.

#### <Marriage-Hunting Business>

This segment consists of the Agency Opening Support Business (name changed from Corporate Sales to Startup Marriage Consulting Agencies Business), the Affiliate Business (name changed from Marriage Consulting Federation Business), the FC Business, the App Business (name changed from Community Business), the Party Business (name changed from Event Business), and the Directly-Managed Lounge Business (name changed from Marriage Consulting Agencies Business).

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

- In the Agency Opening Support Business, we rose the awareness of the business by introducing Ms. Rie Shibata as an ambassador, and increased the number of affiliated consultation offices by strengthening support for new development for the marriage consulting business operators and other operators.
- In the Affiliate Business, we increased the variation in the services on offer by adding and strengthening features in the IBJ system (Arranged Marriage Meeting Management System) such as introducing AI-enhanced matching. Also, we endeavored to increase additional use of fee-charging plans by renewing tools to attract customers for franchisees.
- In the Party Business, we promoted app downloads, which increased the number of applications, improved the quality of our party services, which raised the attendance to capacity ratio, and saw increased number of participants due to the longer Golden Week holiday.
- In the Directly-Managed Lounge Business, we worked on boosting the quality of our members-only lounges by increasing the percentage of male members, among other measures, and continually worked on increasing the number of arranged marriage meetings and the number of marriages.
- Diverse, Inc. and Sunmarie Co., Ltd. were newly added to the Marriage-Hunting Business.

As a result, segment net sales amounted to 10,415,428 thousand yen (up 38.4% year on year) and segment profit was 3,445,967 thousand yen (up 33.8% year on year).

<Life Design Business>

The Life Design Business consists of the Wedding Business, Travel Business, Language School Business, and Seniors Division. In the fiscal year under review, we focused on the following activities.

- In the Wedding Business, the number of pamphlet-making orders increased and, by redesigning our magazines, we increased the number of new advertisements, which increased the number of customers sent to wedding halls.
- In the Travel Business, the number of customers traveling overseas increased due to the longer Golden Week holiday.
- K Village Tokyo Co., Ltd. and IJB Financial Advisory Co., Ltd. were newly added to the Life Design Business.

As a result, segment net sales amounted to 4,866,884 thousand yen (up 13.3% year on year) and segment profit was 106,109 thousand yen (up 110.8% year on year).

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

The “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances have been applied from the beginning of the first quarter ended March 31, 2019. Accordingly, the figures presented for the financial position for the fiscal year ended December 31, 2018 have been retrospectively adjusted in order to conduct comparison and analysis against the previous fiscal year using figures that reflect the application of the aforementioned standard, etc.

(Assets)

Current assets for the fiscal year under review amounted to 5,762,956 thousand yen, up 734,545 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 525,965 thousand yen in cash and deposits, 140,798 thousand yen in accounts receivable - trade, and 58,775 thousand yen in prepaid expenses. Non-current assets were 5,525,954 thousand yen, up 2,995,313 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 417,189 thousand yen in goodwill, 1,122,382 thousand yen in investment securities, and 1,108,017 thousand yen in long-term loans receivable.

Consequently, total assets came to 11,288,911 thousand yen, up 3,729,858 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities for the fiscal year under review amounted to 3,963,143 thousand yen, up 1,191,642 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 237,000 thousand yen in current portion of long-term loans payable, 114,246 thousand yen in accrued expenses, 165,000 thousand yen in short-term loans payable, 330,374 thousand yen in income taxes payable, and 128,901 thousand yen in accrued consumption taxes. Non-current liabilities were 1,961,996 thousand yen, up 730,741 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 667,640 thousand yen in long-term loans payable.

Consequently, total liabilities came to 5,925,140 thousand yen, up 1,922,384 thousand yen from the end of the previous fiscal year.

(Net assets)

Net assets for the fiscal year under review amounted to 5,363,771 thousand yen, up 1,807,474 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 83,389 thousand yen in share capital, 160,789 thousand yen in capital surplus, 1,523,149 thousand yen in profit attributable to owners of parent, 354,292 thousand yen in cash dividends paid, and 397,762 thousand yen in non-controlling interests.

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

Cash and cash equivalents (“cash”) at the end of the fiscal year under review totaled 4,385,400 thousand yen, an increase of 525,965 thousand yen or 13.6% from the end of 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 2,460,517 thousand yen (up 98.3% year on year). This was mainly attributed to profit before income taxes of 2,342,372 thousand yen, depreciation of 224,576 thousand yen, amortization of goodwill of 220,138 thousand yen, and income taxes paid or refund of 555,571 thousand yen.

#### (Cash flows from investing activities)

Net cash used in investment activities amounted to 2,882,617 thousand yen (529,115 thousand yen used in the previous fiscal year). This was mainly attributed to purchase of shares of subsidiaries resulting in change in scope of consolidation of 382,908 thousand yen, purchase of investment securities of 1,117,999 thousand yen, payments of loans receivable of 1,105,900 thousand yen, and purchase of shares of subsidiaries and associates of 160,000 thousand yen.

#### (Cash flows from financing activities)

Net cash provided in financing activities was 935,826 thousand yen (459,784 thousand yen used in the previous fiscal year). This was mainly attributed to increase in short-term loans payable of 385,000 thousand yen, proceeds from long-term loans payable of 1,400,000 thousand yen and proceeds from issuance of shares resulting from exercise of share acquisition rights of 165,646 thousand yen, and decrease in short-term loans payable of 270,000 thousand yen, repayments of long-term loans payable of 495,360 thousand yen and cash dividends paid of 353,421 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 as a comprehensive life design company.

Amid growing familiarity with the term “marriage-hunting” and existence of a significant proportion of singles with a desire to get married, marriage-hunting styles are diversified and demand is on an upward trend.

Based on this trend, we will continue to focus on increasing the number of affiliated consultation offices while further strengthening the synergy with K Village Tokyo Co., Ltd. and Sunmarie Co., Ltd., which became Group companies in the fiscal year under review, in order to flexibly handle the diversification of marriage-hunting styles, increase opportunities for people to meet, expand our member base, and aim to further increase the number of married couples.

In addition, we will accelerate the synergy with the marriage-hunting business by strengthening one-stop support for areas ranging from marriage-hunting activities to life design, including travel, insurance and mortgage as well as employment support for foreign nationals.

Furthermore, as we consider the next fiscal year to be an important period for positive growth, we will increase our partnerships with regional banks and further work to revitalize regional cities in order to help with the worsening declining population and successor problems in rural areas.

For the fiscal year ending December 31, 2020, we forecast net sales of 16,945,597 thousand yen (up 10.9% year on year), operating profit of 2,818,701 thousand yen (up 20.5% year on year), ordinary profit of 2,766,861 thousand yen (up 17.9% year on year), and profit attributable to owners of parent of 1,714,614 thousand yen (up 12.6% 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

The basic policy of the Company is to actively pay dividends from surplus according to our business performance. However, as the Company has designated the next fiscal year as a period for active investment in growth businesses, and assuming sufficient internal reserves, we plan to pay an ordinary dividend of 9.00 yen per share.

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