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May 12, 2023

Consolidated Quarterly Financial Results for the First Three Months Ended March 31, 2023 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
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 Scheduled date of filing quarterly report: May 15, 2023
 Scheduled date of commencing dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

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

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
March 31, 2023	3,864	5.9	534	26.1	547	29.0	365	1.2
March 31, 2022	3,648	10.7	424	18.6	424	28.7	361	43.0

Note: Comprehensive income For the three months ended March 31, 2023: ¥377 million [6.0%]
 For the three months ended March 31, 2022: ¥356 million [31.2%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2023	9.09	–
March 31, 2022	9.02	–

(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
March 31, 2023	15,275	8,099	50.3	191.04
December 31, 2022	13,820	7,964	54.8	188.09

Reference: Equity
 As of March 31, 2023: ¥7,685 million
 As of December 31, 2022: ¥7,567 million

2. Dividends

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

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

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

(Percentages indicate year-on-year changes.)

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

*** Notes**

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

Newly included: – companies (–)

Excluded: – companies (–)

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

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

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

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, refer to “2. Quarterly consolidated financial statements and major notes, (3) Notes to quarterly consolidated financial statements (Changes in accounting policies)” on page 11 in the attached document.

(4) Number of issued shares (ordinary shares)

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

As of March 31, 2023	42,000,000 shares
As of December 31, 2022	42,000,000 shares

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

As of March 31, 2023	1,767,106 shares
As of December 31, 2022	1,766,106 shares

(iii) Average number of shares during the period

Three months ended March 31, 2023	40,232,894 shares
Three months ended March 31, 2022	40,044,894 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 1st quarter of the fiscal year ending December 31, 2023, (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 and the contents of the financial results briefing)

The Company plans to hold a financial results briefing for institutional investors and analysts on Wednesday, May 17, 2023. A video of the meeting will be posted on the Company's website as soon as possible after the meeting. Supplementary materials for the financial results will be posted on the Company's website today.

■ Table of contents of the attached materials

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

(1) Operating results

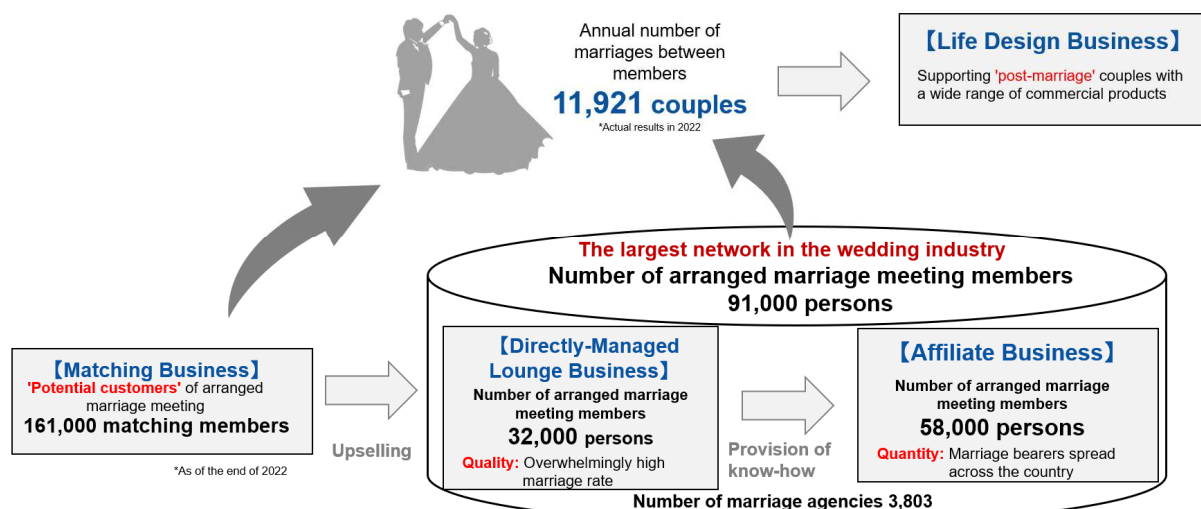
In the first three months of the fiscal year under review, the Japanese economy saw a movement toward the normalization of economic activities as various COVID-19 movement restrictions were lifted. Meanwhile, due to factors such as soaring prices and inflation concern caused by Russia’s invasion of Ukraine as well as the continuing weaker yen, the outlook still remains uncertain.

Under such a situation, despite an impact in no small way from economic activities in and outside of Japan, the Group continues to strive to expand our business in order to realize the aims of the Mid-Term Management Plan (January 2021 to December 2027): “25,000 marriages,” “10,000 affiliated consultation offices,” “200,000 members for arranged marriage meetings,” and “250,000 matching members.”

As a result, consolidated net sales in the first three months of the fiscal year under review came to 3,864,358 thousand yen (up 5.9% year on year), operating profit was 534,559 thousand yen (up 26.1% year on year), ordinary profit was 547,594 thousand yen (up 29.0% year on year), and profit attributable to owners of parent was 365,562 thousand yen (up 1.2% year on year).

Our Business Model

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



*1 "Number of arranged marriage meeting members" refers to the number of members registered at marriage matching lounges of the Japan Wedding Consulting Center Federation, IBJ franchisees, IBJ Members, San Marie, and ZWEI.
 *2 "Number of matching members" refers to the number of members who have a log-in history within 1 year of the number of registered members in PARTY+ PARTY, IBJ Gohan Date + Bridal Net, and the number of paying members of youdate at the end of the fiscal year (2022 to be excluded from Diverse consolidation)

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Net sales and divisional profit by each segment are shown below.

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

<Affiliate Business>

Regarding the organizational structure of operation of the affiliates, roles of categories such as sales, lead sales, marketing, and sales administration have been clarified with a purpose of improving production efficiency. Furthermore, areas of responsibility of salespersons were subdivided into smaller areas to promote development of local markets specialized in certain areas and users, which resulted in an increase in the number of new openings with 3-months average of 11.2 per salesperson in 2023 (10.6 for the previous fiscal year), up 0.6 year on year. Consequently, the number of marriage agencies steadily grew to 3,803 (up 19.6% year on year). In addition, we provide support to new affiliates for early opening of the business to accelerate their “acquisition of membership” that is a challenge for new affiliates and through these activities, we are working to further increase the results, while focusing on the number of members of the entire consulting businesses, arranged-marriage meetings, and married couples.

As a result, segment net sales amounted to 780,406 thousand yen (up 39.1% year on year) and divisional profit was 454,471 thousand yen (up 40.5% year on year).

<Directly-Managed Lounge Business>

As for the Directly-Managed Lounge Business, during the first three months of the fiscal year under review, the number of newly joined members was 4,908 (up 9.1% year on year), the number of matchmaking members was 32,949 (up 4.4% year on year), and the number of arranged marriage meetings, which functions as a leading indicator of the number of married couples, was 70,062 (up 17.2% year on year), all of which increased.

We have started cooperation with matching operators. By elevating people experienced in the matching service who are potential customers of the consulting business to the consulting service and expanding the foundation of arranged marriage meetings, we increased the number of arranged marriage meetings, the leading indicator of the number of married couples, and the resulting customer satisfaction, and furthermore, made efforts to further increase the number of married couples and matchmaking members.

In addition, we are striving to expand profits, with emphasizing "quality improvements" rather than "quantitative expansion". The plan will be achieved by transferring party staff to the Directly-managed Lounge business to strengthen the role of party management staff, thereby targeting members who are more likely to marry.

As a result, segment net sales amounted to 2,051,125 thousand yen (up 7.5% year on year) and divisional profit was 435,676 thousand yen (down 5.9% year on year).

<Matching Business>

In the Party Business, as measures to review "recruiting," "operation," and "contents" in order to improve user experience which deteriorated amid the COVID-19 pandemic since 2020, we have taken two measures including: (1) clarify customer needs and prevent mismatches and (2) using an application for smart same-day booking for participation, resulting in a stable full occupancy rate and a significant decrease in the cancellation rate.

Also, our matching applications "Bridal Net" and "youbride" are differentiated from other companies' services through improvements in user interface and user experience as well as detailed support. We differentiate ourselves from competitors by acquiring members with a strong will to find a partner and providing consulting services with dedicated counselors and rent out the first arranged-marriage meeting spaces to provide "safe and secure" locations, which are advantageous of IBJ as a company that operates marriage consulting agencies.

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

As a result, segment net sales amounted to 452,848 thousand yen (down 47.5% year on year) and divisional profit was 39,559 thousand yen (down 20.0% year on year).

<Life Design Business>

This segment consists of the wedding and ring business, the hobby and community business, the real estate business, the insurance business, and the photo studio business. We stably secure revenue from the expansion of the product lineup of the insurance business, the wedding and ring business, the real estate business, and photo studio business, with customers from the consulting business as a foundation. In addition, in the hobby and community business, K Village Tokyo Co., Ltd., which operates Korean language schools and voice training schools, has made Gangnam Doll, which operates a Korean skincare ecommerce website and Korean beauty information website, its subsidiary to increase revenue by expanding both sales channels and student base, bringing in respective customers of each other.

Also in future, we are making efforts to further increase revenue by expanding the scope of its business through M&As and business alliances.

As a result, segment net sales amounted to 579,978 thousand yen (up 82.5% year on year) and divisional profit was 132,884 thousand yen (up 179.7% year on year).

Summary by Business Division

(Million yen)		2022					2023	YoY(Amount)	YoY(Percentage)
		Q1	Q2	Q3	Q4	Full year	Q1		
Affiliate Business	Net sales	560	719	770	715	2,766	780	+219	+39.1%
	Lounge Opening Support Business	258	408	437	381	1,486	420	+162	+63.1%
	Affiliate Business	302	310	333	333	1,280	359	+56	+18.7%
	Divisional profit	323	453	484	417	1,678	454	+131	+40.5%
	Lounge Opening Support Business	116	233	242	197	790	218	+102	+87.3%
	Affiliate Business	206	219	241	220	887	235	+29	+14.0%
Directly-Managed Lounge Business <small>* The staff is moved from Party Business in 2023 1Q</small>	Net sales	1,907	1,995	2,005	2,039	7,947	2,051	+143	+7.5%
	Divisional profit	463	481	491	499	1,935	435	△27	△5.9%
Matching Business <small>(BJ Gohan Dale (formerly known: Rush) reclassified from the Party Business to the App Business, and retroactively changed Net sales and Divisional profit)</small>	Net sales	861	678	539	530	2,610	452	△408	△47.5%
	Party Business	262	338	333	343	1,277	270	+8	+3.3%
	App Business	599	340	206	186	1,332	182	△417	△69.6%
	Divisional profit	49	82	66	58	256	39	△9	△20.0%
	Party Business	7	29	13	17	68	0	△6	△88.2%
	App Business	42	52	53	40	187	38	△3	△8.0%
Life Design Business <small>* There are more contributions by the M&A enforcement than FY in 2023</small>	Net sales	317	325	375	374	1,392	579	+262	+82.5%
	Divisional profit	47	26	69	△1	141	132	+85	+179.7%

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

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

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KPI by Business

(by period)		2022					2023	YoY	YoY	
		Q1	Q2	Q3	Q4	Total	Q1	(Amount)	(Percentage)	
Marriage agency Business (Affiliate Business + Directly-Managed Lounge Business)	Number of marriage agency*	3,181	3,362	3,530	3,653	—	3,803	+622	+19.6%	
	Number of new members	11,649	12,878	12,580	11,907	49,014	12,225	+576	+4.9%	
	Number of arranged marriage meeting members	88,453	90,484	91,883	91,493	—	91,410	+2,957	+3.3%	
	Number of arranged marriage meetings	161,978	175,361	183,764	178,962	700,065	178,172	+16,194	+10.0%	
	Affiliate Business	Number of new openings	260	277	286	241	1,064	268	+8	+3.1%
		Number of new members	7,149	7,808	7,787	7,548	30,292	7,317	+168	+2.3%
		Number of arranged marriage meeting members*	56,897	58,044	58,996	58,803	—	58,461	+1,564	+2.7%
		Number of arranged marriage meetings	102,207	110,490	112,400	109,013	434,110	108,110	+5,903	+5.8%
	Directly-Managed Lounge Business	Number of new members	4,500	5,070	4,793	4,359	18,722	4,908	+408	+9.1%
		Number of arranged marriage meeting members*	31,556	32,440	32,887	32,690	—	32,949	+1,393	+4.4%
Number of arranged marriage meetings		59,771	64,871	71,364	69,949	265,955	70,062	+10,291	+17.2%	

*As of the end of each quarter

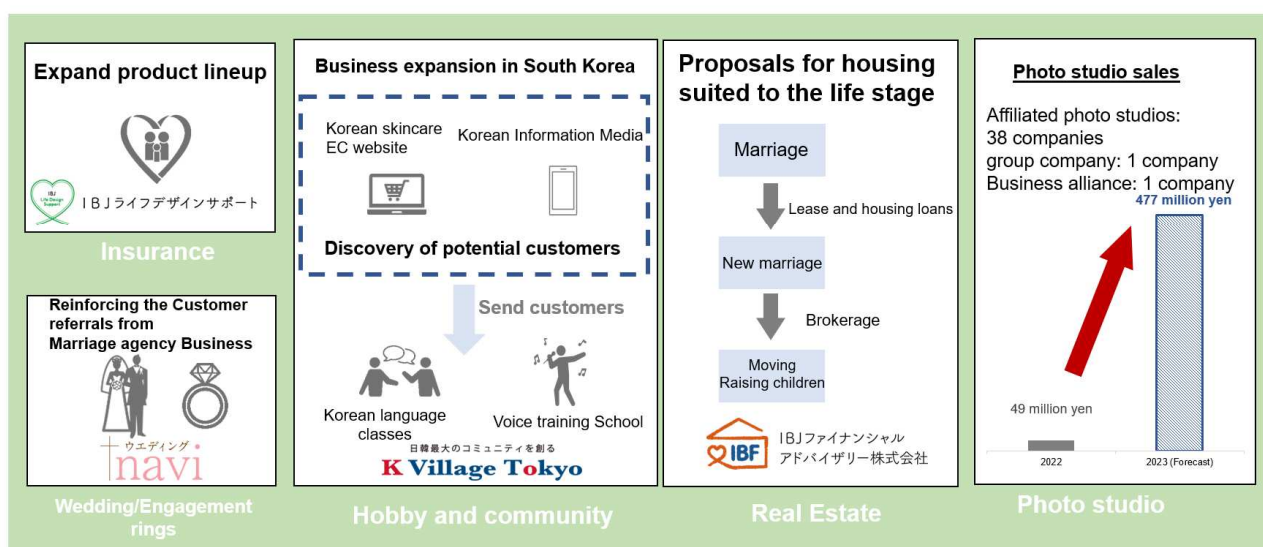
(by period)		2022					2023	YoY	YoY
		Q1	Q2	Q3	Q4	Total	Q1	(Amount)	(Percentage)
Matching Business	Number of party participants	96,085	125,677	123,122	121,942	466,826	95,727	△358	△0.4%
	Number of parties held	8,660	11,033	10,853	10,561	41,107	8,289	△371	△4.3%
	Number of matches (apps)	196,338	193,342	185,881	166,643	742,204	170,305	△26,033	△13.3%

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

Strategy of the Life Design Business

Expand the Life Design Business domains through M&A and business alliances



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(2) Overview of financial position

(Assets)

Current assets as of March 31, 2023 amounted to 7,471,852 thousand yen, up 51,815 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 22,566 thousand yen in operational investment securities and 37,490 thousand yen in prepaid expenses. Non-current assets were 7,803,565 thousand yen, up 1,402,742 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 315,694 thousand yen in buildings and 1,041,260 thousand yen in land.

Consequently, total assets came to 15,275,418 thousand yen, up 1,454,558 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of March 31, 2023 amounted to 4,036,233 thousand yen, up 167,492 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 42,524 thousand yen in current portion of long-term borrowings, despite a decrease of 21,923 thousand yen in accrued consumption taxes. Non-current liabilities were 3,139,256 thousand yen, up 1,151,144 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 1,152,949 thousand yen in long-term borrowings.

Consequently, total liabilities came to 7,175,489 thousand yen, up 1,318,636 thousand yen from the end of the previous fiscal year.

(Net assets)

Net assets as of March 31, 2023 stood at 8,099,928 thousand yen, up 135,922 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 124,158 thousand yen in retained earnings and 17,460 thousand yen in non-controlling interests.

Consequently, the equity-to-asset ratio was 50.3% (compared to 54.8% at the end of the previous fiscal year).

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

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

As of the end of the first quarter ended March 31, 2023 and as of the date of publication of this document, we have not revised the consolidated financial results forecast for FY2023. However, should any changes in the progress of Japan Fair Trade Commission’s record, circumstances, or other events necessitate an announcement, we will make such an announcement without delay.

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

2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheet

(Unit: thousands of yen)

	Previous consolidated fiscal year (December 31, 2022)	1Q FY2023 (March 31, 2023)
Assets		
Current assets		
Cash and deposits	3,298,833	3,141,157
Accounts receivable – trade	1,297,961	1,319,620
Operational investment securities	1,970,271	1,992,837
Merchandise and finished goods	1,480	9,568
Raw materials and supplies	3,088	4,151
Advance payments to suppliers	1,372	17,017
Prepaid expenses	291,232	328,723
Current portion of long-term loans receivable	1,999	1,999
Deposits paid	548,682	552,430
Other	14,854	116,112
Allowance for doubtful accounts	-9,739	-11,767
Total current assets	7,420,037	7,471,852
Non-current assets		
Property, plant and equipment		
Buildings	1,708,252	2,135,983
Accumulated depreciation	-654,973	-767,009
Buildings, net	1,053,279	1,368,974
Vehicles	10,589	10,589
Accumulated depreciation	-5,055	-5,574
Vehicles, net	5,534	5,014
Tools, furniture and fixtures	668,320	686,749
Accumulated depreciation	-584,523	-602,198
Tools, furniture and fixtures, net	83,796	84,550
Land	497,219	1,538,479
Leased assets	40,149	37,794
Accumulated depreciation	-18,048	-17,393
Leased assets, net	22,100	20,400
Total property, plant and equipment	1,661,929	3,017,419
Intangible assets		
Goodwill	1,554,194	1,676,483
Software	348,416	354,509
Software in progress	1,260	11,994
Total intangible assets	1,903,870	2,042,987
Investments and other assets		
Investment securities	1,061,156	1,031,081
Long-term prepaid expenses	109,513	99,922
Long-term loans receivable	4,833	4,333
Deferred tax assets	270,060	189,370
Insurance funds	252,721	252,721
Guarantee deposits	1,131,697	1,158,499
Other	5,040	7,229
Total investments and other assets	2,835,021	2,743,157
Total non-current assets	6,400,822	7,803,565
Total assets	13,820,859	15,275,418

(Unit: thousands of yen)

	Previous consolidated fiscal year (December 31, 2022)	1Q FY2023 (March 31, 2023)
Liabilities		
Current liabilities		
Accounts payable – trade	38,191	40,512
Short-term borrowings	921,000	1,371,000
Current portion of long-term borrowings	373,856	416,380
Account payable – other	678,697	563,951
Accrued expenses	688,461	390,099
Income taxes payable	339,710	144,752
Accrued consumption taxes	223,837	201,913
Advances received	553,447	553,870
Lease obligations	6,439	6,442
Provision for bonuses	1,661	136,833
Other	43,437	210,477
Total current liabilities	3,868,741	4,036,233
Non-current liabilities		
Long-term borrowings	1,337,394	2,490,343
Lease obligations	15,635	13,523
Asset retirement obligations	594,647	593,557
Other	40,435	41,832
Total non-current liabilities	1,988,112	3,139,256
Total liabilities	5,856,853	7,175,489
Net assets		
Shareholders' equity		
Share capital	699,585	699,585
Capital surplus	854,782	854,782
Retained earnings	6,593,394	6,717,553
Treasury shares	-901,709	-901,709
Total shareholders' equity	7,246,052	7,370,211
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	321,420	315,722
Total accumulated other comprehensive income	321,420	315,722
Share acquisition rights	634	634
Non-controlling interests	395,898	413,359
Total net assets	7,964,006	8,099,928
Total liabilities and net assets	13,820,859	15,275,418

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

First consolidated three months (cumulative)

(Unit: thousands of yen)

	1Q FY2022 (from January 1, 2022 to March 31, 2022)	1Q FY2023 (from January 1, 2023 to March 31, 2023)
Net sales	3,648,067	3,864,358
Cost of sales	119,909	156,576
Gross profit	3,528,158	3,707,782
Selling, general and administrative expenses	3,104,085	3,173,223
Operating profit	424,073	534,559
Non-operating income		
Interest income	66	57
Dividend income	1,385	9,023
Foreign exchange gains	1,772	-
Subsidy income	500	5,474
Miscellaneous income	105	2,410
Total non-operating income	3,829	16,965
Non-operating expenses		
Interest expenses	2,265	3,021
Loss on investments in investment partnerships	502	256
Miscellaneous losses	513	652
Total non-operating expenses	3,281	3,931
Ordinary profit	424,622	547,594
Extraordinary income		
Gain on sale of non-current assets	-	2,286
Gain on sale of investment securities	-	66,848
Total extraordinary income	-	69,135
Extraordinary losses		
Loss on retirement of non-current assets	1,004	-
Loss on store closings	2,611	918
Total extraordinary losses	3,615	918
Profit before income taxes	421,006	615,810
Income taxes – current	105,012	148,798
Income taxes – deferred	3,190	83,989
Total income taxes	108,202	232,787
Profit	312,804	383,023
Profit attributable to non-controlling interests	-48,395	17,460
Profit attributable to owners of parent	361,199	365,562

Consolidated statement of comprehensive income

(Unit: thousands of yen)

	1Q FY2022 (from January 1, 2022 to March 31, 2022)	1Q FY2023 (from January 1, 2023 to March 31, 2023)
Profit	312,804	383,023
Other comprehensive income		
Valuation difference on available-for-sale securities	43,255	-5,697
Total other comprehensive income	43,255	-5,697
Comprehensive income	356,060	377,325
Comprehensive income attributable to:		
Owners of parent	404,455	359,864
Non-controlling interests	-48,395	17,460

(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)
Not applicable

(Changes in accounting policies)

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

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

(Additional information)

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

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

(On-Site Inspection by the Japan Fair Trade Commission)

We were inspected by the Japan Fair Trade Commission on March 23, 2023, on suspicion of violating the Antimonopoly Act in relation to the content of services provided by the Japan Marriage Consulting Federation. We take the facts seriously and will fully cooperate with the Japan Fair Trade Commission in its inspection. The inspection is still ongoing and the impact on the company's financial position and results of operations is unknown at this time. However, if any revisions to business forecasts become necessary in the future, we will announce them promptly.

(Segment information)

Segment Information

I First consolidated three months ended March 31, 2022 (from January 1, 2022 to March 31, 2022)

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

(Unit: thousands of yen)

	Reportable segment					Adjustments	Per consolidated financial statements
	Affiliate Business	Directly-Managed Lounge Business	Matching Business	Life Design Business	Total		
Sales							
Services at transferred at a point in time	317,481	594,603	654,478	23,243	1,589,806	—	1,589,806
Services transferred over time	243,382	1,313,054	207,314	266,584	2,030,335	—	2,030,335
Revenue from contracts with customers	560,863	1,907,657	861,793	289,827	3,620,142	—	3,620,142
Other revenues	—	—	—	27,925	27,925	—	27,925
Revenues from external customers	560,863	1,907,657	861,793	317,753	3,648,067	—	3,648,067
Transactions with other segments	31,424	14,613	6,674	—	52,712	-52,712	—
Total	592,288	1,922,271	868,467	317,753	3,700,780	-52,712	3,648,067
Segment profit (loss)	316,425	373,234	2,560	35,537	727,757	-303,684	424,073

- Notes:
1. Adjustments to segment profit (loss) of -303,684 thousand yen include elimination of inter-segment transactions of -913 thousand yen and corporate expenses of -302,770 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. "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)

Not applicable

II First consolidated three months ended March 31, 2023 (from January 1, 2023 to March 31, 2023)

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

(Unit: thousands of yen)

	Reportable segment					Adjustments	Per consolidated financial statements
	Affiliate Business	Directly-Managed Lounge Business	Matching Business	Life Design Business	Total		
Sales							
Services at transferred at a point in time	502,201	661,238	276,377	194,289	1,634,107	—	1,634,107
Services transferred over time	278,204	1,389,887	176,471	328,804	2,173,367	—	2,173,367
Revenue from contracts with customers	780,406	2,051,125	452,848	523,093	3,807,474	—	3,807,474
Other revenues	—	—	—	56,884	56,884	—	56,884
Revenues from external customers	780,406	2,051,125	452,848	579,978	3,864,358	—	3,864,358
Transactions with other segments	29,037	8,876	10,785	—	48,699	-48,699	—
Total	809,444	2,060,002	463,633	579,978	3,913,058	-48,699	3,864,358
Segment profit (loss)	446,528	339,437	18,169	111,883	916,019	-381,459	534,559

- Notes:
- Adjustments to segment profit (loss) of -381,459 thousand yen include elimination of inter-segment transactions of 865 thousand yen and corporate expenses of -382,325 thousand yen that are not allocated to each reportable segment. Corporate expenses mainly consist of general and administrative expenses that do not belong to any reportable segment.
 - Segment profit (loss) is adjusted with the operating profit in the consolidated financial statements.
 - “Other revenues” are transactions related to financial instruments based on the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019) and real estate rental income, etc. based on the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, March 30, 2007)

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

(Significant impairment losses regards to non-current assets)

Not applicable

(Significant changes in the amount of goodwill)

Not applicable

(Revenue recognition)

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

(Significant events after reporting period)

(Disposals of treasury shares as restricted stock remuneration)

The Company disposed of treasury shares (the “Disposal of Treasury Shares” or the “Disposal”) on April 18, 2023 after determining the resolution of the Board of Directors meeting held on March 24, 2023 to dispose of treasury shares as restricted stock remuneration.

1. Overview of the Disposal

	Contents of resolution	Actual disposal
(1) Disposal date	April 18, 2023	April 18, 2023
(2) Class and number of shares for Disposal	<u>300,000</u> ordinary shares of the Company	<u>298,100</u> ordinary shares of the Company
(3) Disposal price	¥723 per share	¥723 per share
(4) Total value of Disposal	¥216,900,000	<u>¥215,526,300</u>
(5) Persons to whom shares are to be allotted	Directors of the Company (*): 1 person, 276,100 shares Employees of the Company: 77 persons, <u>23,900</u> shares * Excluding Outside Directors	Directors of the Company(*): 1 person, 276,100 shares Employees of the Company: <u>68</u> persons, <u>22,000</u> shares * Excluding Outside Directors
(6) Others	The Company has submitted the securities registration statement regarding the Disposal in accordance with the Financial Instruments and Exchange Act.	The Company has submitted the securities registration statement regarding the Disposal in accordance with the Financial Instruments and Exchange Act.

2. Purpose and reasons for the Disposal

At the 15th Annual General Meeting of Shareholders, for the purpose of promoting sharing of benefits and risks of fluctuations in the Company’s stock price between Directors of the Company (excluding Outside Directors) and the shareholders and further motivating the Directors to not only improve the Company’s corporate value but also contribute to a rise in the Company’s stock price, it was approved that the Company introduce a restricted stock remuneration plan (the “Plan”) to provide restricted shares to Directors of the Company (excluding Outside Directors). In addition, at the 17th Annual General Meeting of Shareholders held on March 24, 2023, in response to recent business results of the Company and strong performance of the stock price, for the purpose of driving long-term and sustainable growth, securing objectivity and transparency through ongoing deliberation at the Nomination and Remuneration Committee, etc., it was approved that the total amount of monetary compensation claims to be provided to Directors (excluding Outside Directors) as restricted stock-based compensation, etc. shall not exceed 240 million yen per year, that the total number of restricted shares to be allotted to Directors (excluding Outside Directors) shall not exceed 300,000 shares in each fiscal year, and that the restricted period on restricted stock transfer shall be decided by its Board of Directors from five (5) years to twenty (20) years.

Based on the resolution at the Board of Directors meeting held on March 24, 2023 and the decision by the Company’s CEO, the Company has decided to grant a total amount of 216,900,000 yen in monetary compensation claims and allot 300,000 ordinary shares of the Company as specified restricted stock to one (1) Director (excluding Outside Directors) and seventy-seven (77) employees of the Company (collectively the “Allottees”) to whom the stock is scheduled to be allotted for the period from the Company’s 17th Annual General Meeting of the Shareholders to the 18th Annual General Meeting of the Shareholders to be held in March 2024. For the Disposal of treasury shares, the Allottees shall make in-kind contribution of all monetary compensations claims to the Company, and shall receive disposed ordinary shares of the Company. The amount of the monetary compensation claims against each Allottee is determined after comprehensively considering various facts, including the degree of each Allottee’s contribution to the Company. The monetary compensation claims shall be provided on the condition that each Allottee concludes an agreement on allotment of restricted stocks (the “Allotment Agreement”) with the Company that includes the following details.

In order to realize the purpose of introducing the Plan which is designed to promote sharing of benefits and risks of fluctuations in the Company’s stock price between each Allottee and the shareholders and to further

motivate each Allottee to not only improve the Company's corporate value but also contribute to a rise in the Company's stock price, the transfer restriction period shall be five (5) years.

3. Reason for a change in the number of shares disposed of

Differences between the contents of resolution and actual disposal of persons to whom shares are allotted, the number of such persons, and the number of shares disposed have occurred because some of the Company's employees who are the Allottees have refused allotment of a part of the number of shares to be allotted at the time of determination of disposal of treasury shares, and consequently their rights were forfeited.

(Issuance of offered share acquisition rights (free stock options and performance-based paid stock options))

The Company resolved, in a written resolution of the Board of Directors dated April 19, 2023, to issue share acquisition rights as stock options to Directors of the Company and its subsidiaries as well as employees of the Company in accordance with Article 236, Article 238, Paragraphs 1 and 2, and Article 240, Paragraph 1 of the Companies Act, and issued them on May 8, 2023.

1. Issuance guidelines for performance-based paid stock options for Directors of the Company and its subsidiaries as well as employees of the Company (5th series of share acquisition rights)
 - (1) Name
IBJ, Inc. 5th Series of Share Acquisition Rights (hereinafter referred to as the “Share Acquisition Rights”)
 - (2) Number of share acquisition rights to be issued
17,930 rights
 - (3) Issuance price
The issuance price per Share Acquisition Right shall be 1,526 yen.
 - (4) Total issuance price
27,361,180 yen
 - (5) Type, details, and number of shares to be issued upon exercise of share acquisition rights
The type of shares to be issued upon exercise of share acquisition rights will be ordinary shares of the Company, and the number of shares to be issued upon exercise of one share acquisition right (hereinafter referred to as the “Number of Shares to be Granted”) shall be 100 shares.
 - (6) Amount to be paid upon exercise of share acquisition rights
The value of property to be contributed upon exercise of each Share Acquisition Right shall be the amount to be paid per share (hereinafter referred to as the “Exercise Price”) multiplied by the number of shares to be issued upon exercise of one Share Acquisition Right. The Exercise Price shall be 669 yen, which is the closing price of regular transactions of the Company’s shares at the Tokyo Stock Exchange on April 18, 2023, the business day immediately preceding the date of the Board of Directors’ resolution to issue the Share Acquisition Rights.
 - (7) Exercise period of share acquisition rights
The period shall be from April 1, 2026 to March 31, 2035, inclusive.
 - (8) Conditions for exercising share acquisition rights
 - (i) The exercise of Share Acquisition Rights shall be subject to the condition that none of the acquisition reasons specified in the items of acquisition clause for Share Acquisition Rights occurs to the Share Acquisition Rights intended to be exercised or the holder thereof, and it shall not be permitted to exercise any Share Acquisition Rights to which any of such acquisition reasons occurs, provided that this shall not apply if the Company especially permits such exercise.
 - (ii) The exercise of Share Acquisition Rights shall be subject to the condition that the holder thereof is alive, and if such holder dies, the Share Acquisition Rights shall become not exercisable without being inherited.
 - (iii) A holder of Share Acquisition Rights may exercise such rights only if the number of his/her working days during the period from May 1, 2023 to April 1, 2026 (hereinafter referred to as the “Target Working Period”) is 80% or more of the prescribed working days of the Company or a subsidiary thereof to which he/she belongs during the Target Working Period (provided that the number of days not worked due to maternity leave and childcare leave shall be deducted up to one year from such prescribed working days). If the holder fails to meet this condition, any unexercised Share Acquisition Rights held by him/her shall become not exercisable and terminate as of the day following the last day of the Target Working Period, provided that the provisions of this item shall not apply to those who are not subject to the employment regulations.

- (iv) A holder of Share Acquisition Rights may exercise such rights only if the Company achieves 100% or more of both the amounts listed in (a) and (b) below. If the Company fails to meet any of the following conditions, any unexercised Share Acquisition Rights held by the holder will become not exercisable and terminate as of the day following the date of the annual general meeting of shareholders for the fiscal year ending December 31, 2024. The term “pre-goodwill amortization profit target” means operating profit calculated by excluding the amortization of goodwill that arises from corporate acquisitions, etc.
 - (a) Pre-goodwill amortization profit target for the fiscal year ending December 31, 2023: 2,451,640,965 yen
 - (b) Pre-goodwill amortization profit target for the fiscal year ending December 31, 2024: 2,679,401,765 yen
 - (v) If the closing price of regular transactions of the Company's shares at the financial instruments exchange falls below 585 yen on or after the allotment date of the Share Acquisition Rights (provided that it shall be appropriately adjusted as with the Exercise Price), none of the Share Acquisition Rights may be exercised thereafter.
 - (vi) The Share Acquisition Rights shall be exercised in units of one share acquisition right, and it shall not be permitted to exercise a share acquisition right of less than one unit.
 - (9) Capital reserve portion of the issuance price of share certificates when issuing share certificates through exercise of share acquisition rights
 - (i) The amount of increase in share capital resulting from the issuance of shares through the exercise of share acquisition rights shall be half the maximum amount of increase in stated capital calculated in accordance with Article 17, Paragraph 1 of the Regulations on Corporate Accounting, and any fractions of less than one yen resulting from the calculation shall be rounded up.
 - (ii) The amount of increase in legal capital surplus resulting from the issuance of shares through the exercise of share acquisition rights shall be calculated by subtracting the amount of increase in share capital as determined in (1) above from the maximum amount of increase in stated capital referred to in (1) above.
 - (10) Matters regarding transfer of share acquisition rights

Any acquisition of share acquisition rights through transfer shall require approval by resolution of the Board of Directors of the Company.
 - (11) Number and breakdown of parties solicited to apply for acquisition of share acquisition rights

Directors of the Company and its subsidiaries as well as employees of the Company with a total of 36 people for 17,930 rights (1,793,000 shares)
 - (12) Date of allotment of share acquisition rights

May 8, 2023
2. Issuance guidelines for free stock options for employees of the Company (6th series of share acquisition rights)
- (1) Name

IBJ, Inc. 6th Series of Share Acquisition Rights (hereinafter referred to as the “Share Acquisition Rights”)
 - (2) Number of share acquisition rights to be issued

2,789 rights
 - (3) Issuance price

No payment of money is required in exchange for share acquisition rights. Share acquisition rights are granted as incentive compensation, so even though their issuance does not require payment of money, it does not correspond to favorable issuance.
 - (4) Total issuance price

4,256,014 yen

- (5) Type, details, and number of shares to be issued upon exercise of share acquisition rights
The type of shares to be issued upon exercise of share acquisition rights will be ordinary shares of the Company, and the number of shares to be issued upon exercise of one share acquisition right (hereinafter referred to as the “Number of Shares to be Granted”) shall be 100 shares.
- (6) Amount to be paid upon exercise of share acquisition rights
The value of property to be contributed upon exercise of each Share Acquisition Right shall be the amount to be paid per share (hereinafter referred to as the “Exercise Price”) multiplied by the number of shares to be issued upon exercise of one Share Acquisition Right. The Exercise Price shall be 669 yen, which is the closing price of regular transactions of the Company’s shares at the Tokyo Stock Exchange on April 18, 2023, the business day immediately preceding the date of the Board of Directors’ resolution to issue the Share Acquisition Rights.
- (7) Exercise period of share acquisition rights
The period shall be from April 1, 2026 to April 18, 2033, inclusive.
- (8) Conditions for exercising share acquisition rights
- (i) The exercise of Share Acquisition Rights shall be subject to the condition that none of the acquisition reasons specified in the items of acquisition clause for Share Acquisition Rights occurs to the Share Acquisition Rights intended to be exercised or the holder thereof, and it shall not be permitted to exercise any Share Acquisition Rights to which any of such acquisition reasons occurs, provided that this shall not apply if the Company especially permits such exercise.
 - (ii) The exercise of Share Acquisition Rights shall be subject to the condition that the holder thereof is alive, and if such holder dies, the Share Acquisition Rights shall become not exercisable without being inherited.
 - (iii) A holder of Share Acquisition Rights may exercise such rights only if the number of his/her working days during the period from May 1, 2023 to April 1, 2026 (hereinafter referred to as the “Target Working Period”) is 80% or more of the prescribed working days of the Company or a subsidiary thereof to which he/she belongs during the Target Working Period (provided that the number of days not worked due to maternity leave and childcare leave shall be deducted up to one year from such prescribed working days). If the holder fails to meet this condition, any unexercised Share Acquisition Rights held by him/her shall become not exercisable and terminate as of the day following the last day of the Target Working Period.
 - (iv) The Share Acquisition Rights shall be exercised in units of one share acquisition right, and it shall not be permitted to exercise a share acquisition right of less than one unit.
- (9) Capital reserve portion of the issuance price of share certificates when issuing share certificates through exercise of share acquisition rights
- (i) The amount of increase in share capital resulting from the issuance of shares through the exercise of share acquisition rights shall be half the maximum amount of increase in stated capital calculated in accordance with Article 17, Paragraph 1 of the Regulations on Corporate Accounting, and any fractions of less than one yen resulting from the calculation shall be rounded up.
 - (ii) The amount of increase in legal capital surplus resulting from the issuance of shares through the exercise of share acquisition rights shall be calculated by subtracting the amount of increase in share capital as determined in (1) above from the maximum amount of increase in stated capital referred to in (1) above.
- (10) Matters regarding transfer of share acquisition rights
Any acquisition of share acquisition rights through transfer shall require approval by resolution of the Board of Directors of the Company.
- (11) Number and breakdown of parties solicited to apply for acquisition of share acquisition rights
Employees of the Company with a total of 489 people for 2,789 rights (278,900 shares)
- (12) Date of allotment of share acquisition rights
May 8, 2023