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November 10, 2023

Consolidated Quarterly Financial Results for the First Nine Months Ended September 30, 2023 (Under Japanese GAAP)

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 Scheduled date of filing quarterly report: November 14, 2023
 Scheduled date of commencing dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated quarterly financial results for the first nine months of the fiscal year ending December 31, 2023 (from January 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
September 30, 2023	13,555	22.6	1,741	10.9	1,809	11.3	1,377	17.8
September 30, 2022	11,057	6.6	1,569	46.9	1,626	63.6	1,168	83.7

Note: Comprehensive income For the nine months ended September 30, 2023: ¥833 million [-35.5%]
 For the nine months ended September 30, 2022: ¥1,292 million [76.2%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
September 30, 2023	34.21	–
September 30, 2022	29.11	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2023	16,473	8,086	45.9	192.22
December 31, 2022	13,820	7,964	54.8	188.09

Reference: Equity
 As of September 30, 2023: ¥7,554 million
 As of December 31, 2022: ¥7,567 million

2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended December 31, 2022	Yen –	Yen 0.00	Yen –	Yen 6.00	Yen 6.00
Fiscal year ending December 31, 2023	–	0.00	–		
Fiscal year ending December 31, 2023 (Forecast)				6.00	6.00

Note: Revision to the forecast for dividends announced most recently: None

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
Full year	16,340	11.0	2,218	11.3	2,304	12.4	1,494	0.0	37.14

Note: Revision to the financial results forecast announced most recently: None

*** 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) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: None

(3) 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

Note: For details, refer to “2. Quarterly consolidated financial statements and major notes, (3) Notes to quarterly consolidated financial statements (Changes in accounting policies)” on page 10 in the attached document.

(4) Number of issued shares (ordinary shares)

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

As of September 30, 2023	42,000,000 shares
As of December 31, 2022	42,000,000 shares

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

As of September 30, 2023	2,698,506 shares
As of December 31, 2022	1,766,106 shares

(iii) Average number of shares during the period (quarterly cumulative)

Nine months ended September 30, 2023	40,257,201 shares
Nine months ended September 30, 2022	40,158,235 shares

* These quarterly financial results reports are exempt from review by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Notes regarding forward-looking statements, etc.)

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. Qualitative information for the 3rd quarter of the fiscal year ending December 31, 2023, (3) Overview of consolidated financial results forecast and other forward-looking information” on page 5 of this 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 Wednesday, November 15, 2023. A video of the meeting will be posted on the Company’s website as soon as possible after the meeting. Supplementary materials for the financial results will be posted on the Company’s website today.

○ Table of contents of the attached materials

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1. Qualitative information for the 3rd quarter of the fiscal year ending December 31, 2023

(1) Operating results

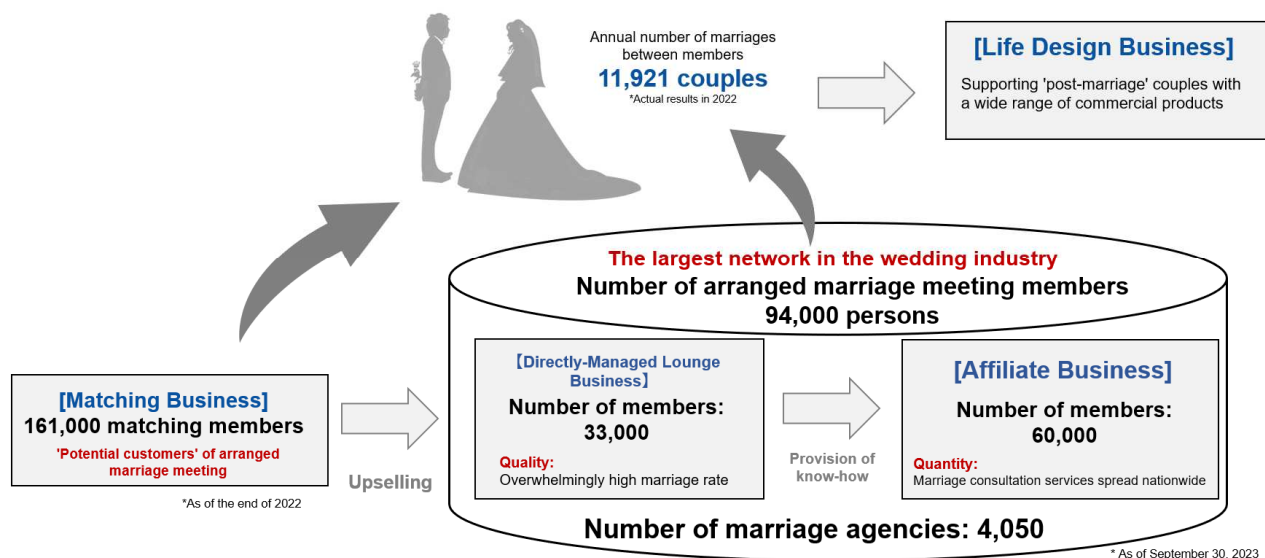
In the first nine months of the fiscal year under review, the Japanese economy showed a modest recovery trend against the background of improving corporate revenue, personal consumption and inbound demand. Meanwhile, in overseas economies, the outlook continued to be uncertain due to the prospect of prolonged financial tightening in the U.S. and European countries, along with geopolitical risk caused by the uncertain international situation and concerns over China's economic slowdown.

Under such a situation, despite an impact in no small way from economic activities in and outside of Japan, 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 first nine months of the fiscal year under review came to 13,555,706 thousand yen (up 22.6% year on year), operating profit was 1,741,037 thousand yen (up 10.9% year on year), ordinary profit was 1,809,124 thousand yen (up 11.3% year on year), and profit attributable to owners of parent was 1,377,338 thousand yen (up 17.8% year on year).

Our Business Model

Create married couples by utilizing the IBJ Group network and know-how of the largest scale in the wedding 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 franchisees, 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, IBJ Gohan Date + Bridal Net, and the number of paying members of youbride at the end of the fiscal year (2022 to be excluded from Diverse consolidation)

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Net sales and divisional profit by 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 Affiliate Business, the number of new openings increased compared to the second quarter and the number of the marriage consulting agencies steadily grew (up 14.7% year on year) during the third quarter of the fiscal year under review.

In addition, we have continued to focus on increasing corporate affiliates since the second quarter and the momentum of corporates opening businesses is expanding in various industries.

As a result, segment net sales amounted to 2,247,097 thousand yen (up 9.5% year on year) and divisional profit was 1,347,315 thousand yen (up 6.8% year on year).

<Directly-Managed Lounge Business>

As for the Directly-Managed Lounge Business, during the third quarter of the fiscal year under review, the number of arranged marriage meetings renewed a record high at 77,282 (up 8.3% year on year; in the case of the affiliates, 197,754 in total, up 7.6% year on year). The main factor behind this increase is a synergy effect of active sharing of know-how among our three directly-managed brands (IBJ Members Marriage-Hunting Lounge, ZWEI, and Sunmarie) and substantial support provided by our counselors to encourage activities.

As a result, segment net sales amounted to 6,275,985 thousand yen (up 6.2% year on year) and divisional profit was 1,377,501 thousand yen (down 4.1% year on year).

<Matching Business>

In the Party Business, we have optimized pricing for each generation, aiming to increase the number of participants in their 20s and 30s.

In addition, we held a “craft beer festival in Meguro” and began producing “reality dating shows.” We will focus on planning, targeting a potential customer base in addition to existing actual customers, aiming to increase new membership of the consulting agencies by corralling “potential customers” in their 20s and 30s who will start marriage hunting.

For “Bridal Net” in the App Business, the number of matches remained at a high level at 335,372 (up 57.1% year on year) for the first nine months of the fiscal year under review, thanks to measures for improving user interface and user experience. In and after the fourth quarter, we will raise awareness of our high-quality service and increase the conversion rate to paid members by allowing trial members to use “Kon (marriage) cierge,” a professional marriage consulting service of Bridal Net, a limited number of times.

Meanwhile, segment net sales decreased due to excluding Diverse, Inc. which was included in the Matching Business segment, from consolidation in the second quarter ended June 30, 2022.

As a result, during the third quarter of the fiscal year under review, segment net sales amounted to 1,387,646 thousand yen (down 33.3% year on year) and divisional profit was 220,107 thousand yen (up 11.2% year on year).

<Life Design Business>

In the Life Design Business, as the number of marriages between members has increased in the marriage consulting business, each KPI remained strong during the first nine months of the fiscal year under review: the number of successful contracts in the ring business was 2,527 (up 11.9% year on year); and the number of insurance consultations was 1,370 (up 50.2% year on year). We are stably securing revenue with customers from the marriage consulting businesses as a foundation.

In the real estate business, we are making efforts to further expand revenue by increasing properties for newly married couples (the number of properties held as of the end of the third quarter of the fiscal year under review: 52, up 173.7% year on year) and strengthening acceptance.

In addition, in the hobby and community business, K Village Tokyo Co., Ltd., which operates Korean language schools and voice training schools, has steadily increased the number of students with increasing school buildings by capturing the demand for voice training and dance originating from the K-POP boom: the number of students of Korean language schools increased to 12,198 and those of voice training schools increased to 1,812.

As a result, segment net sales amounted to 3,644,976 thousand yen (up 258.0% year on year) and divisional profit was 476,400 thousand yen (up 233.2% year on year).

Net sales and Divisional Profit by Business

(Million yen)		2022					2023			YoY (Change)	YoY (Pct. change)
		Q1	Q2	Q3	Q4	Full-year	Q1	Q2	Q3		
Affiliate Business	Net sales	560	719	770	715	2,766	780	711	755	△15	△2.0%
	Agency Opening Support Business	258	408	437	381	1,486	420	362	379	△57	△13.1%
	Affiliate Business	302	310	333	333	1,280	359	348	375	+42	+12.7%
	Divisional profit	323	453	484	417	1,678	454	396	496	+11	+2.4%
	Agency Opening Support Business	116	233	242	197	790	218	171	217	△25	△10.6%
	Affiliate Business	206	219	241	220	887	235	225	279	+37	+15.6%
Directly-Managed Lounge Business	Net sales	1,907	1,995	2,005	2,039	7,947	2,051	2,106	2,118	+112	+5.6%
	Divisional profit	463	481	491	499	1,935	435	455	486	△5	△1.1%
Matching Business <small>*Sales and divisional profit changed retroactively due to the reclassification of IBJ Gohan Date (formerly known as: Rush) from Party Business to App Business.</small>	Net sales	861	678	539	530	2,610	452	464	470	△68	△12.8%
	Party Business	262	338	333	343	1,277	270	280	274	△59	△17.7%
	App Business	599	340	206	186	1,332	182	183	196	△9	△4.8%
	Divisional profit	49	82	66	58	256	39	63	116	+50	+76.1%
	Party Business	7	29	13	17	68	0	28	52	+39	+299.6%
	App Business	42	52	53	40	187	38	35	64	+11	+20.8%
Life Design Business <small>*Includes contribution of business performance from M&A since FY2023 Q1.</small>	Net sales	317	325	375	374	1,392	579	579	2,485	+2,110	+562.3%
	Divisional profit	47	26	69	△1	141	132	93	250	+181	+260.6%

*In accordance with the "Notice of Partial Correction of (Correction) Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2022 [Japanese GAAP] (Consolidated)" disclosed on November 10, 2023, the above figures for Directly-Managed Lounge Business for 2022 Q2 have been partially corrected.

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*Divisional profit = Operating profit + Depreciation and amortization + Amortization of goodwill + Amortization of long-term prepaid expenses, adjusted for internal transactions

KPI by Business

By period		2022					2023			YoY (Amount)	YoY (Percentage)	
		Q1	Q2	Q3	Q4	Full-year	Q1	Q2	Q3			
Marriage agency Business (Affiliate Business + Directly-Managed Lounge Business)	Number of marriage agencies*	3,181	3,362	3,530	3,653	—	3,803	3,883	4,050	+520	+14.7%	
	Number of new memberships	11,649	12,878	12,580	11,907	49,014	12,225	13,087	13,496	+916	+7.3%	
	Number of arranged marriage meeting members*	88,453	90,484	91,883	91,493	—	91,410	93,370	94,508	+2,625	+2.9%	
	Number of arranged marriage meetings	161,978	175,361	183,764	178,962	700,065	178,172	192,070	197,754	+13,990	+7.6%	
	Affiliate Business	Number of new business openings	260	277	286	241	1,064	268	220	239	△47	△16.4%
		Number of new memberships	7,149	7,808	7,787	7,548	30,292	7,317	7,910	8,526	+739	+9.5%
		Number of arranged marriage meeting members*	56,897	58,044	58,996	58,803	—	58,461	59,633	60,524	+1,528	+2.6%
	Directly-Managed Lounge Business	Number of arranged marriage meetings	102,207	110,490	112,400	109,013	434,110	108,110	118,079	120,472	+8,072	+7.2%
		Number of new memberships	4,500	5,070	4,793	4,359	18,722	4,908	5,177	4,970	+177	+3.7%
		Number of arranged marriage meeting members*	31,556	32,440	32,887	32,690	—	32,949	33,737	33,984	+1,097	+3.3%
	Number of arranged marriage meetings	59,771	64,871	71,364	69,949	265,955	70,062	73,991	77,282	+5,918	+8.3%	

*As of the end of each quarter

By period		2022					2023			YoY (Amount)	YoY (Percentage)
		Q1	Q2	Q3	Q4	Full-year	Q1	Q2	Q3		
Matching Business <small>*The number of people matched retroactively changed due to the reclassification of IBJ Gohan Dating (formerly Rush) from the Party Business to the App business.</small>	Number of party participants	96,087	125,689	123,126	122,090	466,992	95,715	91,375	82,760	△40,366	△32.8%
	Number of parties held	8,660	11,034	10,851	10,561	41,106	8,284	7,787	7,490	△3,361	△31.0%
	Number of matches (apps)	384,202	386,802	354,556	285,578	1,411,138	289,162	313,518	312,258	△42,298	△11.9%

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(2) Overview of financial position

(Assets)

Current assets as of September 30, 2023 amounted to 8,109,258 thousand yen, up 689,221 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 588,230 thousand yen in cash and deposits, 625,214 thousand yen in accounts receivable – trade, and 83,637 thousand yen in deposits paid, despite a decrease of 708,908 thousand yen in operational investment securities. Non-current assets were 8,364,004 thousand yen, up 1,963,181 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 389,265 thousand yen in buildings, 1,041,260 thousand yen in land, 127,996 thousand yen in long-term prepaid expenses, 150,013 thousand yen in guarantee deposits, and 175,669 thousand yen in deferred tax assets.

Consequently, total assets came to 16,473,263 thousand yen, up 2,652,403 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of September 30, 2023 amounted to 5,464,875 thousand yen, up 1,596,133 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 577,368 thousand yen in accounts payable – trade, 830,943 thousand yen in short-term borrowings, 113,783 thousand yen in income taxes payable, and 183,343 thousand yen in provision for bonuses, despite a decrease of 169,572 thousand yen in accrued expenses. Non-current liabilities were 2,921,968 thousand yen, up 933,856 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 951,700 thousand yen in long-term borrowings.

Consequently, total liabilities came to 8,386,843 thousand yen, up 2,529,989 thousand yen from the end of the previous fiscal year.

(Net assets)

Net assets as of September 30, 2023 stood at 8,086,419 thousand yen, up 122,413 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 74,857 thousand yen in capital surplus, 1,135,935 thousand yen in retained earnings, 39,524 thousand yen in share acquisition rights, and 95,878 thousand yen in non-controlling interests, despite decreases of 622,408 thousand yen owing to acquisition of treasury shares and 601,373 thousand yen in valuation difference on available-for-sale securities.

Consequently, the equity-to-asset ratio was 45.9% (compared to 54.8% at the end of the previous fiscal year).

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

For estimates and judgments regarding the impact of COVID-19, please refer to “2. Quarterly consolidated financial statements and major notes, (3) Notes to quarterly consolidated financial statements (Additional information).”

As of the end of the third quarter ended September 30, 2023 and as of the date of publication of this document, we have not revised the consolidated financial results forecast for FY2023. However, should any changes in the progress of Japan Fair Trade Commission’s record, circumstances, or other events necessitate an announcement, we will make such an announcement without delay.

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. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheet

(Unit: thousands of yen)

	Previous consolidated fiscal year (December 31, 2022)	3Q FY2023 (September 30, 2023)
Assets		
Current assets		
Cash and deposits	3,298,833	3,887,064
Accounts receivable – trade	1,297,961	1,923,175
Operational investment securities	1,970,271	1,261,363
Merchandise and finished goods	1,480	13,691
Raw materials and supplies	3,088	1,577
Advance payments to suppliers	1,372	12,649
Prepaid expenses	291,232	326,148
Current portion of long-term loans receivable	1,999	2,399
Deposits paid	548,682	632,320
Other	14,854	66,280
Allowance for doubtful accounts	-9,739	-17,412
Total current assets	7,420,037	8,109,258
Non-current assets		
Property, plant and equipment		
Buildings	1,708,252	2,275,842
Accumulated depreciation	-654,973	-833,297
Buildings, net	1,053,279	1,442,544
Vehicles	10,589	10,972
Accumulated depreciation	-5,055	-6,614
Vehicles, net	5,534	4,358
Tools, furniture and fixtures	668,320	615,887
Accumulated depreciation	-584,523	-551,498
Tools, furniture and fixtures, net	83,796	64,389
Land	497,219	1,538,479
Leased assets	40,149	37,494
Accumulated depreciation	-18,048	-20,521
Leased assets, net	22,100	16,972
Total property, plant and equipment	1,661,929	3,066,744
Intangible assets		
Goodwill	1,554,194	1,562,620
Software	348,416	400,870
Software in progress	1,260	22,918
Total intangible assets	1,903,870	1,986,409
Investments and other assets		
Investment securities	1,061,156	1,070,509
Long-term prepaid expenses	109,513	237,509
Long-term loans receivable	4,833	7,189
Deferred tax assets	270,060	445,729
Insurance funds	252,721	260,722
Guarantee deposits	1,131,697	1,281,710
Other	5,040	7,479
Total investments and other assets	2,835,021	3,310,850
Total non-current assets	6,400,822	8,364,004
Total assets	13,820,859	16,473,263

(Unit: thousands of yen)

	Previous consolidated fiscal year (December 31, 2022)	3Q FY2023 (September 30, 2023)
Liabilities		
Current liabilities		
Accounts payable – trade	38,191	615,560
Short-term borrowings	921,000	1,751,943
Current portion of long-term borrowings	373,856	324,992
Account payable – other	678,697	660,560
Accrued expenses	688,461	518,889
Income taxes payable	339,710	453,493
Accrued consumption taxes	223,837	201,773
Advances received	553,447	555,025
Lease obligations	6,439	6,446
Provision for bonuses	1,661	185,005
Other	43,437	191,184
Total current liabilities	3,868,741	5,464,875
Non-current liabilities		
Long-term borrowings	1,337,394	2,289,094
Lease obligations	15,635	9,292
Asset retirement obligations	594,647	613,722
Other	40,435	9,860
Total non-current liabilities	1,988,112	2,921,968
Total liabilities	5,856,853	8,386,843
Net assets		
Shareholders' equity		
Share capital	699,585	699,585
Capital surplus	854,782	929,640
Retained earnings	6,593,394	7,729,330
Treasury shares	-901,709	-1,524,118
Total shareholders' equity	7,246,052	7,834,437
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	321,420	-279,953
Total accumulated other comprehensive income	321,420	-279,953
Share acquisition rights	634	40,159
Non-controlling interests	395,898	491,777
Total net assets	7,964,006	8,086,419
Total liabilities and net assets	13,820,859	16,473,263

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

First consolidated nine months (cumulative)

(Unit: thousands of yen)

	3Q FY2022 (from January 1, 2022 to September 30, 2022)	3Q FY2023 (from January 1, 2023 to September 30, 2023)
Net sales	11,057,801	13,555,706
Cost of sales	370,150	2,254,584
Gross profit	10,687,650	11,301,121
Selling, general and administrative expenses	9,117,951	9,560,083
Operating profit	1,569,699	1,741,037
Non-operating income		
Interest income	174	139
Dividend income	7,699	16,811
Foreign exchange gains	7,228	4,737
Gain on valuation of securities	43,401	-
Subsidy income	1,070	15,672
Surrender value of insurance policies	-	16,000
Sales compensation income	-	22,000
Other	2,029	6,363
Total non-operating income	61,602	81,723
Non-operating expenses		
Interest expenses	4,174	8,644
Other	1,105	4,992
Total non-operating expenses	5,279	13,636
Ordinary profit	1,626,022	1,809,124
Extraordinary income		
Gain on sale of non-current assets	924	2,286
Gain on sale of investment securities	-	379,773
Gain on sale of shares of subsidiaries and associates	6,434	-
Other	-	18,100
Total extraordinary income	7,358	400,160
Extraordinary losses		
Loss on retirement of non-current assets	2,962	21,904
Loss on store closings	10,263	918
Loss on special investigation	-	14,044
Other	667	-
Total extraordinary losses	13,893	36,868
Profit before income taxes	1,619,487	2,172,417
Income taxes – current	540,404	680,468
Income taxes – deferred	-54,209	57,087
Total income taxes	486,195	737,555
Profit	1,133,292	1,434,861
Profit attributable to non-controlling interests	-35,677	57,522
Profit attributable to owners of parent	1,168,969	1,377,338

Consolidated statement of comprehensive income

(Unit: thousands of yen)

	3Q FY2022 (from January 1, 2022 to September 30, 2022)	3Q FY2023 (from January 1, 2023 to September 30, 2023)
Profit	1,133,292	1,434,861
Other comprehensive income		
Valuation difference on available-for-sale securities	158,987	-601,373
Total other comprehensive income	158,987	-601,373
Comprehensive income	1,292,279	833,487
Comprehensive income attributable to:		
Owners of parent	1,327,957	775,964
Non-controlling interests	-35,677	57,522

(3) Notes to quarterly consolidated financial statements

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

Not applicable

(Notes in the event of substantial changes in shareholders' equity)

The Company disposed of treasury shares (298,100 shares) as restricted stock remuneration, with a disposal date of April 18, 2023. In addition, based on the resolution at the Board of Directors meeting held on August 10, 2023 and a written resolution dated August 31, 2023, the Company acquired 1,229,500 treasury shares. As a result, treasury shares increased by 622,408 thousand yen during the first nine months of the fiscal year under review, bringing treasury shares to 1,524,118 thousand yen as of the end of the third quarter of the fiscal year under review.

(Changes in accounting policies)

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

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021, hereinunder "Fair Value Measurement Standard Implementation Guidance") from the beginning of the first quarter of the fiscal year ending December 31, 2023 and in line with the transitional measures provided for in Paragraph 27-2 of the "Fair Value Measurement Standard Implementation Guidance," the Company has decided to proactively apply the new accounting policy set forth in Fair Value Measurement Standard Implementation Guidance. There is no impact on the quarterly consolidated financial statements.

(Additional information)

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

There are no significant changes to the assumptions and estimates provided in the Annual Securities Report for the previous consolidated fiscal year regarding factors including the timing, etc., of the return to normal operations after COVID-19.

(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 IBJ (formerly 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.

(Segment information)

Segment Information

I First consolidated nine months ended September 30, 2022 (from January 1, 2022 to September 30, 2022)

1. Disclosure of sales, profit (loss), and breakdown of revenue for each reportable segment

(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	1,297,585	1,874,355	1,466,362	89,589	4,727,893	—	4,727,893
Services transferred over time	753,669	4,033,717	613,934	865,122	6,266,444	—	6,266,444
Revenue from contracts with customers	2,051,255	5,908,073	2,080,297	954,711	10,994,338	—	10,994,338
Other revenues	—	—	—	63,463	63,463	—	63,463
Revenues from external customers	2,051,255	5,908,073	2,080,297	1,018,174	11,057,801	—	11,057,801
Transactions with other segments	101,428	43,802	18,423	77	163,732	-163,732	—
Total	2,152,684	5,951,876	2,098,721	1,018,251	11,221,534	-163,732	11,057,801
Segment profit (loss)	1,239,734	1,160,631	98,742	101,566	2,600,675	-1,030,975	1,569,699

- Notes:
- Adjustments to segment profit (loss) of -1,030,975 thousand yen include elimination of inter-segment transactions of 1,541 thousand yen and corporate expenses of -1,032,516 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.
 - “Other revenues” are transactions related to financial instruments based on the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019).

2. Disclosure of impairment losses of non-current assets and goodwill, etc., for each reportable segment
(Significant impairment losses regards to non-current assets)

Not applicable

(Significant changes in the amount of goodwill)

The amount of goodwill decreased 81,425 thousand yen, following the exclusion of Diverse, Inc. from the scope of consolidation of the Company due to the transfer of shares in the Matching Business segment.

II First consolidated nine months ended September 30, 2023 (from January 1, 2023 to September 30, 2023)

1. Disclosure of sales, profit (loss), and breakdown of revenue for each reportable segment

(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	1,401,070	2,046,482	854,420	998,841	5,300,814	—	5,300,814
Services transferred over time	846,027	4,229,502	533,226	1,076,884	6,685,640	—	6,685,640
Revenue from contracts with customers	2,247,097	6,275,985	1,387,646	2,075,725	11,986,455	—	11,986,455
Other revenues	—	—	—	1,569,250	1,569,250	—	1,569,250
Revenues from external customers	2,247,097	6,275,985	1,387,646	3,644,976	13,555,706	—	13,555,706
Transactions with other segments	91,355	27,482	27,734	—	146,572	-146,572	—
Total	2,338,453	6,303,467	1,415,381	3,644,976	13,702,278	-146,572	13,555,706
Segment profit (loss)	1,322,830	1,085,418	157,421	404,549	2,970,220	-1,229,182	1,741,037

- Notes:
- Adjustments to segment profit (loss) of -1,229,182 thousand yen include elimination of inter-segment transactions of 611 thousand yen and corporate expenses of -1,229,794 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.
 - “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).

2. Disclosure of impairment losses of non-current assets and goodwill, etc., for each reportable segment

(Significant impairment losses regards to non-current assets)

Not applicable

(Significant changes in the amount of goodwill)

Not applicable

(Revenue recognition)

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

(Significant events after reporting period)

(Purchase of treasury shares)

At a Board of Directors meeting (resolution in writing) held on October 17, 2023, the Company passed a resolution for the acquisition of treasury shares pursuant to the provisions of Article 156 of the Companies Act, applied according to Article 165, Paragraph 3 of the same Act.

1. Reasons for acquisition of treasury shares

To implement agile capital policy for improvement of capital efficiency and in response to changes in the management environment and work toward further shareholder returns.

2. Content of matters related to acquisition

- (1) Class of shares for purchase: Ordinary shares
- (2) Number of shares for purchase: 800,000 shares (maximum)
(Percentage to the total number of issued shares (excluding treasury shares): 2.04%)
- (3) Total price of shares to be purchased: 500,000,000 yen (maximum)
- (4) Purchase period: From October 18, 2023 through February 8, 2024
- (5) Purchase method: Purchase at the Tokyo Stock Exchange
(through discretionary investment by a securities company)

Of the number of shares purchased listed above, treasury shares that were acquired after the closing date in the period between October 18, 2023 and October 31, 2023 are as follows.

- (1) Class of shares for purchase: Ordinary shares of the Company
- (2) Number of shares for purchase: 161,600 shares
- (3) Total price of shares to be purchased: 101,080,400 yen