

1. (Consolidated financial statements, etc.)

(1) (Consolidated financial statements)

1) (Consolidated balance sheet)

(Unit: thousands of yen)

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

(Unit: thousands of yen)

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

2) Consolidated statements of income and comprehensive income

(Consolidated statement of income)

(Unit: thousands of yen)

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

(Consolidated statement of income)

(Unit: thousands of yen)

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

3) (Consolidated statement of changes in net assets)

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

(Unit: thousands of yen)

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

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

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

(Unit: thousands of yen)

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

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

4) (Consolidated cash flow statement)

(Unit: thousands of yen)

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

(Unit: thousands of yen)

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

[Notes]

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

1. Items relating to the scope of consolidation

(1) Number of consolidated subsidiaries: 6 companies

Names of consolidated subsidiaries

Diverse, Inc.

Sunmarie Co., Ltd.

K Village Tokyo Inc.

IBJ financial advisory Corporation

IBJ life design support Corporation

ZWEI CO., LTD.

All stockholdings in IBJ Wedding Co., Ltd., Kamome Co., Ltd., and KAMOME & ARS DREAM (indirectly held through Kamome Co., Ltd.), consolidated subsidiaries up to now, are excluded from the scope of consolidation from this fiscal year under review because they have been sold in December 2021.

(2) Name, etc., of non-consolidated subsidiary

Name of non-consolidated subsidiary

Inverse, Inc.

(Reasons for exclusion from the scope of consolidation)

The non-consolidated subsidiary is small in scale; and total assets, net sales, profit and loss for the fiscal year under review (amount corresponding to interests), and retained earnings (amount corresponding to interests), etc., will not have a significant impact on consolidated financial statements so are excluded from the scope of consolidation.

2. Items relating to the application of equity method

(1) Number of associates applying the equity method: 1 company

Name of company, etc.

HOP, Inc.

Furthermore, the Company's associate is indirectly held through Diverse, Inc.

(2) Names of non-consolidated subsidiaries, etc. that do not apply the equity method

IBT Tech Inc.

Inverse, Inc.

(Reasons for not applying the equity method)

Profit and loss for the fiscal year under review (amount corresponding to interests) and retained earnings (amount corresponding to interests) etc., when excluded from the subject of equity method has insignificant impact on consolidated financial statements. Moreover, because it has no importance overall, the equity method is excluded from the scope of application.

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

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

4. Items related to accounting policies

(1) Valuation basis and valuation method of significant assets

1) Investment securities

a. Shares of subsidiaries and associates

We use the cost method based on the moving average method

b. Available-for-sale-securities

Securities with fair value

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

Securities without fair value

We use the cost method based on the moving average method

2) Inventories

a. Merchandise and finished goods

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

b. Work in process

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

c. Raw materials and supplies

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

(2) Depreciation methods for significant depreciation of assets

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

We use the declining-balance method

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

Furthermore, service life is primarily as follows.

Buildings..... 3-21 years

Vehicles..... 6 years

Tools, furniture and fixtures..... 2-15 years

2) Intangible assets (excluding leased assets)

We use the straight-line method.

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

3) Leased assets

Leased assets concerned with finance lease transaction property rights not transferred

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

(3) Accounting standards for significant provisions

1) Allowance for doubtful accounts

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

2) Provision for bonuses

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

3) Provision for sales returns

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

4) Provision for point card certificates

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

(4) Method for accounting process for retirement benefit liability

Although the Company, concerning multi-employer plans, has enrolled in a comprehensively established employee's pension fund system, as the value of pension assets concerning the Company's contributions is unable to be reasonably calculated, the accounting process is to record necessary contribution amounts to the welfare pension fund as retirement benefit expenses. Furthermore, ZWEI CO., LTD., to provide retirement benefit liability for employees, has recorded estimated amounts for retirement benefit liabilities and pension assets as of the end of the fiscal year under review, but has discontinued the retirement benefit liability system in August 2021.

(5) Amortization process and amortization period of goodwill

Regarding amortization of goodwill, the period where impacts will manifest are reasonably estimated, and there is equal amortization of five to fifteen years.

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

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

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

Accounting process of consumption taxes

The accounting process for consumption taxes and local consumption taxes is by means of the tax excluded method, and consumption taxes and local consumption taxes not qualified for tax deductions are processed as expenses for the fiscal year under review.

(Estimates of important accounting)

1. Losses of non-current assets

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

(Unit: thousands of yen)

	Current consolidated fiscal year
Property, plant and equipment	1,193,133
Intangible assets (excluding Goodwill)	327,940
Goodwill	1,878,899
Impairment losses	21,089

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

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

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

2. Possibility of recovery of deferred tax assets

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

(Unit: thousands of yen)

	Current consolidated fiscal year
Deferred tax assets	290,780

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

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

(Changes in accounting policies)

There are no applicable items.

(Unapplied accounting standards, etc.)

1. Accounting Standards, etc., for Revenue Recognition

- “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 29; March 31, 2020)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30; March 26, 2021)

(1) Outline

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) collaborate to perform the development of inclusive accounting standards concerning revenue recognition. In May 2014, “Revenue from Contracts with Customers” (for IASB, IFRS 15, for FASB, Topic 606) was officially announced. Based on the conditions of IFRS 15 for the fiscal year starting after January 1, 2018, and Topic 606 for the fiscal year starting after December 15, 2017 are to be implemented, the Accounting Standards Board of Japan has developed inclusive accounting standards concerning revenue recognition and publicized them along with implementation guidance.

The fundamental policy for development of accounting standards concerning revenue recognition of the Accounting Standards Board of Japan is the point of view of comparability between financial statements, one of the planned benefits of being consistent with IFRS 15. With the starting point of incorporating the fundamental rules of IFRS 15, accounting standards are determined, and in the event there are items of concern of practical operations etc., performed up to now in our country, we will add alternative ways of handling within the scope of not harming comparability.

(2) Planned date of application

Application will begin at the start of the fiscal year ending December 31, 2022.

(3) Impacts of application of said accounting standards, etc.

At the present time, we are undergoing assessment of the impact on values of the consolidated financial statements when “Accounting Standard for Revenue Recognition,” etc., are applied.

2. Accounting standards, etc., concerned with calculating fair value

- “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30; July 4, 2019)
- “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9; July 4, 2019)
- “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10; July 4, 2019)
- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31; June 17, 2021)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19; March 31, 2020)

(1) Outline

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) regarding guidance of fair value measurement have approximately the same details of contents (for IFRS, IFRS 13, “Fair Value Measurement” and for FASB, Topic 820 of the Accounting Standards Codification, “Fair Value Measurement”). Based on these set conditions, the Accounting Standards Board of Japan, regarding guidance and disclosure concerning value of financial instruments, strives to devise Japanese standards that will be consistent with international accounting standards, and has publicized “Accounting Standard for Fair Value Measurement,” etc.

The fundamental policy for development of accounting standards concerning calculation of fair value of the Accounting Standards Board of Japan is the point of view of improving comparability between financial statements of domestic and foreign companies through use of unified calculation methods. As a result, the stipulations of IFRS 13 will generally be applied in full, and in view of practical operations etc., performed up to now in our country, we will add alternative ways of handling within the scope of not harming comparability between financial statements.

(2) Planned date of application

Application will begin at the start of the fiscal year ending December 31, 2022.

(3) Impacts of application of said accounting standards, etc.

At the present time, we do not know the impact on values of the consolidated financial statements when “Accounting Standard for Fair Value Measurement,” etc., are applied.

(Change in method of disclosure)

(Changes due to importance)

For the previous fiscal year, because the importance of operational investment securities in “investment securities” under “investments and other assets,” has risen, for the fiscal year under review, “operational investment securities” has been provided independent of “current assets.”

(Changes consequent to application of “Accounting Standard for Disclosure of Accounting Estimates”)

The “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31; March 31, 2020) is applied to the consolidated financial statements concerning the end of the fiscal year under review and important notes related to accounting estimates are listed in the consolidated financial statements.

However, for the said notes, transitionally following the provisos pursuant of Paragraph 11 of said Accounting Standard, contents related to the previous fiscal year are not listed.

(Additional information)

(Assumptions related to impacts of COVID-19)

To apply the estimated impacts of COVID-19 to accounting, the Group, in the annual securities report for the previous fiscal year, assumed a “Scenario where the spread of infection will decline around the spring of 2021, and a return to normal by the autumn of 2021,” however the impacts of the spread of said infection are longer than assumed, and regarding the impacts of the spread of said infection from the end of the second quarter of the fiscal year under review, the assumptions have changed to “Differing from the original assumptions, achievements such as sales of some businesses are impacted, and due to measures such as the increase of vaccinations against said infections, work towards a future return to normal.” Also, with the increase in infected persons during the summer of 2021, the impacts of the infections that extended past previous assumptions, and frequent declarations of a state of emergency being the primary cause of achievement trends, the Group is fiscally estimating impairment to non-current assets and consideration, etc., of the possibility of recovery of deferred tax assets.

Furthermore, regarding the Group’s fiscal estimates of impairment to non-current assets and consideration, etc., of the possibility of recovery of deferred tax assets, there is the possibility of assumptions differing from actual results due to uncertainty of the extent of increased infections and the estimated time of a return to normal.

(Related to the consolidated balance sheet)

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

	Previous consolidated fiscal year (December 31, 2020)	Current consolidated fiscal year (December 31, 2021)
Shares of subsidiaries and associates	35,708 thousand yen	2,687 thousand yen

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

	Previous consolidated fiscal year (December 31, 2020)	Current consolidated fiscal year (December 31, 2021)
Sum total of maximum amount of overdrafts and loan commitments	6,580,000 thousand yen	2,730,000 thousand yen
Balance of exercised borrowings	3,810,000	1,410,000
Difference	2,770,000	1,320,000

(Related to the consolidated financial statements)

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

	Previous consolidated fiscal year (from January 1, 2020 to December 31, 2020)	Current consolidated fiscal year (from January 1, 2021 to December 31, 2021)
Payroll and allowances	2,791,058 thousand yen	3,149,975 thousand yen
Advertising expenses	1,588,660	2,264,016
Rent expenses on land and buildings	1,119,022	1,342,389
Amortization of goodwill	296,661	293,385
Retirement benefit expenses	25,679	30,187

*2 The contents of the loss on retirement of non-current assets is as follows.

	Previous consolidated fiscal year (from January 1, 2020 to December 31, 2020)	Current consolidated fiscal year (from January 1, 2021 to December 31, 2021)
Buildings	1,726 thousand yen	14,105 thousand yen
Tools, furniture and fixtures	249	345
Software	5,100	21,982
Total	7,075	36,433

*3 Impairment losses

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

Regarding the previous consolidated fiscal year, the Group has recorded impairment of the following Group's assets.

Location	Purpose	Category	Amount (thousands of yen)
Shibuya-ku, Taito-ku, Tokyo	Branch	Buildings Tools, furniture and fixtures	16,965 3,111
Nagoya-shi, Aichi	Branch	Buildings Tools, furniture and fixtures	12,961 3,273
Headquarters	Other	Goodwill (Travel Business) Goodwill (Language School Business)	21,490 63,306
Shinjuku-ku, Tokyo	Other	Long-term prepaid expenses	3,620
Total	—	—	124,730

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

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

Furthermore, we have calculated the use value of the recoverable amount concerned with assets other than goodwill related to the Language School Business as zero, and calculated the recoverable amount concerned with goodwill related to the Language School Business by discounting future cash flow by 13.4% and have recorded the difference between book value as impairment losses under extraordinary losses.

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

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

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

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

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

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

*4 The contents of the loss on shares sold of subsidiaries and associates is as follows.

	Previous consolidated fiscal year (from January 1, 2020 to December 31, 2020)	Current consolidated fiscal year (from January 1, 2021 to December 31, 2021)
IBJ Wedding Co., Ltd.	— thousand yen	32,561 thousand yen
Kamome Co., Ltd.	—	11,444

(Related to the consolidated statement of comprehensive income)

* Other reclassification adjustment and tax effects concerning other comprehensive income

	Previous consolidated fiscal year (from January 1, 2020 to December 31, 2020)	Current consolidated fiscal year (from January 1, 2021 to December 31, 2021)
Valuation difference on available-for-sale securities:		
Amount generated in the current consolidated fiscal year	229,034 thousand yen	125,475 thousand yen
Reclassification adjustment	-182,616	-35,732
Before adjustment of income tax	46,418	89,743
Income tax	-14,213	-27,479
Valuation difference on available-for-sale securities	32,205	62,263
Other comprehensive income	32,205	62,263

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

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

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

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

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

Classification	Breakdown of stock acquisition rights	Class of stock acquisition rights	Number of stock acquisition rights (Shares)				Balance at the end of the current consolidated fiscal year (thousands of yen)
			Beginning of the current consolidated fiscal year	Increase in the current consolidated fiscal year	Decrease in the current consolidated fiscal year	End of the current consolidated fiscal year	
Reporting company (parent company)	3rd series of stock acquisition rights (third-party allocation)	Ordinary shares	1,785,800	—	-1,785,800	—	—
	4th series of stock acquisition rights (third-party allocation)	Ordinary shares	1,428,600	—	-1,428,600	—	—
Consolidated subsidiary	Stock acquisition rights by stock options (1st series)	—	—	—	—	—	634
Total		—	3,214,400	—	-3,214,400	—	634

(Note) The decrease in the current consolidated fiscal year of the 3rd and 4th series of stock acquisition rights is due to the stock acquisition rights exercising period ending.

3. Items related to dividends

(1) Dividends to be paid

(Resolution)	Class of shares	Total dividends (thousands of yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on March 23, 2020	Ordinary shares	360,256	9	December 31, 2019	March 24, 2020

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

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

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

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

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

(Outline of reasons for change)

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

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

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

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

3. Items related to dividends

(1) Dividends to be paid

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

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

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

(Related to the consolidated cash flow statement)

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

	Previous consolidated fiscal year (from January 1, 2020 to December 31, 2020)	Current consolidated fiscal year (from January 1, 2021 to December 31, 2021)
Calculation of cash and deposits	5,937,133 thousand yen	4,361,298 thousand yen
Term deposit with a deposit period of over three months	-10,000	—
Deposits paid	26,525	674
Cash and cash equivalents	5,953,658	4,361,973

*2. Breakdown of principal assets and liabilities of companies which became new consolidated subsidiaries due to acquisition of shares

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

Breakdown of assets and liabilities at the time of consolidation upon newly consolidating ZWEI CO., LTD. by acquiring shares along with the relationship of the acquisition amount of shares of ZWEI CO., LTD. and the expenditure (net amount) to acquire ZWEI CO., LTD. is as follows.

Current assets	1,983,867 thousand yen
Non-current assets	424,651
Goodwill	1,753,018
Current liabilities	-342,986
Non-current liabilities	-311,467
Acquisition amount of shares of ZWEI CO., LTD.	3,507,084
Cash and cash equivalents of ZWEI CO., LTD.	-1,563,993
Difference: Expenditure to acquire ZWEI CO., LTD.	1,943,090

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

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

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

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

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

2) IBJ Wedding Co., Ltd.

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

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

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

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

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

(Related to lease transactions)

(Borrower side)

1. Finance lease transactions

Finance lease transaction property rights not transferred

(1) Contents of leased assets

Property, plant and equipment

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

(2) Methods of depreciating leased assets

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

2. Operating lease transactions

Entry is omitted as the importance is insignificant.

(Related to financial instruments)

1. Items related to the condition of financial instruments

(1) Policy related to dealing with financial instruments

The Group will raise necessary capital referred to in the capital investment plan, etc., with bank loans. Temporary surplus funds are primarily used for short-term deposits and term deposits which have a high degree of security. Furthermore, short-term working capital will be raised with bank loans. The policy is to not utilize derivative transactions and speculative transactions.

(2) Contents and risks of financial instruments

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

(3) Risk management system related to financial instruments

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

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

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

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

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

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

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

For the fair value of financial instruments, other than being based on the amount of market value, reasonable calculations of amounts where there is no market value is included. Because the primary cause of fluctuation is incorporated into the calculation of said amount, differing assumptions, etc., are adopted, and said amounts may change.

(5) Concentration of credit risk

63.8% of trade (75.1% at the end of the previous fiscal year) at the present closing date of the fiscal year under review is in relation to a specific trade partner (a company that is an agent to collect credit card settlements and bank account transfers, etc.).

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

The fair value and difference concerning amounts recorded on the consolidated balance sheet is as follows. Furthermore, this does not include fair value that is recognized as exceedingly difficult to grasp. ((Note) 2. Reference)

Previous consolidated fiscal year (December 31, 2020)

	Amounts recorded on the consolidated balance sheet (thousands of yen)	Fair value (thousands of yen)	Difference (thousands of yen)
(1) Cash and deposits	5,937,133	5,937,133	—
(2) Accounts receivable – trade	1,267,201		
Allowance for doubtful accounts (*1)	-2,623		
	1,264,577	1,264,577	—
(3) Income taxes receivable	32,145	32,145	—
(4) Investment securities			
Available-for-sale securities	370,997	370,997	—
(5) Long-term loans receivable (*2)	125,417	125,165	-251
(6) Guarantee deposits	1,084,092	1,084,092	—
Total assets	8,814,364	8,814,112	-251
(1) Accounts payable - trade	53,184	53,184	—
(2) Short-term borrowings	3,810,000	3,810,000	—
(3) Account payable - other	711,770	711,770	—
(4) Accrued expenses	464,863	464,863	—
(5) Income taxes payable	203,257	203,257	—
(6) Accrued consumption taxes	130,054	130,054	—
(7) Long-term borrowings (*3)	1,175,610	1,173,402	-2,207
(8) Lease obligations (*4)	13,807	12,282	-1,524
Total liabilities	6,562,546	6,558,814	-3,731

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

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

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

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

Current consolidated fiscal year (December 31, 2021)

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

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

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

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

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

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

Assets

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

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

(4) Investment securities

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

(5) Long-term loans receivable

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

(6) Guarantee deposits

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

Liabilities

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

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

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

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

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

Classification	Previous consolidated fiscal year (December 31, 2020)	Current consolidated fiscal year (December 31, 2021)
Unlisted shares (*1)	1,162,931	1,629,992

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

Also, for the previous consolidated fiscal year, 110,009 thousand yen was processed as impairment.

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

Previous consolidated fiscal year (December 31, 2020)

	Within one year (thousands of yen)	Over one year, within five years (thousands of yen)	Over five years, within ten years (thousands of yen)	Over ten years (thousands of yen)
Cash and deposits	5,937,133	—	—	—
Accounts receivable - trade	1,267,201	—	—	—
Income taxes receivable	32,145	—	—	—
Long-term loans receivable	2,117	123,299	—	—
Total	7,238,598	123,299	—	—

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

Current consolidated fiscal year (December 31, 2021)

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

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

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

Previous consolidated fiscal year (December 31, 2020)

	Within one year (thousands of yen)	Over one year, within two years (thousands of yen)	Over two years, within three years (thousands of yen)	Over three years, within four years (thousands of yen)	Over four years, within five years (thousands of yen)	Over five years (thousands of yen)
Long-term borrowings	433,360	307,500	287,856	80,376	13,174	53,344
Lease obligations	3,469	3,519	3,513	1,735	1,569	—
Total	436,829	311,019	291,369	82,111	14,743	53,344

Current consolidated fiscal year (December 31, 2021)

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

(Related to securities)

1. Securities for the purposes to buying and selling

There are no applicable items.

2. Bonds held for the purpose of maturity

There are no applicable items.

3. Available-for-sale securities

Previous consolidated fiscal year (December 31, 2020)

	Category	Amounts recorded on the consolidated balance sheet (thousands of yen)	Cost of acquisition (thousands of yen)	Difference (thousands of yen)
Amounts recorded on the consolidated balance sheet which exceed cost of acquisition	(1) Shares	230,997	40,549	190,448
	(2) Other	33,087	23,982	9,105
	Subtotal	264,085	64,531	199,553
Amounts recorded on the consolidated balance sheet which do not exceed cost of acquisition	(1) Shares	186,584	306,918	-120,334
	(2) Other	1,047,550	1,051,667	-4,116
	Subtotal	1,234,134	1,358,585	-124,450
Total		1,498,220	1,423,117	75,102

Current consolidated fiscal year (December 31, 2021)

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

4. Other securities sold during the consolidated fiscal year

Previous consolidated fiscal year (December 31, 2020)

Category	Amount sold (thousands of yen)	Total amount of profit on sale (thousands of yen)	Total amount of loss on sale (thousands of yen)
Shares	194,991	182,616	—
Total	194,991	182,616	—

Current consolidated fiscal year (December 31, 2021)

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

5. Sold bonds held for the purpose of maturity

There are no applicable items.

6. Securities for which the purpose of possession changed

There are no applicable items.

7. Securities for which impairment was recorded

For the previous consolidated fiscal year, 110,009 thousand yen (shares of available-for-sale securities: 110,009 thousand yen) was recorded as impairment.

Furthermore, concerning recording impairment, for securities with fair value, in the event that the fair value at the end of the fiscal year declines over 50% compared to the cost of acquisition, they are recorded as impairment as unrecoverable. For shares whose fair value is exceedingly difficult to grasp, taking into consideration the financial condition of the issuing company of said shares and determining the possibility of recovery, for those that are determined to be unrecoverable, they will be recorded as impairment in the actual amount.

(Related to derivative transactions)

There are no applicable items.

(Related to retirement benefit liability)

1. Outline of adopted retirement benefit liability system

The Company, in order to assign retirement benefit liability for employees, is enrolled in the “Japanese IT Software Corporation Company Pension Fund,” a welfare pension fund concerned with multi-employer plans. As the value of pension assets concerning the Company’s contributions is unable to be reasonably calculated, the accounting process is to record them the same as defined-contribution pension. Furthermore, some of the consolidated subsidiaries were enrolled in a company pension fund of multi-employer plans but the retirement benefit liability system has expired in August 2021.

2. Multi-employer plans

1) Japanese IT Software Corporation Company Pension Fund

The necessary contribution amounts to the welfare pension fund for multi-employer plans where the accounting process is to record them the same as defined-contribution pension for the previous consolidated fiscal year was 20,147 thousand yen, and for the current consolidated fiscal year, 20,480 thousand yen.

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

	Previous consolidated fiscal year (March 31, 2020)	Current consolidated fiscal year (March 31, 2021)
Amount of pension assets	49,775,272 thousand yen	54,166,754 thousand yen
Total amount of amount of mathematical obligations calculated by pension financing and amount of minimum reserve for liability	48,053,556 thousand yen	52,445,038 thousand yen
Difference	1,721,716 thousand yen	1,721,716 thousand yen

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

The values listed are as of March 31, 2021.

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

Previous consolidated fiscal year	1.35%	(as of March 31, 2020)
Current consolidated fiscal year	1.27%	(as of March 31, 2021)

(3) Supplementary explanation

The primary factor for the difference in the above (1) is separate funds (previous consolidated fiscal year: 2,520,436 thousand yen, current consolidated fiscal year: 1,721,716 thousand yen), and insufficient funds (previous consolidated fiscal year: 798,720 thousand yen).

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

2) AEON company pension fund

ZWEI CO., LTD. was enrolled in the AEON company pension fund, but as of August 2021, has terminated the retirement benefit liability plan.

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

	Previous consolidated fiscal year (March 31, 2020)	Current consolidated fiscal year (March 31, 2021)
Amount of pension assets	94,740 million yen	110,110 million yen
Total amount of amount of mathematical obligations calculated by pension financing and amount of minimum reserve for liability	86,350 million yen	100,800 million yen
Difference	8,390 million yen	9,310 million yen

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

The values listed are as of March 31, 2021.

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

Previous consolidated fiscal year 0.14% (as of March 31, 2020)

Current consolidated fiscal year 0.08% (as of March 31, 2021)

(3) Supplementary explanation

The primary factor for the difference in the above (1) is surplus (previous consolidated fiscal year: 8,390 million yen, current consolidated fiscal year: 9,310 million yen).

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

(Related to stock options, etc.)

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

(1) Details of stock options

Consolidated subsidiary (K Village Tokyo Inc.)

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

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

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

For existing stock options included in the current consolidated fiscal year (ended December 31, 2021), in regard to the number of stock options, listed are the number of shares that have been converted.

1) Number of stock options

Consolidated subsidiary (K Village Tokyo Inc.)

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

2) Information on unit price

	1st series of stock acquisition rights
Exercised amount (yen)	40,910
Average share price at the time of exercising (yen)	—
Estimated fair unit price on date of grant (yen)	259

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

2. Estimation methods of number of options that will vest

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

(Restricted stock remuneration)

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

	Current consolidated fiscal year (from November 1, 2020 to October 31, 2021)
Selling, general and administrative expenses	2,125 thousand yen

2. Details of restricted stock remuneration

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

3. Number of restricted stock remuneration

	1st series restricted stock remuneration
End of the previous consolidated fiscal year	—
Granted stock	16,500
Acquired without compensation	—
Unrestricted stock	—
Balance of restricted stock	16,500

(Related to accounting for income taxes)

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

	Previous consolidated fiscal year (December 31, 2020)	Current consolidated fiscal year (December 31, 2021)
Deferred tax assets		
Accrued expenses	59,861 thousand yen	8,771 thousand yen
Accrued business taxes	15,555	8,421
Accrued bonuses	17,956	54,107
Accrued business office tax	3,882	3,516
Allowance for doubtful accounts	809	662
Provision for point card certificates	5,354	5,292
Allowance for loss on store closings	—	3,653
Excess amount of depreciation	131,915	47,402
Asset retirement obligations	164,587	167,675
Impairment losses on shares of subsidiaries and associates	84,126	111,063
Loans receivable of subsidiaries and associates	—	31,142
Difference in fair value of consolidated subsidiary assets	60,354	—
Loss carried forward for taxes (Note) 2	576,265	531,913
Other	36,654	39,849
Subtotal deferred tax assets	1,157,318	1,013,472
Valuation allowance concerning loss carried forward for taxes (Note) 2	-567,084	-452,262
Valuation allowance concerning total of deductible temporary difference	-339,979	-92,835
Subtotal valuation allowance (Note) 1	-907,063	545,097
Total deferred tax assets	250,258	468,375
Deferred tax liabilities		
Removal costs related to asset retirement obligations	-53,951	-78,042
Valuation difference on available-for-sale securities	-61,103	-90,739
Other	-16,001	-8,813
Total deferred tax liabilities	-131,056	-177,595
Net amount deferred tax assets	119,202	290,780

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

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

2. Amounts of separate time periods of balances carried forward for loss carried forward for taxes and deferred tax assets

Previous consolidated fiscal year (December 31, 2020)

	Within one year (thousands of yen)	Over one year, within two years (thousands of yen)	Over two years, within three years (thousands of yen)	Over three years, within four years (thousands of yen)	Over four years, within five years (thousands of yen)	Over five years (thousands of yen)	Total
Loss carried forward for taxes*	—	—	—	—	—	576,265	576,265
Valuation allowance	—	—	—	—	—	567,084	567,084
Deferred tax assets	—	—	—	—	—	9,181	9,181

*Loss carried forward for taxes is the amount taking advantage of the normal effective statutory tax rate.

Current consolidated fiscal year (December 31, 2021)

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

*Loss carried forward for taxes is the amount taking advantage of the normal effective statutory tax rate.

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

	Previous consolidated fiscal year (December 31, 2020)	Current consolidated fiscal year (December 31, 2021)
Statutory tax rate	30.6 %	30.6 %
(Adjustment)		
Non-deductible expenses, such as entertainment expenses	-1.9	-4.7
Inhabitant tax on a per capita basis	2.5	2.6
Increase or decrease of valuation allowance	3.9	-16.3
Amortization, etc. of goodwill	8.8	6.3
Other	0.7	-0.3
Effective tax rate after application of tax effect accounting	44.6	18.2

(Related to business combinations, etc.)

Transactions, etc., under common control

Acquisition of additional shares of subsidiaries

(1) Outline of transactions

1) Name and business contents of combined corporation

Name of combined corporation IBJ life design support Corporation

Business contents A business that offers insurance proposals to support life planning, risk hedging, and wealth building needs

2) Business combination date

November 1, 2021

3) Legal form of business combination

Acquisition of shares from non-controlling shareholders

4) Name of corporation after combination

There are no changes.

5) Items related to the outline of other transactions

The voting right percentage of the shares additionally acquired is 30%, and with this transaction IBJ life design support Corporation has become a wholly-owned subsidiary of the Company. The additional acquisitions attempt to strengthen the partnership between the Marriage-Hunting Business.

(2) Outline of implemented accounting process

Based on “Accounting Standard for Business Combinations” (ASBJ Statement No. 21; January 16, 2019) and “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10; January 16, 2019) for transactions, etc., under common control, they are processed as transactions with non-controlling shareholders.

(3) Items in the event of additional acquisition of shares of a subsidiary

Breakdown of acquisition price and compensation categories of acquired corporation

Acquisition compensation	Cash	32,806 thousand yen
Cost of acquisition		32,806 thousand yen

(4) Items related to change of equity in the Company concerning transactions with non-controlling shareholders.

1) Primary factor of change in capital surplus

Additional acquisition of shares in subsidiary

2) Decrease in capital surplus due to transactions with non-controlling shareholders

485 thousand yen

(Related to asset retirement obligations)

Items of asset retirement obligations recorded on the consolidated balance sheet

1) Outline of said asset retirement obligations

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

2) Calculation method of amount of said asset retirement obligations

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

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

For the previous consolidated fiscal year, it was made apparent that the estimated necessary retirement costs when retiring assets were greater than the estimates at the time of acquiring non-current assets. A change in increased estimates was discounted by 0.24%, and 113,618 thousand yen was added to the balance of asset retirement obligations prior to the change. The changes in balances of asset retirement obligations are as follows.

	Previous consolidated fiscal year (from January 1, 2020 to December 31, 2020)	Current consolidated fiscal year (from January 1, 2021 to December 31, 2021)
Balance at the beginning of fiscal year	179,263 thousand yen	539,410 thousand yen
Increase resulting from acquisition of property, plant and equipment	27,011	109,659
Adjustment resulting from passage of time	1,281	1,342
Decrease resulting from fulfilment of asset retirement obligations	-18,673	-50,389
Increase resulting from new combinations	236,909	—
Increase resulting from changes in estimates	113,618	—
Decreases resulting from exclusion of subsidiaries	—	-7,928
Balance at the end of the fiscal year	539,410	592,094

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

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

(Segment information, etc.)

(Segment information)

1. Description of reportable segments

(1) Methods to determine reportable segments

The Company's reportable segments are constituent units of the Company for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating business performance. The Company's business, including that of its group companies, is conducted by formulating comprehensive strategies for the domestic market by service. Therefore, the Company is composed of segments by service, and the two reportable segments are the Marriage-Hunting Business and Life Design Business. Also, the Company is reconsidering items for disclosure of segment information for the fiscal year under review. This is because in the medium-term management plan announced on February 10, 2021, resulting from the decision of indicators for the Group's goals, the highest management decision-making body had reconsidered what information to use when making decisions.

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

(Marriage-Hunting Business)

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

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

(Life Design Business)

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

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

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

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

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

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

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

(Unit: thousands of yen)

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

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

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

(Unit: thousands of yen)

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

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

(Related information)

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

1. Information of respective merchandise and services

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

2. Information of respective regions

(1) Sales

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

(2) Property, plant and equipment

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

3. Information of respective principal customers

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

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

1. Information of respective merchandise and services

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

2. Information of respective regions

(1) Sales

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

(2) Property, plant and equipment

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

3. Information of respective principal customers

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

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

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

(Unit: thousands of yen)

	Marriage-Hunting Business	Life Design Business	Total	Whole company / elimination	Per consolidated financial statements
Impairment losses	36,312	88,418	124,730	—	124,730

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

(Unit: thousands of yen)

	Marriage-Hunting Business	Life Design Business	Total	Whole company / elimination	Per consolidated financial statements
Impairment losses	—	21,089	21,089	—	21,089

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

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

(Unit: thousands of yen)

	Marriage-Hunting Business	Life Design Business	Total	Whole company / elimination	Per consolidated financial statements
Amortization for the current fiscal year	232,966	63,695	296,661	—	296,661
Closing balance of the current fiscal year	2,105,374	63,306	2,168,681	—	2,168,681

(Note) Impairment losses of goodwill of 84,797 thousand yen attributable to the “Life Design Business” has been recorded.

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

(Unit: thousands of yen)

	Marriage-Hunting Business	Life Design Business	Total	Whole company / elimination	Per consolidated financial statements
Amortization for the current fiscal year	271,922	21,462	293,385	—	293,385
Closing balance of the current fiscal year	1,833,451	45,447	1,878,899	—	1,878,899

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

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

There are no applicable items.

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

There are no applicable items.

(Information on related parties)

1. Transactions with related parties

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

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

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

There are no applicable items.

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

There are no applicable items.

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

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

There are no applicable items.

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

There are no applicable items.

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

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

There are no applicable items.

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

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

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

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

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

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

There are no applicable items.

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

There are no applicable items.

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

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

There are no applicable items.

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

There are no applicable items.

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

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

Category	Name of company or individual	Location	Share capital or capital (thousands of yen)	Business activities or occupation	Percentage of voting shares owned	Relationship between related party	Details of transaction	Transaction amount (thousands of yen) (Note) 4	Item	Balance at the end of the current fiscal year (thousands of yen)
Officer of important subsidiary	Hiroshi Tsumoto	Shibuya-ku, Tokyo	—	CEO of subsidiary	—	Guarantor of liabilities Loan of funds	Guarantor of liabilities of bank borrowings (Note) 1	100,000	—	—
							Loan of funds Receive interest (Note) 2	— 300	Long-term loans receivable	51,299 —
Officer	Shigeru Ishizaka	Shibuya-ku, Tokyo	—	CEO	Directly held 13.7	Loan of funds	Collection of funds Receive interest (Note) 3	1,000,000 99,726	— —	— —

- (Notes)
1. Diverse, Inc., a subsidiary of the Company, has received guarantee of liabilities from the CEO of Diverse, Inc., Mr. Hiroshi Tsumoto for the bank borrowings.
 2. Regarding loaned capital, the market rate is determined taking into account the interest rate of the market.
 3. Regarding loaned capital, the interest rate is determined by taking into account estimated investment. Furthermore, this transaction is a loan through IBJ financial advisory Corporation, and the transaction amount listed above is a transaction amount between IBJ financial advisory Corporation.
 4. The transaction amount does not include consumption taxes, and the balance at the end of the fiscal year includes consumption taxes.

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

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

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

(Per share information)

	Previous consolidated fiscal year (from January 1, 2020 to December 31, 2020)	Current consolidated fiscal year (from January 1, 2021 to December 31, 2021)
Net assets per share	131.43 yen	154.10 yen
Basic earnings per share	17.15 yen	26.33 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, 2020 to December 31, 2020)	Current consolidated fiscal year (from January 1, 2021 to December 31, 2021)
Basic earnings per share		
Profit attributable to owners of parent (thousands of yen)	686,330	1,054,106
Amount not attributable to ordinary shareholders (thousands of yen)	—	—
Profit attributable to owners of parent regarding ordinary shares (thousands of yen)	686,330	1,054,106
Average number of shares of common shares during the period	40,028,448	40,039,980

An outline of potential shares not included in the calculation of diluted earnings per share because they do not have dilutive effects	(Reporting company) 3rd and 4th series of stock acquisition rights (1) Number of stock acquisition rights 3rd series of stock acquisition rights: 17,858 units 4th series of stock acquisition rights: 14,286 units (2) Type of shares to be issued upon exercise of stock acquisition rights 3rd and 4th series of stock acquisition rights: Ordinary shares (3) Number of shares to be issued upon exercise of stock acquisition rights 3rd series of stock acquisition rights: 1,785,800 shares 4th series of stock acquisition rights: 1,428,600 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
	(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	

5) (Consolidated Supplementary Schedules)

(Schedule of corporate bonds)

There are no applicable items.

(Schedules of borrowings, etc.)

Classification	Opening balance of the current fiscal year (thousands of yen)	Closing balance of the current fiscal year (thousands of yen)	Average interest rate (%)	Repayment term
Short-term borrowings	3,810,000	1,410,000	0.21	—
Current portion of long-term borrowings	433,360	393,500	0.45	—
Long-term borrowings (excluding current portion of long-term borrowings)	742,250	1,711,250	0.40	2023 to 2030
Lease obligations (current portion)	3,469	6,420	0.66	—
Lease obligations (excluding current portion of lease obligations)	10,337	23,815	0.66	2023 to 2026
Total	4,999,417	3,544,986	—	—

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

	Over one year, within two years (thousands of yen)	Over two years, within three years (thousands of yen)	Over three years, within four years (thousands of yen)	Over four years, within five years (thousands of yen)
Long-term borrowings	373,856	208,376	183,174	903,924
Lease obligations	8,398	6,621	5,606	3,189

(Schedules of asset retirement obligations)

Items that should be listed on these schedules are omitted from the schedules of asset retirement obligations as they are listed in item notes pursuant to Article 15-23 of the rules of consolidated financial statements.

(2) (Other)

Quarterly information for the current consolidated fiscal year

(Cumulative period)	First quarter	Second quarter	Third quarter	End of the current consolidated fiscal year
Net sales (thousands of yen)	3,294,119	6,755,516	10,375,056	14,081,231
Profit before income taxes (thousands of yen)	354,361	645,349	1,058,300	1,413,835
Profit attributable to owners of parent (thousands of yen)	252,659	367,401	636,247	1,054,106
Earnings per share (yen)	6.31	9.18	15.89	26.33

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Earnings per share (yen)	6.31	2.87	6.71	10.43