IBJ (6071)

Momentum building with diversification

Share price: ¥732 Market cap: ¥30.7bn

Q1 FY12/25 results update

21 May 2025

- **Strong start to the year** – Q1 FY12/25 results were ahead of expectations with +57.1% OP growth YoY. The core marriage agency business experienced steady growth, with both the Affiliate Business and the Directly Managed Lounge Business driving new membership growth with optimized marketing spend. IBJ is leveraging its core competencies in operating a leading matchmaking franchise model to expand into adjacent businesses and develop new earnings pillars, primarily the newly disclosed K Village Business segment and 'NAYUTAS', its Korean voice training and dance school operation. We believe that management's focus on replicating its proven operational formula can drive scalable growth across new and existing verticals, leading to business diversification and accelerating growth.



Source: Bloomberg

Maintaining our earnings estimates

- **K Village Business growing into a meaningful earnings pillar** – The K Village Business is gaining momentum in opening new locations for both its language community and music community operations. We believe K Village Business will surpass the Affiliate Business in revenue in the coming quarters. In particular, the 'NAYUTAS' franchisee reached 72 schools in Q1 FY12/25 (+148% YoY) and is set to grow with high popularity for this music genre.
- **Our earnings estimates remain unchanged –** We have maintained our earnings estimates for FY12/25 and beyond. While this may appear conservative, we have taken into consideration that the sale of investment securities in the Life Design segment had a positive impact on Q1 FY12/25 results, as well as the shift in timing of advertising expenses and investment costs for future growth.
- **Valuations** – On our unchanged estimates, the shares are trading on an estimated forward PER FY12/26 of 10.2x (on +12.3% EPS growth YoY), FCF yield of 13.9%, and a dividend yield of 2.0%.

Year-end	12/23	12/24	12/25E	12/26E	12/27E
Sales (¥bn)	17.65	17.74	19.96	21.95	24.04
OP (¥bn)	2.23	2.58	3.39	3.84	4.33
NI (¥bn)	1.63	1.52	2.42	2.72	3.06
EPS (¥)	40.84	40.16	63.75	71.60	80.63
DPS (¥)	6.00	8.00	12.75	14.32	16.13
Sales growth YoY (%)	+19.9	+0.5	+12.5	+10.0	+9.5
OP growth YoY (%)	+11.9	+15.6	+31.5	+13.2	+12.6
NP growth YoY (%)	+9.1	-6.5	+58.7	+12.3	+12.6
EPS growth YoY (%)	+9.9	-1.7	+58.7	+12.3	+12.6
PER (x)	17.9	18.2	11.5	10.2	9.1
EV/EBITDA (x)	10.3	9.1	7.2	6.4	5.7
EV/Sales (x)	1.7	1.7	1.5	1.4	1.3
PBR (x)	4.1	3.7	3.0	2.4	2.0
ROE (%)	21.7	19.2	26.0	23.4	21.3
ROCE (%)	20.4	19.5	22.4	21.4	20.9
FCF yield (%)	3.3	2.8	8.2	13.9	12.4
Dividend yield (%)	0.8	1.1	1.7	2.0	2.2
Total shareholder returns (%)	4.3	3.0	1.7	2.0	2.2

Source: Company, Astris Advisory (estimates)

Price Performance

	YTD	1M	3M	12M
Abs (%)	+18.1	+15.8	+7.3	+19.0
Rel (%)	+20.3	+7.2	+7.5	+20.2

Company sector

Commercial Services
Diversified Consumer Services

Stock data

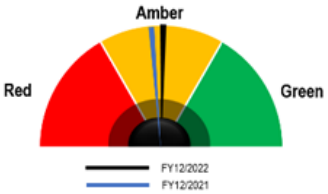
Price (¥)	732
Mkt cap (¥bn)	30.7
Mkt cap ($m)	213.4
52-week range (¥)	460-808
Shares O/S (m)	42.0
Average daily value (6m) ($m)	0.6
Free float (%)	37.1
Foreign shareholding (%)	6.2
Ticker	6071
Exchange	Tokyo Prime
Net Debt/Equity (x)	N/A
FFO leverage (x)	4.0
BBG BUY | HOLD | SELL	1 | 1 | 0

Source: Bloomberg

Business Overview

IBJ is a domestic online and offline matchmaking agency for individuals seeking to marry. The business is divided into three main segments: the matching business, which provides gateway services for marriage activities; the marriage consultation office business, which is the growth driver of IBJ and combines franchise and directly operated stores; and the life design business, which offers support after successful marriages. Listed in December 2012, the company is a niche market leader.

Astris-Sustainability ESG rating



Reference Ratings	
MSCI	N/A
Sustainalytics	N/A
Refinitiv	N/A
S&P Global	34
Bloomberg	N/A

Next events

Q2 FY12/25 results August 2025

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This report has been commissioned and paid for by the company

Recent results

Q1 FY12/25 results

A strong start to FY12/25

Key financials

(¥bn)	Q1 FY12/24	Q1 FY12/25	YoY (%)
Sales	**4.25**	**4.82**	**+13.2**
Gross profit/(loss)	3.96	4.38	+10.7
Gross margins (%)	***93.1***	***90.9***	
Operating profit/(loss)	**0.66**	**1.01**	**+51.7**
Operating margins (%)	***15.6***	***21.0***	
Recurring profit	0.66	1.00	+51.0
Net income attributable to the parent	0.48	0.61	+27.7

Source: Company

Steady growth in the core matchmaking business, together with accelerating growth in Life Design and K Village

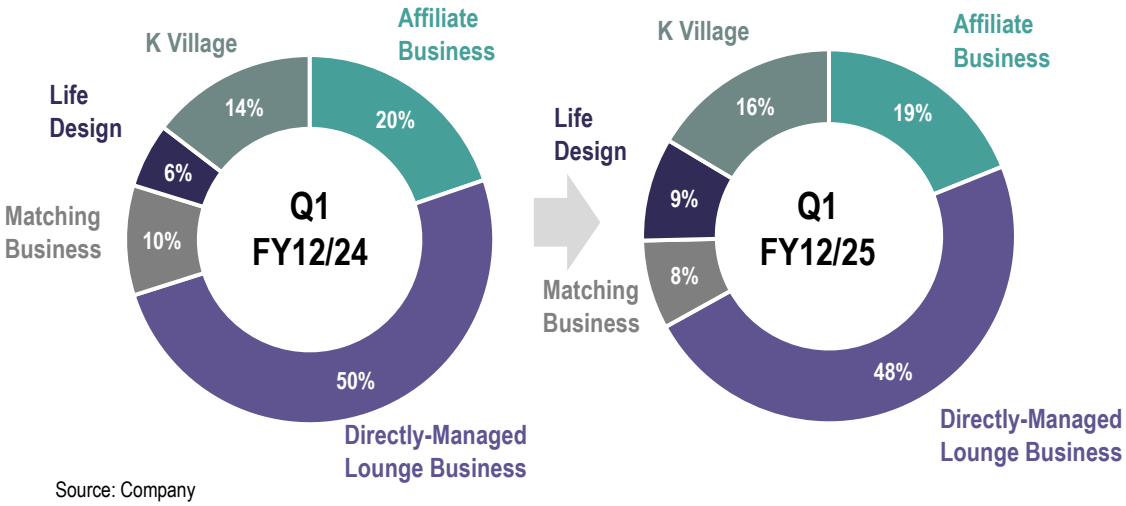
Per business segment

(¥bn)	Q1 FY12/24	Q1 FY12/25	YoY (%)
Sales			
Affiliate Business	0.84	0.91	+9.4
Directly-Managed Lounge Business	2.14	2.31	+7.8
Matching Business	0.41	0.37	-10.2
Life Design Business	0.24	0.43	+79.1
K Village	0.62	0.79	+26.7
Segmental profit/(loss)			
Affiliate Business	0.58	0.60	+3.1
Directly-Managed Lounge Business	0.47	0.58	+23.9
Matching Business	0.06	0.09	+50.0
Life Design Business	0.09	0.18	+99.9
K Village	0.07	0.13	+77.7
Segmental profit margins (%)			
Affiliate Business	69.9	65.9	
Directly-Managed Lounge Business	21.9	25.1	
Matching Business	14.5	24.3	
Life Design Business	38.5	41.9	
K Village	11.3	16.5	

Source: Company

Non-matchmaking segments made up 33% of sales

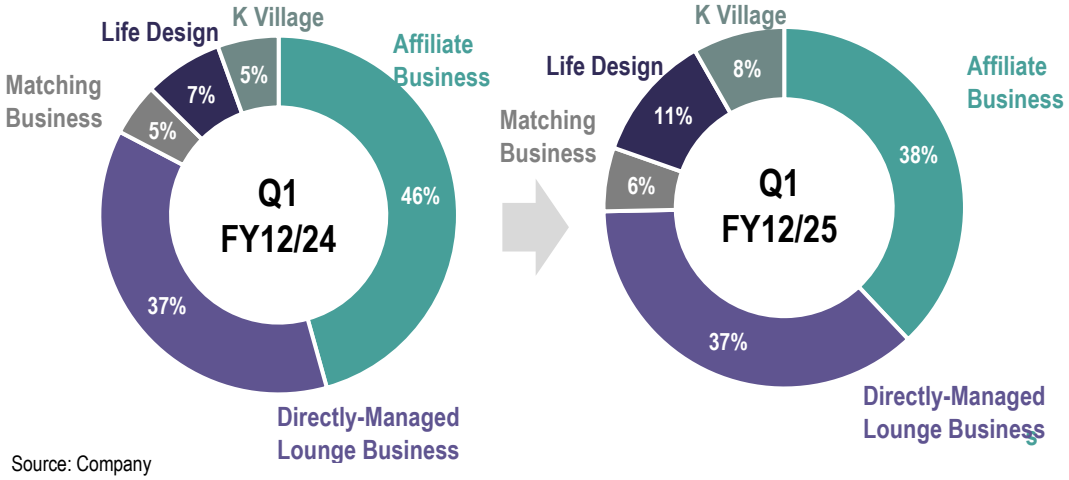
Sales split per business segment



Source: Company

Profit contribution from non-matchmaking activities has risen

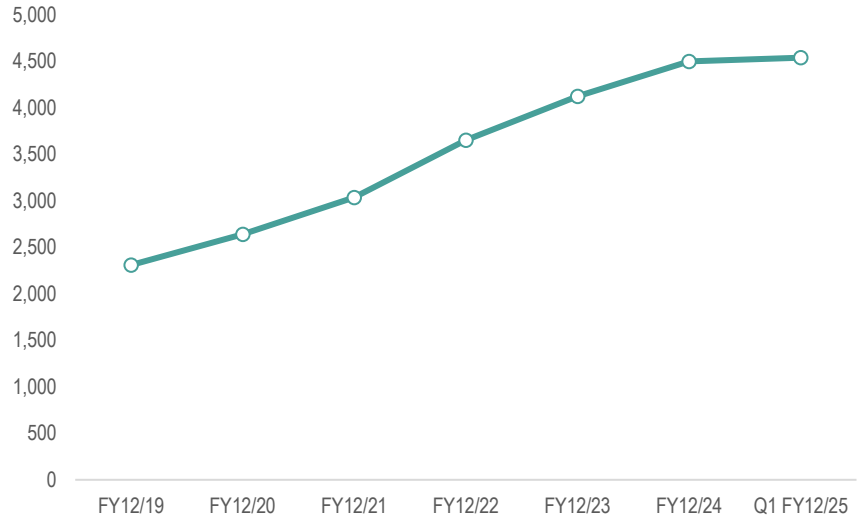
Segmental profit split by business segment (pre-elimination)



Source: Company

The trend remains stable for affiliate numbers

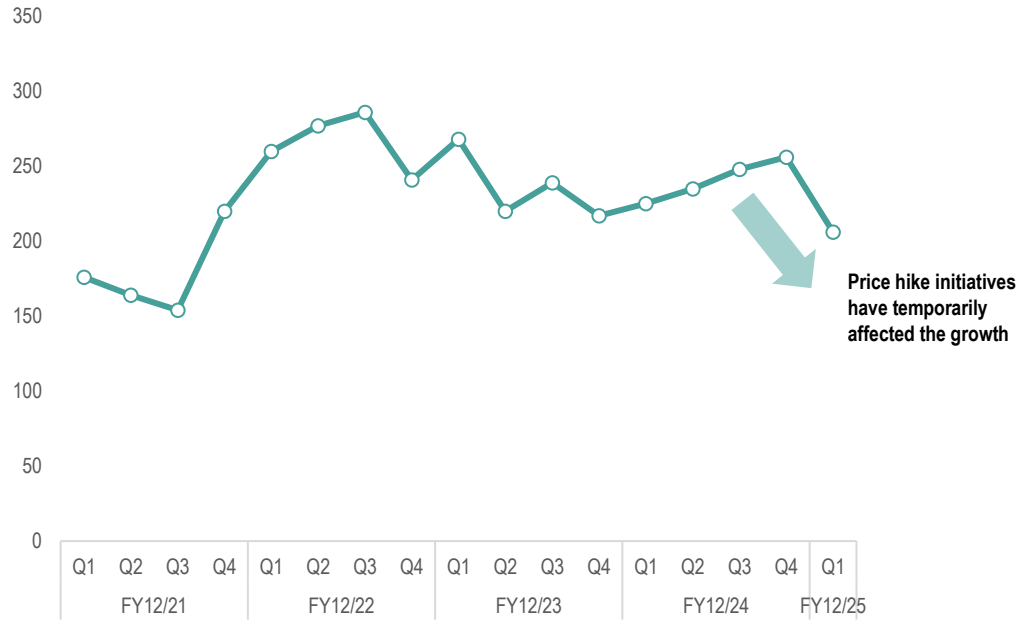
Annual affiliate members



Source: Company

Quarterly affiliate business openings have slowed

Quarterly new affiliate business openings



Source: Company
Note: Data for new openings, and not net affiliate increases QoQ

Key highlights

In the core Affiliate and Directly Managed Lounge Business, new member growth grew by 34.1% YoY, showing an accelerating trend from FY12/24 (+25.2% YoY). The capital and business alliance with O-Net in 2023, together with the strengthened support for affiliates from IBJ, appears to be driving incremental demand.

Per business segment:

- **Affiliate Business** – Steady sales growth of 9.4% YoY, with a one-time franchise fee of approximately ¥0.10bn from O-Net in Q1 FY12/24 resulting in a slight decline in segment profitability YoY.
- **Directly-Managed Lounge Business** – Strong membership growth drove 7.8% sales growth YoY, with optimized marketing spend lifting profitability YoY.
- **Life Design** – Collaboration with the Directly-Managed Lounge business drove higher customer referrals, resulting in an increase in users across weddings, insurance, and housing services. Notably, the wedding business, positioned as the gateway to Life Design services, achieved 41.5% YoY growth in deals closed, which is expected to support insurance and housing.
- **K Village** - Due to its positive outlook, K Village has been separated from Life Design and designated as a new segment. Student numbers at the Language Community business (Korean language school) increased by 15% YoY. The Music Community business 'NAYUTAS', the Korean music school operation offering voice training and dance lessons, saw its franchise schools reach 72, an increase of 43 schools YoY.

Price optimization underway at the Affiliate Business

The company is undertaking the following:

- **Uniform pricing** – The monthly charge for an affiliate has varied depending on the timing of membership. In pursuit of fairness, IBJ has implemented a uniform pricing system, effective January 2024, with an anticipated completion date of January 2026. Upon completion, monthly revenue is expected to increase by approximately ¥0.03 billion compared to January 2024, resulting in an annualized impact of ¥0.36 billion.
- **Inactive users to be subject to billing** – IBJ has exempted around 13,000 inactive users registered at affiliates from being treated as billable. However, starting from July 2025, they will be subject to a monthly fee of ¥100 per person. This move aims to alleviate unnecessary server burdens and rebuild the member base.

We believe these efforts will drive sales, help streamline the whole network, and simplify specific administrative steps, leading to a leaner cost structure. There may be potential for pushbacks from some long-standing affiliates, but considering the brand equity value and networking power of IBJ, we foresee a low attrition rate.

Astris earnings estimates and key assumptions

We have maintained our earnings estimates for FY12/25 and beyond.

Astris Advisory earnings estimates

Year-end	FY12/25 guidance	FY12/25E	FY12/26E	FY12/27E
Sales	**19.40**	**19.96**	**21.95**	**24.04**
Growth YoY (%)	+9.4			
OP (¥bn)	**3.12**	**3.39**	**3.84**	**4.33**
OPM (%)	16.1	17.0	17.5	18.0
EBITDA (¥bn)	**-**	**4.19**	**4.72**	**5.29**
EBITDA margins (%)	-	21.0	21.5	22.0
FCF (¥bn)	**-**	**2.51**	**4.28**	**3.82**
FCF margin (%)	-	12.6	19.5	15.9
FCF conversion (%)	-	73.6	111.2	88.0
FCF yield (%)	**-**	**8.2**	**13.9**	**12.4**
DPS (¥)	**N/A**	**12.8**	**14.3**	**16.1**
Dividend yield	**-**	**1.7**	**2.0**	**2.2**
Total shareholder return (%)	**-**	**1.7**	**2.0**	**2.2**

Source: Astris Advisory
Note: FCF conversion is FCF/Pre-tax Profit

The core assumptions of our estimates are as follows:

- **Sales growth** – We estimate high single-digit growth for the core matchmaking activity, with growth supplemented by scaling the Life Design Business and strategic M&A activity.
- **Profitability** – At this current juncture we believe the business can maintain stable operating margins, balancing the needs of business investment as well as scaling the Life Design Business.
- **Sustainable free cash flow generation** – We believe the company will continue to generate positive free cash flow with its asset-light business model and maintain an FCF conversion rate of around 70% for the medium term.

Summary

Market leading domestic marriage matchmaker

IBJ is a leading domestic matchmaking agency, specializing in both online and offline services for individuals looking to get married. The business is divided into three main segments: the matching business, which provides gateway services for marriage activities; the marriage consultation office business, which is the growth driver of IBJ and combines franchise and directly operated stores; and the life design business, which offers support after successful marriages. The company, which went public in December 2012, holds a prominent position as a leader in the niche market. With its corporate philosophy of 'bringing happiness to everyone who has a connection', it has a strong brand and high reputation stemming from positive customer interactions and high matchmaking performance.

It has embarked on a medium-term growth strategy to FY12/27 based on the following:

- Conducting marriages for 20,000 couples per annum, equivalent to approximately 4% of the total nationwide (estimated to remain around current levels of 500,000 marriages).
- Reaching 7,000 affiliate companies in the IBJ alliance network (FY12/23 was 4,211).
- **To generate ¥24.0bn sales and ¥3.5bn operating profit (14.6% OPM) in FY12/27.**
- **Focus capital allocation** on M&A and building alliances.

Astris Advisory estimates IBJ will drive medium-term growth via the following factors:

- Conduct M&A activity as the company aims to drive economies of scale and network effects for its matchmaking service.
- Stable operating profit margins demonstrate its pricing power and ability to deliver high matchmaking rates.

The shares are trading on an estimated PER FY12/26 of 10.2x (on +12.3% EPS growth YoY), FCF yield of 13.9%, and a dividend yield of 2.0%.

JGAAP Financial Summary

(¥bn)	FY 12/23	FY 12/24	FY 12/25E	FY 12/26E	FY 12/27E
Sales	**17.65**	**17.74**	**19.96**	**21.95**	**24.04**
COGS	2.55	1.28	1.40	1.54	1.68
Gross profit	**15.10**	**16.46**	**18.56**	**20.42**	**22.36**
Gross profit margin (%)	85.5	92.8	93.0	93.0	93.0
OP	**2.23**	**2.58**	**3.39**	**3.84**	**4.33**
OP margin (%)	12.6	14.5	17.0	17.5	18.0
Non-operating income	0.08	0.01	0.05	0.03	0.04
Non-operating expenses	(0.02)	(0.03)	(0.02)	(0.03)	(0.03)
Recurring profit	**2.29**	**2.56**	**3.41**	**3.84**	**4.34**
Extraordinary gains	0.40	0.09	-	-	-
Extraordinary losses	(0.33)	(0.37)	-	-	-
Pre-tax profit	**2.36**	**2.28**	**3.41**	**3.84**	**4.34**
Tax	(0.69)	(0.68)	(0.91)	(1.03)	(1.16)
Effective tax rate (%)	30.1	26.7	26.7	26.7	26.7
Net income	**1.67**	**1.59**	**2.50**	**2.82**	**3.18**
Non-controlling NI	0.04	0.07	0.08	0.10	0.12
Parent attributable NI	**1.63**	**1.52**	**2.42**	**2.72**	**3.06**
Sales growth YoY (%)	+19.9	+0.5	+12.5	+10.0	+9.5
OP growth YoY (%)	+11.9	+15.6	+31.5	+13.2	+12.6
Pre-tax profit YoY (%)	+17.3	-3.6	+49.9	+12.6	+12.9
NI growth YoY (%)	+9.1	-6.5	+58.7	+12.3	+12.6

Cash flow statement (¥bn)	FY 12/23	FY 12/24	FY 12/25E	FY 12/26E	FY 12/27E
Profit before tax	**2.36**	**2.28**	**3.41**	**3.84**	**4.34**
Depreciation/amortization	0.69	0.74	0.80	0.88	0.96
Changes in working capital	1.18	(1.43)	(0.61)	0.62	(0.14)
Other non-cash items	(0.05)	0.69	0.32	0.51	0.42
Tax paid	(0.66)	(0.97)	(0.91)	(1.03)	(1.16)
Cash from Operating Activities	**3.52**	**1.31**	**3.01**	**4.82**	**4.42**
Capex	(2.50)	(0.45)	(0.50)	(0.55)	(0.60)
Acquisitions/increase stakes	(0.11)	-	-	-	-
Other investing cash flow	(1.55)	0.09	(0.73)	(0.32)	(0.53)
Cash from Investing Activities	**(4.17)**	**(0.36)**	**(1.23)**	**(0.87)**	**(1.13)**
Total cash dividends paid	(0.24)	(0.23)	(0.48)	(0.54)	(0.61)
Debt issuance/(retirement)	2.88	(0.55)	-	-	-
Equity financing/(buybacks)	(1.07)	(0.59)	-	-	-
Other	0.04	(0.01)	(0.01)	(0.01)	(0.01)
Cash from Financing Activities	**1.61**	**(1.39)**	**(0.49)**	**(0.55)**	**(0.62)**
FX impact	0.00	0.00	0.00	0.00	0.00
Net cash flow	**0.95**	**(0.44)**	**1.29**	**3.41**	**2.68**
Free cash flow	**1.02**	**0.86**	**2.51**	**4.28**	**3.82**
EBITDA	**2.92**	**3.32**	**4.19**	**4.72**	**5.29**
EBITDA margin (%)	16.5	18.7	21.0	21.5	22.0
Free cash flow margin (%)	5.8	4.9	12.6	19.5	15.9
Free cash flow conversion (%)	43.0	37.8	73.6	111.2	88.0
Capex/sales (%)	14.2	2.5	2.5	2.5	2.5
Capex/depreciation (%)	364.6	60.3	62.5	62.5	62.5
CFO margin (%)	19.9	7.4	15.1	22.0	18.4

Balance sheet (¥bn)	FY 12/23	FY 12/24	FY 12/25E	FY 12/26E	FY 12/27E
Cash & equivalents	3.79	4.20	5.49	8.90	11.58
Accounts receivables	0.94	2.14	2.14	2.14	2.14
Inventory and WIP	1.61	1.88	2.12	2.33	2.55
Other	1.75	0.70	0.55	0.55	0.55
Current assets	**8.09**	**8.92**	**10.31**	**13.92**	**16.82**
Tangible assets	3.00	2.95	2.95	2.95	2.95
Goodwill	1.53	1.32	1.32	1.32	1.32
Intangible assets	1.08	1.00	1.00	1.00	1.00
Long term investments	1.96	1.60	1.60	1.60	1.60
Other	2.46	2.67	2.67	2.67	2.67
Fixed assets	**10.03**	**9.55**	**9.55**	**9.55**	**9.55**
Total assets	**18.12**	**18.47**	**19.85**	**23.47**	**26.37**
Short term borrowing	3.50	1.64	1.64	1.64	1.64
Trade payables	0.49	0.28	0.32	0.35	0.38
Other	3.20	3.30	2.75	3.55	3.60
Current liabilities	**7.19**	**5.22**	**4.70**	**5.53**	**5.62**
Long term borrowing	2.22	3.54	3.54	3.54	3.54
Other LT liabilities	0.69	0.74	0.74	0.74	0.74
Long term liabilities	**2.91**	**4.27**	**4.27**	**4.27**	**4.27**
Shareholder's equity	**7.45**	**8.39**	**10.24**	**12.96**	**15.71**
Share acquisitions rights	0.10	0.04	0.04	0.04	0.04
Non-controlling interests	0.48	0.55	0.60	0.66	0.73
Total net assets	**8.02**	**8.97**	**10.88**	**13.66**	**16.48**
Total liabilities & net assets	**18.12**	**18.47**	**19.85**	**23.47**	**26.37**

Key metrics	FY 12/23	FY 12/24	FY 12/25E	FY 12/26E	FY 12/27E
Profitability					
Gross margin (%)	85.5	92.8	93.0	93.0	93.0
Operating margin (%)	12.6	14.5	17.0	17.5	18.0
Net margin (%)	9.2	8.6	12.1	12.4	12.7
ROA (%)	10.2	8.3	12.6	12.5	12.3
ROE (%)	21.7	19.2	26.0	23.4	21.3
ROCE (%)	20.4	19.5	22.4	21.4	20.9
ROIC (%)	13.3	14.1	17.2	16.8	16.3
Liquidity					
Current ratio (x)	1.1	1.7	2.2	2.5	3.0
Leverage					
Debt/Equity ratio (x)	0.8	0.6	0.5	0.4	0.3
Net Debt/Equity ratio (x)	0.3	0.1	net cash	net cash	net cash
Equity ratio (x)	0.4	0.5	0.5	0.6	0.6
Interest cover (x)	185.9	114.0	164.0	185.7	209.1
Net Debt/EBITDA (x)	0.7	0.3	N/A	N/A	N/A
Valuation					
EPS reported (¥)	40.84	40.16	63.75	71.60	80.63
PER (x)	**17.9**	**18.2**	**11.5**	**10.2**	**9.1**
Diluted PER (x)	**18.8**	**19.2**	**12.1**	**10.8**	**9.5**
DPS (¥)	6.0	8.0	12.8	14.3	16.1
Dividend payout ratio (%)	14.7	19.9	20.0	20.0	20.0
Dividend yield (%)	**0.8**	**1.1**	**1.7**	**2.0**	**2.2**
Total shareholder return (%)	**4.3**	**3.0**	**1.7**	**2.0**	**2.2**
Free cash flow yield (%)	**3.3**	**2.8**	**8.2**	**13.9**	**12.4**
Diluted FCF yield (%)	**3.1**	**2.7**	**7.8**	**13.2**	**11.8**
PBR (x)	**4.1**	**3.7**	**3.0**	**2.4**	**2.0**
EV/sales (x)	1.7	1.7	1.5	1.4	1.3
EV/EBITDA (x)	10.3	9.1	7.2	6.4	5.7
EV/EBIT (x)	13.5	11.7	8.9	7.8	7.0
EV/FCF (x)	29.7	35.0	12.0	7.0	7.9

Source: Company, Astris Advisory

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