

## 1. Overview of Results of Operations and Others

### (1) Overview of results of operations for the fiscal year under review

In the fiscal year under review, the Japanese economy deteriorated rapidly due to the outbreak of the novel coronavirus infection. Although domestic economic activities started to show signs of recovery in some sectors after the lifting of the state of emergency declaration, the overall condition remained sluggish.

Under these conditions, in the second quarter ended June 30, 2020, the Group welcomed ZWEI CO., LTD. as a new group company, enabling it to strengthen the support system for affiliated consultation offices through the expansion of its member base and establishment of bases throughout Japan in areas where it had no directly-managed stores. As a result, the number of successful arranged marriage meetings has increased significantly, with particularly strong growth in regional areas. In addition, ZWEI CO., LTD. launched a new TV commercial featuring Shigemori Satomi as its image character in December 2020. All companies in the IBJ Group will continue to cooperate with each other to further accelerate marriages nationwide. In addition, by making IBJ Life Design support Co., Ltd., a joint venture with Sony Life Insurance Co., Ltd., which had been a non-consolidated subsidiary, a consolidated subsidiary, the Group will expand and enhance the Life Design Business, with the aim of acquiring more sales.

Coupled with the above-mentioned business scale expansion, as a result of online arranged marriage meetings and the relaxation of self-restraint in going out based on the state of emergency declaration, we saw some temporary signs of recovery. However, consumer sentiment declined and various activities were curtailed, as the number novel coronavirus infections in Japan reached a record high in November and the Tokyo Metropolitan Government raised the infection alert to the highest level, while Osaka Prefecture declared a state of medical emergency due to a sharp increase in the number of seriously ill patients. Consequently, our services were also affected.

As a result, consolidated net sales in the fiscal year under review came to 13,072,004 thousand yen (down 14.5% year on year), operating profit was 1,620,252 thousand yen (down 30.7% year on year), ordinary profit was 1,518,052 thousand yen (down 35.3% year on year), and profit attributable to owners of parent was 686,330 thousand yen (down 54.9% year on year).

The business results for each segment are outlined below.

From the fiscal year under review, the Group has adopted a method of including “amortization of goodwill” in each business segment in order to more appropriately evaluate the performance of each business segment. Comparison and analysis for the fiscal year under review are based on the new classification.

#### <Marriage-Hunting Business>

This segment consists of the Agency Opening Support Business, the Affiliate Business, the App Business, the Party Business, and the Directly-Managed Lounge Business.

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

- In the Agency Opening Support Business, despite a decline in the number of sales interviews and other temporary impacts under the state of emergency declaration following the spread of novel coronavirus, the result recovered to the year-earlier level in August, partly due to the increasing need for subscription-type marriage consultation office business and the implementation of online sales interviews, with sales reaching a record high. Since then, even amidst the novel coronavirus pandemic, the number of new business openings has been increasing.
- In the Affiliate Business, we continually increased the number of affiliated consultation offices that utilize the IBJ system (Arranged Marriage Meeting Management System) as a result of the expansion of the network of affiliated consultation offices and saw increased usage unit price due to effects made gradually by the renewal of services for members. In addition, as a result of promoting online arranged marriage meetings, the number of arranged marriage meetings topped 40,000 per month, the highest on record.
- In the Party Business, based on the declaration of a state of emergency following the spread of the novel coronavirus infection, we refrained from holding events other than online events from April to mid-May. After June, we worked to maintain and recover the number of event participants through thorough management of events considering safety. As a result, segment net sales amounted to 11,145,445 thousand yen (up 7.0% year on year) and segment profit was 2,639,042 thousand yen (down 19.8% year on year).
- In the Directly-Managed Lounge Business, due to restraint on activities partly because of requests to refrain from going out, the number of new members has decreased, and the activities of existing members have been curbed. On the other hand, we increased sales and the number of members by adding ZWEI CO., LTD. as a Group company and focusing on training our marriage activity advisors (membership sales) and marriage counselors (marriage support). In addition, we saw an online proposal lead to a marriage for the first time in our history.

Further, Sunmarie Co., Ltd., included in the Directly-Managed Lounge Business, has seen an increase in the number of members since the declaration of the state of emergency in 2020, with the number of members who joined over the year increasing by 61.5% compared to the previous year, and resulting in record high net sales and profits.

#### <Life Design Business>

The Life Design Business consists of the Wedding Business, Travel Business, Language School Business, Real Estate and Housing Loan Business, and Insurance Business.

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

- The addition of IBJ Life Design Support Co., Ltd., which engages in the Insurance Business, to the Life Design Business boosted sales of the Life Design Business.
- In the Travel Business, which is operated by Kamome Co., Ltd., reservations, regardless of those made by individuals or those by corporations, were cancelled, since overseas travel became almost impossible due to the issuance of Travel Advice and Warning “Level 2: Avoid Non-essential travel” for the entire world, by the Ministry of Foreign Affairs in March, following the outbreak of novel coronavirus infection. As overseas travel continues to be restricted, we are currently forced to practically suspend our operation. Meanwhile, we strove to curb cash outflow by reviewing and reducing costs, and using subsidies, among others.
- Regarding the Wedding Business, which is operated by IBJ Wedding Co., Ltd., as a result of the strong cooling of the wedding market due to the spread of the novel coronavirus infection and a series of advertising cost reductions by clients, we were forced to substantially reduce the cost of producing wedding magazines.

As a result, segment net sales amounted to 1,926,559 thousand yen (down 60.4% year on year) and segment loss was 69,490 thousand yen (compared to segment profit of 42,414 thousand yen for the same period in the previous fiscal year).

## (2) Overview of financial position for the fiscal year under review

### (Assets)

Current assets as of December 31, 2020 amounted to 7,588,977 thousand yen, up 1,826,021 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 1,578,258 thousand yen in ordinary deposits, 187,034 thousand yen in accounts receivable - trade and 50,754 thousand yen in prepaid expenses. Non-current assets were 6,298,778 thousand yen, up 772,823 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 1,371,559 thousand yen in goodwill and 318,827 thousand yen in guarantee deposits, and a decrease of 984,718 thousand yen in long-term loans receivable.

Consequently, total assets came to 13,887,756 thousand yen, up 2,598,844 thousand yen from the end of the previous fiscal year.

### (Liabilities)

Current liabilities as of December 31, 2020 amounted to 6,864,078 thousand yen, up 2,897,880 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 332,690 thousand yen in accounts payable – other and 3,385,000 thousand yen in short-term loans payable, despite decreases of 357,460 thousand yen in income taxes payable and 166,138 thousand yen in advances received. Non-current liabilities were 1,359,025 thousand yen, down 599,916 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 1,027,610 thousand yen in long-term loans payable, despite increases of 67,027 thousand yen in liabilities related to retirement benefits and 360,147 thousand yen in asset retirement obligations.

Consequently, total liabilities came to 8,223,104 thousand yen, up 2,297,964 thousand yen from the end of the previous fiscal year.

### (Net assets)

Net assets as of December 31, 2020 stood at 5,664,651 thousand yen, up 300,880 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 293,049 thousand yen in retained earnings.

### (3) Overview of cash flow for the fiscal year under review

Cash and cash equivalents (“cash”) at the end of the fiscal year under review totaled 5,953,658 thousand yen, an increase of 1,568,258 thousand yen or 35.8% 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 1,042,811 thousand yen (down 57.6% year on year). This was mainly due to profit before income taxes of 1,316,597 thousand yen, depreciation of 244,777 thousand yen, amortization of goodwill of 296,661 thousand yen, and income taxes paid of 925,353 thousand yen.

#### (Cash flows from investing activities)

Net cash used in investment activities amounted to 1,311,747 thousand yen (down 54.5% year on year). This was mainly due to purchase of shares of subsidiaries resulting in change in scope of consolidation of 1,943,090 thousand yen, purchase of non-current assets of 347,396 thousand yen, collection of loans receivable of 1,057,000 thousand yen, and proceeds from sales of investment securities of 194,991 thousand yen.

#### (Cash flows from financing activities)

Net cash provided by financing activities was 1,728,660 thousand yen (up 84.7% year on year). This was mainly due to increase in short-term loans payable of 3,750,000 thousand yen, repayments of short-term loans payable of 365,000 thousand yen, repayments of long-term loans payable of 1,311,610 thousand yen and cash dividends paid of 361,455 thousand yen.

### (4) Future outlook

Regarding the future outlook for the Japanese economy, the novel coronavirus infection is continuing to have an impact on the economy. Although there is uncertainty about when the infection will be contained and it is difficult to predict when that will occur, the Group has made estimates and judgments that are considered reasonable, assuming a scenario in which the spread of the infection begins to slow down around the spring of 2021 and is contained around the fall of 2021.

Amid this environment, while continuing to place the highest priority on the safety of our customers and employees, 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.

We will continue to focus on increasing the number of affiliated consultation offices while further strengthening the synergy with ZWEI CO., LTD., which became a Group company in the fiscal year under review and the other Group companies, 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 insurance and mortgage.

Furthermore, in the next fiscal year, we will increase our partnerships with regional banks and local governments, and will 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, 2021, we forecast net sales of 15,248,636 thousand yen (up 16.7% year on year), operating profit of 2,074,408 thousand yen (up 28.0% year on year), ordinary profit of 1,966,911 thousand yen (up 29.6% year on year), and profit attributable to owners of parent of 1,134,418 thousand yen (up 65.3% 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. However, due to the uncertainties involved in estimating the spread of the novel coronavirus infection and when it will be contained, actual results may differ from these estimates.

### (5) Basic policy on profit distribution & dividends for the fiscal year under review and the next fiscal year

We recognize that returning profits to our shareholders is one of our most important management issues. Our basic policy is to actively pay dividends from surplus according to our business performance while securing internal reserves necessary to strengthen our financial position and further expand our business.

However, the performance in the current fiscal year is expected to fall short of the previous fiscal year's performance due to the significant impact of the novel coronavirus infection. Therefore, we have made a comprehensive assessment of the earnings forecast for the current fiscal year and internal reserves for future growth investment, and as a result, we plan to pay an ordinary dividend of 6.00 yen per share.

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

## 2. Basic Policy on Selection of Accounting Standards

The Group's policy is to prepare consolidated financial statements in accordance with Japanese accounting standards for the time being, taking into consideration the comparability of consolidated financial statements from period to period and from company to company.

As for the application of International Financial Reporting Standards, the Group's policy is to take appropriate measures in consideration of various domestic and international circumstances.