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November 8, 2024

Consolidated Financial Results for the First Nine Months Ended September 30, 2024 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 6071
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 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, 2024 (from January 1, 2024 to September 30, 2024)

(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, 2024	13,091	-3.4	1,989	14.3	1,979	9.4	1,316	-4.4
September 30, 2023	13,555	22.6	1,741	10.9	1,809	11.3	1,377	17.8

Note: Comprehensive income For the nine months ended September 30, 2024: ¥1,386 million [66.4%]
 For the nine months ended September 30, 2023: ¥833 million [-35.5%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
September 30, 2024	34.67	–
September 30, 2023	34.21	–

(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, 2024	17,629	8,518	45.0	209.96
December 31, 2023	18,120	8,023	41.1	192.02

Reference: Equity
 As of September 30, 2024: ¥7,934 million
 As of December 31, 2023: ¥7,447 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, 2023	Yen –	Yen 0.00	Yen –	Yen 6.00	Yen 6.00
Fiscal year ending December 31, 2024	–	0.00	–		
Fiscal year ending December 31, 2024 (Forecast)				8.00	8.00

Note: Revision to the forecast for dividends announced most recently: Yes

For the revised dividend forecast, please refer to the “Notice Regarding the Revision (Dividend increase) of the Dividend Forecast” released today.

3. Consolidated financial results forecast for the fiscal year ending December 31, 2024 (January 1, 2024 to December 31, 2024)

(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	18,200	3.1	2,323	4.2	2,303	0.5	1,529	-6.2	42.02

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

* **Notes**

(1) Significant changes in the scope of consolidation during the period: 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: None

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(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, 2024	42,000,000 shares
As of December 31, 2023	42,000,000 shares

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

As of September 30, 2024	4,211,306 shares
As of December 31, 2023	3,217,506 shares

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

Nine months ended September 30, 2024	37,985,244 shares
Nine months ended September 30, 2023	40,257,201 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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, 2024, (3) Overview of consolidated financial results forecast and other forward-looking information” on page 4 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 Monday, November 11, 2024. 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

1. Qualitative information for the 3rd quarter of the fiscal year ending December 31, 2024.....	2
(1) Operating results	2
(2) Overview of financial position.....	3
(3) Overview of consolidated financial results forecast and other forward-looking information	4
2. Quarterly consolidated financial statements and major notes	5
(1) Quarterly consolidated balance sheet.....	5
(2) Quarterly consolidated statements of income and comprehensive income	7
Quarterly consolidated statement of income	7
Quarterly consolidated statement of comprehensive income	8
(3) Notes to quarterly consolidated financial statements	9
(Note on entity’s ability to continue as going concern).....	9
(Notes in the event of substantial changes in shareholders’ equity)	9
(Notes on the cash flow statement)	9
(Segment information)	9
(Revenue recognition).....	10

1. Qualitative information for the 3rd quarter of the fiscal year ending December 31, 2024

(1) Operating results

In the first nine months of the fiscal year under review, despite uncertain movements in the financial market, the economic environment in Japan is expected to show modest recovery driven by future domestic demand, with signs of picking up after a temporary lull of the economy, such as an increase in personal consumption for the first time in the last five quarters.

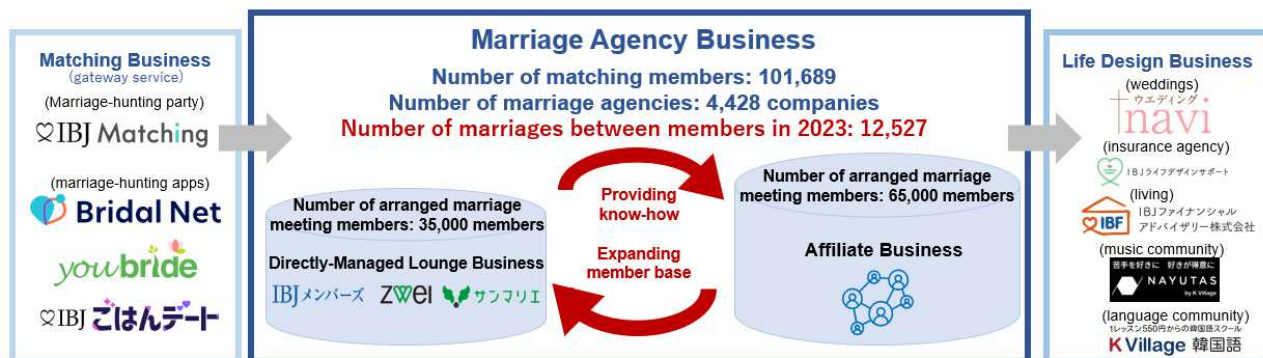
Meanwhile, concerns over labor shortage and slowdown of economic growth caused by the falling birthrate have not been eliminated, and the number of marriages has further declined nationwide in recent years. In the kon-katsu (marriage-hunting) market, issues are emerging in the marriage-hunting and matching application market, which rapidly grew during the COVID-19 pandemic, such as difficulty in matching couples due to an increase in users and damage caused by fraud. In response, marriage consulting agencies are further promoting measures, such as the use of various certificates to confirm potential customers' seriousness toward marriage-hunting and to ensure reliability, marriage support for customers seeking personal support, and private-public initiatives aimed at falling birthrate reversal and regional development.

Under such a situation, despite an impact in no small way from economic activities in and outside of Japan, the Group is taking various measures to raise its profile in order to further expand our business scale and to support national policies, and continues to strive to expand our business in order to realize the aims of the Mid-Term Management Plan (January 2021 to December 2027): "20,000 marriages," "7,000 affiliated consultation offices," "173,000 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 13,091,904 thousand yen (down 3.4% year on year), operating profit was 1,989,331 thousand yen (up 14.3% year on year), ordinary profit was 1,979,676 thousand yen (up 9.4% year on year), and profit attributable to owners of parent was 1,316,868 thousand yen (down 4.4% year on year).

Our Unique Business Model

Operating the largest marriage-hunting platform in Japan with directly managed lounges and franchisees.



The matching business is the gateway service for our marriage agency business, and our life design business primarily targets the growing number of marriages between members

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*The number of married couples is the cumulative total from January to December 2023.
*Number of matchmaking members and marriage agencies as of September 30, 2024

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>

The Affiliate Business steadily grew through measures continued from the first quarter, and achieved a year-on-year increase of 33.1% in the number of new members of the marriage consulting agencies, through an increase in the number of affiliates and the effect of the alliance with O-net.

The number of new openings during the third quarter of the fiscal year under review was 248, maintaining firm growth achieved through continued development of new advertising media and new sales routes. The number of affiliate consultation offices grew steadily and was 4,428 as of September 30, 2024 (up 9.3% year on year).

As a result, the segment net sales amounted to 2,472,892 thousand yen (up 10.0% year on year) and divisional profit was 1,668,174 thousand yen (up 23.8% 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 average enrollment fee per member improved and the number of new members increased 10.3% year on year for the IBJ Members Marriage-Hunting Lounge, as a result of focused effort on acquisition of new members through web media, in parallel with measures to acquire members through party events. In addition, the number of new members in the Directly-Managed Lounge Business as a whole increased 16.9% year on year, due to successful marketing measures by ZWEI and strong performance in new member acquisition through party events achieved by strengthened cooperation with the Matching Business at Sunmarie.

As a result, segment net sales amounted to 6,699,888 thousand yen (up 6.8% year on year) and divisional profit was 1,483,050 thousand yen (up 7.7% year on year).

<Matching Business>

In the Party Business, we achieved increases in the number of participants and events, as well as a significant improvement of advertisement efficiency, through campaigns and new advertising media (advertisement posted on websites).

In the App Business, both net sales and divisional profit have remained steady, and we have been continuously taking measures to brush up services, aiming at an increase in the number of paid members.

As a result, segment net sales amounted to 1,228,455 thousand yen (down 11.5% year on year) and divisional profit was 183,038 thousand yen (down 16.8% 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, the number of service users steadily increased, and KPIs, such as the number of successful contracts in the ring business and the number of insurance consultations, remained strong during the third quarter of the fiscal year under review, enabling us to stably secure revenue.

In addition, in the hobby and community business, the number of students continuously increased in the language community business of K Village Inc., which operates Korean language schools and voice training schools. In the music community business, the number of openings of franchisees grew steadily and the number of school buildings also increased 163.6% year on year.

As a result, segment net sales amounted to 2,690,668 thousand yen (down 26.2% year on year) and divisional profit was 472,808 thousand yen (down 0.8% year on year).

(2) Overview of financial position

(Assets)

Current assets as of September 30, 2024 amounted to 7,310,787 thousand yen, down 780,337 thousand yen from the end of the previous fiscal year. This was mainly due to decreases of 1,045,245 thousand yen in cash and deposits and 905,078 thousand yen in deposits paid, despite an increase of 1,250,749 thousand yen in operational investment securities.

Non-current assets were 10,318,769 thousand yen, up 289,575 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 13,731 thousand yen in vehicles and 384,064 thousand yen in investment securities, despite a decrease of 61,507 thousand yen in deferred tax assets.

Consequently, total assets came to 17,629,556 thousand yen, down 490,761 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of September 30, 2024 amounted to 4,709,842 thousand yen, down 2,477,964 thousand yen from the end of the previous fiscal year. This was mainly due to decreases of 191,873 thousand yen in accounts payable – trade, 2,056,817 thousand yen in short-term borrowings, and 243,575 thousand yen in accounts payable – other.

Non-current liabilities were 4,401,530 thousand yen, up 1,492,892 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 1,442,776 thousand yen in long-term borrowings and 51,500 thousand yen in asset retirement obligations.

Consequently, total liabilities came to 9,111,372 thousand yen, down 985,072 thousand yen from the end of the previous fiscal year.

(Net assets)

Net assets as of September 30, 2024 stood at 8,518,183 thousand yen, up 494,310 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 1,084,173 thousand yen in retained earnings and 593,032 thousand yen in treasury shares.

Consequently, the equity-to-asset ratio was 45.0% (compared to 41.1% at the end of the previous fiscal year).

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

There has been no change from the consolidated financial results forecast for the fiscal year ending December 31, 2024 announced in the “Consolidated Financial Results for the Fiscal Year Ended December 31, 2023” on February 9, 2024.

2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheet

(Unit: thousands of yen)

	Previous consolidated fiscal year (December 31, 2023)	3Q FY2024 (September 30, 2024)
Assets		
Current assets		
Cash and deposits	3,789,025	2,743,779
Accounts receivable – trade	1,627,407	1,597,636
Operational investment securities	939,562	2,190,312
Merchandise and finished goods	10,610	14,115
Raw materials and supplies	3,105	3,203
Advance payments to suppliers	2,664	109
Prepaid expenses	354,718	363,841
Current portion of long-term loans receivable	1,999	1,999
Deposits paid	1,026,918	121,839
Other	349,043	293,700
Allowance for doubtful accounts	-13,931	-19,751
Total current assets	8,091,124	7,310,787
Non-current assets		
Property, plant and equipment		
Buildings	2,292,612	2,455,942
Accumulated depreciation	-931,064	-1,086,494
Buildings, net	1,361,547	1,369,448
Vehicles	10,880	24,612
Accumulated depreciation	-7,133	-6,774
Vehicles, net	3,746	17,838
Tools, furniture and fixtures	592,398	612,176
Accumulated depreciation	-509,522	-541,494
Tools, furniture and fixtures, net	82,876	70,681
Land	1,538,479	1,538,479
Leased assets	37,494	43,229
Accumulated depreciation	-23,718	-29,103
Leased assets, net	13,775	14,126
Total property, plant and equipment	3,000,425	3,010,574
Intangible assets		
Goodwill	1,527,097	1,403,020
Software	1,070,148	1,059,858
Software in progress	10,201	29,355
Other	-	21,699
Total intangible assets	2,607,446	2,513,933
Investments and other assets		
Investment securities	1,961,057	2,345,121
Long-term prepaid expenses	220,459	164,342
Long-term loans receivable	2,833	1,333
Deferred tax assets	708,791	647,284
Insurance funds	266,015	274,016
Guarantee deposits	1,256,874	1,355,471
Other	5,290	6,690
Total investments and other assets	4,421,320	4,794,260
Total non-current assets	10,029,193	10,318,769
Total assets	18,120,318	17,629,556

(Unit: thousands of yen)

	Previous consolidated fiscal year (December 31, 2023)	3Q FY2024 (September 30, 2024)
Liabilities		
Current liabilities		
Accounts payable – trade	487,216	295,343
Short-term borrowings	3,216,817	1,160,000
Current portion of long-term borrowings	280,684	475,968
Account payable – other	859,885	616,310
Accrued expenses	707,960	431,854
Income taxes payable	594,328	245,841
Accrued consumption taxes	140,125	241,560
Advances received	583,167	657,907
Lease obligations	6,675	6,834
Other	310,946	578,223
Total current liabilities	7,187,807	4,709,842
Non-current liabilities		
Long-term borrowings	2,220,592	3,663,368
Lease obligations	6,947	6,781
Asset retirement obligations	671,070	722,571
Other	10,028	8,809
Total non-current liabilities	2,908,637	4,401,530
Total liabilities	10,096,445	9,111,372
Net assets		
Shareholders' equity		
Share capital	699,585	699,585
Capital surplus	929,640	929,640
Retained earnings	7,981,454	9,065,628
Treasury shares	-1,843,347	-2,436,380
Total shareholders' equity	7,767,333	8,258,474
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-320,172	-324,471
Total accumulated other comprehensive income	-320,172	-324,471
Share acquisition rights	100,693	33,898
Non-controlling interests	476,019	550,282
Total net assets	8,023,873	8,518,183
Total liabilities and net assets	18,120,318	17,629,556

(2) Quarterly consolidated statements of income and comprehensive income
Quarterly consolidated statement of income
First consolidated nine months (cumulative)

(Unit: thousands of yen)

	3Q FY2023 (from January 1, 2023 to September 30, 2023)	3Q FY2024 (from January 1, 2024 to September 30, 2024)
Net sales	13,555,706	13,091,904
Cost of sales	2,254,584	909,023
Gross profit	11,301,121	12,182,880
Selling, general and administrative expenses	9,560,083	10,193,549
Operating profit	1,741,037	1,989,331
Non-operating income		
Interest income	139	327
Dividend income	16,811	-
Foreign exchange gains	4,737	-
Subsidy income	15,672	882
Surrender value of insurance policies	16,000	-
Sales compensation income	22,000	-
Other	6,363	6,370
Total non-operating income	81,723	7,580
Non-operating expenses		
Interest expenses	8,644	15,074
Commission expenses	-	1,779
Other	4,992	381
Total non-operating expenses	13,636	17,234
Ordinary profit	1,809,124	1,979,676
Extraordinary income		
Gain on sale of non-current assets	2,286	1,591
Gain on sale of investment securities	379,773	-
Gain on reversal of share acquisition rights	-	82,210
Other	18,100	-
Total extraordinary income	400,160	83,801
Extraordinary losses		
Loss on retirement of non-current assets	21,904	0
Loss on sale of investment securities	-	23,548
Loss on store closings	918	-
Loss on special investigation	14,044	-
Total extraordinary losses	36,868	23,548
Profit before income taxes	2,172,417	2,039,930
Income taxes – current	680,468	585,541
Income taxes – deferred	57,087	63,256
Total income taxes	737,555	648,798
Profit	1,434,861	1,391,131
Profit attributable to non-controlling interests	57,522	74,262
Profit attributable to owners of parent	1,377,338	1,316,868

Quarterly consolidated statement of comprehensive income
 First consolidated nine months (cumulative)

(Unit: thousands of yen)

	3Q FY2023 (from January 1, 2023 to September 30, 2023)	3Q FY2024 (from January 1, 2024 to September 30, 2024)
Profit	1,434,861	1,391,131
Other comprehensive income		
Valuation difference on available-for-sale securities	-601,373	-4,298
Total other comprehensive income	-601,373	-4,298
Comprehensive income	833,487	1,386,832
Comprehensive income attributable to:		
Owners of parent	775,964	1,312,570
Non-controlling interests	57,522	74,262

(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)

Based on the resolution at the Board of Directors meeting held on February 9, 2024, the Company acquired 992,800 treasury shares during the first half of the fiscal year under review. As a result, the amount of treasury shares increased by 593,032 thousand yen, bringing the amount of treasury shares to 2,436,380 thousand yen as of September 30, 2024.

(Notes on the cash flow statement)

The Company has not prepared a quarterly consolidated cash flow statement for the first nine months ended September 30, 2024. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the first nine months ended September 30, 2024 are as follows.

(Unit: thousands of yen)

	3Q FY2023 (from January 1, 2023 to September 30, 2023)	3Q FY2024 (from January 1, 2024 to September 30, 2024)
Depreciation	285,390	428,866
Amortization of goodwill	195,404	124,076

(Segment information)

Segment Information

I First 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 quarterly consolidated statement of income.
 - “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

II First nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)

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	1,492,336	2,287,333	707,131	1,036,572	5,523,373	–	5,523,373
Services transferred over time	980,555	4,412,555	521,323	1,508,225	7,422,659	–	7,422,659
Revenue from contracts with customers	2,472,892	6,699,888	1,228,455	2,544,797	12,946,033	–	12,946,033
Other revenues	–	–	–	145,871	145,871	–	145,871
Revenues from external customers	2,472,892	6,699,888	1,228,455	2,690,668	13,091,904	–	13,091,904
Transactions with other segments	109,969	38,614	66,641	338	215,564	–215,564	–
Total	2,582,862	6,738,502	1,295,096	2,691,006	13,307,468	–215,564	13,091,904
Segment profit (loss)	1,632,186	1,247,090	118,448	368,460	3,366,185	–1,376,853	1,989,331

Notes: 1. Adjustments to segment profit (loss) are corporate expenses that are not allocated to each reportable segment and consist of general and administrative expenses.
2. Segment profit (loss) is adjusted with the operating profit in the quarterly consolidated statement of income.
3. “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).”