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February 9, 2022

Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 6071
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 Scheduled date of annual general meeting of shareholders: March 28, 2022
 Scheduled date of commencing dividend payments: March 29, 2022
 Scheduled date of filing annual securities report: March 29, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None (Recorded video will be distributed)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	14,081	7.7	1,516	-6.4	1,426	-6.0	1,054	53.6
December 31, 2020	13,072	-14.5	1,620	-30.7	1,518	-35.3	686	-54.9

Note: Comprehensive income For the fiscal year ended December 31, 2021: ¥1,218 million [59.9%]
 For the fiscal year ended December 31, 2020: ¥761 million [-53.3%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales ratio
	Yen	Yen	%	%	%
December 31, 2021	26.33	–	18.4	10.5	10.8
December 31, 2020	17.15	–	13.5	12.1	12.4

Reference: Equity in earnings (losses) of affiliates For the fiscal year ended December 31, 2021: ¥-125 million
 For the fiscal year ended December 31, 2020: ¥-110 million

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2021	13,314	6,623	46.3	154.10
December 31, 2020	13,887	5,664	37.9	131.43

Reference: Equity
 As of December 31, 2021: ¥6,170 million
 As of December 31, 2020: ¥5,260 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2021	1,055	-896	-1,750	4,361
December 31, 2020	1,042	-1,311	1,728	5,953

2. Dividends

	Annual dividends per share					Total dividends (total)	Payout ratio (consolidated)	Dividends to net assets ratio (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
December 31, 2020	–	0.00	–	6.00	6.00	240	35.0	4.7
December 31, 2021	–	0.00	–	6.00	6.00	240	22.8	4.2
Fiscal year ending December 31, 2022 (Forecast)	–	–	–	–	–		–	

Note: The Company's Articles of Incorporation stipulate the last day of the second quarter and the end of the fiscal year as the record date for dividends, but the dividend forecasts for these record dates have not been determined at this time.

3. Consolidated financial results forecast for the fiscal year ending December 31, 2022 (January 1, 2022 to December 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter (cumulative)	7,622	12.8	679	-0.7	676	9.2	417	13.5	10.42
Full year	16,004	13.7	1,701	12.2	1,680	17.8	1,334	26.6	33.33

* **Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: – companies (–)

Excluded: 1 company (Kamome Co., Ltd.)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (ordinary shares)

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

As of December 31, 2021	42,000,000 shares
As of December 31, 2020	42,000,000 shares

(ii) Number of treasury shares at the end of the period

As of December 31, 2021	1,955,106 shares
As of December 31, 2020	1,971,552 shares

(iii) Average number of shares during the period

Fiscal year ended December 31, 2021	40,039,980 shares
Fiscal year ended December 31, 2020	40,028,448 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-consolidated financial results for the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	5,777	-0.0	1,312	-12.2	1,527	-4.7	910	-14.7
December 31, 2020	5,780	-15.1	1,494	-23.6	1,602	-20.9	1,067	-23.2

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2021	22.75	–
December 31, 2020	26.66	–

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2021	10,514	6,110	58.1	152.59
December 31, 2020	11,281	5,361	47.5	133.94

Reference: Equity

As of December 31, 2021: ¥6,110 million

As of December 31, 2020: ¥5,361 million

- * Financial results reports are exempt from review by certified public accountants or an audit corporation.
- * Proper use of earnings forecasts, and other special matters

Financial results forecasts and other forward-looking statements provided in these materials are based on information available to the Company and certain other assumptions deemed reasonable as of the date of publication of this document, and do not represent any guarantee that the Company will achieve these results. Actual financial results and other aspects of business performance may differ significantly from these forecasts owing to various factors.

Please refer to “1. Overview of operating results, etc. (4) Future outlook” on pages 4-5 of the financial results report (attached materials) for conditions forming the basis for financial results forecasts, notes regarding the use of financial results forecasts, and other information.

(How to obtain the supplementary material on financial results and the contents of the financial results briefing)

In order to prevent the spread of COVID-19, the financial results briefing for institutional investors and analysts will be substituted by a distribution of a video recording of the financial results briefing. The video recording of the financial results briefing and the supplementary material on financial results will be posted on the Company’s website.

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1. Overview of operating results, etc.

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

In the fiscal year under review, social and economic activities were suppressed due to the repeated issuance of state of emergency declarations and public announcements of priority measures to prevent the spread of infection prompted by the impact of COVID-19, and overall conditions remained harsh.

Despite the impact of COVID-19, the Group continues to strive to expand our business in order to realize the aims of the medium term management plan (January 2021 to December 2027): “25,000 marriages,” “10,000 affiliated consultation offices,” “200,000 members for arranged marriage meetings,” and “500,000 matching members.”

During the fiscal year under review, the number of affiliated consultation offices exceeded 3,000 due to the review of the organizational structure of the operation of the affiliated consultation offices and the introduction of new plans. The number of members for arranged marriage meetings increased to 87,580 (up 3.2% year-on-year) as the membership base expanded with the expansion of local affiliated consultation offices. The number of matching members decreased to 179,000 (down 26.6% year-on-year), significantly affected by the spread of COVID-19.

As a result of the spread of COVID-19, the need for marriage-hunting in the highly serious marriage consulting services (the Affiliate Business and the Directly-Managed Lounge Business) increased, driving performance across the entire Group.

As a result, consolidated net sales in the fiscal year under review came to 14,081,231 thousand yen (up 7.7% year-on-year), operating profit was 1,516,160 thousand yen (down 6.4% year-on-year), ordinary profit was 1,426,577 thousand yen (down 6.0% year-on-year), and profit attributable to owners of parent was 1,054,106 thousand yen (up 53.6% year-on-year).

The operating results for each segment are outlined below.

<Marriage-Hunting Business>

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

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

- In the Agency Opening Support Business, the number of new business openings in the fourth quarter increased by 42.9% to 220 compared to the third quarter of the fiscal year under review, despite a partial decrease in the unit price of joining fees due to the introduction of new plans, reflecting the growing need to open new business during the COVID-19 pandemic. The number of new business openings during the fiscal year under review was 714 (down 1.2% year-on-year), recovering from the impact of COVID-19 in the first half.
- In the Affiliate Business, the number of affiliated consultation offices reached 3,039 (up 15.0% year-on-year), and the number of registered Japan Marriage Consulting Federation members increased steadily to 75,191 (up 11.3% year-on-year) due to the increase in the number of affiliated consultation offices.
- In the Directly-Managed Lounge Business, the number of newly joined members during the fiscal year under review reached 16,851 (up 70.1% year-on-year) as a result of the advertising strategy of ZWEI CO., LTD. in local areas, which became a group company in May 2020, and the strengthening of web marketing of IBJ Members.
- In the Party Business, the number of party participants decreased to 458,000 (down 7.5% year-on-year) during the fiscal year under review due to the impact of the repeated issuance of state of emergency declarations and public announcements of priority measures to prevent the spread of infection, despite efforts to recover by implementing thorough infection prevention measures against COVID-19 and holding parties online.
- In the App Business, the number of paying members as of the end of the fiscal year under review decreased to 38,000 (down 6.2% year-on-year), but the number of enrollments in Bridal Net's annual membership course (free of charge from the second year on until marriage) increased sixfold after the service fee was revised, and we are working to increase the number of paying members.

As a result, segment net sales amounted to 12,737,967 thousand yen (up 14.3% year-on-year) and segment profit was 2,463,412 thousand yen (down 6.7% year-on-year).

<Life Design Business>

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

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

- In the Hobby and Community Business of K Village Tokyo Inc., we acquired the business of the voice training school NAYUTAS in July 2021 with the aim of expanding services related to South Korea. In addition, we accelerated our business development by releasing the independently developed media application MODULY, which disseminates content specific to South Korea to South Korea lovers, and by opening new Korean language classes and voice training schools in various areas.
- In the Real Estate and Housing Loan Business and Insurance Business, the number of contracts increased steadily due to an increase in the number of married couples in the Marriage-Hunting Business.
- In the Wedding Business, which is operated by IBJ Wedding Co., Ltd., there was a significant impact of the spread of COVID-19 on the bridal market, such as cancellation and postponement of wedding ceremonies and reduction in the number of ceremony participants. As clients are being wary of investing in advertising, we worked to reduce the cost of producing magazines. In addition, the number of couples sent to wedding halls increased as a result of an increase in the number of married couples in the Group.
- In the Travel Business, which is operated by Kamome Co., Ltd., we have been forced to suspend our business in general because overseas travel remains impossible due to the measures in other countries to restrict the entry of Japanese nationals and travelers from Japan in response to the COVID-19 pandemic and the continuation of recommendation to avoid all travel in the Travel Advice and Warning on Infectious Diseases issued by the Ministry of Foreign Affairs. Meanwhile, we strove to curb cash outflow by using subsidies, reviewing and reducing costs, among others.

As a result, segment net sales amounted to 1,343,264 thousand yen (down 30.3% year-on-year) and segment profit was 42,022 thousand yen (compared to segment loss of 69,490 thousand yen for the same period in the previous fiscal year).

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

Some investment securities that were previously included in investment securities under investments and other assets have been reclassified as operational investment securities under current assets from the fiscal year under review.

(Assets)

Current assets as of December 31, 2021 amounted to 7,440,638 thousand yen, down 1,144,716 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 1,575,834 thousand yen in cash and deposits, despite an increase of 466,286 thousand yen in operational investment securities.

Non-current assets were 5,873,955 thousand yen, up 571,554 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 367,198 thousand yen in buildings, 83,629 thousand yen in land, 259,586 thousand yen in investment securities, 56,077 thousand yen in guarantee deposits, and 171,578 thousand yen in deferred tax assets, despite decreases of 289,781 thousand yen in goodwill and 97,206 thousand yen in long-term loans receivable.

Consequently, total assets came to 13,314,594 thousand yen, down 573,161 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of December 31, 2021 amounted to 4,363,471 thousand yen, down 2,500,607 thousand yen from the end of the previous fiscal year. This was mainly due to decreases of 2,400,000 thousand yen in short-term borrowings, 72,185 thousand yen in deposits received, and 67,170 thousand yen in income taxes payable, etc., despite increases of 57,789 thousand yen in accounts payable – other and 58,828 thousand yen in accrued expenses.

Non-current liabilities were 2,327,678 thousand yen, up 968,652 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 969,000 thousand yen in long-term borrowings and 52,683 thousand yen in asset retirement obligations, despite a decrease of 67,027 thousand yen in liabilities related to retirement benefits.

Consequently, total liabilities came to 6,691,149 thousand yen, down 1,531,955 thousand yen from the end of the previous fiscal year.

(Net assets)

Net assets as of December 31, 2021 stood at 6,623,445 thousand yen, up 958,793 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 25,490 thousand yen in capital surplus, 813,936 thousand yen in retained earnings, and 62,263 thousand yen in valuation difference on securities.

Consequently, the equity-to-asset ratio was 46.3% (compared to 37.9% at the end of the previous fiscal year).

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

Cash and cash equivalents (“cash”) at the end of the fiscal year under review totaled 4,361,973 thousand yen, a decrease of 1,591,685 thousand yen or 26.7% from the end of the previous fiscal year.

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

(Cash flows from operating activities)

Net cash provided by operating activities during the fiscal year under review amounted to 1,055,752 thousand yen (up 1.2% year-on-year).

The main factors of increase were profit before income taxes of 1,413,835 thousand yen, depreciation of 328,592 thousand yen, amortization of goodwill of 293,385 thousand yen, and share of loss on entities accounted for using equity method of 125,761 thousand yen. The main factors of decrease were an increase in inventories of 461,219 thousand yen, a decrease in retirement benefit liability of 67,027 thousand yen, and income taxes paid of 450,433 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities during the fiscal year under review amounted to 896,504 thousand yen (net cash used during the previous fiscal year was 1,311,747 thousand yen).

The main factors of increase were proceeds from sale of investment securities of 75,828 thousand yen and proceeds from refund of leasehold and guarantee deposits of 140,940 thousand yen. The main factors of decrease were purchase of property, plant and equipment of 472,767 thousand yen, purchase of intangible assets of 161,326 thousand yen, purchase of investment securities of 214,325 thousand yen, and payments of leasehold and guarantee deposits of 214,012 thousand yen.

(Cash flows from financing activities)

Net cash used in financing activities during the fiscal year under review amounted to 1,750,933 thousand yen (net cash provided by financing activities during the previous fiscal year amounted to 1,728,660 thousand yen). The main factors of increase were proceeds from short-term borrowings of 1,750,000 thousand yen and proceeds from long-term borrowings of 1,700,000 thousand yen. The main factors of decrease were repayments of short-term borrowings of 4,150,000 thousand yen and repayments of long-term borrowings of 770,860 thousand yen.

(4) Future outlook

As for the future outlook for the Japanese economy, the impact of COVID-19 on the economy is continuing, and it remains uncertain and difficult to predict when COVID-19 will be contained. However, the Group projects that the economic impact stemming from the spread of COVID-19 will slowly recover, and the Group has made estimates and judgments that are considered reasonable based on this assumption. In this environment, with the safety of our customers and employees as our top priority, we will strengthen our business to gain a high market share and become a niche leader in the marriage-hunting industry on the strength of our credibility as a company listed on the First Section of the Tokyo Stock Exchange (we will shift to the Prime Market on April 4, 2022), the unsurpassable number of affiliated consultation offices, members for arranged marriage meetings, and matchmakers on a nationwide scale, and the high accuracy of matching using AI. We will continue to focus on increasing the number of married couples, the number of affiliated consultation offices, and the membership base, and at the same time, we will raise the barriers to enter the industry by refining the methods of our marriage consulting service, which focuses on eventual marriage, and strengthening the connection between matchmakers (*hitogaki*). In addition, we will make further investments in management resources with a view to investing in the growth of existing businesses and M&A.

For the fiscal year ending December 31, 2022, we forecast net sales of 16,004,080 thousand yen (up 13.7% year-on-year), operating profit of 1,701,342 thousand yen (up 12.2% year-on-year), ordinary profit of 1,680,745 thousand yen (up 17.8% year-on-year), and profit attributable to owners of parent of 1,334,640 thousand yen (up 26.6% 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. However, due to uncertainties associated with estimates including the impact of the spread of COVID-19, actual results may differ from these estimates.

2. Basic policy on selection of accounting standards

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

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

3. Consolidated financial statements and major notes

(1) Consolidated balance sheet

(Unit: thousands of yen)

	Previous consolidated fiscal year (December 31, 2020)	Current consolidated fiscal year (December 31, 2021)
Assets		
Current assets		
Cash and deposits	5,937,133	4,361,298
Accounts receivable – trade	1,267,201	1,320,392
Operational investment securities	996,377	1,462,663
Merchandise and finished goods	10,677	2,908
Work in process	3,797	–
Raw materials and supplies	4,378	4,157
Advance payments to suppliers	8,899	7,952
Prepaid expenses	214,979	239,023
Income taxes receivable	32,145	6
Current portion of long-term loans receivable	2,117	1,999
Other	110,271	42,388
Allowance for doubtful accounts	-2,623	-2,152
Total current assets	8,585,355	7,440,638
Non-current assets		
Property, plant and equipment		
Buildings	1,167,609	1,534,807
Accumulated depreciation	-530,310	-534,328
Buildings, net	637,298	1,000,478
Vehicles	19,848	25,562
Accumulated depreciation	-13,494	-13,557
Vehicles, net	6,354	12,005
Tools, furniture and fixtures	742,723	706,811
Accumulated depreciation	-676,907	-638,477
Tools, furniture and fixtures, net	65,816	68,333
Land	–	83,629
Leased assets	70,257	39,903
Accumulated depreciation	-58,066	-11,217
Leased assets, net	12,191	28,685
Total property, plant and equipment	721,660	1,193,133
Intangible assets		
Goodwill	2,168,681	1,878,899
Software	282,793	326,980
Software in progress	24,078	960
Other	2,461	–
Total intangible assets	2,478,014	2,206,840
Investments and other assets		
Investment securities	501,842	761,428
Shares of subsidiaries and associates	35,708	2,687
Long-term loans receivable	123,299	26,092
Deferred tax assets	119,202	290,780
Insurance funds	231,496	239,427
Guarantee deposits	1,084,092	1,140,170
Other	7,083	13,394
Total investments and other assets	2,102,725	2,473,981
Total non-current assets	5,302,400	5,873,955
Total assets	13,887,756	13,314,594

(Unit: thousands of yen)

	Previous consolidated fiscal year (December 31, 2020)	Current consolidated fiscal year (December 31, 2021)
Liabilities		
Current liabilities		
Accounts payable – trade	53,184	38,319
Short-term borrowings	3,810,000	1,410,000
Current portion of long-term borrowings	433,360	393,500
Account payable – other	711,770	769,559
Accrued expenses	464,863	523,692
Income taxes payable	203,257	136,086
Accrued consumption taxes	130,054	131,872
Advances received	903,225	885,469
Lease obligations	3,469	6,420
Provision for bonuses	29,651	13,737
Provision for sales returns	5,991	–
Provision for point card certificates	15,943	15,759
Other	99,306	39,052
Total current liabilities	6,864,078	4,363,471
Non-current liabilities		
Long-term borrowings	742,250	1,711,250
Lease obligations	10,337	23,815
Retirement benefit liability	67,027	–
Asset retirement obligations	539,410	592,094
Other	–	518
Total non-current liabilities	1,359,025	2,327,678
Total liabilities	8,223,104	6,691,149
Net assets		
Shareholders' equity		
Share capital	699,585	699,585
Capital surplus	776,984	802,475
Retained earnings	4,660,725	5,474,661
Treasury shares	-1,007,719	-999,338
Total shareholders' equity	5,129,575	5,977,383
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	131,287	193,551
Total accumulated other comprehensive income	131,287	193,551
Share acquisition rights	634	634
Non-controlling interests	403,154	451,875
Total net assets	5,664,651	6,623,445
Total liabilities and net assets	13,887,756	13,314,594

(2) Consolidated statements of income and comprehensive income

Consolidated statement of income

(Unit: thousands of yen)

	Previous consolidated fiscal year (from January 1, 2020 to December 31, 2020)	Current consolidated fiscal year (from January 1, 2021 to December 31, 2021)
Net sales	13,072,004	14,081,231
Cost of sales	1,155,707	496,838
Gross profit	11,916,296	13,584,393
Provision for sales returns	18,089	15,846
Gross profit – net	11,898,207	13,568,546
Selling, general and administrative expenses	10,277,954	12,052,386
Operating profit	1,620,252	1,516,160
Non-operating income		
Interest income	385	253
Dividend income	6,696	12,030
Gain on investments in investment partnerships	1,662	34,643
Surrender value of insurance policies	5,626	–
Consumption taxes refund	4,587	2,569
Other	3,373	5,860
Total non-operating income	22,332	55,356
Non-operating expenses		
Interest expenses	12,402	11,605
Share of loss of entities accounted for using equity method	110,378	125,761
Other	1,752	7,571
Total non-operating expenses	124,533	144,939
Ordinary profit	1,518,052	1,426,577
Extraordinary income		
Gain on sale of investment securities	182,616	45,742
Compensation income	67,940	73,470
Gain on termination of retirement benefit plan	–	52,413
Other	22,853	15,085
Total extraordinary income	273,409	186,711
Extraordinary losses		
Loss on retirement of non-current assets	7,075	36,433
Impairment losses	124,730	21,089
Loss on valuation of investment securities	110,009	–
Loss on sale of shares of subsidiaries and associates	–	44,006
Loss on store closings	51,350	24,358
Loss on COVID-19	178,288	70,065
Other	3,408	3,500
Total extraordinary losses	474,864	199,453
Profit before income taxes	1,316,597	1,413,835
Income taxes – current	540,422	396,674
Income taxes – deferred	46,688	-138,689
Total income taxes	587,111	257,984
Profit	729,486	1,155,851
Profit attributable to non-controlling interests	43,156	101,744
Profit attributable to owners of parent	686,330	1,054,106

Consolidated statement of comprehensive income

(Unit: thousands of yen)

	Previous consolidated fiscal year (from January 1, 2020 to December 31, 2020)	Current consolidated fiscal year (from January 1, 2021 to December 31, 2021)
Profit	729,486	1,155,851
Other comprehensive income		
Valuation difference on available-for-sale securities	32,205	62,263
Total other comprehensive income	32,205	62,263
Comprehensive income	761,691	1,218,114
Comprehensive income attributable to:		
Owners of parent	718,535	1,116,370
Non-controlling interests	43,156	101,744

(3) Consolidated statement of changes in net assets

Previous consolidated fiscal year (from January 1, 2020 to December 31, 2020)

(Unit: thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Opening balance	699,585	776,984	4,367,675	-1,007,719	4,836,526
Changes during period					
Increase in consolidated subsidiaries – non-controlling interests					
Dividends of surplus			-360,256		-360,256
Profit attributable to owners of parent			686,330		686,330
Net changes in items other than shareholders' equity			-33,024		-33,024
Total changes during period	–	–	293,049	–	293,049
Ending balance	699,585	776,984	4,660,725	-1,007,719	5,129,575

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Opening balance	99,081	99,081	30,399	397,762	5,363,771
Changes during period					
Increase in consolidated subsidiaries – non-controlling interests				30,846	30,846
Dividends of surplus					-360,256
Profit attributable to owners of parent					686,330
Net changes in items other than shareholders' equity	32,205	32,205	-29,765	-25,455	-56,039
Total changes during period	32,205	32,205	-29,765	5,391	300,880
Ending balance	131,287	131,287	634	403,154	5,664,651

Current consolidated fiscal year (from January 1, 2021 to December 31, 2021)

(Unit: thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Opening balance	699,585	776,984	4,660,725	-1,007,719	5,129,575
Changes during period					
Dividends of surplus			-240,170		-240,170
Profit attributable to owners of parent			1,054,106		1,054,106
Change in ownership interest of parent due to transactions with non-controlling interests		17,985			17,985
Purchase of treasury shares				-52	-52
Restricted stock remuneration		7,505		8,433	15,939
Net changes in items other than shareholders' equity					-
Total changes during period	-	25,490	813,936	8,381	847,807
Ending balance	699,585	802,475	5,474,661	-999,338	5,977,383

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Opening balance	131,287	131,287	634	403,154	5,664,651
Changes during period					
Dividends of surplus					-240,170
Profit attributable to owners of parent					1,054,106
Change in ownership interest of parent due to transactions with non-controlling interests					17,985
Purchase of treasury shares					-52
Restricted stock remuneration					15,939
Net changes in items other than shareholders' equity	62,263	62,263		48,721	110,985
Total changes during period	62,263	62,263	-	48,721	958,793
Ending balance	193,551	193,551	634	451,875	6,623,445

(4) Consolidated cash flow statement

(Unit: thousands of yen)

	Previous consolidated fiscal year (from January 1, 2020 to December 31, 2020)	Current consolidated fiscal year (from January 1, 2021 to December 31, 2021)
Cash flows from operating activities		
Profit before income taxes	1,316,597	1,413,835
Depreciation	244,777	328,592
Amortization of goodwill	296,661	293,385
Amortization of long-term prepaid expenses	2,756	2,497
Increase (decrease) in allowance for doubtful accounts	-127	-219
Increase (decrease) in provision for bonuses	-37,679	-12,284
Increase (decrease) in provision for sales returns	-7,875	-5,991
Increase (decrease) in provision for point card certificates	-9,591	-183
Increase (decrease) in retirement benefit liability	-	-67,027
Interest and dividend income	-7,081	-12,283
Interest expenses	12,402	11,605
Share of loss (profit) of entities accounted for using equity method	110,378	125,761
Loss on retirement of non-current assets	7,075	36,433
Loss (gain) on sale of investment securities	-182,616	-45,742
Loss (gain) on valuation of investment securities	110,009	-
Loss (gain) on sale of shares of subsidiaries and associates	-	44,006
Loss (gain) on investments in investment partnerships	-1,662	-34,643
Impairment losses	124,730	21,089
Decrease (increase) in trade receivable	118,481	-66,310
Decrease (increase) in advance payments to suppliers	75,499	-3,831
Decrease (increase) in deposits paid	-3,062	-235
Decrease (increase) in inventories	-3,179	-461,219
Increase (decrease) in trade payables	-167,930	414
Increase (decrease) in advances received	-194,408	-7,496
Increase (decrease) in accounts payable – other, and accrued expenses	136,990	11,019
Increase (decrease) in accrued consumption taxes	-83,227	25,859
Other	118,306	-93,193
Subtotal	1,976,225	1,503,837
Interest and dividends received	6,284	12,484
Interest paid	-14,345	-10,135
Income taxes paid	-925,353	-450,433
Net cash provided by (used in) operating activities	1,042,811	1,055,752

(Unit: thousands of yen)

	Previous consolidated fiscal year (from January 1, 2020 to December 31, 2020)	Current consolidated fiscal year (from January 1, 2021 to December 31, 2021)
Cash flows from investing activities		
Purchase of property, plant and equipment	-209,647	-472,767
Payments for asset retirement obligations	-12,407	-35,393
Purchase of intangible assets	-137,748	-161,326
Proceeds from sale of investment securities	194,991	75,828
Purchase of investment securities	-185,090	-214,325
Payments for acquisition of businesses	–	-42,671
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	–	-13,854
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-1,943,090	–
Loan advances	-72,000	-40,000
Proceeds from collection of loans receivable	1,057,000	54,583
Payments of leasehold and guarantee deposits	-87,075	-214,012
Proceeds from refund of leasehold and guarantee deposits	13,649	140,940
Proceeds from cancellation of insurance funds	125,999	2,181
Other	-56,328	24,312
Net cash provided by (used in) investing activities	-1,311,747	-896,504
Cash flows from financing activities		
Proceeds from short-term borrowings	3,750,000	1,750,000
Repayments of short-term borrowings	-365,000	-4,150,000
Proceeds from long-term borrowings	185,000	1,700,000
Repayments of long-term borrowings	-1,311,610	-770,860
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	–	62,233
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	-32,806
Dividends paid	-361,455	-240,380
Dividends paid to non-controlling interests	-128,148	-64,463
Other	-40,126	-4,655
Net cash provided by (used in) financing activities	1,728,660	-1,750,933
Net increase (decrease) in cash and cash equivalents	1,459,723	-1,591,685
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	108,534	–
Opening balance of cash and cash equivalents	4,385,400	5,953,658
Ending balance of cash and cash equivalents	5,953,658	4,361,973

- (5) Notes to consolidated financial statements
(Note on entity's ability to continue as going concern)
Not applicable

(Additional information)

(Accounting estimates in line with spread of COVID-19)

There are no significant changes to the assumptions provided in (Additional information) (Accounting estimates in line with the spread of COVID-19) of the Consolidated Financial Results for the third quarter regarding issues such as the future spread of COVID-19 and when it will be contained.

(Segment information)

1. Description of reportable segments

The Company's reportable segments are constituent units of the Company for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating business performance.

The Company's business, including that of its group companies, is conducted by formulating comprehensive strategies for the domestic market by service.

Therefore, the Company is composed of segments by service, and the two reportable segments are the Marriage-Hunting Business and Life Design Business.

(1) 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 Agency Opening Support Business, the Company mainly provides support for the opening of marriage consulting businesses for corporations and individuals, and attracts customers for marriage consulting businesses that use the IBJ Arranged-Marriage Meeting System, an online marriage consulting agency network provided by the Company.
- In the Affiliate Business, the Company provides the IBJ Arranged-Marriage Meeting System, a marriage consulting agency network for member management and arrangements of arranged-marriage meetings, to marriage consulting agencies and their members, and operates the Japan Marriage Consulting Federation, of which marriage consulting agencies are members.
- In the App Business, in addition to Bridal Net, a marriage-hunting application in which dedicated counselors provide support up to the point of meeting, Diverse, Inc., which became a group company in July 2018, provides multiple matching services for casual users.
- In the Party Business, the Company plans and holds various events held at its own venues and at external venues, in addition to planning marriage-hunting party events and operating and holding the PARTY PARTY website for recruiting participants for those events. In addition, the Company provides services to attract customers and provides support services to businesses that operate parties as the Company's franchise stores.
- In the Directly-Managed Lounge Business, the Company operates IBJ Members Marriage-Hunting Lounge, which specializes in major cities and terminal locations, Sunmarie Marriage Consulting Agency, which features the dedicated services of professional matchmakers, and ZWEI Marriage Consulting Agency, which operates 50 branches throughout Japan, and provides face-to-face marriage partner introduction services to the members thereof, including marriage consulting, arranged-marriage meeting arrangements, and relationship management. In addition, our business in the Directly-Managed Lounge Business includes the development and contracted operation of marriage-hunting websites for the purpose of providing employee benefits by job category and marriage-hunting websites for the purpose of providing limited services to customers at business companies.

(2) Life Design Business

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

- In the Hobby and Community Business, the Company operates Korean language schools, provides support for studying abroad, and operates voice training schools.

- In the Real Estate and Housing Loan Business, the Company introduces properties and provides mortgage loans as a franchise store of ARUHI.
- In the Insurance Business, the Company offers insurance proposals to support life planning, risk hedging, and wealth building needs.
- In the Wedding Business, the Company publishes wedding information magazines, places advertisements in these magazines, and sends customers to affiliated wedding halls.
- In the travel business, the Company engages in the planning and sales of package tours and custom-made travel.

2. Explanation of measurements of sales, profit (loss), asset, liability, and other items for each reportable segment

The accounting method for the reported business segments is generally the same as the method used in the preparation of the consolidated financial statements.

Inter-segment internal revenues and transfers are based on prevailing market prices.

3. Disclosure of sales, profit (loss), asset, liability, and other items for each reportable segment

Previous consolidated fiscal year (from January 1, 2020 to December 31, 2020)

(Unit: thousands of yen)

	Reportable segment			Adjustments	Per consolidated financial statements
	Marriage-Hunting Business	Life Design Business	Total		
Sales					
Revenues from external customers	11,145,445	1,926,559	13,072,004	–	13,072,004
Transactions with other segments	101	7,670	7,771	-7,771	–
Total	11,145,547	1,934,229	13,079,776	-7,771	13,072,004
Segment profit (loss)	2,639,042	-69,490	2,569,551	-949,298	1,620,252
Other items					
Depreciation	208,731	20,582	229,314	15,462	244,777
Amortization of long-term prepaid expenses	835	1,920	2,756	–	2,756
Equity in losses of affiliates	-110,378	–	-110,378	–	-110,378
Investments in entities accounted for using equity method	160,000	–	160,000	–	160,000
Increase in property, plant and equipment and intangible assets	2,193,567	44,021	2,237,589	30,124	2,267,713

- Notes:
1. Adjustments to segment profit (loss) of -949,298 thousand yen include elimination of inter-segment transactions of -6,000 thousand yen and corporate expenses of -943,298 thousand yen that are not allocated to each reportable segment. Corporate expenses mainly consist of general and administrative expenses that do not belong to any reportable segment.
 2. Segment profit is adjusted with the operating profit in the consolidated financial statements.
 3. Segment assets and liabilities are not shown because assets are not allocated to business segments, and this information is not used in decision-making by the highest management decision-making body.

Current consolidated fiscal year (from January 1, 2021 to December 31, 2021)

(Unit: thousands of yen)

	Reportable segment			Adjustments	Per consolidated financial statements
	Marriage-Hunting Business	Life Design Business	Total		
Sales					
Revenues from external customers	12,737,967	1,343,264	14,081,231	–	14,081,231
Transactions with other segments	1,277	2,440	3,718	-3,718	–
Total	12,739,245	1,345,704	14,084,950	-3,718	14,081,231
Segment profit	2,463,412	42,022	2,505,435	-989,275	1,516,160
Other items					
Depreciation	280,771	27,218	307,990	20,602	328,592
Amortization of long-term prepaid expenses	770	1,726	2,497	–	2,497
Equity in losses of affiliates	-125,761	–	-125,761	–	-125,761
Investments in entities accounted for using equity method	160,000	–	160,000	–	160,000
Increase in property, plant and equipment and intangible assets	592,749	270,005	862,755	20,370	883,125

- Notes:
1. Adjustments to segment profit of -989,275 thousand yen include elimination of inter-segment transactions of -164 thousand yen and corporate expenses of 989,439 thousand yen that are not allocated to each reportable segment. Corporate expenses mainly consist of general and administrative expenses that do not belong to any reportable segment.
 2. Segment profit is adjusted with the operating profit in the consolidated financial statements.
 3. Segment assets and liabilities are not shown because assets are not allocated to business segments, and this information is not used in decision-making by the highest management decision-making body.

