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February 10, 2023

Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 6071
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 Scheduled date of annual general meeting of shareholders: March 24, 2023
 Scheduled date of commencing dividend payments: March 27, 2023
 Scheduled date of filing annual securities report: March 24, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

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

1. Consolidated financial results for the fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2022	14,716	4.5	1,993	31.5	2,051	43.3	1,493	41.7
December 31, 2021	14,081	7.7	1,516	-6.4	1,426	-6.0	1,054	53.6

Note: Comprehensive income For the fiscal year ended December 31, 2022: ¥1,592 million [30.7%]
 For the fiscal year ended December 31, 2021: ¥1,218 million [59.9%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales ratio
	Yen	Yen	%	%	%
December 31, 2022	37.17	–	21.7	15.1	13.5
December 31, 2021	26.33	–	18.4	10.5	10.8

Reference: Equity in earnings (losses) of affiliates For the fiscal year ended December 31, 2022: ¥– million
 For the fiscal year ended December 31, 2021: ¥-125 million

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2022	13,820	7,964	54.8	188.09
December 31, 2021	13,314	6,623	46.3	154.10

Reference: Equity
 As of December 31, 2022: ¥7,567 million
 As of December 31, 2021: ¥6,170 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2022	2,140	-1,935	-731	3,840
December 31, 2021	1,055	-896	-1,750	4,361

2. Dividends

	Annual dividends per share					Total dividends (total)	Payout ratio (consolidated)	Dividends to net assets ratio (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
December 31, 2021	–	0.00	–	6.00	6.00	240	22.8	4.2
December 31, 2022	–	0.00	–	6.00	6.00	241	16.1	3.5
Fiscal year ending December 31, 2023 (Forecast)	–	–	–	6.00	6.00		16.2	

Note: The Company's Articles of Incorporation stipulate the last day of the second quarter and the end of the fiscal year as the record date for dividends.

3. Consolidated financial results forecast for the fiscal year ending December 31, 2023 (January 1, 2023 to December 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter (cumulative)	7,864	6.8	889	-4.5	975	-0.3	656	-11.7	16.31
Full year	16,340	11.0	2,218	11.3	2,304	12.4	1,494	0.0	37.14

* **Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: – companies (–)

Excluded: – companies (–)

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (ordinary shares)

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

As of December 31, 2022	42,000,000 shares
As of December 31, 2021	42,000,000 shares

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

As of December 31, 2022	1,766,106 shares
As of December 31, 2021	1,955,106 shares

(iii) Average number of shares during the period

Fiscal year ended December 31, 2022	40,177,080 shares
Fiscal year ended December 31, 2021	40,039,980 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-consolidated financial results for the fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2022	7,031	21.7	1,382	5.4	1,808	18.4	1,371	50.6
December 31, 2021	5,777	-0.0	1,312	-12.2	1,527	-4.7	910	-14.7

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2022	34.14	–
December 31, 2021	22.75	–

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2022	11,132	7,426	65.7	184.58
December 31, 2021	10,514	6,110	58.1	152.59

Reference: Equity

As of December 31, 2022: ¥7,426 million

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

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

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

Please refer to “1. Overview of operating results, etc., (4) Overview of consolidated financial results forecast and other forward-looking information” on page 6 of the financial results report (attached materials) for conditions forming the basis for financial results forecasts, notes regarding the use of financial results forecasts, and other information.

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

The Company plans to hold a financial results briefing for institutional investors and analysts on Thursday, February 16, 2023. A video of the meeting will be posted on the Company's website as soon as possible after the meeting. The Company plans to post a video of the meeting on its website promptly after the meeting. Supplementary materials for the financial results will be posted on the Company's website today.

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1. Overview of operating results, etc.

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

In the fiscal year under review, the Japanese economy was affected by price increases and other factors; however, consumer spending continued to pick up mildly, with economic activity normalizing from the recession caused by impacts of the COVID-19 pandemic. Meanwhile, in the overseas markets, affected by soaring prices of crude oil and other raw materials and the situation in Ukraine, along with inflation caused by soaring resource prices and accelerated downward pressure on the economy from monetary tightening, the future impact on the domestic economy and corporate earnings still remains unpredictable.

Despite the impact of COVID-19, the Group continues to strive to expand our business in order to realize the aims of the Mid-Term Management Plan (January 2021 to December 2027): “25,000 marriages,” “10,000 affiliated consultation offices,” “200,000 members for arranged marriage meetings,” and “250,000 matching members.”

As a result, consolidated net sales in the fiscal year under review came to 14,716,649 thousand yen (up 4.5% year on year), operating profit was 1,993,229 thousand yen (up 31.5% year on year), ordinary profit was 2,051,076 thousand yen (up 43.8% year on year), and profit attributable to owners of parent was 1,493,570 thousand yen (up 41.7% year on year).

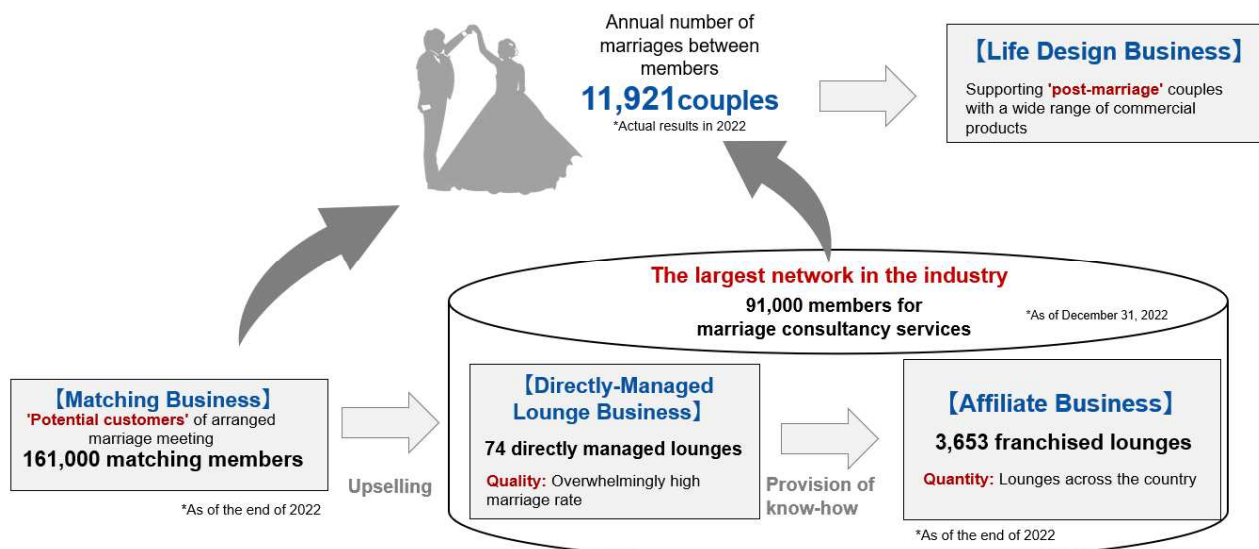
The Group’s reportable segments that were previously divided into Marriage-Hunting Business and Life Design Business were changed to Affiliate Business, Directly-Managed Lounge Business, Matching Business, and Life Design Business in the first quarter ended March 31, 2022. This change was made after 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.

The year-on-year comparisons in the following pages are based on the figures for the full fiscal year which were incorporated into the new segments.

For details, please refer to “3. Consolidated financial statements and major notes, (5) Notes to consolidated financial statements (Segment information), 3. Disclosure of changes, etc., in reportable segments.”

Our Business Model

Create married couples by utilizing the IBJ Group network and knowhow of the largest scale in the industry



*1 "Number of arranged marriage meeting members" refers to the number of members registered at marriage matching lounges of the Japan Wedding Consulting Center Federation, IBJ Members, San Marie, and ZWEI.

*2 "Number of matching members" refers to the number of members who have a log-in history within 1 year of the number of registered members in PARTY☆ PARTY, Rush + Bridal Net, and the number of paying members of youbride at the end of the fiscal year.

The topics for each segment are shown below.

* Divisional profit is defined as operating income + depreciation + amortization of goodwill + amortization of long-term prepaid expenses (after adjusting internal transactions).

<Affiliate Business>

In the fiscal year under review, segment net sales amounted to 2,766,266 thousand yen (up 37.6% year on year) and divisional profit was 1,678,522 thousand yen (up 33.3% year on year). Reviewing the organizational structure of operation of the affiliates and strengthening our marketing efforts have led to a significant rise in the number of new openings of affiliated consultation offices and other figures. The monthly average number of new openings was 88.8 in 2022, exceeding that in the previous fiscal year (up 29.2 year on year). Consequently, the number of affiliates and that of Number of matchmaking members steadily grew to 3,653 (up 20.2% year on year), and respectively and the number of registered members and of the Japan Marriage Consulting Federation have exceeded 58,000 (up 4.6% year on year).

In addition, we will further grow our business by focusing on training and support for each step of “opening,” “operation,” and “attracting customers to provide opening assistance.

<Directly-Managed Lounge Business>

In the fiscal year under review, segment net sales amounted to 7,947,192 thousand yen (up 16.6% year on year) and divisional profit was 1,935,308 thousand yen (up 35.7% year on year). During the fiscal year under review, the annual number of newly joined members was 18,000 (up 11.1% year on year), the Number of matchmaking members was 32,690 as of the end of the fiscal year (up 4.2% compared to the end of the previous fiscal year), and the annual number of arranged marriage meetings, which functions as a leading indicator of the number of married couples, was 250,000 (up 16.0% year on year), all of which increased.

<Matching Business>

In the fiscal year under review, segment net sales amounted to 2,610,409 thousand yen (down 33.2% year on year) and divisional profit was 256,051 thousand yen (down 22.6% year on year), mainly due to the exclusion of Diverse, Inc., which had been included in the Matching Business segment, from the scope of consolidation in the second quarter of the fiscal year under review.

Summary and KPIs by business division are as follows.

Summary by Business Division

(Million yen)		2021					2022					YoY (Amount)	YoY (Percentage)
		Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year		
Affiliate Business	Net sales	525	513	481	489	2,010	560	719	770	715	2,766	+755	+37.6%
	Lounge Opening Support Business	270	258	206	216	951	258	408	437	381	1,486	+534	+56.1%
	Affiliate Business	254	255	275	273	1,058	302	310	333	333	1,280	+221	+20.9%
	Divisional profit	349	330	287	291	1,259	323	453	484	417	1,678	+419	+33.3%
	Lounge Opening Support Business	175	162	107	114	559	116	233	242	197	790	+230	+41.2%
	Affiliate Business	174	168	180	176	699	206	219	241	220	887	+188	+26.9%
Directly-Managed Lounge Business	Net sales	1,557	1,702	1,743	1,815	6,818	1,907	1,995	2,005	2,039	7,947	+1,128	+16.6%
	Divisional profit	278	349	358	439	1,425	463	481	491	499	1,935	+509	+35.7%
Matching Business	Net sales	920	959	1,006	1,023	3,909	861	678	539	530	2,610	△1,298	△33.2%
	Party Business	233	291	297	361	1,185	268	347	343	352	1,312	+127	+10.7%
	App Business	686	667	708	661	2,723	593	331	195	177	1,298	△1,425	△52.3%
	Divisional profit	89	48	94	97	330	49	82	66	58	256	△74	△22.6%
	Party Business	△25	△10	3	57	23	8	31	15	18	73	+49	+207.3%
	App Business	115	58	91	40	306	41	51	51	39	182	△124	△40.4%
Life Design Business	Net sales	290	286	388	377	1,343	317	325	375	374	1,392	+49	+3.7%
	Divisional profit	21	△9	54	25	92	47	26	69	△1	141	+49	+53.5%

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*Divisional profit=Operating income + Depreciation + Amortization of goodwill + Amortization of long-term prepaid

expenses, adjusted for internal transactions

*Partial correction to the above figures for the Directly-Managed Lounge Business in FY12/22 Q2 in line with the disclosure dated November 10 of "(Correction) Partial Correction to "Financial Results for the Second Quarter of the Fiscal Year Ending December 2022 [Japanese GAAP] (Consolidated)".

KPI by Business

(by period)		2021					2022					YoY (Amount)	YoY (Percentage)
		Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total		
Affiliate Business	Number of new openings	176	164	154	220	714	260	277	286	241	1,064	+350	+49.0%
	Number of sales appointments	834	849	802	722	3,207	1,180	1,377	1,454	1,182	5,193	+1,986	+61.9%
	Number of franchised lounges (as of the end of each quarter)	2,732	2,832	2,895	3,039	—	3,181	3,362	3,530	3,653	—	+614	+20.2%
	Number of memberships	6,182	8,002	6,927	7,368	28,479	7,149	7,808	7,787	7,548	30,292	+1,813	+6.4%
	Number of arranged marriage meeting members (as of the end of each quarter)	53,334	54,792	55,751	56,200	—	56,897	58,044	58,996	58,803	—	+2,603	+4.6%
	Number of arranged marriage meetings	88,804	96,598	97,803	101,324	384,529	102,207	110,490	112,400	109,013	434,110	+49,581	+12.9%
Directly-Managed Lounge Business	Number of memberships	3,746	4,349	4,441	4,315	16,851	4,500	5,070	4,793	4,359	18,722	+1,871	+11.1%
	Number of arranged marriage meeting members (as of the end of each quarter)	29,938	30,533	31,241	31,380	—	31,556	32,440	32,887	32,690	—	+1,310	+4.2%
	Number of arranged marriage meetings	45,049	54,202	61,182	56,894	217,327	59,771	64,871	71,364	56,013	252,019	+34,692	+16.0%
Matching Business	Number of party participants	91,386	111,108	116,475	136,818	455,787	96,039	125,677	123,122	121,942	466,780	+10,993	+2.4%
	Number of parties held	8,883	9,280	10,361	11,772	40,296	8,654	11,033	10,853	10,561	41,101	+805	+2.0%
	Number of matches (apps)	180,239	177,121	179,454	182,808	719,622	194,347	193,342	185,881	166,643	740,213	+20,591	+2.9%

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In addition, we will promote expansion of the existing life design area toward medium- to long-term sales growth. Specifically, along with the real estate business, the insurance business, the wedding and ring business, and the hobby and community business, we will bring in the business areas having synergy with marriage hunting through, for example, strategic M&As and business alliances to operate the photo studio business. The following is the outline of business expansion.

Expansion of Life Design Domain

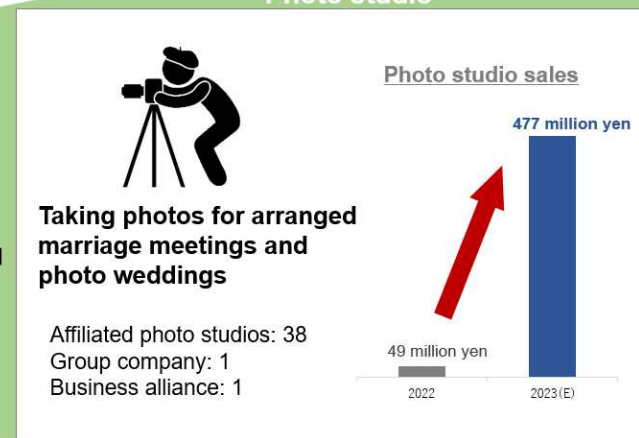
Aiming for further business expansion in the photo studio business through M&A and business alliances

Existing Life Design Domain



Incorporate business areas that have synergies with marriage matching activities

Photo studio



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

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

(Assets)

Current assets as of December 31, 2022 amounted to 7,420,037 thousand yen, down 20,601 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 1,062,465 thousand yen in cash and deposits, despite increases of 507,608 thousand yen in operational investment securities and 534,245 thousand yen in deposits paid.

Non-current assets were 6,400,822 thousand yen, up 526,866 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 413,589 thousand yen in land, and 299,727 thousand yen in investment securities, despite decreases of 324,705 thousand yen in goodwill.

Consequently, total assets came to 13,820,859 thousand yen, up 506,265 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of December 31, 2022 amounted to 3,868,741 thousand yen, down 494,729 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 203,623 thousand yen in income taxes payable and 164,769 thousand yen in accrued expenses, despite decreases of 489,000 thousand yen in short-term borrowings and 332,022 thousand yen in advances received.

Non-current liabilities were 1,988,112 thousand yen, down 339,565 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 373,856 thousand yen in long-term borrowings.

Consequently, total liabilities came to 5,856,853 thousand yen, down 834,295 thousand yen from the end of the previous fiscal year.

(Net assets)

Net assets as of December 31, 2022 stood at 7,964,006 thousand yen, up 1,340,560 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 52,306 thousand yen in capital surplus, 1,118,733 thousand yen in retained earnings, and 127,869 thousand yen in valuation difference on securities.

Consequently, the equity-to-asset ratio was 54.8% (compared to 46.3% at the end of the previous fiscal year).

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

Cash and cash equivalents (hereinafter referred to as “Funds”) in the fiscal year under review amounted to 3,840,365 thousand yen, down 521,607 thousand yen.

The status of each cash flow and their main factors in the fiscal year under review are as follows.

(Cash flows from operating activities)

Funds provided by operating activities in the fiscal year under review amounted to 2,140,377 thousand yen (Funds provided in the previous fiscal year amounted to 1,055,752 thousand yen).

The main factors of the increase were 2,013,948 thousand yen in profit before income taxes, 358,976 thousand yen in depreciation, 250,011 thousand yen in amortization of goodwill, 110,459 thousand yen in accrued consumption taxes, and such. The main factors of the decrease were 168,763 thousand yen of increase in trade receivable, 446,788 thousand yen in income taxes paid, and such.

(Cash flows from investing activities)

Funds used in investing activities in the fiscal year under review amounted to 1,935,780 thousand yen (Funds used in the previous fiscal year amounted to 896,504 thousand yen).

The main factors of the increase were 57,619 thousand yen in proceeds from refund of leasehold and guarantee deposits and such. The main factors of the decrease were 646,744 thousand yen in purchase of property, plant and equipment, 130,943 thousand yen in purchase of intangible assets, 486,740 thousand yen

in purchase of investment securities, 121,024 thousand yen in payments of leasehold and guarantee deposits, 510,233 thousand yen in payments for sale of shares of subsidiaries resulting in change in scope of consolidation, and such.

(Cash flows from financing activities)

Funds used in financing activities in the fiscal year under review amounted to 731,008 thousand yen (Funds used in the previous fiscal year amounted to 1,750,933 thousand yen). The main factors of the increase were 651,000 thousand yen in proceeds from short-term borrowings, 400,000 thousand yen in proceeds from long-term borrowings, and such. The main factors of the decrease were 1,140,000 thousand yen in repayments of short-term borrowings, 393,500 thousand yen in repayments of long-term borrowings, 240,076 thousand yen in dividends paid, and such.

(4) Overview of consolidated financial results forecast and other forward-looking information

For the fiscal year ending December 31, 2023, we forecast net sales of 16,340,974 thousand yen (up 11.0% year on year), operating profit of 2,218,313 thousand yen (up 11.3% year on year), ordinary profit of 2,304,914 thousand yen (up 12.4% year on year), and profit attributable to owners of parent of 1,494,112 thousand yen (up 0.0% year on year).

Forward-looking statements contained in this report are based on judgments made by the Company as of the end of the fiscal year under review. However, due to uncertainties associated with estimates including the impact of the spread of COVID-19, actual results may differ from these estimates. For estimates and judgments regarding the impact of COVID-19, please refer to “3. Consolidated financial statements and major notes, (5) Notes to consolidated financial statements (Additional information).

With regard to future forecasts and other matters, actual results may differ from these forecasts due to a number of uncertainties in estimating the spread of COVID-19 and the timing, etc., of the return to normal operations after COVID-19.

2. Basic policy on selection of accounting standards

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

3. Consolidated financial statements and major notes

(1) Consolidated balance sheet

(Unit: thousands of yen)

	Previous consolidated fiscal year (December 31, 2021)	Current consolidated fiscal year (December 31, 2022)
Assets		
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
Total current assets	7,440,638	7,420,037
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
Total property, plant and equipment	1,193,133	1,661,929
Intangible assets		
Goodwill	1,878,899	1,554,194
Software	326,980	348,416
Software in progress	960	1,260
Total intangible assets	2,206,840	1,903,870
Investments and other assets		
Investment securities	761,428	1,061,156
Shares of subsidiaries and associates	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
Total investments and other assets	2,473,981	2,835,021
Total non-current assets	5,873,955	6,400,822
Total assets	13,314,594	13,820,859

(Unit: thousands of yen)

	Previous consolidated fiscal year (December 31, 2021)	Current consolidated fiscal year (December 31, 2022)
Liabilities		
Current liabilities		
Accounts payable – trade	38,319	38,191
Short-term borrowings	1,410,000	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
Total current liabilities	4,363,471	3,868,741
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
Total non-current liabilities	2,327,678	1,988,112
Total liabilities	6,691,149	5,856,853
Net assets		
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
Total shareholders' equity	5,977,383	7,246,052
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	193,551	321,420
Total accumulated other comprehensive income	193,551	321,420
Share acquisition rights	634	634
Non-controlling interests	451,875	395,898
Total net assets	6,623,445	7,964,006
Total liabilities and net assets	13,314,594	13,820,859

(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	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	12,052,386	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
Gain 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	-	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	36,433	3,348
Impairment losses	21,089	17,344
Loss on sale of shares of subsidiaries and associates	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 comprehensive 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)
Cash flows from operating activities		
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	-42,671	-19,181
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	-13,854	-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	4,361,973	3,840,365

(5) Notes to consolidated financial statements

(Note on entity's ability to continue as going concern)

Not applicable

(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 or beginning retained earnings for this fiscal year.

Furthermore, the information on disaggregation of revenue from contracts with customers during the previous fiscal year has 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.

(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.

(Segment information)

1. Matters concerning changes in reportable segments, etc.

The Group previously divided its reportable segments into the "Marriage Placement Business" and the "Life Design Business," but effective from the first quarter of the fiscal year ending December 31, 2022, the Group has changed them to the "Affiliate Business," the "Directly-managed Lounge Business," the "Matching Business," and the "Life Design Business. This change was made based on the judgment that restructuring the business segments based on commonality, mainly by subdividing the "Marriage Partner Introduction Business," will strengthen business management and maximize earnings.

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

(1) 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, an online marriage consulting agency network provided by the Company.

-In the Affiliate Business, the Company provides the IBJ Arranged-Marriage Meeting System, a marriage consulting agency network for member management and arrangements of arranged-marriage meetings, to marriage consulting agencies and their members, and operates the Japan Marriage Consulting Federation, of which marriage consulting agencies are members.

(2) Directly-Managed Lounge Business

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

(3) 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 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.

(4) Life Design Business

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

-In the Hobby and Community Business, K Village Tokyo Co., Ltd. operates Korean language schools, provides support for studying abroad, and operates voice training schools.

-In IBJ Financial Advisory CO., LTD.'s real estate and housing loan business consists of introducing properties, leasing real estate, and providing housing loans.

-In the Insurance Business, IBJ Life Design Support Co., Ltd. offers insurance proposals to support life planning, risk hedging, and wealth building needs.

2. Method of calculating sales, profit or loss, assets, liabilities and other items by reportable segment

The accounting methods used for the reported business segments are generally the same as those used in the preparation of the consolidated financial statements.

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

Intersegment sales and transfers are based on prevailing market prices.

As described in "Changes in Accounting Policies," the Company has adopted the Accounting Standard for Revenue Recognition, etc., from the beginning of the current fiscal year, and has changed its accounting method for revenue recognition.

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.

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

(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
Equity in losses of affiliates	—	—	—	—	—	—	—
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 income" is the amount of "Other income" based on "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019) and "Other Income" based on "Accounting Standard for Financial Instruments" (ASBJ Statement No. 13, March 30, 2007). transactions related to financial instruments and real estate rental income, etc. based on the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007). Real estate rental income, etc.

(Revenue recognition)

Breakdown information for revenue from contracts with the Group's customers are as shown in "Notes (Segment information)."

(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 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.