

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect, or any other forms of damages arising from this translation.



August 10, 2023

## Consolidated Quarterly Financial Results for the First Six Months Ended June 30, 2023 (Under Japanese GAAP)

Company name: IBJ, Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 6071  
 URL: <https://www.ibjapan.jp/>  
 Representative: Shigeru Ishizaka, CEO  
 Inquiries: Ibuki Takane, Manager of Business Administration Department  
 Telephone: +81-80-7027-0983  
 Scheduled date of filing quarterly report: August 14, 2023  
 Scheduled date of commencing dividend payments: –  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

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

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
June 30, 2023	7,725	4.9	964	3.6	1,004	2.6	805	8.5
June 30, 2022	7,366	9.0	931	36.1	978	58.0	743	102.2

Note: Comprehensive income For the six months ended June 30, 2023: ¥458 million [-40.2%]  
 For the six months ended June 30, 2022: ¥766 million [77.4%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2023	19.97	–
June 30, 2022	18.52	–

#### (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
June 30, 2023	16,140	8,478	49.4	196.87
December 31, 2022	13,820	7,964	54.8	188.09

Reference: Equity  
 As of June 30, 2023: ¥7,979 million  
 As of December 31, 2022: ¥7,567 million

## 2. Dividends

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

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

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	16,340	11.0	2,218	11.3	2,304	12.4	1,494	0.0	37.14

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

**\* Notes**

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

Newly included: – companies (–)

Excluded: – companies (–)

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

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

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

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, refer to “2. Quarterly consolidated financial statements and major notes, (4) Notes to quarterly consolidated financial statements (Changes in accounting policies)” on page 12 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 June 30, 2023	42,000,000 shares
As of December 31, 2022	42,000,000 shares

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

As of June 30, 2023	1,469,006 shares
As of December 31, 2022	1,766,106 shares

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

Six months ended June 30, 2023	40,354,769 shares
Six months ended June 30, 2022	40,118,761 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 2nd quarter of the fiscal year ending December 31, 2023, (3) Overview of consolidated financial results forecast and other forward-looking information” on page 5 of this financial results report (attached materials) for conditions forming the basis for financial results forecasts, notes regarding the use of financial results forecasts, and other information.

(How to obtain the supplementary material on financial results and the contents of the financial results briefing)

The Company plans to hold a financial results briefing for institutional investors and analysts on Friday, August 18, 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

1. Qualitative information for the 2nd quarter of the fiscal year ending December 31, 2023 .....	2
(1) Operating results .....	2
(2) Overview of financial position.....	5
(3) Overview of consolidated financial results forecast and other forward-looking information .....	6
2. Quarterly consolidated financial statements and major notes .....	7
(1) Quarterly consolidated balance sheet.....	7
(2) Quarterly consolidated statements of income and comprehensive income .....	9
(3) Quarterly consolidated cash flow statement.....	11
(4) Notes to quarterly consolidated financial statements .....	13
(Note on entity's ability to continue as going concern).....	13
(Notes in the event of substantial changes in shareholders' equity).....	13
(Changes in accounting policies) .....	13
(Additional information) .....	13
(Segment information) .....	14
(Revenue recognition).....	15

# 1. Qualitative information for the 2nd quarter of the fiscal year ending December 31, 2023

## (1) Operating results

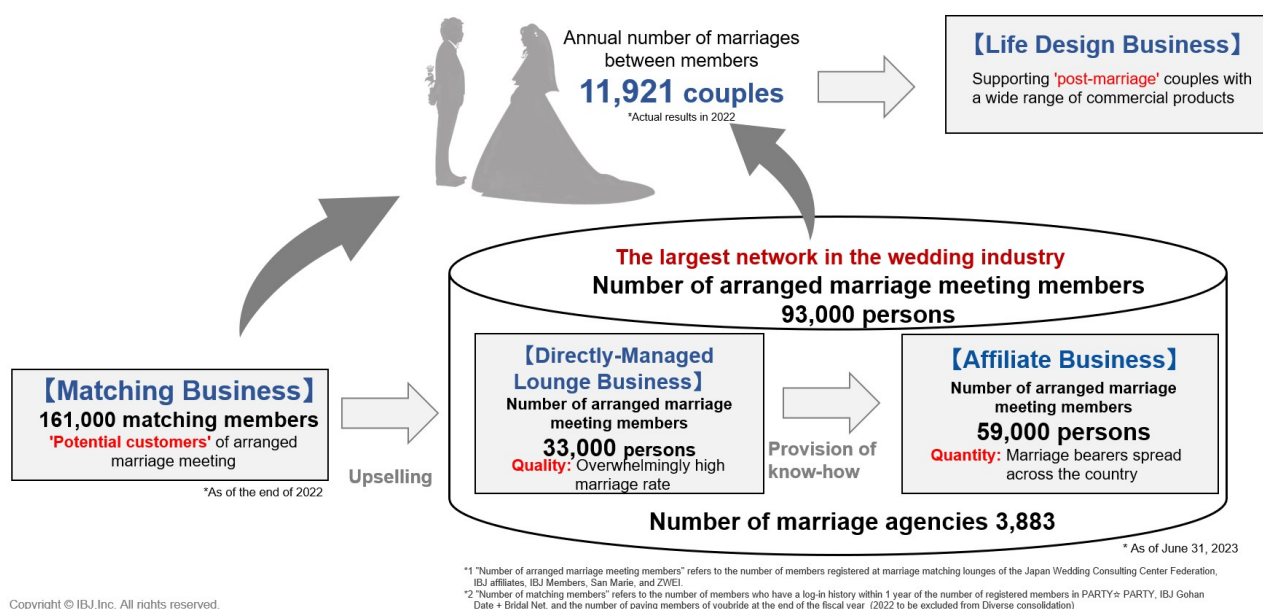
In the first six months of the fiscal year under review, the Japanese economy saw a movement toward the normalization of economic activities as various COVID-19 movement restrictions were lifted. Meanwhile, due to factors such as soaring prices and inflation concern caused by Russia’s invasion of Ukraine 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 six months of the fiscal year under review came to 7,725,423 thousand yen (up 4.9% year on year), operating profit was 964,626 thousand yen (up 3.6% year on year), ordinary profit was 1,004,475 thousand yen (up 2.6% year on year), and profit attributable to owners of parent was 805,835 thousand yen (up 8.5% 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



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

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

### <Affiliate Business>

In the Affiliate Business, we accelerated the early opening of the business by supporting membership acquisitions for new affiliates and as a result, the number of newly joined members strongly increased by almost 8,000 during the second quarter of the fiscal year under review.

In addition, regarding operations of affiliates, the unit price per contract rose, as, after Hotel New Otani joined as an affiliate, corporations in various industries including hotels became our affiliates.

Going forward, we will make efforts to increase the number of contracts and unit pricing, raising the contract conclusion rate by changing the organizational structure, developing new salespersons, and strengthening face-to-face sales.

As a result, segment net sales amounted to 1,491,488 thousand yen (up 16.5% year on year) and divisional profit was 851,097 thousand yen (up 9.6% year on year).

#### <Directly-Managed Lounge Business>

As for the Directly-Managed Lounge Business, during the second quarter of the fiscal year under review, the number of arranged marriage meetings greatly increased by 73,991 (up 14.1% year on year) and the number of matchmaking members was almost 35,000.

As a result, segment net sales amounted to 4,157,726 thousand yen (up 6.5% year on year) and divisional profit was 891,176 thousand yen (down 5.6% year on year).

Also, we established two growth strategies of IBJ Members Marriage-Hunting Lounge, one of our three directly-managed brands, as follows:

- 1) Aiming at an increase in revenue with more emphasis put on improvements in quality than an increase in quantity by clarifying conditions for joining by 2024
- 2) Aiming at 70% of the marriage rate by 2026 by making the brand premium through improvement of its power and strengthening cooperation between our directly-managed lounges

Under these strategies, we will continue to increase the numbers of newly joined members and matchmaking members to increase the number of arranged marriage meetings and married couples.

#### <Matching Business>

In the Party Business, we put a priority on improving the user experience which deteriorated amid the COVID-19 pandemic since 2020 and pursued customer satisfaction, centered on two indicators: a “stable full occupancy rate” for providing much more matchmaking opportunities and a “decrease in the cancellation rate” for preventing opportunity losses.

Also in the App Business, as measures for improving user interface and user experience, we worked to significantly renew the application pages. As a result, our flagship app service “Bridalnet”, the number of matches increased (up 74.4% year on year) and the number of paying members also greatly increased (up 29.9% year on year).

Meanwhile, 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 916,987 thousand yen (down 40.5% year on year) and divisional profit was 103,478 thousand yen (down 21.4% year on year).

#### <Life Design Business>

Life Design Business 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 marriage consulting businesses 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, entered the entertainment business for business expansion by making a production company engaged in planning concerts of K-POP stars and others a group company, after making Gangnam Doll, which operates a Korean skincare ecommerce website and Korean beauty information website a group company.

In the insurance business, we are making efforts to increase revenue by establishing a flow of customers utilizing a synergy between the Company’s businesses, that is “transferring customers from the consulting business, to holding seminars for couples, to providing life planning services.”

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

As a result, segment net sales amounted to 1,159,220 thousand yen (up 80.3% year on year) and divisional profit was 225,942 thousand yen (up 207.3% year on year).

## Summary by Business Division

(Million yen)		2022					2023		YoY (Amount)	YoY (Percentage)
		Q1	Q2	Q3	Q4	Full year	Q1	Q2		
Affiliate Business	Net sales	560	719	770	715	2,766	780	711	△8	△1.2%
	Agency Opening Support Business	258	408	437	381	1,486	420	362	△46	△11.3%
	Affiliate Business	302	310	333	333	1,280	359	348	+37	+12.1%
	Divisional profit	323	453	484	417	1,678	454	396	△56	△12.5%
	Agency Opening Support Business	116	233	242	197	790	218	171	△62	△26.8%
	Affiliate Business	206	219	241	220	887	235	255	+5	+2.7%
Directly-Managed Lounge Business	Net sales	1,907	1,995	2,005	2,039	7,947	2,051	2,106	+111	+5.6%
	Divisional profit	463	481	491	499	1,935	435	455	△25	△5.3%
Matching Business	Net sales	861	678	539	530	2,610	452	464	△214	△31.6%
	Party Business	262	338	333	343	1,277	270	280	△58	△17.2%
	App Business	599	340	206	186	1,332	182	183	△156	△46.0%
	Divisional profit	49	82	66	58	256	39	63	△18	△22.3%
	Party Business	7	29	13	17	68	0	28	△1	△6.3%
	App Business	42	52	53	40	187	38	35	△16	△31.4%
Life Design Business	Net sales	317	325	375	374	1,392	579	579	+254	+78.2%
	Divisional profit	47	26	69	△1	141	132	93	+67	+257.7%

Copyright © IBJ, Inc. All rights reserved.

\*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

## KPI by Business

(by period)		2022					2023		YoY (Amount)	YoY (Percentage)	
		Q1	Q2	Q3	Q4	Full year	Q1	Q2			
Marriage agency Business (Affiliate Business + Directly-Managed Lounge Business)	Number of marriage agencies*	3,181	3,362	3,530	3,653	—	3,803	3,883	+521	+15.5%	
	Number of new memberships	11,649	12,878	12,580	11,907	49,014	12,225	13,087	+209	+1.6%	
	Number of arranged marriage meeting members*	88,453	90,484	91,883	91,493	—	91,410	93,370	+2,886	+3.2%	
	Number of arranged marriage meetings	161,978	175,361	183,764	178,962	700,065	178,172	192,070	+16,709	+9.5%	
	Affiliate Business	Number of new business openings	260	277	286	241	1,064	268	220	△57	△20.6%
		Number of new memberships	7,149	7,808	7,787	7,548	30,292	7,317	7,910	+102	+1.3%
		Number of arranged marriage meeting members*	56,897	58,044	58,996	58,803	—	58,461	59,633	+1,589	+2.7%
		Number of arranged marriage meetings	102,207	110,490	112,400	109,013	434,110	108,110	118,079	+7,589	+6.9%
	Directly-Managed Lounge Business	Number of new memberships	4,500	5,070	4,793	4,359	18,722	4,908	5,177	+107	+2.1%
		Number of arranged marriage meeting members*	31,556	32,440	32,887	32,690	—	32,949	33,737	+1,297	+4.0%
	Number of arranged marriage meetings	59,771	64,871	71,364	69,949	265,955	70,062	73,991	+9,120	+14.1%	

\*As of the end of each quarter

(by period)		2022					2023		YoY (Amount)	YoY (Percentage)
		Q1	Q2	Q3	Q4	Full year	Q1	Q2		
Matching Bus *IBJ Gohan Dating (formerly Rush) Due to the reclassification from the party business to the app business, retroactively changed the number of people matched	Number of party participants	96,087	125,689	123,126	122,090	466,992	95,715	91,375	△34,314	△27.3%
	Number of parties held	8,660	11,034	10,851	10,561	41,106	8,284	7,787	△3,247	△29.4%
	Number of matches (apps)	384,202	388,802	354,556	285,578	1,411,138	289,162	313,518	△73,284	△18.9%

Copyright © IBJ, Inc. All rights reserved.

## (2) Overview of financial position

### (i) Assets, Liabilities, and Net Assets

#### (Assets)

Current assets as of June 30, 2023 amounted to 7,722,198 thousand yen, up 302,161 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 180,085 thousand yen in operational investment securities and 166,661 thousand yen in accounts receivable – trade. Non-current assets were 8,417,942 thousand yen, up 2,017,119 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 1,041,260 thousand yen in land, 311,943 thousand yen in buildings, 195,575 thousand yen in investment securities, 133,467 thousand yen in deferred tax assets, 146,871 thousand yen in long-term prepaid expenses, 88,227 thousand yen in leasehold and guarantee deposits, and 75,337 thousand yen in goodwill.

Consequently, total assets came to 16,140,141 thousand yen, up 2,319,281 thousand yen from the end of the previous fiscal year.

#### (Liabilities)

Current liabilities as of June 30, 2023 amounted to 4,569,421 thousand yen, up 700,680 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 600,000 thousand yen in short-term borrowings and 82,256 thousand yen in income taxes payable. Non-current liabilities were 3,091,807 thousand yen, up 1,103,695 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 1,098,053 thousand yen in long-term borrowings.

Consequently, total liabilities came to 7,661,228 thousand yen, up 1,804,375 thousand yen from the end of the previous fiscal year.

#### (Net assets)

Net assets as of June 30, 2023 stood at 8,478,912 thousand yen, up 514,905 thousand yen from the end of the previous fiscal year. This was mainly due to increases of 74,857 thousand yen in capital surplus, 564,432 thousand yen in retained earnings, and 70,254 thousand yen in non-controlling interests, despite a decrease in 379,697 thousand yen in valuation difference on available-for-sale securities.

Consequently, the equity-to-asset ratio was 49.4% (compared to 54.8% at the end of the previous fiscal year).

### (ii) Cash Flows

Cash and cash equivalents (hereinafter referred to as “Funds”) in the first six months of the fiscal year under review amounted to 3,592,226 thousand yen, down 248,139 thousand yen from the end of the previous fiscal year. The status of each cash flow and their main factors in the consolidated six months ended June 30, 2023 are as follows.

#### (Cash flows from operating activities)

Funds provided by operating activities in the first six months of the fiscal year under review amounted to 534,402 thousand yen (Funds provided in the same period of the previous year amounted to 828,309 thousand yen). The main factors of the increase were 1,289,279 thousand yen in profit before income taxes, 181,812 thousand yen in depreciation, 128,493 thousand yen in amortization of goodwill, 195,448 thousand yen of decrease in trade receivable, and such. The main factors of the decrease were 310,745 thousand yen of gain on sale of investment securities, 186,073 thousand yen of increase in inventories, 283,562 thousand yen of decrease in accounts payable – other, and accrued expenses, 379,173 thousand yen in income taxes paid, and such.

#### (Cash flows from investing activities)

Funds used in investing activities in the first six months of the fiscal year under review amounted to 2,102,338 thousand yen (Funds used in the same period of the previous year amounted to 1,250,019 thousand yen). The main factors of the increase were 338,852 thousand yen in proceeds from sale of investment securities, and such. The main factors of the decrease were 1,452,192 thousand yen in purchase of property, plant and equipment, 767,921 thousand yen in purchase of investment securities, and such.



(Cash flows from financing activities)

Funds provided by financing activities in the first six months of the fiscal year under review amounted to 1,316,565 thousand yen (Funds used in the same period of the previous year amounted to 111,257 thousand yen). The main factors of the increase were 600,000 thousand yen in proceeds from short-term borrowings, 1,067,701 thousand yen in proceeds from long-term borrowings, and such. The main factors of the decrease were 183,497 thousand yen in repayments of long-term borrowings, 241,394 thousand yen in dividends paid, and such.

(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, (4) Notes to quarterly consolidated financial statements (Additional information).”

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

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

## 2. Quarterly consolidated financial statements and major notes

### (1) Quarterly consolidated balance sheet

(Unit: thousands of yen)

	Previous consolidated fiscal year (December 31, 2022)	2Q FY2023 (June 30, 2023)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	3,298,833	3,052,055
Accounts receivable – trade	1,297,961	1,464,622
Operational investment securities	1,970,271	2,150,356
Merchandise and finished goods	1,480	10,685
Raw materials and supplies	3,088	3,537
Advance payments to suppliers	1,372	21,447
Prepaid expenses	291,232	365,338
Current portion of long-term loans receivable	1,999	2,999
Deposits paid	548,682	559,746
Other	14,854	110,366
Allowance for doubtful accounts	-9,739	-18,959
<b>Total current assets</b>	<b>7,420,037</b>	<b>7,722,198</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings	1,708,252	2,171,500
Accumulated depreciation	-654,973	-806,277
Buildings, net	1,053,279	1,365,222
Vehicles	10,589	11,245
Accumulated depreciation	-5,055	-6,094
Vehicles, net	5,534	5,150
Tools, furniture and fixtures	668,320	691,915
Accumulated depreciation	-584,523	-611,797
Tools, furniture and fixtures, net	83,796	80,117
Land	497,219	1,538,479
Leased assets	40,149	37,494
Accumulated depreciation	-18,048	-18,807
Leased assets, net	22,100	18,686
<b>Total property, plant and equipment</b>	<b>1,661,929</b>	<b>3,007,656</b>
<b>Intangible assets</b>		
Goodwill	1,554,194	1,629,531
Software	348,416	357,836
Software in progress	1,260	18,457
<b>Total intangible assets</b>	<b>1,903,870</b>	<b>2,005,826</b>
<b>Investments and other assets</b>		
Investment securities	1,061,156	1,256,731
Long-term prepaid expenses	109,513	256,384
Long-term loans receivable	4,833	7,689
Deferred tax assets	270,060	403,527
Insurance funds	252,721	252,721
Guarantee deposits	1,131,697	1,219,925
Other	5,040	7,479
<b>Total investments and other assets</b>	<b>2,835,021</b>	<b>3,404,459</b>
<b>Total non-current assets</b>	<b>6,400,822</b>	<b>8,417,942</b>
<b>Total assets</b>	<b>13,820,859</b>	<b>16,140,141</b>

(Unit: thousands of yen)

	Previous consolidated fiscal year (December 31, 2022)	2Q FY2023 (June 30, 2023)
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	38,191	246,339
Short-term borrowings	921,000	1,521,000
Current portion of long-term borrowings	373,856	370,543
Account payable – other	678,697	514,779
Accrued expenses	688,461	628,066
Income taxes payable	339,710	421,966
Accrued consumption taxes	223,837	158,533
Advances received	553,447	551,439
Lease obligations	6,439	6,444
Provision for bonuses	1,661	44,350
Other	43,437	105,957
Total current liabilities	3,868,741	4,569,421
Non-current liabilities		
Long-term borrowings	1,337,394	2,435,447
Lease obligations	15,635	11,408
Asset retirement obligations	594,647	599,366
Other	40,435	45,585
Total non-current liabilities	1,988,112	3,091,807
Total liabilities	5,856,853	7,661,228
Net assets		
Shareholders' equity		
Share capital	699,585	699,585
Capital surplus	854,782	929,640
Retained earnings	6,593,394	7,157,827
Treasury shares	-901,709	-749,380
Total shareholders' equity	7,246,052	8,037,672
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	321,420	-58,276
Total accumulated other comprehensive income	321,420	-58,276
Share acquisition rights	634	33,363
Non-controlling interests	395,898	466,153
Total net assets	7,964,006	8,478,912
Total liabilities and net assets	13,820,859	16,140,141

## (2) Quarterly consolidated statements of income and comprehensive income

## Quarterly consolidated statement of income

First consolidated six months (cumulative)

(Unit: thousands of yen)

	2Q FY2022 (from January 1, 2022 to June 30, 2022)	2Q FY2023 (from January 1, 2023 to June 30, 2023)
Net sales	7,366,813	7,725,423
Cost of sales	243,582	315,426
Gross profit	7,123,230	7,409,997
Selling, general and administrative expenses	6,191,755	6,445,370
Operating profit	931,475	964,626
Non-operating income		
Interest income	113	89
Dividend income	2,272	12,692
Foreign exchange gains	5,327	3,290
Gain on valuation of securities	43,401	-
Subsidy income	500	13,820
Surrender value of insurance policies	-	16,000
Other	340	2,890
Total non-operating income	51,955	48,783
Non-operating expenses		
Interest expenses	3,564	5,669
Loss on investments in investment partnerships	502	256
Other	531	3,008
Total non-operating expenses	4,599	8,935
Ordinary profit	978,832	1,004,475
Extraordinary income		
Gain on sale of non-current assets	924	2,286
Gain on sale of investment securities	-	310,745
Gain on sale of shares of subsidiaries and associates	6,434	-
Other	-	4,454
Total extraordinary income	7,358	317,486
Extraordinary losses		
Loss on retirement of non-current assets	2,962	20,848
Loss on store closings	7,486	918
Other	667	10,915
Total extraordinary losses	11,116	32,682
Profit before income taxes	975,075	1,289,279
Income taxes – current	378,396	420,403
Income taxes – deferred	-99,998	31,140
Total income taxes	278,398	451,544
Profit	696,676	837,734
Profit attributable to non-controlling interests	-46,370	31,898
Profit attributable to owners of parent	743,047	805,835

Consolidated statement of comprehensive income

(Unit: thousands of yen)

	2Q FY2022 (from January 1, 2022 to June 30, 2022)	2Q FY2023 (from January 1, 2023 to June 30, 2023)
Profit	696,676	837,734
Other comprehensive income		
Valuation difference on available-for-sale securities	69,764	-379,697
Total other comprehensive income	69,764	-379,697
Comprehensive income	766,441	458,037
Comprehensive income attributable to:		
Owners of parent	812,812	426,138
Non-controlling interests	-46,370	31,898

## (3) Quarterly consolidated cash flow statement

(Unit: thousands of yen)

	2Q FY2022 (from January 1, 2022 to June 30, 2022)	2Q FY2023 (from January 1, 2023 to June 30, 2023)
<b>Cash flows from operating activities</b>		
Profit before income taxes	975,075	1,289,279
Depreciation	172,998	181,812
Amortization of goodwill	135,240	128,493
Amortization of long-term prepaid expenses	1,171	617
Increase (decrease) in allowance for doubtful accounts	349	9,169
Increase (decrease) in provision for bonuses	9,977	40,692
Increase (decrease) in provision for point card certificates	-1,240	-
Interest and dividend income	-2,386	-12,781
Interest expenses	3,564	5,669
Loss (gain) on sale of investment securities	-	-310,745
Loss (gain) on valuation of investment securities	-43,401	-135,642
Loss on retirement of non-current assets	2,962	18,286
Loss (gain) on investments in investment partnerships	502	256
Loss (gain) on sale of shares of subsidiaries and associates	-6,434	-
Decrease (increase) in trade receivable	-47,815	195,448
Decrease (increase) in advance payments to suppliers	4,435	-12,055
Decrease (increase) in deposits paid	-96	-12,385
Decrease (increase) in inventories	3,849	-186,073
Increase (decrease) in trade payables	3,050	2,671
Increase (decrease) in advances received	47,766	-32,248
Increase (decrease) in accounts payable – other, and accrued expenses	-145,481	-283,562
Other	38,257	19,831
Subtotal	1,152,345	906,735
Interest and dividends received	2,382	12,781
Interest paid	-3,342	-5,940
Income taxes paid	-323,075	-379,173
Net cash provided by (used in) operating activities	828,309	534,402

(Unit: thousands of yen)

	2Q FY2022 (from January 1, 2022 to June 30, 2022)	2Q FY2023 (from January 1, 2023 to June 30, 2023)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-177,507	-1,452,192
Purchase of intangible assets	-48,421	-78,782
Payments for asset retirement obligations	-8,645	-
Purchase of investment securities	-357,765	-767,921
Proceeds from sale of investment securities	-	338,852
Payments for sales of investment securities	-6,076	-
Loan advances	-64,211	-4,856
Proceeds from collection of loans receivable	999	999
Payments of leasehold and guarantee deposits	-91,651	-35,072
Proceeds from refund of leasehold and guarantee deposits	3,740	6,807
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-112,104
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	-510,233	-
Other	9,752	1,931
Net cash provided by (used in) investing activities	-1,250,019	-2,102,338
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term borrowings	-69,000	600,000
Proceeds from long-term borrowings	400,000	1,067,701
Repayments of long-term borrowings	-198,000	-183,497
Dividends paid	-240,048	-241,394
Other	-4,208	73,756
Net cash provided by (used in) financing activities	-111,257	1,316,565
Effect of exchange rate change on cash and cash equivalents	-	3,230
Net increase (decrease) in cash and cash equivalents	-532,967	-248,139
Opening balance of cash and cash equivalents	4,361,973	3,840,365
Ending balance of cash and cash equivalents	3,829,005	3,592,226

(4) 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 six months ended June 30, 2022 (from January 1, 2022 to June 30, 2022)

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

(Unit: thousands of yen)

	Reportable segment					Adjustments	Per consolidated financial statements
	Affiliate Business	Directly-Managed Lounge Business	Matching Business	Life Design Business	Total		
Sales							
Services at transferred at a point in time	789,166	1,222,514	1,128,793	60,103	3,200,578	—	3,200,578
Services transferred over time	491,373	2,680,232	411,901	553,144	4,136,652	—	4,136,652
Revenue from contracts with customers	1,280,540	3,902,747	1,540,694	613,248	7,337,230	—	7,337,230
Other revenues	—	—	—	29,582	29,582	—	29,582
Revenues from external customers	1,280,540	3,902,747	1,540,694	642,831	7,366,813	—	7,366,813
Transactions with other segments	66,953	27,905	13,009	77	107,945	-107,945	—
Total	1,347,494	3,930,653	1,553,703	642,908	7,474,758	-107,945	7,366,813
Segment profit (loss)	762,851	763,924	59,443	48,105	1,634,324	-702,848	931,475

- Notes:
- Adjustments to segment profit (loss) of -702,848 thousand yen include elimination of inter-segment transactions of 1,701 thousand yen and corporate expenses of -704,550 thousand yen that are not allocated to each reportable segment. Corporate expenses mainly consist of general and administrative expenses that do not belong to any reportable segment.
  - Segment profit (loss) is adjusted with the operating profit in the consolidated financial statements.
  - “Other revenues” are transactions related to financial instruments based on the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019).

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

(Significant impairment losses regards to non-current assets)

Not applicable

(Significant changes in the amount of goodwill)

The amount of goodwill decreased 81,425 thousand yen during the first six months of the fiscal year under review, following the exclusion of Diverse, Inc. from the scope of consolidation of the Company due to the transfer of shares in the Matching Business segment.

II First consolidated six months ended June 30, 2023 (from January 1, 2023 to June 30, 2023)

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

(Unit: thousands of yen)

	Reportable segment					Adjustments	Per consolidated financial statements
	Affiliate Business	Directly-Managed Lounge Business	Matching Business	Life Design Business	Total		
Sales							
Services at transferred at a point in time	938,016	1,354,142	564,579	380,381	3,237,120	—	3,237,120
Services transferred over time	553,472	2,803,584	352,408	690,442	4,399,907	—	4,399,907
Revenue from contracts with customers	1,491,488	4,157,726	916,987	1,070,824	7,637,027	—	7,637,027
Other revenues	—	—	—	88,395	88,395	—	88,395
Revenues from external customers	1,491,488	4,157,726	916,987	1,159,220	7,725,423	—	7,725,423
Transactions with other segments	59,483	17,832	19,200	—	96,515	-96,515	—
Total	1,550,972	4,175,558	936,187	1,159,220	7,821,938	-96,515	7,725,423
Segment profit (loss)	835,337	697,097	67,083	178,334	1,777,852	-813,226	964,626

- Notes:
- Adjustments to segment profit (loss) of -813,226 thousand yen include elimination of inter-segment transactions of 731 thousand yen and corporate expenses of -813,957 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).”