

Translation

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**Summary of Non-Consolidated Financial Results
for the Year Ended March 31, 2020
(Based on Japanese GAAP)**

May 13, 2020

Company name: MATCHING SERVICE JAPAN CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 6539 URL <https://company.jmsc.com.jp/>
 Representative: CEO Takahiro Arimoto
 Managing Director
 Inquiries: Business Administration Headquarter Mayuki Fujie TEL 03-3239-7373
 General Manager
 Scheduled date of ordinary general meeting of shareholders: June 25, 2020
 Scheduled date to file Securities Report: June 26, 2020
 Scheduled date to commence dividend payments: June 26, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|---------------------------|-----------------|------|------------------|------|-----------------|------|-----------------|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Year ended March 31, 2020 | 4,098 | 7.0 | 1,704 | 0.9 | 2,023 | 14.3 | 1,374 | 14.7 |
| Year ended March 31, 2019 | 3,828 | 22.8 | 1,690 | 44.4 | 1,770 | 35.7 | 1,197 | 31.6 |

| | Earnings per share | Diluted earnings per share | Profit/equity | Ordinary profit/total assets | Operating profit/net sales |
|---------------------------|--------------------|----------------------------|---------------|------------------------------|----------------------------|
| | Yen | Yen | % | % | % |
| Year ended March 31, 2020 | 55.16 | 55.05 | 18.4 | 24.4 | 41.6 |
| Year ended March 31, 2019 | 48.17 | 47.98 | 18.3 | 24.4 | 44.1 |

(2) Non-consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of March 31, 2020 | 8,806 | 7,961 | 90.4 | 319.17 |
| As of March 31, 2019 | 7,810 | 6,998 | 89.6 | 280.98 |

(3) Non-consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Year ended March 31, 2020 | 1,343 | 2,527 | (368) | 6,371 |
| Year ended March 31, 2019 | 1,320 | (967) | (272) | 2,868 |

2. Cash dividends

| | Annual dividends per share | | | | | Total cash dividends (Total) | Dividend payout ratio (Non-consolidated) | Ratio of dividends to net assets (Non-consolidated) |
|---------------------------------------|----------------------------|-----------------|-----------------|-----------------|-------|------------------------------|--|---|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Year ended March 31, 2019 | — | 0.00 | — | 15.00 | 15.00 | 373 | 31.1 | 5.7 |
| Year ended March 31, 2020 | — | 0.00 | — | 15.00 | 15.00 | 374 | 27.2 | 5.0 |
| Year ending March 31, 2021 (Forecast) | — | — | — | — | — | — | — | — |

3. Notes

(1) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

| | |
|--|----|
| Changes in accounting policies due to revisions to accounting standards and other regulations: | No |
| Changes in accounting policies due to other reasons: | No |
| Changes in accounting estimates: | No |
| Restatement of prior period financial statements: | No |

(2) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

| | | | |
|----------------------|-------------------|----------------------|-------------------|
| As of March 31, 2020 | 24,945,600 shares | As of March 31, 2019 | 24,908,400 shares |
|----------------------|-------------------|----------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|----------------------|------------|----------------------|------------|
| As of March 31, 2020 | 377 shares | As of March 31, 2019 | 332 shares |
|----------------------|------------|----------------------|------------|

Average number of shares during the period

| | | | |
|---------------------------|-------------------|---------------------------|-------------------|
| Year ended March 31, 2020 | 24,911,916 shares | Year ended March 31, 2019 | 24,866,037 shares |
|---------------------------|-------------------|---------------------------|-------------------|

Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

| | As of March 31, 2019 | As of March 31, 2020 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 2,868,746 | 6,371,678 |
| Accounts receivable - trade | 162,458 | 164,429 |
| Securities | 1,230,779 | 518,298 |
| Prepaid expenses | 45,373 | 30,568 |
| Other | 39,148 | 3,187 |
| Total current assets | 4,346,507 | 7,088,162 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings, net | 38,671 | 35,085 |
| Vehicles, net | 2,059 | 1,026 |
| Tools, furniture and fixtures, net | 5,640 | 6,681 |
| Land | 24,859 | 24,859 |
| Total property, plant and equipment | 71,231 | 67,653 |
| Intangible assets | | |
| Software | 141,671 | 193,876 |
| Other | 9,590 | 26,582 |
| Total intangible assets | 151,261 | 220,459 |
| Investments and other assets | | |
| Investment securities | 3,020,175 | 1,202,125 |
| Shares of subsidiaries and associates | 0 | 0 |
| Long-term loans receivable from subsidiaries and associates | 20,000 | 20,000 |
| Guarantee deposits | 99,883 | 125,692 |
| Long-term prepaid expenses | 11,111 | 5,054 |
| Other | 49,224 | 8,749 |
| Allowance for doubtful accounts | (16,396) | (14,596) |
| Deferred tax assets | 57,608 | 83,092 |
| Total investments and other assets | 3,241,607 | 1,430,117 |
| Total non-current assets | 3,464,101 | 1,718,230 |
| Total assets | 7,810,608 | 8,806,393 |

(Thousands of yen)

| | As of March 31, 2019 | As of March 31, 2020 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - other | 121,813 | 153,330 |
| Accrued expenses | 54,011 | 45,172 |
| Income taxes payable | 408,193 | 387,469 |
| Accrued consumption taxes | 83,023 | 75,831 |
| Provision for repayment | 6,583 | 4,266 |
| Provision for bonuses | 115,647 | 115,430 |
| Other | 22,722 | 63,201 |
| Total current liabilities | 811,995 | 844,702 |
| Total liabilities | 811,995 | 844,702 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 580,588 | 583,378 |
| Capital surplus | | |
| Legal capital surplus | 560,588 | 563,378 |
| Other capital surplus | 665,938 | 665,938 |
| Total capital surpluses | 1,226,526 | 1,229,316 |
| Retained earnings | | |
| Legal retained earnings | 5,000 | 5,000 |
| Other retained earnings | | |
| Retained earnings brought forward | 5,111,912 | 6,112,495 |
| Total retained earnings | 5,116,912 | 6,117,495 |
| Treasury shares | (435) | (503) |
| Total shareholders' equity | 6,923,592 | 7,929,686 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 75,021 | 32,004 |
| Total valuation and translation adjustments | 75,021 | 32,004 |
| Total net assets | 6,998,613 | 7,961,691 |
| Total liabilities and net assets | 7,810,608 | 8,806,393 |

Non-consolidated statements of income

(Thousands of yen)

| | Fiscal year ended March 31, 2019 | Fiscal year ended March 31, 2020 |
|--|-------------------------------------|-------------------------------------|
| Net sales | 3,828,705 | 4,098,556 |
| Cost of sales | 2,780 | 2,223 |
| Gross profit | 3,825,924 | 4,096,332 |
| Selling, general and administrative expenses | 2,135,676 | 2,391,507 |
| Operating profit | 1,690,248 | 1,704,825 |
| Non-operating income | | |
| Interest and dividend income | 4,480 | 863 |
| Interest on securities | 79,961 | 192,680 |
| Gain on sales of securities | 947 | 132,373 |
| Gain on investments in investment partnerships | 9,241 | 21,693 |
| Rental income | 1,380 | 1,380 |
| Other | 100 | 777 |
| Total non-operating income | 96,110 | 349,768 |
| Non-operating expenses | | |
| Commission expenses | 11,170 | 7,257 |
| Loss on redemption of securities | 4,042 | 9,919 |
| Loss on valuation of investment securities | – | 13,361 |
| Rental expenses | 862 | 844 |
| Total non-operating expenses | 16,074 | 31,384 |
| Ordinary profit | 1,770,284 | 2,023,209 |
| Extraordinary income | | |
| Surrender value of insurance policies | 23,584 | 41,054 |
| Total extraordinary income | 23,584 | 41,054 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 344 | – |
| Total extraordinary losses | 344 | – |
| Profit before income taxes | 1,793,523 | 2,064,264 |
| Income taxes - current | 606,565 | 696,559 |
| Income taxes - deferred | (10,860) | (6,498) |
| Total income taxes | 595,705 | 690,060 |
| Profit | 1,197,818 | 1,374,203 |

Non-consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Thousands of yen)

| | Shareholders' equity | | | | | | | | |
|--|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|--|-------------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | | | Retained earnings | | | Treasury shares | Total shareholders' equity |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings Retained earnings brought forward | Total retained earnings | | |
| Balance at beginning of period | 576,988 | 556,988 | 665,938 | 1,222,926 | 5,000 | 4,193,769 | 4,198,769 | (435) | 5,998,249 |
| Changes during period | | | | | | | | | |
| Issuance of new shares | 3,600 | 3,600 | | 3,600 | | | | | 7,200 |
| Dividends of surplus | | | | | | (279,675) | (279,675) | | (279,675) |
| Profit | | | | | | 1,197,818 | 1,197,818 | | 1,197,818 |
| Purchase of treasury shares | | | | | | | | | |
| Net changes in items other than shareholders' equity | | | | | | | | | |
| Total changes during period | 3,600 | 3,600 | – | 3,600 | – | 918,142 | 918,142 | – | 925,342 |
| Balance at end of period | 580,588 | 560,588 | 665,938 | 1,226,526 | 5,000 | 5,111,912 | 5,116,912 | (435) | 6,923,592 |

| | Valuation and translation adjustments | | Total net assets |
|--|---|---|------------------|
| | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance at beginning of period | 78,788 | 78,788 | 6,077,037 |
| Changes during period | | | |
| Issuance of new shares | | | 7,200 |
| Dividends of surplus | | | (279,675) |
| Profit | | | 1,197,818 |
| Purchase of treasury shares | | | |
| Net changes in items other than shareholders' equity | (3,767) | (3,767) | (3,767) |
| Total changes during period | (3,767) | (3,767) | 921,575 |
| Balance at end of period | 75,021 | 75,021 | 6,998,613 |

Fiscal year ended March 31, 2020

(Thousands of yen)

| | Shareholders' equity | | | | | | | | |
|--|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|--|-------------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | | | Retained earnings | | | Treasury shares | Total shareholders' equity |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings Retained earnings brought forward | Total retained earnings | | |
| Balance at beginning of period | 580,588 | 560,588 | 665,938 | 1,226,526 | 5,000 | 5,111,912 | 5,116,912 | (435) | 6,923,592 |
| Changes during period | | | | | | | | | |
| Issuance of new shares | 2,790 | 2,790 | | 2,790 | | | | | 5,580 |
| Dividends of surplus | | | | | | (373,621) | (373,621) | | (373,621) |
| Profit | | | | | | 1,374,203 | 1,374,203 | | 1,374,203 |
| Purchase of treasury shares | | | | | | | | (68) | (68) |
| Net changes in items other than shareholders' equity | | | | | | | | | |
| Total changes during period | 2,790 | 2,790 | – | 2,790 | – | 1,000,582 | 1,000,582 | (68) | 1,006,094 |
| Balance at end of period | 583,378 | 563,378 | 665,938 | 1,229,316 | 5,000 | 6,112,495 | 6,117,495 | (503) | 7,929,686 |

| | Valuation and translation adjustments | | Total net assets |
|--|---|---|------------------|
| | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance at beginning of period | 75,021 | 75,021 | 6,998,613 |
| Changes during period | | | |
| Issuance of new shares | | | 5,580 |
| Dividends of surplus | | | (373,621) |
| Profit | | | 1,374,203 |
| Purchase of treasury shares | | | (68) |
| Net changes in items other than shareholders' equity | (43,016) | (43,016) | (43,016) |
| Total changes during period | (43,016) | (43,016) | 963,077 |
| Balance at end of period | 32,004 | 32,004 | 7,961,691 |

Non-consolidated statements of cash flows

(Thousands of yen)

| | Fiscal year ended March 31, 2019 | Fiscal year ended March 31, 2020 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 1,793,523 | 2,064,264 |
| Depreciation | 59,877 | 63,763 |
| Increase (decrease) in provision for repayment | (14,461) | (2,316) |
| Increase (decrease) in provision for bonuses | 16,965 | (217) |
| Interest and dividend income | (4,480) | (863) |
| Interest income on securities | (79,961) | (192,680) |
| Loss (gain) on sales of securities | (947) | (132,373) |
| Loss (gain) on redemption of securities | 4,042 | 9,919 |
| Loss (gain) on valuation of securities | – | 13,361 |
| Loss (gain) on investments in investment partnerships | (9,241) | (21,693) |
| Surrender value of insurance policies | (23,584) | (41,054) |
| Loss on retirement of non-current assets | 344 | – |
| Decrease (increase) in trade receivables | (60,022) | (1,970) |
| Decrease (increase) in prepaid expenses | 12,011 | 14,805 |
| Increase (decrease) in accounts payable - other | 35,546 | 13,684 |
| Increase (decrease) in accrued expenses | 1,434 | (8,838) |
| Increase (decrease) in accrued consumption taxes | 18,722 | (7,191) |
| Other, net | 26,025 | 59,892 |
| Subtotal | 1,775,794 | 1,830,490 |
| Interest and dividends received | 53,938 | 228,322 |
| Income taxes paid | (509,399) | (714,990) |
| Net cash provided by (used in) operating activities | 1,320,333 | 1,343,822 |
| Cash flows from investing activities | | |
| Purchase of investment securities | (2,049,941) | (3,161,033) |
| Proceeds from sales and redemption of investment securities | 1,052,908 | 5,712,998 |
| Purchase of property, plant and equipment | (584) | (1,505) |
| Purchase of intangible assets | (50,440) | (110,356) |
| Purchase of long-term prepaid expenses | – | (5,184) |
| Proceeds from distributions from investment partnerships | 37,180 | 47,350 |
| Payments of guarantee deposits | – | (34,201) |
| Proceeds from refund of guarantee deposits | – | 420 |
| Purchase of insurance funds | (6,367) | (75) |
| Proceeds from cancellation of insurance funds | 50,000 | 78,805 |
| Net cash provided by (used in) investing activities | (967,245) | 2,527,217 |
| Cash flows from financing activities | | |
| Proceeds from issuance of shares | 7,200 | 5,580 |
| Dividends paid | (279,675) | (373,621) |
| Purchase of treasury shares | – | (68) |
| Net cash provided by (used in) financing activities | (272,475) | (368,109) |
| Net increase (decrease) in cash and cash equivalents | 80,612 | 3,502,931 |
| Cash and cash equivalents at beginning of period | 2,788,134 | 2,868,746 |
| Cash and cash equivalents at end of period | 2,868,746 | 6,371,678 |