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November 10, 2022

Consolidated Quarterly Financial Results for the First Nine Months Ended September 30, 2022 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 6071
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 Scheduled date of filing quarterly report: November 11, 2022
 Scheduled date of commencing dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

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

1. Consolidated quarterly financial results for the first nine months of the fiscal year ending December 31, 2022 (from January 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
September 30, 2022	11,057	6.6	1,569	46.9	1,626	63.6	1,168	83.7
September 30, 2021	10,375	8.9	1,068	-5.0	993	-5.5	636	83.8

Note: Comprehensive income For the nine months ended September 30, 2022: ¥1,292 million [76.2%]
 For the nine months ended September 30, 2021: ¥733 million [49.6%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
September 30, 2022	29.11	-
September 30, 2021	15.89	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2022	13,868	7,664	52.5	180.78
December 31, 2021	13,314	6,623	46.3	154.10

Reference: Equity
 As of September 30, 2022: ¥7,273 million
 As of December 31, 2021: ¥6,170 million

2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended December 31, 2021	Yen –	Yen 0.00	Yen –	Yen 6.00	Yen 6.00
Fiscal year ending December 31, 2022	–	0.00	–		
Fiscal year ending December 31, 2022 (Forecast)				6.00	6.00

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

Please refer to the “Notice Concerning Revision to the Forecast for Dividends” announced today (November 10, 2022) for the revision to the forecast for dividends.

3. Consolidated financial results forecast for the fiscal year ending December 31, 2022 (January 1, 2022 to December 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	14,694	4.4	1,920	26.7	1,950	36.7	1,658	57.3	41.34

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

*** Notes**

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

Newly included: – companies (–)

Excluded: – companies (–)

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

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

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

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (ordinary shares)

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

As of September 30, 2022	42,000,000 shares
As of December 31, 2021	42,000,000 shares

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

As of September 30, 2022	1,764,106 shares
As of December 31, 2021	1,955,106 shares

(iii) Average number of shares during the period

Nine months ended September 30, 2022	40,158,235 shares
Nine months ended September 30, 2021	40,038,324 shares

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

* Proper use of earnings forecasts, and other special matters

(Notes regarding forward-looking statements, etc.)

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

Please refer to “1. Qualitative information for the 3rd quarter of the fiscal year ending December 31, 2022, (3) Overview of consolidated financial results forecast and other forward-looking information” on page 6 of this financial results report (attached materials) for conditions forming the basis for financial results forecasts, notes regarding the use of financial results forecasts, and other information.

(How to obtain the supplementary material on financial results)

The supplementary material on financial results is disclosed on TDnet simultaneously.

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1. Qualitative information for the 3rd quarter of the fiscal year ending December 31, 2022

(1) Operating results

In the first nine months of the fiscal year under review, the outlook for the Japanese economy remained stagnant as the number of infected persons with COVID-19 continued to rise and fall, although there were signs of a decline in the number of cases. Furthermore, soaring prices of crude oil and other raw materials and the worsening situation in Ukraine have also arisen, and the future impact on the domestic economy and corporate earnings remains uncertain.

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

As a result, consolidated net sales in the first nine months of the fiscal year under review came to 11,057,801 thousand yen (up 6.6% year on year), operating profit was 1,569,699 thousand yen (up 46.9% year on year), ordinary profit was 1,626,022 thousand yen (up 63.6% year on year), and profit attributable to owners of parent was 1,168,969 thousand yen (up 83.7% year on year).

The operating results for each segment are outlined below.

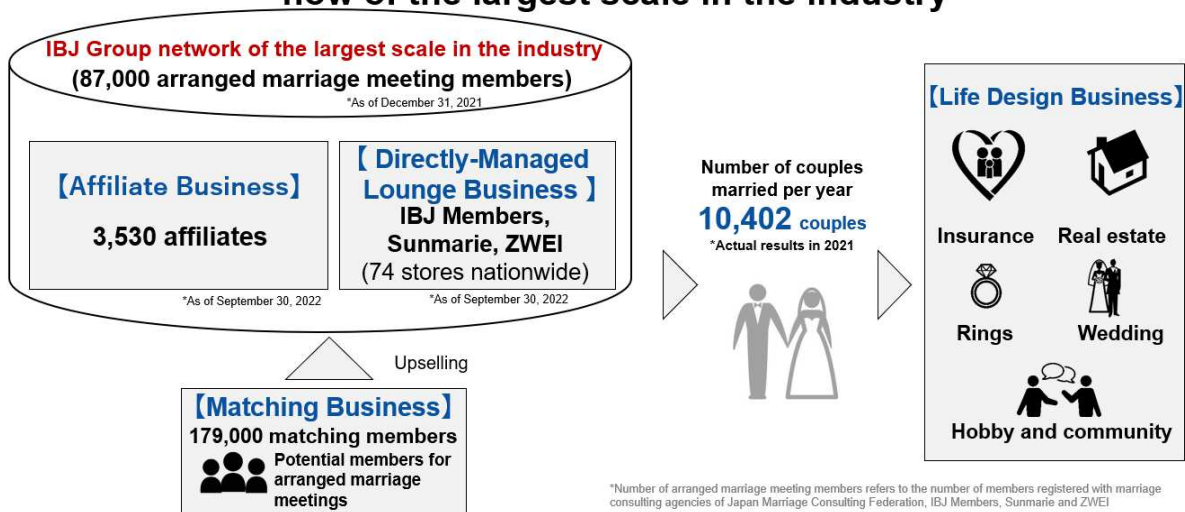
The Group’s reportable segments that were previously divided into Marriage-Hunting Business and Life Design Business were changed to Affiliate Business, Directly-Managed Lounge Business, Matching Business, and Life Design Business in the first quarter ended March 31, 2022. This change was made after we concluded that the Group can further strengthen business administration and maximize earnings by reviewing the composition of our business segments based on their common features, mainly subdividing the existing Marriage-Hunting Business into smaller segments.

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

For details, please refer to “2. Quarterly consolidated quarterly financial statements and major notes, (3) Notes to quarterly consolidated financial statements (Segment information), 3. Disclosure of changes, etc., in reportable segments.”

Our Business Model

Create married couples by utilizing the IBJ Group network and know-how of the largest scale in the industry



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*Number of arranged marriage meeting members refers to the number of members registered with marriage consulting agencies of Japan Marriage Consulting Federation, IBJ Members, Sunmarie and ZWEI
*Number of matching members refers to the number of registered members of PARTY+PARTY and Rush with a login record within 1 year + number of paid members of Bridal Net, youbride and YCC

<Affiliate Business>

In the first nine months of the fiscal year under review, segment net sales amounted to 2,051,255 thousand yen (up 34.9% year on year) and divisional profit (divisional profit is defined as operating income + depreciation + amortization of goodwill + amortization of long-term prepaid expenses (after adjusting internal transactions)) was 1,261,348 thousand yen (up 30.3% year on year). Strengthening our marketing efforts including transit advertising and PR (media coverage) has led to a rise in the number of sales interviews to 1,454 (up 81.3% year on year) in the third quarter of the fiscal year under review, resulting in a significant increase in the number of new openings of affiliated consultation offices (up 85.7% year on year) to 286. Consequently, the number of affiliates (operating only) as of September 30, 2022, steadily grew to 3,530 (up 21.9% compared to the end of the third quarter of the previous year), and the number of registered members and the number of arranged marriage meetings of the Japan Marriage Consulting Federation have constantly been on the rise.

<Directly-Managed Lounge Business>

In the first nine months of the fiscal year under review, segment net sales amounted to 5,908,073 thousand yen (up 18.1% year on year) and divisional profit (divisional profit is defined as operating income + depreciation + amortization of goodwill + amortization of long-term prepaid expenses (after adjusting internal transactions)) was 1,435,782 thousand yen (up 45.5% year on year). The number of newly joined members and registered members increased during the third quarter ended September 30, 2022 since IBJ's unique method of attracting new members has become widespread among sales force in charge of attracting new members and the three brands have strengthened their cooperation through sending customers to each other within the Group, etc. As a result, the monthly number of arranged marriage meetings for the three directly-managed brands increased significantly to 23,677 in September (up 32.2% compared to the same month of the previous year).

<Matching Business>

In the first nine months of the fiscal year under review, segment net sales amounted to 2,080,297 thousand yen (down 27.9% year on year) and divisional profit (divisional profit is defined as operating income + depreciation + amortization of goodwill + amortization of long-term prepaid expenses (after adjusting internal transactions)) was 197,934 thousand yen (down 15.1% year on year) due to the exclusion of Diverse, Inc., which had been included in the Matching Business segment, from the scope of consolidation.

In the Party Business of the Matching Business, the number of parties held was 10,000 for the third quarter of the fiscal year under review (up 5.3% year on year), and the number of participants was 123,000 for the third quarter of the fiscal year under review (up 5.7% year on year).

In the App Business of the Matching Business, the number of matches, a leading indicator of the number of marriages, rose to 185,000 (up 3.6% year on year), and the number of app members with high awareness of marriage continued to intensify their activities.

Summary and KPIs by business division are as follows.

Summary by Business Division

(Million yen)		2021				2022				
		1Q cumulative total	2Q cumulative total	3Q cumulative total	Full-year	1Q cumulative total	2Q cumulative total	3Q cumulative total	YoY (Amount of change)	YoY (Rate of change)
Affiliate Business	Net sales	525	1,039	1,520	2,010	560	1,280	2,051	+530	+34.9%
	L Agency Opening Support Business	270	528	735	951	258	667	1,104	+368	+50.2%
	L Affiliate Business	254	510	785	1,058	302	613	946	+161	+20.6%
	Divisional profit	349	680	968	1,259	323	776	1,261	+293	+30.3%
	L Agency Opening Support Business	175	338	445	559	116	350	593	+148	+33.3%
	L Affiliate Business	174	342	522	699	206	426	667	+144	+27.7%
Directly-Managed Lounge Business	Net sales	1,557	3,259	5,002	6,818	1,907	3,902	5,908	+905	+18.1%
	Divisional profit	278	628	986	1,425	463	944	1,435	+449	+45.5%
Matching Business <small>*Diverse excluded from scope of consolidation from May 1, 2022</small>	Net sales	920	1,879	2,885	3,909	861	1,540	2,080	△805	△27.9%
	L Party Business	233	525	823	1,185	268	616	959	+136	+16.6%
	L App Business	686	1,354	2,062	2,723	593	924	1,120	△942	△45.7%
	Divisional profit	89	138	233	330	49	131	197	△35	△15.5%
	L Party Business	△25	△36	△33	23	8	39	54	+87	-
	L App Business	115	174	266	306	41	92	143	△123	△46.2%
Life Design Business	Net sales	290	577	965	1,343	317	642	1,018	+52	+5.5%
	Divisional profit	21	11	66	92	47	73	142	+76	+115.2%

*Divisional profit = Operating income + Depreciation + Amortization of goodwill + Amortization of long-term prepaid expenses (after adjusting internal transactions)
**In accordance with the "Notice of Partial Correction Regarding (Correction) Consolidated Quarterly Financial Results for the First Six Months Ended June 30, 2022 (Under Japanese GAAP)" disclosed on November 10, the above figures for the Directly-Managed Lounge Business for 2Q cumulative total in FY2022 have been partially corrected.

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KPIs by Business Division

(by period)		2021					2022				
		1Q	2Q	3Q	4Q	Full-year	1Q	2Q	3Q	YoY (Change)	YoY (Rate of change)
Affiliate Business	Number of new business openings	176	164	154	220	714	260	277	286	+132	+85.7%
	Number of interviews	834	849	802	722	3,207	1,180	1,377	1,454	+652	+81.3%
	Number of affiliates (operating only)*	2,732	2,832	2,895	3,039	-	3,181	3,362	3,530	+635	+21.9%
	[Number of registered members of the Japan Marriage Counseling Federation] Number of registered members*	68,707	71,546	73,466	75,191	-	76,896	79,277	81,276	+7,810	+10.6%
	[Number of registered members of the Japan Marriage Counseling Federation] Number of arranged marriage meetings*	43,344	44,154	46,135	46,286	-	50,812	52,458	55,862	+9,727	+21.1%
Directly-Managed Lounge Business	Number of newly joined members (total of three brands)	3,746	4,349	4,441	4,315	16,851	4,500	5,070	4,793	+352	+7.9%
	Number of registered members (total of three brands)*	29,938	30,533	31,241	31,380	-	31,556	32,440	32,887	+1,646	+5.3%
	Number of arranged marriage meetings (total of three brands)*	16,090	16,668	17,905	18,694	-	20,085	21,775	23,677	+5,772	+32.2%
Matching Business	Number of party participants	91,386	111,108	116,475	136,818	455,787	96,039	125,677	123,160	+6,685	+5.7%
	Number of parties held	8,883	9,280	10,361	11,772	40,296	8,654	11,033	10,905	+544	+5.3%
	Number of matches (Matching app)	180,239	177,121	179,454	182,808	719,622	194,347	193,342	185,881	+6,427	+3.6%

*Number of registered members and number of arranged marriage meetings of the Japan Marriage Counseling Federation and number of registered members and number of arranged marriage meetings of the Directly-Managed Lounge Business (total of three brands) are as of the end of each quarter.

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In addition, the Mid-Term Management Plan (2021 to 2027) and strategies to achieve it are as follows.

Mid-Term Management Plan (2021-2027)

Formulating primary KPIs and secondary KPIs that serve as leading indicators toward solving the issues of depopulation and declining birthrates in Japan

Roadmap of primary KPIs and secondary KPIs

	2021 actual results	2024 forecast	2027 forecast
Primary KPI			
Number of couples married	10,402 _{couples}	15,000 _{couples}	25,000 _{couples}
Primary KPI			
Number of affiliates	3,039 _{companies}	5,000 _{companies}	10,000 _{companies}
Secondary KPI			
Number of arranges marriage meeting members^{*1}	87,000 _{people}	132,000 _{people}	200,000 _{people}
Secondary KPI			
Number of matching members^{*2}	179,000 _{people}	195,000 _{people}	250,000 _{people}

*1 Number of arranged marriage meeting members refers to the number of members registered with marriage consulting agencies of Japan Marriage Consulting Federation, IBJ Members, Sunmarie and ZWEI
*2 Number of matching members refers to the number of registered members of PARTY☆PARTY and Rush with a login record within 1 year + number of paid members of Bridal Net and Diverse (youbride/YCC) as of the end of the fiscal year (YYC excluded from 2022 onward)

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- Strategy 1 “Develop new channels to attract customers”: Elevate people experienced in matching service to Directly-Managed Lounge Business and Affiliate Business
- Strategy 2 “Increase LTV by expanding revenue points and enhancing added value”: Seize the potential business opportunities surrounding marriage hunting activities to make a profit
- Strategy 3 “Expand support for affiliates”: Strengthen support for affiliates to expand business and a membership base
- Strategy 4 “Strengthen corporate branding”: Aim to establish the position of [marriage/marriage hunting = IBJ] and improve ability to attract affiliates

(2) Overview of financial position

(Assets)

Current assets as of September 30, 2022 amounted to 7,477,775 thousand yen, up 37,136 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 515,797 thousand yen in operational investment securities, 27,418 thousand yen in prepaid expenses, and 36,757 thousand yen in deposits paid, despite decreases of 541,825 thousand yen in cash and deposits.

Non-current assets were 6,390,391 thousand yen, up 516,435 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 85,784 thousand yen in buildings, 413,589 thousand yen in land, 331,740 thousand yen in investment securities, and 104,035 thousand yen in long-term prepaid expenses, despite decreases of 264,841 thousand yen in goodwill and 135,551 thousand yen in deferred tax assets.

Consequently, total assets came to 13,868,166 thousand yen, up 553,571 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of September 30, 2022 amounted to 4,117,210 thousand yen, down 246,260 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 251,000 thousand yen in short-term borrowings, 89,701 thousand yen in income taxes payable, 39,698 thousand yen in accrued consumption taxes, and 99,585 thousand yen in provision for bonuses, despite decreases of 275,262 thousand yen in account payable – other, 147,778 thousand yen in accrued expenses, and 304,153 thousand yen in advances received. Non-current liabilities were 2,086,715 thousand yen, down 240,962 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 43,983 thousand yen in deferred tax liabilities, despite a decrease of 279,500 thousand yen in long-term borrowings.

Consequently, total liabilities came to 6,203,925 thousand yen, down 487,223 thousand yen from the end of the previous fiscal year.

(Net assets)

Net assets as of September 30, 2022 stood at 7,664,240 thousand yen, up 1,040,794 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 52,306 thousand yen in capital surplus, 794,132 thousand yen in retained earnings, and 158,987 thousand yen in valuation difference on securities.

Consequently, the equity-to-asset ratio was 52.5% (compared to 46.3% at the end of the previous fiscal year).

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

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

As of the end of the third quarter ended September 30, 2022 and as of the date of publication of this document, we have not revised the consolidated financial results forecast for FY2022. However, should any changes in circumstances or other events necessitate an announcement, we will make such an announcement without delay.

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

2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheet

(Unit: thousands of yen)

	Previous consolidated fiscal year (December 31, 2021)	3Q FY2022 (September 30, 2022)
Assets		
Current assets		
Cash and deposits	4,361,298	3,819,473
Accounts receivable – trade	1,320,392	1,340,141
Operational investment securities	1,462,663	1,978,461
Merchandise	2,908	2,035
Supplies	4,157	2,350
Advance payments to suppliers	7,952	572
Prepaid expenses	239,023	266,441
Income taxes receivable	6	-
Current portion of long-term loans receivable	1,999	1,999
Deposits paid	14,436	51,193
Other	27,952	20,058
Allowance for doubtful accounts	-2,152	-4,953
Total current assets	7,440,638	7,477,775
Non-current assets		
Property, plant and equipment		
Buildings	1,534,807	1,701,694
Accumulated depreciation	-534,328	-615,430
Buildings, net	1,000,478	1,086,263
Vehicles	25,562	10,589
Accumulated depreciation	-13,557	-4,257
Vehicles, net	12,005	6,332
Tools, furniture and fixtures	706,811	666,704
Accumulated depreciation	-638,477	-577,248
Tools, furniture and fixtures, net	68,333	89,456
Land	83,629	497,219
Leased assets	39,903	40,149
Accumulated depreciation	-11,217	-16,334
Leased assets, net	28,685	23,814
Total property, plant and equipment	1,193,133	1,703,085
Intangible assets		
Goodwill	1,878,899	1,614,057
Software	326,980	324,752
Software in progress	960	10,084
Total intangible assets	2,206,840	1,948,895
Investments and other assets		
Investment securities	761,428	1,093,169
Shares of subsidiaries and associates	2,687	-
Long-term loans receivable	26,092	5,333
Deferred tax assets	290,780	155,228
Long-term prepaid expenses	13,394	117,430
Insurance funds	239,427	247,429
Guarantee deposits	1,140,170	1,114,779
Other	-	5,040
Total investments and other assets	2,473,981	2,738,410
Total non-current assets	5,873,955	6,390,391
Total assets	13,314,594	13,868,166

(Unit: thousands of yen)

	Previous consolidated fiscal year (December 31, 2021)	3Q FY2022 (September 30, 2022)
Liabilities		
Current liabilities		
Accounts payable – trade	38,319	34,899
Short-term borrowings	1,410,000	1,661,000
Current portion of long-term borrowings	393,500	376,000
Lease obligations	6,420	6,437
Account payable – other	769,559	494,297
Accrued expenses	523,692	375,913
Income taxes payable	136,086	225,788
Accrued consumption taxes	131,872	171,570
Advances received	885,469	581,316
Deposits received	27,121	52,906
Provision for bonuses	13,737	113,322
Provision for point card certificates	15,759	-
Other	11,931	23,757
Total current liabilities	4,363,471	4,117,210
Non-current liabilities		
Long-term borrowings	1,711,250	1,431,750
Lease obligations	23,815	17,744
Deferred tax liabilities	-	43,983
Asset retirement obligations	592,094	591,414
Other	518	1,823
Total non-current liabilities	2,327,678	2,086,715
Total liabilities	6,691,149	6,203,925
Net assets		
Shareholders' equity		
Share capital	699,585	699,585
Capital surplus	802,475	854,782
Retained earnings	5,474,661	6,268,794
Treasury shares	-999,338	-901,709
Total shareholders' equity	5,977,383	6,921,451
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	193,551	352,538
Total accumulated other comprehensive income	193,551	352,538
Share acquisition rights	634	634
Non-controlling interests	451,875	389,615
Total net assets	6,623,445	7,664,240
Total liabilities and net assets	13,314,594	13,868,166

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

First consolidated nine months (cumulative)

(Unit: thousands of yen)

	3Q FY2021 (from January 1, 2021 to September 30, 2021)	3Q FY2022 (from January 1, 2022 to September 30, 2022)
Net sales	10,375,056	11,057,801
Cost of sales	339,241	370,150
Gross profit	10,035,815	10,687,650
Provision for sales returns	13,840	-
Gross profit – net	10,021,974	10,687,650
Selling, general and administrative expenses	8,953,700	9,117,951
Operating profit	1,068,274	1,569,699
Non-operating income		
Interest income	204	174
Dividend income	8,055	7,699
Foreign exchange gains	-	7,228
Gain on investments in investment partnerships	19,475	-
Gain on valuation of securities	-	43,401
Other	7,510	3,099
Total non-operating income	35,245	61,602
Non-operating expenses		
Interest expenses	9,002	4,174
Share of loss of entities accounted for using equity method	100,414	-
Other	218	1,105
Total non-operating expenses	109,636	5,279
Ordinary profit	993,883	1,626,022
Extraordinary income		
Gain on sale of non-current assets	1,390	924
Gain on sale of investment securities	43,909	-
Gain on sale of shares of subsidiaries and associates	-	6,434
Compensation income	61,688	-
Gain on termination of retirement benefit plan	52,413	-
Other	13,263	-
Total extraordinary income	172,665	7,358
Extraordinary losses		
Loss on retirement of non-current assets	13,149	2,962
Impairment losses	21,089	-
Loss on store closings	14,140	10,263
Loss on COVID-19	59,868	-
Other	-	667
Total extraordinary losses	108,248	13,893
Profit before income taxes	1,058,300	1,619,487
Income taxes – current	402,123	540,404
Income taxes – deferred	-37,220	-54,209
Total income taxes	364,903	486,195
Profit	693,397	1,133,292
Profit attributable to non-controlling interests or Loss attributable to non-controlling interests	57,150	-35,677
Profit attributable to owners of parent	636,247	1,168,969

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

(Unit: thousands of yen)

	3Q FY2021 (from January 1, 2021 to September 30, 2021)	3Q FY2022 (from January 1, 2022 to September 30, 2022)
Profit	693,397	1,133,292
Other comprehensive income		
Valuation difference on available-for-sale securities	40,014	158,987
Total other comprehensive income	40,014	158,987
Comprehensive income	733,412	1,292,279
Comprehensive income attributable to:		
Owners of parent	676,261	1,327,957
Non-controlling interests	57,150	-35,677

(3) Notes to quarterly consolidated financial statements

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

Not applicable

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

The Company transferred most of shares of Diverse, Inc., which had been its consolidated subsidiary, on April 28, 2022 and thus excluded it from the scope of consolidation. As a result, retained earnings decreased by 134,567 thousand yen in the second quarter of the fiscal year under review.

(Changes in accounting policies)

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

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

Although the Company has applied the Revenue Recognition Standard, etc., in accordance with the transitional treatment provided for in Paragraph 84 of Revenue Recognition Standard, this change has no impacts on profit and loss of the consolidated nine months ended September 30, 2022 or beginning retained earnings for this fiscal year.

Furthermore, the information on disaggregation of revenue from contracts with customers during the first nine months of the previous fiscal year has not been disclosed as allowed by the transitional treatment provided for in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020).

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

Application of the new accounting set forth in Accounting Standard for Fair Value Measurement, etc., is in line with the transitional measures provided for in Paragraph 19 of the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, hereinunder "Fair Value Measurement Standard"), etc. and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The Company has applied the said standards proactively as of the beginning of the first quarter of the fiscal year ending December 31, 2022. There are no impacts on the quarterly consolidated financial statements.

(Additional information)

1. There are no significant changes to the assumptions and estimates provided in the Annual Securities Report for the previous consolidated fiscal year regarding factors including the timing, etc., of the return to normal operations after COVID-19.
2. During the second quarter ended June 30, 2022, a portion of the investment securities held by IBJ Co., Ltd. were transferred to IBJ Financial Advisory Co., Ltd. As a result, "333,322 thousand yen" of investments in investment business limited liability partnerships, etc., recorded in "investment securities" in non-current assets during the previous fiscal year have been transferred to "operational investment securities" in current assets.

(Segment information)

Segment Information

I First consolidated nine months ended September 30, 2021 (from January 1, 2021 to September 30, 2021)

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

(Unit: thousands of yen)

	Reportable segment					Adjustments	Per consolidated financial statements
	Franchise Business	Directly-Managed Lounge Business	Matching Business	Life Design Business	Total		
Sales							
Revenues from external customers	1,520,920	5,002,891	2,885,873	965,371	10,375,056	-	10,375,056
Transactions with other segments	47,259	25,563	7,288	4,045	84,157	-84,157	-
Total	1,568,180	5,028,454	2,893,162	969,416	10,459,213	-84,157	10,375,056
Segment profit (loss)	947,412	755,450	77,737	30,181	1,810,781	-742,507	1,068,274

- Notes:
1. Adjustments to segment profit (loss) of -742,507 thousand yen include elimination of inter-segment transactions of 473 thousand yen and corporate expenses of -742,980 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.

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

The Life Design Business has reported 21,089 thousand yen of impairment losses.

(Significant changes in the amount of goodwill)

Not applicable

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

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

(Unit: thousands of yen)

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

- Notes:
- Adjustments to segment profit (loss) of -1,030,975 thousand yen include elimination of inter-segment transactions of 1,541 thousand yen and corporate expenses of -1,032,516 thousand yen that are not allocated to each reportable segment. Corporate expenses mainly consist of general and administrative expenses that do not belong to any reportable segment.
 - Segment profit (loss) is adjusted with the operating profit in the consolidated financial statements.
 - “Other revenues” are transactions related to financial instruments based on the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019).

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

Not applicable

(Significant changes in the amount of goodwill)

In the Matching Business, the amount of goodwill decreased by 81,425 thousand yen due to the exclusion of Diverse, Inc. from the Company’s scope of consolidation as a result of the transfer of shares.

3. Disclosure of changes, etc., in reportable segments

Although the Group had divided its reportable segments to “Marriage-Hunting Business” and “Life Design Business” until recently, they are now changed to “Franchise Business,” “Directly-Managed Lounge Business,” “Matching Business,” and “Life Design Business” from the first three months of the fiscal year ending December 31, 2022. The change was made because the Group has decided that restructuring of business segments based on their commonality, mainly subdividing the “Marriage-Hunting Business” would enhance business management and maximize revenue.

The shown segment information for the nine months ended September 30, 2021 were prepared according to the segments after the change.

Furthermore, as shown in changes in accounting policies, the Company has applied the Revenue Recognition Standard from the first three months under review and due to changing its accounting policies in regard to revenue recognition, the revenue calculation for the business segments has been also changed.

This change has no impact to sales or segment revenue.

(Revenue recognition)

Breakdown information for transactions from contracts with customers are as shown in “Notes (Segment information).”

(Significant events after reporting period)

(Absorption-type merger of consolidated subsidiary)

At the Board of Directors meeting held on November 10, 2022, the Company has resolved to carry out an absorption-type merger of its wholly-owned subsidiary IBJ life design support Corporation with an effective date of January 1, 2023.

(1) Details of transaction

1) Name of the acquiree and business contents

Name of the acquiree

IBJ life design support Corporation

Business contents

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

2) Date of business combination

January 1, 2023 (scheduled)

3) Legal form of business combination

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

4) Allocation of shares related to the merger

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

5) Name after the business combination

IBJ, Inc.

6) Other matters related to outline of transaction

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

(2) Overview of the accounting treatment applied

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