

1. (Consolidated financial statements, etc.)

(1) (Consolidated financial statements)

1) (Consolidated balance sheet)

(Unit: thousands of yen)

	Previous consolidated fiscal year (December 31, 2021)	Current consolidated fiscal year (December 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	4,361,298	3,298,833
Accounts receivable – trade	1,320,392	1,297,961
Operational investment securities	1,462,663	1,970,271
Merchandise and finished goods	2,908	1,480
Raw materials and supplies	4,157	3,088
Advance payments to suppliers	7,952	1,372
Prepaid expenses	239,023	291,232
Income taxes receivable	6	—
Current portion of long-term loans receivable	1,999	1,999
Deposits paid	14,436	548,682
Other	27,952	14,854
Allowance for doubtful accounts	-2,152	-9,739
<b>Total current assets</b>	<b>7,440,638</b>	<b>7,420,037</b>
Non-current assets		
Property, plant and equipment		
Buildings	1,534,807	1,708,252
Accumulated depreciation	-534,328	-654,973
Buildings, net	1,000,478	1,053,279
Vehicles	25,562	10,589
Accumulated depreciation	-13,557	-5,055
Vehicles, net	12,005	5,534
Tools, furniture and fixtures	706,811	668,320
Accumulated depreciation	-638,477	-584,523
Tools, furniture and fixtures, net	68,333	83,796
Land	83,629	497,219
Leased assets	39,903	40,149
Accumulated depreciation	-11,217	-18,048
Leased assets, net	28,685	22,100
<b>Total property, plant and equipment</b>	<b>1,193,133</b>	<b>1,661,929</b>
Intangible assets		
Goodwill	1,878,899	1,554,194
Software	326,980	348,416
Software in progress	960	1,260
<b>Total intangible assets</b>	<b>2,206,840</b>	<b>1,903,870</b>
Investments and other assets		
Investment securities	761,428	1,061,156
Shares of subsidiaries and associates	(*1) 2,687	—
Long-term prepaid expenses	13,394	109,513
Long-term loans receivable	26,092	4,833
Deferred tax assets	290,780	270,060
Insurance funds	239,427	252,721
Guarantee deposits	1,140,170	1,131,697
Other	—	5,040
<b>Total investments and other assets</b>	<b>2,473,981</b>	<b>2,835,021</b>
<b>Total non-current assets</b>	<b>5,873,955</b>	<b>6,400,822</b>
<b>Total assets</b>	<b>13,314,594</b>	<b>13,820,859</b>

(Unit: thousands of yen)

	Previous consolidated fiscal year (December 31, 2021)	Current consolidated fiscal year (December 31, 2022)
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	38,319	38,191
Short-term borrowings	(*2) 1,410,000	(*2) 921,000
Current portion of long-term borrowings	393,500	373,856
Account payable – other	769,559	678,697
Accrued expenses	523,692	688,461
Income taxes payable	136,086	339,710
Accrued consumption taxes	131,872	223,837
Advances received	885,469	553,447
Lease obligations	6,420	6,439
Provision for bonuses	13,737	1,661
Provision for point card certificates	15,759	—
Other	39,052	43,437
<b>Total current liabilities</b>	<b>4,363,471</b>	<b>3,868,741</b>
Non-current liabilities		
Long-term borrowings	1,711,250	1,337,394
Lease obligations	23,815	15,635
Asset retirement obligations	592,094	594,647
Other	518	40,435
<b>Total non-current liabilities</b>	<b>2,327,678</b>	<b>1,988,112</b>
<b>Total liabilities</b>	<b>6,691,149</b>	<b>5,856,853</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	699,585	699,585
Capital surplus	802,475	854,782
Retained earnings	5,474,661	6,593,394
Treasury shares	-999,338	-901,709
<b>Total shareholders' equity</b>	<b>5,977,383</b>	<b>7,246,052</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	193,551	321,420
<b>Total accumulated other comprehensive income</b>	<b>193,551</b>	<b>321,420</b>
Share acquisition rights	634	634
Non-controlling interests	451,875	395,898
<b>Total net assets</b>	<b>6,623,445</b>	<b>7,964,006</b>
<b>Total liabilities and net assets</b>	<b>13,314,594</b>	<b>13,820,859</b>

## 2) Consolidated statements of income and comprehensive income

(Consolidated statement of income)

(Unit: thousands of yen)

	Previous consolidated fiscal year (from January 1, 2021 to December 31, 2021)	Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)
Net sales	14,081,231	(*1) 14,716,649
Cost of sales	496,838	538,418
Gross profit	13,584,393	14,178,231
Provision for sales returns	15,846	—
Gross profit – net	13,568,546	14,178,231
Selling, general and administrative expenses	(*2) 12,052,386	(*2) 12,185,002
Operating profit	1,516,160	1,993,229
Non-operating income		
Interest income	253	211
Dividend income	12,030	17,283
Gain on investments in investment partnerships	34,643	—
Gain on valuation of securities	—	43,401
Consumption taxes refund	2,569	111
Other	5,860	8,472
Total non-operating income	55,356	69,481
Non-operating expenses		
Interest expenses	11,605	4,622
Share of loss of entities accounted for using equity method	125,761	—
Amortization	—	2,362
Loss on investments in investment partnerships	—	502
Other	7,571	4,147
Total non-operating expenses	144,939	11,634
Ordinary profit	1,426,577	2,051,076
Extraordinary income		
Gain on sale of non-current assets	1,390	924
Gain on sale of investment securities	45,742	—
Gain on sale of shares of subsidiaries and associates	—	(*3) 6,434
Compensation income	73,470	—
Gain on termination of retirement benefit plan	52,413	—
Other	13,694	—
Total extraordinary income	186,711	7,358
Extraordinary losses		
Loss on retirement of non-current assets	(*4) 36,433	(*4) 3,348
Impairment losses	(*5) 21,089	(*5) 17,344
Loss on sale of shares of subsidiaries and associates	(*6) 44,006	—
Loss on store closings	24,358	10,477
Loss on COVID-19	70,065	—
Penalty payments	—	12,995
Other	3,500	320
Total extraordinary losses	199,453	44,486
Profit before income taxes	1,413,835	2,013,948
Income taxes – current	396,674	705,592
Income taxes – deferred	-138,689	-155,819
Total income taxes	257,984	549,772
Profit	1,155,851	1,464,176
Profit attributable to non-controlling interests	101,744	-29,394
Profit attributable to owners of parent	1,054,106	1,493,570

(Consolidated statement of income)

(Unit: thousands of yen)

	Previous consolidated fiscal year (from January 1, 2021 to December 31, 2021)	Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)
Profit	1,155,851	1,464,176
Other comprehensive income		
Valuation difference on available-for-sale securities	62,263	127,869
Total other comprehensive income	(*) 62,263	(*) 127,869
Comprehensive income	1,218,114	1,592,045
Comprehensive income attributable to:		
Owners of parent	1,116,370	1,621,439
Non-controlling interests	101,744	-29,394

## 3) (Consolidated statement of changes in net assets)

Previous 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

Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)

(Unit: thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Opening balance	699,585	802,475	5,474,661	-999,338	5,977,383
Changes during period					
Dividends of surplus			-240,269		-240,269
Profit attributable to owners of parent			1,493,570		1,493,570
Restricted stock remuneration		52,306		97,628	149,935
Sale of shares of consolidated subsidiaries			-134,567		-134,567
Net changes in items other than shareholders' equity					—
Total changes during period	—	52,306	1,118,733	97,628	1,268,668
Ending balance	699,585	854,782	6,593,394	-901,709	7,246,052

	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	193,551	193,551	634	451,875	6,623,445
Changes during period					
Dividends of surplus					-240,269
Profit attributable to owners of parent					1,493,570
Restricted stock remuneration					149,935
Sale of shares of consolidated subsidiaries				-81,550	-216,118
Net changes in items other than shareholders' equity	127,869	127,869		25,573	153,443
Total changes during period	127,869	127,869	—	-55,977	1,340,560
Ending balance	321,420	321,420	634	395,898	7,964,006

## 4) (Consolidated cash flow statement)

(Unit: thousands of yen)

	Previous consolidated fiscal year (from January 1, 2021 to December 31, 2021)	Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,413,835	2,013,948
Depreciation	328,592	358,976
Amortization of goodwill	293,385	250,011
Amortization of long-term prepaid expenses	2,497	2,254
Increase (decrease) in allowance for doubtful accounts	-219	7,587
Increase (decrease) in provision for bonuses	-12,284	-4,801
Increase (decrease) in provision for sales returns	-5,991	—
Increase (decrease) in provision for point card certificates	-183	-1,240
Increase (decrease) in retirement benefit liability	-67,027	—
Interest and dividend income	-12,283	-17,495
Interest expenses	11,605	4,622
Share of loss (profit) of entities accounted for using equity method	125,761	—
Loss on retirement of non-current assets	36,433	3,348
Loss (gain) on sale of investment securities	-45,742	—
Loss (gain) on sale of shares of subsidiaries and associates	44,006	-6,434
Loss (gain) on investments in investment partnerships	-34,643	502
Loss (gain) on valuation of investment securities	—	-43,401
Impairment losses	21,089	17,344
Decrease (increase) in trade receivable	-66,310	-168,763
Decrease (increase) in advance payments to suppliers	-3,831	3,082
Decrease (increase) in deposits paid	-235	-2,682
Decrease (increase) in inventories	-461,219	-81,321
Increase (decrease) in trade payables	414	6,066
Increase (decrease) in advances received	-7,496	35,946
Increase (decrease) in accounts payable – other, and accrued expenses	11,019	64,251
Increase (decrease) in accrued consumption taxes	25,859	110,459
Other	-93,193	20,910
Subtotal	1,503,837	2,573,172
Interest and dividends received	12,484	17,492
Interest paid	-10,135	-3,498
Income taxes paid	-450,433	-446,788
Net cash provided by (used in) operating activities	1,055,752	2,140,377

(Unit: thousands of yen)

	Previous consolidated fiscal year (from January 1, 2021 to December 31, 2021)	Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)
Cash flows from investing activities		
Purchase of property, plant and equipment	-472,767	-646,744
Payments for asset retirement obligations	-35,393	-24,137
Purchase of intangible assets	-161,326	-130,943
Proceeds from sale of investment securities	75,828	—
Purchase of investment securities	-214,325	-486,740
Payments for acquisition of businesses	(*3) -42,671	(*3) -19,181
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(*2) -13,854	(*2) -510,233
Loan advances	-40,000	-64,211
Proceeds from collection of loans receivable	54,583	1,999
Payments of leasehold and guarantee deposits	-214,012	-121,024
Proceeds from refund of leasehold and guarantee deposits	140,940	57,619
Proceeds from cancellation of insurance funds	2,181	—
Other	24,312	7,817
Net cash provided by (used in) investing activities	-896,504	-1,935,780
Cash flows from financing activities		
Proceeds from short-term borrowings	1,750,000	651,000
Repayments of short-term borrowings	-4,150,000	-1,140,000
Proceeds from long-term borrowings	1,700,000	400,000
Repayments of long-term borrowings	-770,860	-393,500
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	-240,380	-240,076
Dividends paid to non-controlling interests	-64,463	—
Other	-4,655	-8,431
Net cash provided by (used in) financing activities	-1,750,933	-731,008
Effect of exchange rate change on cash and cash equivalents	—	4,803
Net increase (decrease) in cash and cash equivalents	-1,591,685	-521,607
Opening balance of cash and cash equivalents	5,953,658	4,361,973
Ending balance of cash and cash equivalents	(*1) 4,361,973	(*1) 3,840,365



[Notes]

(Important items that are to become the basis for preparation of consolidated financial statements)

1. Items relating to the scope of consolidation

(1) Number of consolidated subsidiaries: 5 companies

Names of consolidated subsidiaries

Sunmarie Co., Ltd.

K Village Tokyo Inc.

IBJ financial advisory Corporation

IBJ life design support Corporation

ZWEI CO., LTD.

Diverse, Inc., a consolidated subsidiary up to now, is excluded from the scope of consolidation from the second quarter of the fiscal year under review, because a part of its shares has been sold.

2. Items relating to the application of equity method

There are no applicable items.

HOP, Inc. (indirectly held through Diverse, Inc.), an entity accounted for using equity method up to now, is excluded from the scope of application of equity method from the second quarter of the fiscal year under review, because a part of shares of Diverse, Inc. has been sold.

3. Items related to fiscal year, etc., of consolidated subsidiaries

The end date of the fiscal year for consolidated subsidiaries is the same as the consolidated closing date.

4. Items related to accounting policies

(1) Valuation basis and valuation method of significant assets

1) Securities

a. Available-for-sale-securities

Items other than shares, etc., that do not have a market price

We use the fair value method based on the fair value, etc., at the end of the fiscal year under review (the difference in value is processed by reporting as a component of shareholders' equity, and the cost of sale is calculated with the moving average method).

Shares, etc., that do not have a market price

We use the cost method based on the moving average method

2) Inventories

a. Merchandise and finished goods

We primarily use the cost method based on the first-in, first-out method (the balance sheet value is calculated by degradation of book value method due to decline of profitability)

b. Raw materials and supplies

We primarily use the cost method based on the gross average method (the balance sheet value is calculated by degradation of book value method due to decline of profitability)

(2) Depreciation methods for significant depreciation of assets

1) Property, plant and equipment (excluding leased assets)

We use the declining-balance method.

However, we use the straight-line method for buildings (excluding accompanying facilities) acquired after April 1, 1998 and for accompanying facilities acquired after April 1, 2016.

Furthermore, service life is primarily as follows.

Buildings..... 3-25 years

Vehicles..... 2-6 years

Tools, furniture and fixtures..... 2-20 years

2) Intangible assets (excluding leased assets)

We use the straight-line method.

Furthermore, we use the straight-line method based on the in-house usable period (five years) regarding software used within the Company.

3) Leased assets

Leased assets concerned with finance lease transaction property rights not transferred

We apply the straight-line method that assumes their lease periods are usable years and residual values are zero.

(3) Accounting standards for significant provisions

1) Allowance for doubtful accounts

To prepare for bad debt loss receivables, regarding general receivables, we individually consider the possibility of recovery for specific receivables such as doubtful accounts receivable by loan loss ratio, and record the values anticipated to be impossible to recover.

2) Provision for bonuses

To prepare for payment of employee bonuses, we record the future amount estimated for bonus payments which will be borne by the fiscal year under review.

3) Provision for sales returns

To prepare for loss due to returns of publications, we record the necessary amount taking into consideration actual returns from the past.

4) Provision for point card certificates

To prepare for usage of point card certificates granted to customers based on the point card certificates system, we record the estimated exercise value according to the point card certificates exercise ratio.

(4) Method for accounting process for retirement benefit liability

Although the Company, concerning multi-employer plans, has enrolled in a comprehensively established employee's pension fund system, as the value of pension assets concerning the Company's contributions is unable to be reasonably calculated, the accounting process is to record necessary contribution amounts to the welfare pension fund as retirement benefit expenses.

(5) Significant revenue and expense recognition standards

The Group mainly engages in the Marriage-Hunting Business (Affiliate Business, Directly-Managed Lounge Business, and Matching Business) and the Life Design Business targeting domestic customers. It has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinunder "Revenue Recognition Standard"), etc., and based on the contracts with customers, recognizes revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. The details of the main performance obligations in the Group's businesses related to revenue from contracts with customers and the timing at which the Company typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

1) Affiliate Business

Revenue from the Affiliate Business mainly consists of revenue from joining fees and monthly membership fees.

- a. Performance obligations of revenue from joining fees are to enable customers who join the Japan Marriage Consulting Federation that the Company operates to use (log in) the Federation's system required for starting a marriage consulting business after registering with it. Such performance obligations are satisfied at a point of issuance of the affiliated consultation office account and therefore, revenue is recognized when this requirement is fulfilled. We receive consideration related to revenue from joining fees in advance of satisfaction of the performance obligations.
- b. Performance obligations of revenue from monthly membership fees are to enable affiliated consultation offices to use the Japan Marriage Consulting Federation's system for operating a marriage consulting business on a continual basis. Such

performance obligations are satisfied for a certain period of time according to the period of the service and therefore, revenue is recognized over such a period of time. We receive monthly membership fees within approximately one month from the point of satisfying all the performance obligations.

## 2) Directly-Managed Lounge Business

Revenue from the Directly-Managed Lounge Business mainly consists of revenue from enrollment fees, monthly membership fees, support fees, fees for marriage, etc., at marriage consulting agencies that the Group directly operates.

- a. Performance obligations of revenue from enrollment fees are to enable registering with and using (logging in) the system of consulting agencies that the Group directly operates and such performance obligations are satisfied at a point when a membership contract is concluded and registration with the system is made. Therefore, revenue is recognized when this requirement is fulfilled. We receive consideration related to revenue from enrollment fees in advance of satisfaction of performance obligations.
- b. Performance obligations of revenue from monthly membership fees and support fees are to enable a member to carry out activities at a consulting agency that the Group directly operates. These performance obligations are satisfied for a certain period of time according to the period of the service and therefore, revenue is recognized over such a period of time. We receive consideration related to monthly membership fees within approximately one month from the point of satisfying all the performance obligations.
- c. Revenue from fees for marriage is success-based revenue to be received when a member gets married. The performance obligations are deemed to be satisfied at a point in time when a member gets married and revenue is recognized at such a point in time. We receive consideration related to fees for marriage within approximately one month after sending an invoice following successful marriage.

## 3) Matching Business

Revenue from the Matching Business mainly consists of revenue from marriage-hunting party participation fees and monthly membership fees from app members.

- a. Performance obligations of revenue from marriage-hunting party participation fees are participation by a customer in a marriage-hunting party hosted by the Company and such performance obligations are satisfied when a marriage-hunting party is held, in which the customer participates. Therefore, revenue is recognized when this requirement is fulfilled. We receive consideration related to revenue from marriage-hunting parties in advance of satisfaction of performance obligations.
- b. Performance obligations of revenue from monthly membership fees from app members is to enable using (logging in) the application services and such performance obligations are satisfied over a period of the contract with a customer. Therefore, revenue is recognized over such a period of time. We receive consideration related to revenue from monthly membership fees from app members in advance of satisfaction of performance obligations.

## 4) Life Design Business

Revenue from the Life Design Business mainly consists of revenue from tuition fees and insurance agency fees.

- a. Performance obligations of revenue from tuition fees are to give lessons to enrolled persons and such performance obligations are satisfied at a point when a lesson is given to enrolled persons. Therefore, revenue is recognized at such a point in time. We receive consideration related to revenue from tuition fees in advance of satisfaction of performance obligations.
- b. Performance obligations of revenue from insurance agency fees are to conclude an insurance contract between an insurance company and a customer and such performance obligations are satisfied by continuation of the insurance contract (request for termination of the contract is not made by a designated date or the insurance contract is not expired). Therefore, revenue is recognized at a point in time when this requirement is fulfilled. We receive consideration related to revenue from insurance agency fees within approximately one month from the point of satisfying the performance obligations.

## (6) Amortization process and amortization period of goodwill

Goodwill is amortized in equal amounts over a reasonable period within fifteen years. However, goodwill of which amount

is insignificant is fully amortized in the year in which it is incurred.

(7) Scope of assets of the consolidated cash flow statement

Cash on hand, deposits which can be withdrawn as necessary, and possible to be easily liquidated, moreover, regarding change in value, short term investments with an amortization period of within three months of acquisition which carry insignificant risk.

(8) Other important items that are to become the basis for preparation of consolidated financial statements

Accounting process of consumption taxes and other taxes not qualified for tax deductions

Consumption taxes and local consumption taxes not qualified for tax deductions are processed as expenses for the fiscal year under review.

(Estimates of important accounting)

1. Losses of non-current assets

(1) Amount recorded in the consolidated financial statements for the current consolidated fiscal year

(Unit: thousands of yen)

	Previous consolidated fiscal year	Current consolidated fiscal year
Property, plant and equipment	1,193,133	1,661,929
Intangible assets (excluding Goodwill)	327,940	349,676
Goodwill	1,878,899	1,554,194
Impairment losses	21,089	17,344

(2) Information related to the contents of estimates of important accounting concerned with identified items

The base unit of the Group to create cash flow is each branch facility, etc., as a minimum unit. Regarding goodwill and assets for business, application of impairment accounting is performed by grouping assets based on the section of managerial accounting. Regarding the profitability of asset groups which have fallen considerably, by decreasing the book value of non-current assets to the amount which can be recovered, said decreased amount is recorded as impairment losses.

In the event that indications of impairment are deemed to exist, the necessity of recognition of impairment loss is determined through comparison of the total amount of the future cash flow before discounting and the book value of the asset group including goodwill. For determining the existence of indications of impairment, consideration is made on whether it is due to continuous losses mainly from operating activities and significant deterioration of a business environment. Furthermore, even though losses from operating activities are not continuously generated, indications of impairment may be deemed to exist in such cases where a business has not grown as expected at the time of acquisition and a business environment assumed for the business plan at the time of acquisition has significantly deteriorated, resulting in the necessity to determine whether to recognize impairment loss. The business plan includes important assumptions such as a branch remodeling plan and estimates of new member enrollment.

Regarding the amount which can be recovered for non-current assets, it is calculated based on the assumptions of future cash flows, discount rate, net sale amounts, etc., based on the approved business plan by corporate managers. In the event earnings which were originally estimated cannot be obtained, or in the event where there are changes to assumptions of future cash flows, etc., including impacts of COVID-19, there is a possibility that the consolidated financial statements for the next consolidated fiscal year will be impacted.

2. Possibility of recovery of deferred tax assets

(1) Amounts recorded on the consolidated financial statements for the current consolidated fiscal year

(Unit: thousands of yen)

	Previous consolidated fiscal year	Current consolidated fiscal year
Deferred tax assets	290,780	270,060

(2) Information related to the contents of estimates of important accounting concerned with identified items

Recognition of deferred tax assets are estimates based on when the taxable income occurs and the amount based on future business plans. Said estimates include the possibility of being impacted by changes, etc., to uncertain future economic conditions including the impacts of COVID-19. In the event the estimates to when the taxable income occurs and the amount differs from what actually occurs, there is a possibility that there will be significant impacts to the deferred tax asset amounts of the consolidated financial statements for the next consolidated fiscal year.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, hereinafter “Revenue Recognition Standard”), etc., from the beginning of the fiscal year ended December 31, 2022, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

Although the Company has applied the Revenue Recognition Standard, etc., in accordance with the transitional treatment provided for in Paragraph 84 of Revenue Recognition Standard, this change has no impacts on profit and loss of the fiscal year ended December 31, 2022, beginning retained earnings for this fiscal year, and per share information.

Furthermore, notes to “Revenue recognition” during the previous fiscal year have not been disclosed as allowed by the transitional treatment provided for in Paragraph 89-3 of the Revenue Recognition Standard.

(Application of Accounting Standard for Fair Value Measurement, etc.)

Application of the new accounting set forth in Accounting Standard for Fair Value Measurement, etc., is in line with the transitional measures provided for in Paragraph 19 of the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019, hereinafter “Fair Value Measurement Standard”), etc. and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). The Company has applied the said standards proactively as of the beginning of the fiscal year ended December 31, 2022.

There are no impacts on the consolidated financial statements.

In addition, in notes to “Related to financial instruments,” the Company provides notes on the breakdown by level of fair value of financial instruments and other matters. However, those for the previous fiscal year were omitted in line with the transitional measures provided for in Paragraph 7-4 of “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, July 4, 2019).

(Unapplied accounting standards, etc.)

“Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31; June 17, 2021)

(1) Overview

Treatment concerning measurement of and notes to fair value of investment trusts and treatment concerning notes to fair value of investments in partnerships, etc., to be recorded on the balance sheet at the net amount equivalent to equity interest have been stipulated.

(2) Scheduled date of application

To be applied from the beginning of the fiscal year ending December 31, 2023.

(3) Effects of application of this accounting standard, etc.

There is no impact on the consolidated financial statements.

(Change in method of disclosure)

(Consolidated balance sheet)

“Deposits paid” which were included in “other” under “current assets” in the previous fiscal year are separately presented from the fiscal year under review due to increased importance in amount. To reflect this change in method of disclosure, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, 42,388 thousand yen presented as “other” under “current assets” in the consolidated balance sheet for the previous fiscal year has been reclassified to 14,436 thousand yen in “deposits paid” and 27,952 thousand yen in “other.”

In addition, “long-term prepaid expenses” which were included in “other” under “investments and other assets” in the previous fiscal year are separately presented from the fiscal year under review due to increased importance in amount. To reflect this change in method of disclosure, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, 13,394 thousand yen presented as “other” under “investments and other assets” in the consolidated balance sheet for the previous fiscal year has been reclassified to 13,394 thousand yen in “long-term prepaid expenses.”

(Consolidated statement of income)

“Gain on sale of non-current assets” which were included in “other” under “extraordinary income” in the previous fiscal year are separately presented from the fiscal year under review due to increased importance in amount. To reflect this change in method of disclosure, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, 15,085 thousand yen presented as “other” under “extraordinary income” in the consolidated statement of income for the previous fiscal year has been reclassified to 1,390 thousand yen in “gain on sale of non-current assets” and 13,694 thousand yen in “other.”

(Additional information)

(Accounting estimates related to the impact of the spread of COVID-19)

The spread of the novel coronavirus has had an impact on the economy and business activities, as well as the business activities of our group.

At present, it is difficult to predict when the outbreak will end, and we are making accounting estimates, such as impairment of fixed assets, assuming that the impact will continue for a certain period in 2023.

Since this assumption is subject to uncertainty, losses may occur in the future if the impact is prolonged due to convergence delays.

(Related to the consolidated balance sheet)

\*1 Items concerning non-consolidated subsidiaries and associates are as follows.

	Previous consolidated fiscal year (December 31, 2021)	Current consolidated fiscal year (December 31, 2022)
Shares of subsidiaries and associates	2,687 thousand yen	— thousand yen

\*2 Regarding the Group, in order to provide efficient working capital, has entered into overdrafts contracts, etc., with six banks that we have dealings with. Based on these contracts, the balance of unexercised borrowings at the end of the fiscal year under review is as follows.

	Previous consolidated fiscal year (December 31, 2021)	Current consolidated fiscal year (December 31, 2022)
Sum total of maximum amount of overdrafts and loan commitments	2,730,000 thousand yen	2,290,000 thousand yen
Balance of exercised borrowings	1,410,000	921,000
Difference	1,320,000	1,369,000

\*3 Guarantee obligations

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

There are no applicable items.

Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)

The Company has cosigned for a part of rent based on a lease agreement of Diverse, Inc. The period of duration is one year and ten months from the end of the fiscal year under review.

(Related to the consolidated statement of income)

\*1 Revenue from contracts with customers

Regarding net sales, revenue from contracts with customers and other revenues are not presented separately. The amount of revenue from contracts with customers is presented in “Notes (Segment information, etc.)”

\*2 Principal items of expenditure and amounts of selling, general and administrative expenses are as follows.

	Previous consolidated fiscal year (from January 1, 2021 to December 31, 2021)	Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)
Payroll and allowances	3,149,975 thousand yen	3,449,548 thousand yen
Advertising expenses	2,264,016	2,323,353
Rent expenses on land and buildings	1,342,389	1,407,585
Amortization of goodwill	293,385	250,011
Retirement benefit expenses	30,187	18,655

\*3 Gain on sale of shares of subsidiaries and associates

Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)

Due to transfer of a part of shares of Diverse, Inc. that was the Company’s consolidated subsidiary.

\*4 The contents of the loss on retirement of non-current assets are as follows.

	Previous consolidated fiscal year (from January 1, 2021 to December 31, 2021)	Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)
Buildings	14,105 thousand yen	2,986 thousand yen
Tools, furniture and fixtures	345	261
Software	21,982	99
Total	36,433	3,348



\*5 Impairment losses

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

The Group has recorded impairment losses on the following asset groups in regard to the previous consolidated fiscal year.

Location	Purpose	Category	Amount (thousands of yen)
Yokohama-shi, Kanagawa	Branch	Buildings Tools, furniture and fixtures	13,056 191
Fukuoka-shi, Fukuoka	Branch	Buildings Tools, furniture and fixtures	4,090 130
Shinjuku-ku, Tokyo	Other	Investments and other assets (Other)	3,620
Total	—	—	21,089

The Group, as a rule, groups each business as assets as the basis.

Regarding assets that have been decided to be disposed of earlier than originally planned, we have reduced the amount to the recoverable amount, and have recorded said decrease in amount as impairment losses under extraordinary losses.

Furthermore, we have calculated the use value of the recoverable amount concerned with assets as zero and have recorded the difference between book value as impairment losses under extraordinary losses.

Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)

The Group has recorded impairment losses on the following asset groups in regard to the current consolidated fiscal year.

Location	Purpose	Category	Amount (thousands of yen)
Nagoya-shi, Aichi	Branch	Buildings Tools, furniture and fixtures	8,109 667
Shinjuku-ku, Tokyo	Branch	Buildings Tools, furniture and fixtures	5,229 447
Chiba-shi, Chiba	Branch	Buildings Tools, furniture and fixtures	2,632 257
Total	—	—	17,344

With each branch facility, etc., as the base unit, the Group groups assets for goodwill and assets for business based on the section of managerial accounting.

Regarding asset groups of which profitability fallen considerably, we have reduced the book value of non-current assets to the recoverable amount, and have recorded said decrease in amount as impairment losses under extraordinary losses.

Furthermore, we have calculated the use value of the recoverable amount concerned with assets as zero.

\*6 The contents of the loss on sale of shares of subsidiaries and associates are as follows.

	Previous consolidated fiscal year (from January 1, 2021 to December 31, 2021)	Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)
IBJ Wedding Co., Ltd.	32,561 thousand yen	— thousand yen
Kamome Co., Ltd.	11,444	—

(Related to the consolidated statement of comprehensive income)

\* Other reclassification adjustment and tax effects concerning other comprehensive income

	Previous consolidated fiscal year (from January 1, 2021 to December 31, 2021)	Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)
Valuation difference on available-for-sale securities:		
Amount generated in the current consolidated fiscal year	125,475 thousand yen	233,678 thousand yen
Reclassification adjustment	-35,732	-43,401
Before adjustment of income tax	89,743	190,276
Income tax	-27,479	-62,407
Valuation difference on available-for-sale securities	62,263	127,869
Other comprehensive income	62,263	127,869

(Related to the consolidated statement of changes in net assets)

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

1. Items related to the class and total number of issued shares along with the class and total number of treasury shares

	Shares at the beginning of the current consolidated fiscal year (shares)	Increase in shares in the current consolidated fiscal year (shares)	Decrease in shares in the current consolidated fiscal year (shares)	Shares at the end of the current consolidated fiscal year (shares)
Issued shares				
Ordinary shares	42,000,000	—	—	42,000,000
Total	42,000,000	—	—	42,000,000
Treasury shares				
Ordinary shares	1,971,552	54	16,500	1,955,106
Total	1,971,552	54	16,500	1,955,106

(Outline of reasons for change)

Based on resolutions of the Board of Directors meeting held on March 29, 2021 regarding disposal of treasury shares based on the system for restricted stock remuneration: 16,500 shares

Increase due to purchase of shares of less than one unit: 54 shares

2. Items related to stock acquisition rights and treasury share stock acquisition rights

Classification	Breakdown of stock acquisition rights	Class of stock acquisition rights	Number of stock acquisition rights (Shares)				Balance at the end of the current consolidated fiscal year (thousands of yen)
			Beginning of the current consolidated fiscal year	Increase in the current consolidated fiscal year	Decrease in the current consolidated fiscal year	End of the current consolidated fiscal year	
Consolidated subsidiary	Stock acquisition rights by stock options (1st series)	—	—	—	—	—	634
	Total	—	—	—	—	—	634

### 3. Items related to dividends

#### (1) Dividends to be paid

(Resolution)	Class of shares	Total dividends (thousands of yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on March 29, 2021	Ordinary shares	240,170	6	December 31, 2020	March 30, 2021

#### (2) Dividends whose record date is in the current consolidated fiscal year but whose effective date is in the following consolidated fiscal year

(Resolution)	Class of shares	Total dividends (thousands of yen)	Dividend capital	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on March 28, 2022	Ordinary shares	240,269	Retained earnings	6	December 31, 2021	March 29, 2022

Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)

#### 1. Items related to the class and total number of issued shares along with the class and total number of treasury shares

	Shares at the beginning of the current consolidated fiscal year (shares)	Increase in shares in the current consolidated fiscal year (shares)	Decrease in shares in the current consolidated fiscal year (shares)	Shares at the end of the current consolidated fiscal year (shares)
Issued shares				
Ordinary shares	42,000,000	—	—	42,000,000
Total	42,000,000	—	—	42,000,000
Treasury shares				
Ordinary shares	1,955,106	2,000	191,000	1,766,106
Total	1,955,106	2,000	191,000	1,766,106

(Outline of reasons for change)

Based on resolutions of the Board of Directors meeting held on March 28, 2022 regarding disposal of treasury shares based on the system for restricted stock remuneration: 191,000 shares

Increase due to acquisition of restricted stock without compensation: 2,000 shares

#### 2. Items related to stock acquisition rights and treasury share stock acquisition rights

Classification	Breakdown of stock acquisition rights	Class of stock acquisition rights	Number of stock acquisition rights (shares)				Balance at the end of the current consolidated fiscal year (thousands of yen)
			Beginning of the current consolidated fiscal year	Increase in the current consolidated fiscal year	Decrease in the current consolidated fiscal year	End of the current consolidated fiscal year	
Consolidated subsidiary	Stock acquisition rights by stock options (1st series)	—	—	—	—	—	634
	Total	—	—	—	—	—	634

### 3. Items related to dividends

#### (1) Dividends to be paid

(Resolution)	Class of shares	Total dividends (thousands of yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on March 28, 2022	Ordinary shares	240,269	6	December 31, 2021	March 29, 2022

(2) Dividends whose record date is in the current consolidated fiscal year but whose effective date is in the following consolidated fiscal year

(Resolution)	Class of shares	Total dividends (thousands of yen)	Dividend capital	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on March 24, 2023	Ordinary shares	241,403	Retained earnings	6	December 31, 2022	March 27, 2023

(Related to the consolidated cash flow statement)

#### \*1. Related to amounts of items in the consolidated balance sheet and end of fiscal year balance of cash and cash equivalents

	Previous consolidated fiscal year (from January 1, 2021 to December 31, 2021)	Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)
Calculation of cash and deposits	4,361,298 thousand yen	3,298,833 thousand yen
Deposits paid	674	541,532
Cash and cash equivalents	4,361,973	3,840,365

#### \*2. Breakdown of principal assets and liabilities of companies that are no longer consolidated subsidiaries due to sale of shares

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

Breakdown of assets and liabilities at the time of sale along with sale price of shares and proceeds due to sale of Kamome Co., Ltd., and KAMOME & ARS DREAM, (indirectly held through Kamome Co., Ltd.) and IBJ Wedding Co., Ltd. which are no longer consolidated subsidiaries due to sale of shares is as follows.

##### 1) Kamome Co., Ltd., and KAMOME & ARS DREAM

Current assets	58,235 thousand yen
Non-current assets	23,271
Current liabilities	-11,585
Non-current liabilities	-7,928
Loss on sale of shares	-11,444
Amount of shares sold	50,547
Cash and cash equivalents	-45,000
Difference: Proceeds due to sale	5,546

##### 2) IBJ Wedding Co., Ltd.

Current assets	98,452 thousand yen
Non-current assets	-5,427
Current liabilities	-30,464
Non-current liabilities	—
Loss on sale of shares	-32,561
Amount of shares sold	30,000
Cash and cash equivalents	-49,400
Difference: Purchase from sale	-19,400

Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)

Breakdown of assets and liabilities at the time of sale along with sale price of shares and payments due to sale of Diverse, Inc. and HOP, Inc. (indirectly held through Diverse, Inc.) which are no longer consolidated subsidiaries or an entity accounted for using equity method due to sale of shares is as follows.

Diverse, Inc. and HOP, Inc.

Current assets	798,431	thousand yen
Non-current assets	291,984	
Current liabilities	-583,684	
Non-current liabilities	-422,370	
Non-controlling interests	-26,583	
Gain on sale of shares	6,434	
Amount of shares sold	64,211	
Cash and cash equivalents	-574,444	
Difference: Purchase from sale	-510,233	

\*3. Breakdown of acquired principal assets and liabilities due to acquisition of business

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

Breakdown of acquired assets and liabilities due to acquisition of business by the Group along with the relationship between business acquisition amount and business acquisition payments (net amount) is as follows.

Current assets	—	thousand yen
Non-current assets	39,068	
Goodwill	3,603	
Business acquisition amount	42,671	
Cash and cash equivalents	—	
Difference: Payments due to business acquisition	42,671	

Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)

Breakdown of acquired assets and liabilities due to acquisition of business by the Group along with the relationship between business acquisition amount and business acquisition payments (net amount) is as follows.

Current assets	—	thousand yen
Non-current assets	11,661	
Goodwill	7,520	
Business acquisition amount	19,181	
Cash and cash equivalents	—	
Difference: Payments due to business acquisition	19,181	

(Related to lease transactions)

(Borrower side)

1. Finance lease transactions

Finance lease transaction property rights not transferred

(1) Contents of leased assets

Property, plant and equipment

Printers, etc., associated with the Back-Office Division.

(2) Methods of depreciating leased assets

The significant items that are the basis of preparing the consolidated financial statements are in “4. Items related to accounting policies (2) Depreciation methods for significant depreciation of assets.”

2. Operating lease transactions

Entry is omitted as the importance is insignificant.

(Related to financial instruments)

1. Items related to the condition of financial instruments

(1) Policy related to dealing with financial instruments

The Group will raise necessary capital referred to in the capital investment plan, etc., mainly with its own capital and bank loans including long-term borrowings. Temporary surplus funds are primarily used for short-term deposits and term deposits which have a high degree of security.

In the investment business conducted by a consolidated subsidiary, the capital will be raised mainly with its own capital and indirect loans through bank loans, adjusting market conditions, a balance between long and short term, etc. The capital raised as such is invested in exchange-traded funds, investment partnerships, etc.

Furthermore, short-term working capital will be raised with bank loans. The policy is to not utilize derivative transactions and speculative transactions.

(2) Contents and risks of financial instruments

Accounts receivable for trade is primarily for individual customers and is exposed to credit risk. Operational investment securities and investment securities are primarily investments in listed company shares and investment business associations and are exposed to market value fluctuation risk and credit risk of issuing entities. Guarantee deposits are primarily leasehold and guarantee deposits for leasing the Headquarters and branches and are exposed to credit risk of the entities receiving the deposits. Accounts payable for trade and others all have a payment date within one year. Borrowings are primarily aimed at raising capital for business transactions, capital investment, and M&A, part of which is exposed to interest risk related to capital raising and liquidity risk.

(3) Risk management system related to financial instruments

1) Management of credit risk (risks related to breach of contract with trade partners)

The Group in accordance with the credit management system related to trade, regularly monitors the conditions of principal trade partners of each division, and each trade partner's closing date and balance are managed along with planning to reduce and catch at an early-stage doubtful recoveries due to deteriorating conditions of financial affairs, etc. Regarding long-term loans receivable, monitoring of the conditions of financial affairs of entities that have received loans are implemented. Regarding guarantee deposits, the conditions of principal trade partners of each division are regularly monitored, and each trade partner's closing date and balance are managed.

2) Management of liquidity risk (risk of not paying on the date of payment) related to raising capital

The Group manages liquidity risk by maintaining liquidity on hand, etc. along with the Management Division preparing and renewing plans to raise capital timely, based on reports from each department.

3) Management of market risk (risk of currency, interest rate, etc., fluctuation)

Regarding investment securities, by consistently knowing fair value and issuing entities' (trade partner corporations) conditions of financial affairs, etc., we continuously reevaluate conditions of possession by taking into consideration changes in market conditions.

4) Management of price fluctuation risk

Regarding operational investment securities, the management committee or the Board of Directors makes investment decisions based on the related operational regulations. Regarding new investment projects, we make investment plans including the maximum investment amount and price fluctuation risk, on which the management committee or the Board of Directors makes decisions. Furthermore, we mitigate price fluctuation risk by collecting and analyzing management information about investee companies and monitoring risk status continuously.

(4) Supplementary explanation regarding items regarding fair value, etc., of financial instruments

Because the primary cause of fluctuation is incorporated into the calculation of fair value of financial instruments, differing assumptions, etc., are adopted, and said amounts may change.

(5) Concentration of credit risk

70.4% of trade (63.8% at the end of the previous fiscal year) at the present closing date of the fiscal year under review is in relation to a specific trade partner (a company that is an agent to collect credit card settlements and bank account transfers, etc.).

## 2. Items related to fair value, etc. of financial instruments

The fair value and difference concerning amounts recorded on the consolidated balance sheet is as follows.

Previous consolidated fiscal year (December 31, 2021)

	Amounts recorded on the consolidated balance sheet (thousands of yen)	Fair value (thousands of yen)	Difference (thousands of yen)
(1) Cash and deposits	4,361,298	4,361,298	—
(2) Accounts receivable – trade	1,320,392		
Allowance for doubtful accounts (*1)	-2,152		
	1,318,240	1,318,240	—
(3) Income taxes receivable	6	6	—
(4) Investment securities			
Available-for-sale securities	594,099	594,099	—
(5) Long-term loans receivable (*2)	28,092	28,089	-3
(6) Guarantee deposits	1,140,170	1,140,170	—
<b>Total assets</b>	<b>7,441,907</b>	<b>7,441,904</b>	<b>-3</b>
(1) Accounts payable - trade	38,319	38,319	—
(2) Short-term borrowings	1,410,000	1,410,000	—
(3) Account payable - other	769,559	769,559	—
(4) Accrued expenses	523,692	523,692	—
(5) Income taxes payable	136,086	136,086	—
(6) Accrued consumption taxes	131,872	131,872	—
(7) Long-term borrowings (*3)	2,104,750	2,100,409	-4,340
(8) Lease obligations (*4)	30,236	29,591	-644
<b>Total liabilities</b>	<b>5,144,516</b>	<b>5,139,532</b>	<b>-4,984</b>

(\*1) Allowance for doubtful accounts that are recorded individually in accounts receivable - trade are deducted.

(\*2) Included is the current portion of long-term loans receivable.

(\*3) Included is the current portion of long-term borrowings.

(\*4) Included is the current portion of lease obligations.

(Note) 1. Items related to calculating fair value of financial instruments along with securities

### Assets

(1) Cash and deposits, (2) Accounts receivable – trade, (3) Income taxes receivable

Because these are settled in the short term, the fair value approximates book value, and is due to said book value.

(4) Investment securities

Regarding these fair values, the value of shares, etc., is in accordance with the stock exchange. Furthermore, please reference “Note (Related to securities)” for items regarding the purpose of possession of securities.

(5) Long-term loans receivable

Regarding fair value of long-term loans receivable, it is according to the calculation method where the estimated interest rate is discounted in the event that the total of the principal and interest are equal to a new loan.



(6) Guarantee deposits

Guarantee deposits are lease deposits for branches and offices, etc., and are calculated based on the present value from which relevant indicators such as interest of government bonds are discounted from future cash flow.

Liabilities

(1) Accounts payable – trade, (2) Short-term borrowings, (3) Account payable – other, (4) Accrued expenses, (5) Income taxes payable, (6) Accrued consumption taxes

Because these are settled in the short term, the fair value approximates book value, and is due to said book value.

(7) Long-term borrowings, (8) Lease obligations

Regarding fair value of long-term borrowings, it is according to the calculation method where the estimated interest rate is discounted in the event that the total of the principal and interest is equal to a new loan.

(Note) 2. Fair value of financial instruments recognized as exceedingly difficult to grasp

Classification	Previous consolidated fiscal year (thousands of yen)
Unlisted shares (*1)	1,629,992

(\*1) Regarding these, because the fair value is recognized as exceedingly difficult to grasp, it is not market value, and is not included in “Assets (4) Investment securities.”

Current consolidated fiscal year (December 31, 2022)

	Amounts recorded on the consolidated balance sheet (thousands of yen)	Fair value (thousands of yen)	Difference (thousands of yen)
(1) Operational investment securities and investment securities			
Available-for-sale securities			
Shares	988,458	988,458	—
Investment trust	173,017	173,017	—
(2) Long-term loans receivable (*2)	6,833	6,793	-40
(3) Guarantee deposits	1,131,697	1,033,005	-98,691
Total assets	2,300,006	2,201,274	-98,731
(1) Long-term borrowings (*3)	1,711,250	1,694,030	-17,219
(2) Lease obligations (*4)	22,074	21,595	-479
Total liabilities	1,733,324	1,715,626	-17,698

(\*1) “Cash and deposits,” “Accounts receivable – trade,” “Accounts payable – trade,” “Short-term borrowings,” “Account payable – other,” “Accrued expenses,” “Income taxes payable,” and “Accrued consumption taxes” are omitted because these are cash and the fair value approximates book value as they are settled in a short period of time.

(\*2) Current portion of long-term loans receivable is included in long-term loans receivable.

(\*3) Current portion of long-term borrowings is included in long-term borrowings.

(\*4) The total amount of lease obligations in current liabilities and non-current liabilities is presented.

(\*5) Notes on investments in partnerships and other similar entities for which equity interests are recorded on a net basis on the consolidated balance sheet are omitted. The amount of these investments recorded on the consolidated balance sheet is 1,792,683 thousand yen.

(\*6) Shares, etc., that do not have a market price are not included in “(1) Operational investment securities and investment securities.” The amount of these financial instruments is recorded as follows on the consolidated balance sheet.

Classification	Current consolidated fiscal year (thousands of yen)
Unlisted shares	77,268

(Note) 3. Monetary claims of planned amortization amount after the consolidated closing date

Previous consolidated fiscal year (December 31, 2021)

	Within one year (thousands of yen)	Over one year, within five years (thousands of yen)	Over five years, within ten years (thousands of yen)	Over ten years (thousands of yen)
Cash and deposits	4,361,298	—	—	—
Accounts receivable - trade	1,320,392	—	—	—
Income taxes receivable	6	—	—	—
Long-term loans receivable	1,999	25,259	833	—
Total	5,683,697	25,259	833	—

(Note) Regarding guarantee deposits, they are not listed as the expected date of amortization is undecided.

Current consolidated fiscal year (December 31, 2022)

	Within one year (thousands of yen)	Over one year, within five years (thousands of yen)	Over five years, within ten years (thousands of yen)	Over ten years (thousands of yen)
Cash and deposits	3,298,833	—	—	—
Accounts receivable - trade	1,297,961	—	—	—
Long-term loans receivable	1,999	4,833	—	—
Total	4,598,795	4,833	—	—

(Note) Regarding guarantee deposits, they are not listed as the expected date of amortization is undecided.

(Note) 4. Planned repayment amount of long-term borrowings and lease obligations after the closing date

Previous consolidated fiscal year (December 31, 2021)

	Within one year (thousands of yen)	Over one year, within two years (thousands of yen)	Over two years, within three years (thousands of yen)	Over three years, within four years (thousands of yen)	Over four years, within five years (thousands of yen)	Over five years (thousands of yen)
Long-term borrowings	393,500	373,856	208,376	183,174	903,924	41,920
Lease obligations	6,420	8,398	6,621	5,606	3,189	—
Total	399,920	382,254	214,997	188,780	907,113	41,920

Current consolidated fiscal year (December 31, 2022)

	Within one year (thousands of yen)	Over one year, within two years (thousands of yen)	Over two years, within three years (thousands of yen)	Over three years, within four years (thousands of yen)	Over four years, within five years (thousands of yen)	Over five years (thousands of yen)
Long-term borrowings	373,856	208,376	183,174	903,924	11,424	30,496
Lease obligations	6,439	6,675	5,660	3,272	27	—
Total	380,295	215,051	188,834	907,196	11,451	30,496

3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e., quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

## (1) Financial instruments measured at fair value

Current consolidated fiscal year (December 31, 2022)

(Unit: thousands of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Operational investment securities and investment securities				
Available-for-sale securities				
Shares	988,458	—	—	988,458
Investment trust	173,017	—	—	173,017
Total assets	1,161,476	—	—	1,161,476

## (2) Financial instruments other than those measured at fair value

Current consolidated fiscal year (December 31, 2022)

(Unit: thousands of yen)

Classification	fair value			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	—	6,793	—	6,793
Guarantee deposits	—	1,033,005	—	1,033,005
Total assets	—	1,039,798	—	1,039,798
Long-term borrowings	—	1,694,030	—	1,694,030
Lease obligations	—	21,595	—	21,595
Total liabilities	—	1,715,626	—	1,715,626

(Note) A description of the valuation technique(s) and inputs used in the fair value measurements

Operational investment securities and investment securities

Fair values of listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1.

Long-term loans receivable

The fair value of long-term loans receivable is measured by discounting the total of the principal and interest at the interest rate assumed if a similar loan is newly made and is classified as Level 2.

Guarantee deposits

Guarantee deposits are lease deposits for branches and offices, etc., and classified as Level 2 fair value based on the present value from which relevant indicators such as interest of government bonds are discounted from future cash flow.

Long-term borrowings and lease obligations

These fair values are measured by discounting the total of the principal and interest at the interest rate assumed if a similar loan is newly made and are classified as Level 2.

(Related to securities)

## 1. Securities for the purposes to buying and selling

There are no applicable items.

## 2. Bonds held for the purpose of maturity

There are no applicable items.

### 3. Available-for-sale securities

Previous consolidated fiscal year (December 31, 2021)

	Category	Amounts recorded on the consolidated balance sheet (thousands of yen)	Cost of acquisition (thousands of yen)	Difference (thousands of yen)
Amounts recorded on the consolidated balance sheet which exceed cost of acquisition	(1) Shares	265,102	31,249	233,853
	(2) Other	114,234	51,746	62,488
	Subtotal	379,337	82,995	296,341
Amounts recorded on the consolidated balance sheet which do not exceed cost of acquisition	(1) Shares	170,090	275,089	-104,999
	(2) Other	1,674,665	1,687,034	-12,369
	Subtotal	1,844,755	1,962,124	-117,369
Total		2,224,092	2,045,120	178,972

Current consolidated fiscal year (December 31, 2022)

	Category	Amounts recorded on the consolidated balance sheet (thousands of yen)	Cost of acquisition (thousands of yen)	Difference (thousands of yen)
Amounts recorded on the consolidated balance sheet which exceed cost of acquisition	(1) Shares	848,458	515,721	332,736
	(2) Other	1,819,223	1,677,711	141,512
	Subtotal	2,667,682	2,193,433	474,249
Amounts recorded on the consolidated balance sheet which do not exceed cost of acquisition	(1) Shares	190,728	195,728	-5,000
	(2) Other	173,017	173,017	—
	Subtotal	363,745	368,745	-5,000
Total		3,031,427	2,562,178	469,249

### 4. Other securities sold during the consolidated fiscal year

Previous consolidated fiscal year (December 31, 2021)

Category	Amount sold (thousands of yen)	Total amount of profit on sale (thousands of yen)	Total amount of loss on sale (thousands of yen)
Shares	81,905	45,742	—
Total	81,905	45,742	—

Current consolidated fiscal year (December 31, 2022)

There are no applicable items.

### 5. Sold bonds held for the purpose of maturity

There are no applicable items.

### 6. Securities for which the purpose of possession changed

There are no applicable items.

## 7. Securities for which impairment was recorded

For the fiscal year under review, regarding operational investment securities, 25,519 thousand yen (shares of available-for-sale securities: 25,519 thousand yen) was recorded as impairment.

Furthermore, concerning recording impairment, in the event that the fair value at the end of the fiscal year declines over 50% compared to the cost of acquisition, they are recorded as impairment as unrecoverable. For shares, etc., that do not have a market price, taking into consideration the financial condition of the issuing company of said shares and determining the possibility of recovery, for those that are determined to be unrecoverable, they will be recorded as impairment in the actual amount.

(Related to derivative transactions)

There are no applicable items.

(Related to retirement benefit liability)

### 1. Outline of adopted retirement benefit liability system

The Company, in order to assign retirement benefit liability for employees, is enrolled in the “Japanese IT Software Corporation Company Pension Fund,” a welfare pension fund concerned with multi-employer plans. As the value of pension assets concerning the Company’s contributions is unable to be reasonably calculated, the accounting process is to record them the same as defined-contribution pension.

### 2. Multi-employer plans

#### Japanese IT Software Corporation Company Pension Fund

The necessary contribution amounts to the welfare pension fund for multi-employer plans where the accounting process is to record them the same as defined-contribution pension for the previous consolidated fiscal year was 20,480 thousand yen, and for the current consolidated fiscal year, 18,655 thousand yen.

Following the partial amendment of the Enforcement Order of the Defined-Benefit Corporate Pension Act, etc., in 2017, the previous fiscal management standard (previous standard) was revised. Accordingly, the revised fiscal management standard (new standard) has been applied to all defined-benefit corporate pension of which a reference date for financing calculation is after January 1, 2018.

#### (1) Items relating to the conditions of reserves of the multi-employer plans as a whole

	Previous consolidated fiscal year (March 31, 2021)	Current consolidated fiscal year (March 31, 2022)
Amount of pension assets	54,166,754 thousand yen	56,574,025 thousand yen
Total amount of amount of mathematical obligations calculated by pension financing and amount of minimum reserve for liability	52,445,038 thousand yen	50,957,491 thousand yen
Difference	1,721,716 thousand yen	5,616,534 thousand yen

(Note) For items related to reserves, the Group bases pension financing calculations on latest available settlements.

The values listed are as of March 31, 2022.

#### (2) Percentage of enrolled Company personnel accounting for the plan as a whole

Previous consolidated fiscal year	1.27%	(as of March 31, 2021)
Current consolidated fiscal year	1.36%	(as of March 31, 2022)

#### (3) Supplementary explanation

The primary factor for the difference in the above (1) is separate funds for the previous consolidated fiscal year (1,721,716 thousand yen) and separate funds (1,721,716 thousand yen) and the year’s accumulated surplus based on the previous standard (3,894,818 thousand yen) for the current consolidated fiscal year.

Furthermore, the percentage of the above (2) does not match the Company’s actual percentage of responsibility.

(Related to stock options, etc.)

1. Details, scope, and changes to the conditions of stock options

(1) Details of stock options

Consolidated subsidiary (K Village Tokyo Inc.)

	1st series of stock acquisition rights (Note) 1
Classification and number of eligible persons for grant	Mr. Ryu Segawa (Note) 4
Number of stock options by type of share (Note) 2	Ordinary shares 2,450 shares
Date of grant (Note) 3	September 19, 2019
Vesting conditions	<p>(1) The stock acquisition rights holder, upon acquisition of stock acquisition rights, in the event that the stock acquisition rights holder is an officer such as Director or employee of the Company or subsidiary, must continue to be in a position of an officer such as Director or employee of the Company or subsidiary from the time of acquisition of stock acquisition rights until exercising the rights. However, this does not apply if the majority of the Company Directors approve due cause.</p> <p>(2) In the event that the stock acquisition rights holder passes away during the period to exercise rights, an inheritor may not exercise the stock acquisition rights.</p> <p>(3) The stock acquisition rights holder may not exercise the stock acquisition rights in the event that any of the following items become applicable. However, this does not apply if the majority of the Company Directors approve special treatment.</p> <p>1) In the event of a sentence beyond imprisonment.</p> <p>2) In the event that directly or indirectly a company is founded that operates a business that competes with the Company, or installs an officer such as Director or employee of the Company, or competes with the Company regardless of pretext (excluded however, are cases where approval is obtained before by documents from the Company).</p> <p>3) In the event that the Company's reputation is harmed through violations of laws and regulations or other wrongdoings.</p> <p>4) In the event seizure, provisional seizure, provisional disposition, compulsory execution, or petition of auction is received, or disposition for failure to pay taxes and public dues is received.</p> <p>5) In the event of stopped payment or insolvency, or a dishonored bill or check that is drawn or accepted.</p> <p>6) In the event of petition to start bankruptcy proceedings, start Civil Rehabilitation Act proceedings, or any other petitions to start similar proceedings, or in the event of personally starting a petition.</p> <p>7) In the event of receiving disciplinary measures due to violations of work regulations.</p> <p>8) In the event of violations of fiduciary duties, etc., that need to be fulfilled as an officer.</p> <p>(4) Some stock acquisition rights cannot be exercised.</p>
Service period	It is not set.
Period to exercise rights	Between September 20, 2019 to September 19, 2029 (However, if September 19, 2029 is not a bank working day, it will be the working day prior) within four days after the day of publication of each quarterly financial statement.

- (Notes)
1. Compensation grant is fair value.
  2. Listed are number of shares that have been converted.
  3. The listed date of grant is the date of allocation.
  4. The stock acquisition rights have been allocated to a trust with Mr. Ryu Segawa as beneficiary, at the end of the trust period, they will be granted to Directors, employees, etc., of the Company or subsidiaries.

(2) Scope and changes to the conditions of stock options

For existing stock options included in the current consolidated fiscal year (ended December 31, 2022), in regard to the number of stock options, listed are the number of shares that have been converted.

1) Number of stock options

Consolidated subsidiary (K Village Tokyo Inc.)

	1st series of stock acquisition rights
Prior to vesting (shares)	
End of previous consolidated fiscal year	2,450
Granted	—
Expired	—
Vested	—
Balance of unvested	2,450
After vesting (shares)	
End of previous consolidated fiscal year	—
Vested	—
Exercised	—
Expired	—
Balance of unexercised	—

2) Information on unit price

	1st series of stock acquisition rights
Exercised amount (yen)	40,910
Average share price at the time of exercising (yen)	—
Estimated fair unit price on date of grant (yen)	—

(Note) The average share price when exercising the 1st series of stock acquisition rights is not listed as the consolidated subsidiary was an unlisted company at the time of exercising rights.

2. Estimation methods of fair valuation unit price of stock options

As K Village Tokyo Inc. is a private company, the fair valuation unit price of stock options is estimated based on the estimation of the intrinsic value per unit. In addition, the valuation method for the company's stock, which is the basis for calculating the intrinsic value per unit, uses the price calculated by using the discounted cash flow method.

3. Estimation methods of number of options that will vest

Basically, as reasonably estimating the number of future expirations is difficult, applied is the method where only numbers of actual expirations are reflected.



4. Total intrinsic value at the end of the fiscal year under review when calculated based on the intrinsic value per unit of stock options and total intrinsic value of stock options exercised in the fiscal year under review on the exercise date

(1) Total intrinsic value at the end of the fiscal year under review — thousand yen

(2) Total intrinsic value of stock options exercised in the fiscal year under review on the exercise date — thousand yen

(Restricted stock remuneration)

1. Sum of costs and names of items concerned with restricted stock remuneration

	Previous consolidated fiscal year (from January 1, 2021 to December 31, 2021)	Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)
Selling, general and administrative expenses	2,125 thousand yen	23,179 thousand yen

2. Details of restricted stock remuneration

	1st series restricted stock remuneration	2nd series restricted stock remuneration
Classification and number of grantees	5 Directors of the Company, 21 employees of the Company	2 Directors of the Company, 24 employees of the Company
Number of granted stock	Common stock of the Company 16,500 shares	Common stock of the Company 191,000 shares
Grant date	April 20, 2021	April 21, 2022
Transfer restriction period	From April 20, 2021 to April 19, 2026	From April 21, 2022 to April 20, 2027
Condition subsequent	<p>The Company will lift restrictions on all granted stock held by a grantee at the time of the expiration of the period on the condition that the grantee continues to hold either the position of Director or employee of the Company or a subsidiary of the Company from the time the transfer restriction period starts to the day the first Annual General Meeting of Shareholders of the Company is held.</p> <p>However, in the event that a grantee due to reasons that are deemed valid by the Board of the Directors of the Company resigns or retires from either the position of Director or employee of the Company or a subsidiary of the Company will have the number of months including the day of resignation or retirement from either the position of Director or employee of the Company or a subsidiary of the Company from April 2021 divided by 12 (However, if the calculation is over 1, it will be deemed as 1.) and this will be multiplied by the number of granted stock held by the grantee at said time (However, if the calculation leads to a fraction of less than one stock, it will be rounded down.) and for the granted stock, at the time immediately following said resignation or retirement, the restrictions will be lifted.</p>	<p>The Company will lift restrictions on all granted stock held by a grantee at the time of the expiration of the period on the condition that the grantee continues to hold either the position of Director or employee of the Company or a subsidiary of the Company from the time the transfer restriction period starts to the day the first Annual General Meeting of Shareholders of the Company is held.</p> <p>However, in the event that a grantee due to reasons that are deemed valid by the Board of the Directors of the Company resigns or retires from either the position of Director or employee of the Company or a subsidiary of the Company will have the number of months including the day of resignation or retirement from either the position of Director or employee of the Company or a subsidiary of the Company from April 2022 divided by 12 (However, if the calculation is over 1, it will be deemed as 1.) and this will be multiplied by the number of granted stock held by the grantee at said time (However, if the calculation leads to a fraction of less than one stock, it will be rounded down.) and for the granted stock, at the time immediately following said resignation or retirement, the restrictions will be lifted.</p>
Fair value unit price at time of grant date	966 yen	785 yen

3. Number of restricted stock remuneration

	1st series restricted stock remuneration	2nd series restricted stock remuneration
End of the previous consolidated fiscal year	16,500	—
Granted stock	—	191,000
Acquired without compensation	1,000	1,000
Unrestricted stock	—	—
Balance of restricted stock	15,500	190,000

(Related to accounting for income taxes)

1. Breakdown of primary separate causes of occurrence of deferred tax assets and deferred tax liabilities

	Previous consolidated fiscal year (December 31, 2021)	Current consolidated fiscal year (December 31, 2022)
Deferred tax assets		
Accrued expenses	8,771 thousand yen	14,143 thousand yen
Accrued business taxes	8,421	38,904
Accrued bonuses	54,107	64,791
Provision for bonuses	—	14,961
Accrued business office tax	3,516	3,868
Allowance for doubtful accounts	662	2,841
Provision for point card certificates	5,292	—
Allowance for loss on store closings	3,653	200
Excess amount of depreciation	47,402	32,000
Asset retirement obligations	167,675	179,425
Impairment losses on shares of subsidiaries and associates	111,063	45,011
Loans receivable of subsidiaries and associates	31,142	—
Asset adjustment account	—	4,185
Loss carried forward for taxes (Note) 2	531,913	448,052
Other	39,849	39,913
Subtotal deferred tax assets	1,013,472	888,301
Valuation allowance concerning loss carried forward for taxes (Note) 2	-452,262	-319,414
Valuation allowance concerning total of deductible temporary difference	-92,835	-96,942
Subtotal valuation allowance (Note) 1	-545,097	-416,357
Total deferred tax assets	468,375	-471,944
Deferred tax liabilities		
Removal costs related to asset retirement obligations	-78,042	-69,988
Valuation difference on available-for-sale securities	-90,739	-149,359
Other	-8,813	-21,148
Total deferred tax liabilities	-177,595	-240,496
Net amount deferred tax assets	290,780	231,448

Net amount of deferred tax assets is included in the following items of the consolidated balance sheet.

	Previous consolidated fiscal year (December 31, 2021)	Current consolidated fiscal year (December 31, 2022)
Non-current assets - Deferred tax assets	290,780	270,060
Non-current liabilities – Other (deferred tax liabilities)	—	38,612

(Notes) 1. Main reasons resulting in important changes to valuation allowance

This is due to the reconsideration of the possibility of recover of deferred tax assets because of improvement of some consolidated subsidiaries' achievements.

2. Amounts of separate time periods of balances carried forward for loss carried forward for taxes and deferred tax assets  
Previous consolidated fiscal year (December 31, 2021)

	Within one year (thousands of yen)	Over one year, within two years (thousands of yen)	Over two years, within three years (thousands of yen)	Over three years, within four years (thousands of yen)	Over four years, within five years (thousands of yen)	Over five years (thousands of yen)	Total
Loss carried forward for taxes*	—	—	—	—	—	531,913	531,913
Valuation allowance	—	—	—	—	—	452,262	452,262
Deferred tax assets	—	—	—	—	—	79,651	79,651

\*Loss carried forward for taxes is the amount multiplied by the normal effective statutory tax rate.

Current consolidated fiscal year (December 31, 2022)

	Within one year (thousands of yen)	Over one year, within two years (thousands of yen)	Over two years, within three years (thousands of yen)	Over three years, within four years (thousands of yen)	Over four years, within five years (thousands of yen)	Over five years (thousands of yen)	Total
Loss carried forward for taxes*	—	—	—	—	214,187	233,865	448,052
Valuation allowance	—	—	—	—	134,181	185,233	319,414
Deferred tax assets	—	—	—	—	80,006	48,631	128,638

\*Loss carried forward for taxes is the amount multiplied by the normal effective statutory tax rate.

2. Breakdown of principal separated items responsible for difference when there is a significant difference between statutory tax rate and effective tax rate after application of tax effect accounting

	Previous consolidated fiscal year (December 31, 2021)	Current consolidated fiscal year (December 31, 2022)
Statutory tax rate	30.6 %	30.6 %
(Adjustment)		
Permanent difference	-4.7	0.5
Inhabitant tax on a per capita basis	2.6	1.7
Increase or decrease of valuation allowance	-16.3	-7.9
Amortization, etc. of goodwill	6.3	3.8
Other	-0.3	-1.4
Effective tax rate after application of tax effect accounting	18.2	27.3

(Related to business combinations, etc.)

(Transfer of shares of a subsidiary)

At the Board of Directors meeting held on April 27, 2022, the Company resolved to transfer a part of its owned shares of the consolidated subsidiary Diverse, Inc. (“Diverse”) and implemented the share transfer on April 28 of the same year by concluding a share transfer contract. With this share transfer, Diverse was excluded from the Company’s consolidated subsidiaries and HOP, Inc. (indirectly held through Diverse) which had been accounted for using equity method was excluded from a scope of entities accounted for using equity method.

## 1. Overview of share transfer

### (1) Name of transferee

Hiroshi Tsumoto

### (2) Name and business contents of transferred company

Name: Diverse, Inc. (including HOP, Inc. indirectly held through Diverse)

Business contents: Matching Service Business

### (3) Reasons for transfer of shares

The Group is developing its business, mainly the Marriage-Hunting Business, based on its management philosophy “bring happiness to all the people who share a connection,” and has set management goals of realizing “25,000 marriages” and “10,000 affiliated consultation offices” in 2027 as the most significant KPIs in the Mid-Term Management Plan (2021 to 2027).

Diverse has been developing its business with a focus on matching apps targeting relatively casual users in the marriage-hunting market such as those looking for a friend or boyfriend/girlfriend. However, while this field is facing not only changes in the environment surrounding the users and their lifestyles as well as innovations in marketing channels and IT technologies but also intensifying competition in which companies enter or withdraw from the market one after another, delays in development plans in the existing businesses and other factors caused a decrease in divisional profit. One of the most important business issues in the process of reforming our earnings structure was the formulation of agile strategies and a decision-making process to acquire a new membership base and promote activities of existing users.

After thorough discussions on our future direction from the viewpoint of increasing the corporate value of the entire Group, we reached the conclusion that the best way to achieve further growth of the Group is to concentrate our management resources on more marriage-oriented businesses in the Marriage-Hunting Business.

In the process, the business of “youbride,” an app targeting “marriage-conscious users” in the Matching App Business operated by Diverse was transferred to the Company as of April 1, 2022.

In addition, since Mr. Hiroshi Tsumoto, CEO of Diverse, desired to implement a management buyout (MBO), we concluded in light of shareholders’ interest that it would be best to transfer the shares held by the Company to him to allow Diverse to secede from the Group.

### (4) Date of transfer of shares

April 28, 2022

### (5) Other matters regarding overview of transaction including legal form

Share transfer in which consideration received is cash

## 2. Overview of accounting treatment

### (1) Amount of gain/loss on transfer

Gain on sale of shares of subsidiaries and associates	6,434 thousand yen
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### (2) Appropriate book value and breakdown of assets and liabilities of subsidiaries transferred

Current assets	798,431 thousand yen
Non-current assets	291,984
<hr/>	
Total assets	1,090,415
Current liabilities	583,684
Non-current liabilities	422,370
<hr/>	
Total liabilities	1,006,054

(3) Accounting treatment

The difference between consolidated book value and sales price of Diverse, Inc. and HOP, Inc. is recorded as gain on sale of shares of subsidiaries and associates under extraordinary income.

3. Name of reportable segment in which transferred subsidiaries was included

Matching Business

4. Approximate amounts of profit or loss of transferred subsidiaries recorded on the consolidated statement of income for the fiscal year under review

Net sales	680,823 thousand yen
Operating profit	31,503

(Related to asset retirement obligations)

Items of asset retirement obligations recorded on the consolidated balance sheet

1) Outline of said asset retirement obligations

Obligations to restore the original state in the leases of the Headquarters and branches are present.

2) Calculation method of amount of said asset retirement obligations

The estimated utilization period is estimated at five to fifteen years from acquisition, and asset retirement obligations amounts are calculated using a discount rate of 0.00 to 1.03%.

3) Increase or decrease of the sum total of said asset retirement obligations

The changes in balances of asset retirement obligations are as follows.

	Previous consolidated fiscal year (from January 1, 2021 to December 31, 2021)	Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)
Balance at the beginning of fiscal year	539,410 thousand yen	592,094 thousand yen
Increase resulting from acquisition of property, plant and equipment	109,659	54,320
Adjustment resulting from passage of time	1,342	1,424
Decrease resulting from fulfilment of asset retirement obligations	-50,389	-30,945
Decreases resulting from exclusion of subsidiaries	-7,928	-22,246
Balance at the end of the fiscal year	592,094	594,647

(Related to leases, etc., and real estate)

Entry is omitted as the importance of the total amount of leases, etc., and real estate is insignificant.

(Revenue recognition)

(1) Breakdown information for revenue

Breakdown information for revenue from contracts with the Group's customers are as shown in "Notes (Segment information, etc.), 3. Disclosure of sales, profit (loss), asset, liability, other items, and breakdown of revenue for each reportable segment."

(2) Useful information in understanding revenue

Useful information in understanding revenue from contracts with the Group's customers are as shown in "Notes (Important items that are to become the basis for preparation of consolidated financial statements), 4. Items related to accounting policies, (5) Significant revenue and expense recognition standards.

(3) Information in understanding the amount of revenue for the fiscal year under review and the following fiscal years

1) Receivables and contract liabilities from contracts with customers

(Unit: thousands of yen)

	Current consolidated fiscal year	
	Beginning balance	Ending balance
Receivables from contracts with customers (accounts receivable – trade)	1,320,392	1,297,961
Contract liabilities (advances received)	885,469	553,447

Contract liabilities are advances received from customers in advance of satisfying the performance obligations and reversed as revenue is recognized.

The amount of revenue recognized in the fiscal year under review that was included in the beginning balance of contract liabilities was 885,469 thousand yen. In addition, the contract liabilities have decreased 332,022 thousand yen in the fiscal year under review, mainly due to exclusion of a consolidated subsidiary Diverse, Inc. from the scope of consolidation through sales of a part of its shares in the six months ended June 30, 2022.



2) Transaction price allocated to the remaining performance obligations

The Group has applied the practical expedient and omits disclosure of information about transaction prices allocated to the remaining performance obligations, because there are no significant contracts with an original expected duration exceeding one year.

(Segment information, etc.)

(Segment information)

## 1. Description of reportable segments

### (1) Methods to determine 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 four reportable segments are the Affiliate Business, Directly-Managed Lounge Business, Matching Business, and Life Design Business.

### (2) Types of merchandise and services belonging to each reportable segment

#### (Affiliate Business)

Affiliate Business consists of the Agency Opening Support Business and the Affiliate 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, one of the Japan's largest marriage consulting agency network provided by the Company.
- In the Affiliate Business, the Company provides a core system of the arranged-marriage meeting for member management and arrangements of arranged-marriage meetings, to affiliated consultation offices and their arranged marriage meeting members, and operates the Japan Marriage Consulting Federation, of which marriage consulting agencies are members.

#### (Directly-Managed Lounge Business)

- In the Directly-Managed Lounge Business, the Company operates three directly-operated marriage consulting agency brands including IBJ Members which specialize in major cities and terminal locations, Sunmarie which features the dedicated services of professional matchmakers, and ZWEI which operates 50 branches throughout Japan, and provides face-to-face marriage partner introduction services to the arranged marriage meeting members thereof, including marriage consulting, arranged-marriage meeting arrangements, and relationship management.

#### (Matching Business)

Matching Business consists of the Party Business and the App Business.

- 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 website for recruiting participants for those events.
- 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, Youbride, which was transferred from Diverse in April 2022, provides multiple matching services for users.

(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 and Ring Business.

- In the Hobby and Community Business, K Village Tokyo Inc. operates Korean language schools, provides support for studying in Korea, operates voice training school NAYUTAS, and operates a Korea information media app MODULY for the purpose of building the largest community between Japan and Korea.
- In the Real Estate and Housing Loan Business, IBJ financial advisory Corporation introduces properties, rents real estate, and provides mortgage loans.
- In the Insurance Business, IBJ life design support Corporation offers insurance proposals to support life planning, risk hedging, and wealth building needs.

(3) Change in reportable segment

The Group's reportable segments that were previously divided into Marriage-Hunting Business and Life Design Business were changed to Affiliate Business, Directly-Managed Lounge Business, Matching Business, and Life Design Business in the fiscal year under review. This change was made after we concluded that the Group can further strengthen business administration and maximize earnings by reviewing the composition of our business segments based on their common features, mainly subdividing the existing Marriage-Hunting Business into smaller segments.

Segment information for the previous fiscal year has been prepared based on the classification after the change.

As described in "Changes in accounting policies," the Company has applied the Accounting Standard for Revenue Recognition, etc., from the beginning of the current fiscal year and changed the accounting method for revenue recognition. In accordance with this change, the method for calculating business segment profit has been also changed.

This change has no impact on net sales and segment profit.

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, other items, and breakdown of revenue for each reportable segment

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

(Unit: thousands of yen)

	Reportable segment					Adjustments	Per consolidated financial statements
	Affiliate Business	Directly-Managed Lounge Business	Matching Business	Life Design Business	Total		
Sales							
Revenues from external customers	2,010,567	6,818,355	3,909,044	1,343,264	14,081,231	—	14,081,231
Transactions with other segments	64,111	47,139	9,730	2,440	123,421	-123,421	—
Total	2,074,679	6,865,494	3,918,774	1,345,704	14,204,653	-123,421	14,081,231
Segment profit (loss)	1,231,423	1,108,398	122,020	42,022	2,503,865	-987,704	1,516,160
Other items							
Depreciation	27,879	114,461	138,429	27,218	307,990	20,602	328,592
Amortization of long-term prepaid expenses	—	367	403	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	31,987	437,520	124,641	270,005	864,155	18,970	883,125

- (Notes)
- Adjustments to segment profit (loss) of -987,704 thousand yen include elimination of inter-segment transactions of 1,734 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.
  - Segment profit (loss) is adjusted with the operating profit in the consolidated financial statements.
  - 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, 2022 to December 31, 2022)

(Unit: thousands of yen)

	Reportable segment					Adjustments	Per consolidated financial statements
	Affiliate Business	Directly-Managed Lounge Business	Matching Business	Life Design Business	Total		
Sales							
Services at transferred at a point in time	1,745,667	2,524,805	1,814,356	121,148	6,205,978	—	6,205,978
Services transferred over time	1,020,598	5,422,387	796,052	1,184,389	8,423,428	—	8,423,428
Revenue from contracts with customers	2,766,266	7,947,192	2,610,409	1,305,537	14,629,406	—	14,629,406
Other revenues	—	—	—	87,243	87,243	—	87,243
Revenues from external customers	2,766,266	7,947,192	2,610,409	1,392,781	14,716,649	—	14,716,649
Transactions with other segments	132,984	61,241	23,638	104	217,968	-217,968	—
Total	2,899,251	8,008,434	2,634,047	1,392,885	14,934,618	-217,968	14,716,649
Segment profit (loss)	1,649,202	1,562,502	131,364	86,868	3,429,937	-1,436,708	1,993,229
Other items							
Depreciation	29,319	166,403	108,745	31,877	336,345	22,630	358,976
Amortization of long-term prepaid expenses	—	367	403	1,483	2,254	—	2,254
Impairment losses	—	3,004	14,340	—	17,344	—	17,344
Increase in property, plant and equipment and intangible assets	32,074	126,894	100,716	546,687	806,372	118,287	924,659

- (Notes)
- Adjustments to segment profit (loss) of -1,436,708 thousand yen include elimination of inter-segment transactions of 1,553 thousand yen and corporate expenses of -1,438,262 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.
  - Segment profit (loss) is adjusted with the operating profit in the consolidated financial statements.
  - 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.
  - “Other revenues” are transactions related to financial instruments based on the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019) and real estate rental income, etc. based on the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, March 30, 2007).

(Related information)

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

1. Information of respective merchandise and services

Entry is omitted as the same information is disclosed in segment information.

2. Information of respective regions

(1) Sales

Entry is omitted as net sales to external customers in Japan exceeds 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

Entry is omitted as the amount of property, plant and equipment in Japan exceeds 90% of the amount listed under property, plant and equipment in the consolidated balance sheet.

3. Information of respective principal customers

Entry is omitted as for overall sales to external customers, there are no parties who comprise 10% or more of net sales in the consolidated statement of income.

Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)

1. Information of respective merchandise and services

Entry is omitted as the same information is disclosed in segment information.

2. Information of respective regions

(1) Sales

Entry is omitted as net sales to external customers in Japan exceeds 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

Entry is omitted as the amount of property, plant and equipment in Japan exceeds 90% of the amount listed under property, plant and equipment in the consolidated balance sheet.

3. Information of respective principal customers

Entry is omitted as for overall sales to external customers, there are no parties who comprise 10% or more of net sales in the consolidated statement of income.

(Information related to impairment losses of non-current assets of respective reportable segments)

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

(Unit: thousands of yen)

	Affiliate Business	Directly-Managed Lounge Business	Matching Business	Life Design Business	Total	Whole company / elimination	Per consolidated financial statements
Impairment losses	—	—	—	21,089	21,089	—	21,089

Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)

(Unit: thousands of yen)

	Affiliate Business	Directly-Managed Lounge Business	Matching Business	Life Design Business	Total	Whole company / elimination	Per consolidated financial statements
Impairment losses	—	3,004	14,340	—	17,344	—	17,344

(Information related to amortization of goodwill and unamortized balance of respective reportable segments)

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

(Unit: thousands of yen)

	Affiliate Business	Directly-Managed Lounge Business	Matching Business	Life Design Business	Total	Whole company / elimination	Per consolidated financial statements
Amortization for the current fiscal year	—	202,129	69,793	21,462	293,385	—	293,385
Closing balance of the current fiscal year	—	1,728,761	104,690	45,447	1,878,899	—	1,878,899

Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)

(Unit: thousands of yen)

	Affiliate Business	Directly-Managed Lounge Business	Matching Business	Life Design Business	Total	Whole company / elimination	Per consolidated financial statements
Amortization for the current fiscal year	—	204,839	23,349	21,822	250,011	—	250,011
Closing balance of the current fiscal year	—	1,530,426	143	23,624	1,554,194	—	1,554,194

(Information related to gain on negative goodwill of respective reportable segments)

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

There are no applicable items.

Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)

There are no applicable items.

(Information on related parties)

1. Transactions with related parties

(1) Transactions between consolidated financial statements reporting company and related parties

1) Parent company and principal shareholders, etc. (includes only companies, etc.) of consolidated financial statements reporting company

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

There are no applicable items.

Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)

There are no applicable items.

2) Unconsolidated subsidiaries and associates, etc. of consolidated financial statements reporting company

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

There are no applicable items.

Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)

There are no applicable items.

3) Officers and principal shareholders, etc. (includes only individuals) of consolidated financial statements reporting company

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

Category	Name of company or individual	Location	Share capital or capital (thousands of yen)	Business activities or occupation	Percentage of voting rights, etc. of related party held by the Company (or vice versa)	Relationship between related party	Details of transaction	Transaction amount (thousands of yen) (Note) 1	Item	Balance at the end of the current fiscal year (thousands of yen)
Officer or close relative holding the majority of voting shares in a company (including said company's subsidiaries)	JAPAN Growing Co., Ltd.	Koto-ku, Tokyo	10,000	Wedding Photo Business, Album Creation Business, Photography Business	—	—	Transfer of shares of subsidiaries and associates (Note) 2	30,000	—	—
Officer of important subsidiary	Motonari Kuwahara	—	—	CEO of subsidiary	Directly holds 1.6	Transfer of shares of subsidiaries	Transfer of shares of subsidiaries and associates (Note) 2	28,622	—	—
Officer of important subsidiary	Hiroki Iida	—	—	Director of subsidiary	—	Transfer of shares of subsidiaries	Transfer of shares of subsidiaries and associates (Note) 2	26,659	—	—

- (Notes)
1. Transaction amounts do not include consumption taxes and the balance at the end of the fiscal year includes consumption taxes.
  2. Concerning the value of the transferred shares in subsidiaries and associates, various components such as net assets and business results are comprehensively taken into consideration and are decided after discussion with the party concerned.



Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)

Category	Name of company or individual	Location	Share capital or capital (thousands of yen)	Business activities or occupation	Percentage of voting shares owned	Relationship between related party	Details of transaction	Transaction amount (thousands of yen)	Item	Balance at the end of the current fiscal year (thousands of yen)
Officer of important subsidiary (Note) 3	Hiroshi Tsumoto	—	—	CEO of subsidiary	—	—	Transfer of shares of subsidiaries and associates (Note) 1	64,211	—	—
Officer	Shigeru Ishizaka	—	—	CEO	Directly held 28.7	—	Treasury share disposal related to in-kind contribution of monetary compensation claims (Note) 2	137,767	—	—

- (Notes)
1. Transaction amounts are determined by discussion with the party concerned within a range of amounts calculated by the DCF method in comprehensive consideration of various components such as business results.
  2. Due to in-kind contribution of monetary compensation claims related to the restricted stock remuneration system
  3. No longer the related party due to transfer of a part of shares in April 2022. The above-stated details of

(2) Transactions between related parties and consolidated subsidiaries of consolidated financial statements reporting company

1) Parent company and principal shareholders, etc. (includes only companies, etc.) of consolidated financial statements reporting company

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

There are no applicable items.

Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)

There are no applicable items.

2) Unconsolidated subsidiaries and associates, etc. of consolidated financial statements reporting company

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

There are no applicable items.

Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)

There are no applicable items.

3) Officers and principal shareholders, etc. (includes only individuals) of consolidated financial statements reporting company

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

Category	Name of company or individual	Location	Share capital or capital (thousands of yen)	Business activities or occupation	Percentage of voting shares owned	Relationship between related party	Details of transaction	Transaction amount (thousands of yen) (Note) 2	Item	Balance at the end of the current fiscal year (thousands of yen)
Officer of important subsidiary	Hiroshi Tsumoto	—	—	CEO of subsidiary	—	Loan of funds	Collection of funds Receive interest (Note) 1	51,299 63	— —	— —

- (Notes)
1. Regarding loaned capital, the market rate is determined taking into account the interest rate of the market.
  2. The transaction amount does not include consumption taxes, and the balance at the end of the fiscal year includes consumption taxes.

Previous consolidated fiscal year (from January 1, 2022 to December 31, 2022)

There are no applicable items.

(Per share information)

	Previous consolidated fiscal year (from January 1, 2021 to December 31, 2021)	Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)
Net assets per share	154.10 yen	188.09 yen
Basic earnings per share	26.33 yen	37.17 yen

- Notes: 1. Diluted earnings per share is not shown because there are no dilutive potential shares.  
2. The basis for calculating basic earnings per share is as follows.

	Previous consolidated fiscal year (from January 1, 2021 to December 31, 2021)	Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)
Basic earnings per share		
Profit attributable to owners of parent (thousands of yen)	1,054,106	1,493,570
Amount not attributable to ordinary shareholders (thousands of yen)	—	—
Profit attributable to owners of parent regarding ordinary shares (thousands of yen)	1,054,106	1,493,570
Average number of shares of ordinary shares during the period	40,039,980	40,177,080
An outline of potential shares not included in the calculation of diluted earnings per share because they do not have dilutive effects	(Consolidated subsidiary) K Village Tokyo Inc. 1st series of stock acquisition rights (1) Number of stock acquisition rights 2,450 units (2) Type of shares to be issued upon exercise of stock acquisition rights Ordinary shares (3) Number of shares to be issued upon exercise of stock acquisition rights 2,450 shares	(Consolidated subsidiary) K Village Tokyo Inc. 1st series of stock acquisition rights (1) Number of stock acquisition rights 2,450 units (2) Type of shares to be issued upon exercise of stock acquisition rights Ordinary shares (3) Number of shares to be issued upon exercise of stock acquisition rights 2,450 shares

(Significant events after reporting period)

(Absorption-type merger of consolidated subsidiary)

At the Board of Directors meeting held on November 10, 2022, the Company has resolved to carry out an absorption-type merger of its wholly-owned subsidiary IBJ life design support Corporation and merged on January 6, 2023.

(1) Details of transaction

1) Name of the acquiree and business contents

Name of the acquiree

IBJ life design support Corporation

Business contents

Business related to life insurance solicitation, non-life insurance agency business, and sales administration related to marriage counseling business

2) Date of business combination

January 6, 2023

3) Legal form of business combination

Absorption-type merger, with the Company as the surviving company and IBJ life design support Corporation as the absorbed company

4) Allocation of shares related to the merger

Since this is a merger with a wholly-owned subsidiary of the Company, there will be no issuance of new shares, increase in share capital, merger subsidy, or any other consideration as a result of this absorption-type merger.

5) Name after the business combination

IBJ, Inc.

6) Other matters related to outline of transaction

The purpose of the merger is to unify decision making process and promote swifter management by merging the insurance business and agency opening support business conducted by IBJ life design support Corporation, the Company's wholly-owned subsidiary, into the Company.

(2) Overview of the accounting treatment applied

In accordance with the "Revised Accounting Standard for Business Combinations" and the "Revised Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures," the transaction will be treated as a transaction under common control.

(On-Site Inspection by the Japan Fair Trade Commission)

We were inspected by the Japan Fair Trade Commission on March 23, 2023, on suspicion of violating the Antimonopoly Act in relation to the content of services provided by the Japan Marriage Consulting Federation. We take the facts seriously and will fully cooperate with the Japan Fair Trade Commission in its inspection. The inspection is still ongoing and the impact on the company's financial position and results of operations is unknown at this time. However, if any revisions to business forecasts become necessary in the future, we will announce them promptly.

5) (Consolidated Supplementary Schedules)

(Schedule of corporate bonds)

There are no applicable items.

(Schedules of borrowings, etc.)

Classification	Opening balance of the current fiscal year (thousands of yen)	Closing balance of the current fiscal year (thousands of yen)	Average interest rate (%)	Repayment term
Short-term borrowings	1,410,000	921,000	0.45	—
Current portion of long-term borrowings	393,500	373,856	0.44	—
Long-term borrowings (excluding current portion of long-term borrowings)	1,711,250	1,337,394	0.41	2024 to 2030
Lease obligations (current portion)	6,420	6,439	0.37	—
Lease obligations (excluding current portion of lease obligations)	23,815	15,635	0.47	2024 to 2027
Total	3,544,986	2,654,324	—	—

- (Notes)
- Regarding the average interest rate, the weighted average interest rate of the ending balance of borrowings, etc. is listed.
  - The planned repayment amounts for the five years after the consolidated closing date for long-term borrowings and lease obligations (excluding current portion of long-term borrowings and lease obligations) is as follows.

	Over one year, within two years (thousands of yen)	Over two years, within three years (thousands of yen)	Over three years, within four years (thousands of yen)	Over four years, within five years (thousands of yen)
Long-term borrowings	208,376	183,174	903,924	11,424
Lease obligations	6,675	5,660	3,272	27

(Schedules of asset retirement obligations)

Items that should be listed on these schedules are omitted from the schedules of asset retirement obligations as they are listed in item notes pursuant to Article 15-23 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

(2) (Other)

Quarterly information for the current consolidated fiscal year

(Cumulative period)	First quarter	Second quarter	Third quarter	End of the current consolidated fiscal year
Net sales (thousands of yen)	3,648,067	7,366,813	11,057,801	14,716,649
Profit before income taxes (thousands of yen)	421,006	975,075	1,619,487	2,013,948
Profit attributable to owners of parent (thousands of yen)	361,199	743,047	1,168,969	1,493,570
Earnings per share (yen)	9.02	18.52	29.11	37.17

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Earnings per share (yen)	9.02	9.29	10.59	7.81