



**IBJ, Inc.**

**2nd Quarter Financial Results Briefing  
for the Fiscal Year Ending December 2022**

**August 19, 2022**

## Presentation

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**Moderator:** Thank you very much for your patience. The meeting is now called to order. Welcome to the IBJ, Inc. financial results briefing for Q2 of the fiscal year ending December 31, 2022.

Thank you for taking the time out of your busy schedules to join us today. We will allocate some time for a question-and-answer session after the presentation. Please note that due to the time constraint we may not be able to answer all of the questions. Thank you for your understanding.

The meeting is scheduled to end at 11:30. After the event, a questionnaire will appear on your screen. We would appreciate it if you could participate in the survey.

I would now like to introduce today's attendees. Mr. Shigeru Ishizaka, CEO. We would like to begin immediately. Mr. Ishizaka, please proceed.

**Ishizaka:** Thank you all for coming here today. I am Ishizaka, President and Representative Director of IBJ Inc.

I would like to provide an overview of the financial results for Q2 ending December 2022.



This is today's agenda. I would like to review the financial results, a summary of business segments, our growth strategy, and the medium-term business plan, in this order.

## 2Q 2022 Consolidated Results Highlights

**Significant increase in profit due to sales growth in our core businesses and the exclusion of an unprofitable business**

(Million yen)	2Q 2021 Actual results	Announced 4/28 2Q 2022 Forecast (A)	2Q 2022 Actual results (B)	Amount of change (B) – (A)	Percentage change (B)/(A)
Net sales	6,755	7,222	7,366	+144	+ 2.0%
Operating income	684	666	931	+264	+ 39.7%
Ordinary income	619	663	978	+315	+ 47.6%
Profit attributable to owners of parent	367	490	743	+253	+ 51.6%

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First, let me give you an overview of the financial results for Q2. The cumulative consolidated business results for the first two quarters of the fiscal year show that sales in the mainstay businesses have grown considerably, and combined with the liquidation of unprofitable businesses, profits have increased significantly. Compared to the last fiscal year, and compared to the current-term forecast, sales and profits are positive.

## Factors Behind Upward Revision to 2Q Results Forecast

Net sales **7,366 million yen** **+144 million yen vs. forecast**

Operating income **931 million yen** **+264 million yen vs. forecast**

Factor 1 Affiliate Business
Strengthened marketing and expanded sales channels, increasing corporate affiliates
Cumulative new business openings in 2Q
<b>537 cases</b>
(+57.9% YoY)

Factor 2 Directly-Managed Lounge Business
Increased new members joining through parties by enhancing training for sales personnel to attract new memberships
Cumulative new memberships in 2Q
<b>9,570 people</b>
(+18.2% YoY)

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Here are the upside factors, particularly related to sales and operating profit.

The net sales were JPY7.366 billion, up JPY144 million above the forecast. The operating profit was JPY931 million, up JPY264 million above the forecast. One of the positive factors is the affiliate business. In the affiliate

business, the number of corporate affiliates increased significantly as a result of enhanced marketing to potential customers and the expansion of sales channels. The cumulative number of new openings in Q2 totaled 537, an increase of 57.9% over the previous year.

The second factor is the directly-managed lounge business. In the directly-managed lounge business, the headcount of individual members increased considerably, totaling 9,570 for the consecutive first two quarters, up 18.2% from the same period last year. We reinforced the training of the club management and sales team through a series of learning and development programs, which eventually led to lifting the number of new customer registrations through matchmaking social events.

I'm going to touch on this topic a little later. During COVID, we held several but restricted social events with infection control measures in place, and because of this, we saw an increase in the number of new memberships in the directly-managed lounge business.

## Full-year 2022 Consolidated Results Forecast Revised Upward

**Full-year consolidated results forecast revised upward as a result of a significant increase in profits for the first half**

(Million yen)	Full-year 2022 Previous forecast (A) <small>(Announced 4/27)</small>	Full-year 2022 Revised forecast (B)	Amount of change (B) – (A)	Percentage change (B)/(A)
Net sales	14,550	14,694	+144	+1.0%
Operating income	1,655	1,920	+264	+16.0%
Ordinary income	1,635	1,950	+315	+19.3%
Profit attributable to owners of parent	1,405	1,658	+253	+18.0%

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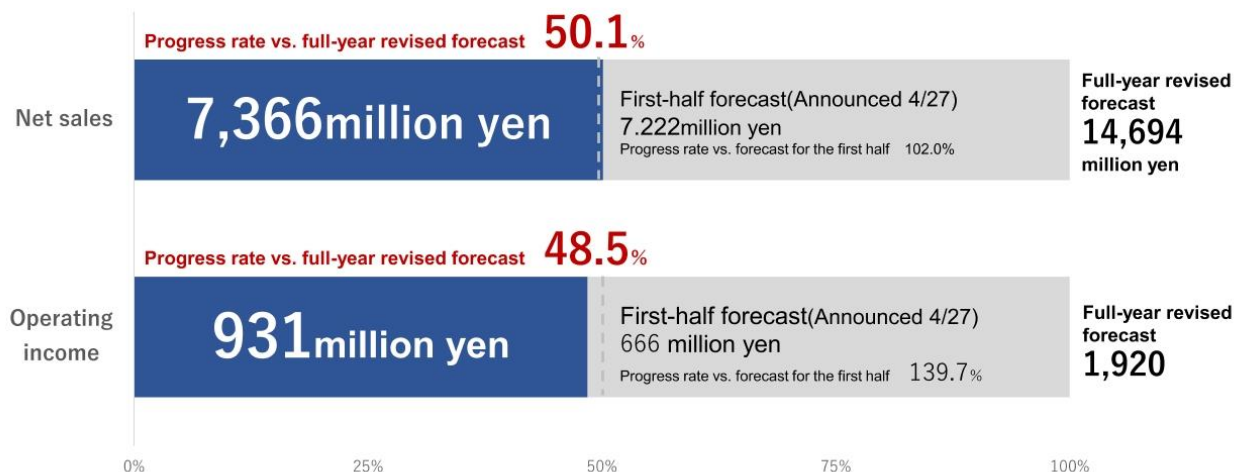
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Given these situations, our business during H1 grew extremely profitable, hence we made an upward revision in our consolidated earnings forecast for the full year.

While there is no significant change in net sales, operating profit was revised upwardly from JPY1.655 billion to JPY1.920 billion, an increase of 16%.

## Progress vs. Revised Full-year Consolidated Results Forecast

Up until Q2, both sales and operating profit made steady progress compared to the full-year forecast.



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We are also aware that we are making steady progress toward the revised full-year consolidated earnings forecast, and have realized roughly half of the full-year forecast for both sales and operating profit. Profits are slightly lower, but since profits usually increase from H1 to H2.

## Balance Sheet (B/S)

(Million yen)	December 31, 2021	June 30, 2022	Amount of change	Main factor behind change
<b>Current assets</b>	7,440	7,315	△125	
Cash and deposits	4,361	3,826	△534	Decrease due to excluding Diverse from the scope of consolidation and repayments of short-term borrowings
<b>Non-current assets</b>	5,873	5,930	+56	
Tangible and intangible assets	3,399	3,314	△85	Decrease in goodwill due to excluding Diverse from the scope of consolidation
Investments and other assets	2,473	2,616	+142	New acquisition of investment securities
<b>Total assets</b>	<b>13,314</b>	<b>13,245</b>	<b>△68</b>	
<b>Current liabilities</b>	4,363	3,927	△436	Decrease in advances received and account payable – other due to excluding Diverse from the scope of consolidation
<b>Non-current liabilities</b>	2,327	2,180	△147	Transferred long-term borrowings to short-term borrowings
<b>Total liabilities</b>	<b>6,691</b>	<b>6,107</b>	<b>△583</b>	
<b>Capital stock and capital surplus</b>	1,502	1,554	+52	
<b>Retained earnings</b>	5,474	5,842	+368	
<b>Treasury shares</b>	△999	△901	+97	
<b>Valuation and translation adjustments</b>	193	263	+69	
<b>Non-controlling interests</b>	451	378	△72	
<b>Total net assets</b>	<b>6,623</b>	<b>7,138</b>	<b>+514</b>	
<b>Total liabilities and net assets</b>	<b>13,314</b>	<b>13,245</b>	<b>△68</b>	

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## Profit and Loss Statement (P/L)

(Million yen)	June 30, 2021	June 30, 2022	Amount of change	Main factor behind change
(Million yen)	6,755	7,366	+611	Increase in number of new business openings and raising joining fees, increase in new memberships for Directly-Managed Lounge Business
Net sales	208	243	+35	
Cost of sales	6,546	7,123	+576	
Gross profit	5,857	6,191	+334	Increased personnel expenses due to increase in staff, strengthened ZWEI advertising
Selling, general and administrative expenses	684	931	+247	
Operating profit	16	51	+35	
Total non-operating income	80	4	△76	
Total non-operating expenses	619	978	+359	
Ordinary profit	108	7	△100	Employment subsidy for Travel Business in 2021, gain on sale of new investment securities
Total extraordinary income	82	11	△71	Extraordinary loss from suspension of Travel Business in 2021 due to COVID-19
Total extraordinary losses	645	975	+329	
Profit before income taxes	234	278	+43	
Total income taxes	410	696	+286	
Profit	43	△46	△89	
Profit attributable to non-controlling interests	367	743	+375	

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## Cash Flow Statement (C/F)

(Million yen)	June 30, 2021	June 30, 2022	Change	Main factor behind change
Cash flow from operating activities	210	828	+617	Carry-over of profit from 2021
Cash flow from investment activities	△231	△1,250	△1,018	Purchase of investment securities
Cash flow from financing activities	△1,718	△111	+1,607	Proceeds from long-term borrowings
Closing balance of cash and cash equivalents	4,213	3,829	△384	

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Here is the balance sheet, P/L, and cash flow statement, which I would like you to review at a convenient time.

## Summary by Business Division

(Million yen)		2Q 2021 Actual results	2Q 2022 Actual results	Amount of change	Profit margin
<b>Affiliate Business</b>	Net sales	1,039	1,280	+ 241	60.7%
	Divisional profit	680	776	+ 96	
<b>Directly-Managed Lounge Business</b>	Net sales	3,259	3,902	+ 643	22.6%
	Divisional profit	628	881	+ 253	
<b>Matching Business</b> <small>*Diverse excluded from scope of consolidation from May 1, 2022</small>	Net sales	1,879	1,540	△ 339	8.5%
	Divisional profit	138	131	△ 6	
<b>Life Design Business</b>	Net sales	577	642	+ 65	11.4%
	Divisional profit	11	73	+ 61	

\*Divisional profit = Operating income + Depreciation + Amortization of goodwill + Amortization of long-term prepaid expenses (after adjusting internal transactions)

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I would like to move on to the performance summary by business segment.

As I have noted in the past, our business has four major segments. The first item is the affiliate business. We currently operate nearly 3,500 matchmaking agencies. While we promote to increase the number of affiliates, we also provide support to the existing affiliates to maintain or enhance their communities.

As shown here, sales for Q1 and Q2 totaled about JPY1.28 billion, but it is a very profitable model. This is where the DX operation, in other words power of IT, is taking its full effect, offering the largest network in the match-making industry.

The second is the directly-managed lounge business. As you can see, the total sales for Q1 and Q2 amounted to JPY3.9 billion, which is a large portion of the total sales, but the profit margin is slightly lower than that of the affiliate business, at 22.6%. This is because directly-managed lounge business carries a large network of stores, which adds to costs. Because we invest a fair amount of resources to keep enough headcount of staff members and to provide operational support, this business incurs substantial SG&A expenses.

And, we have the matching business, which functions like a gateway for the aforementioned affiliate business, and the directly-managed lounge business. Our matchmaking business can be roughly divided into event management, through which we host social events for marriage-minded individuals, and mobile app business, through which we offer matchmaking opportunities. Out of the two, event management is the driving force of our company, IBJ.

For the matchmaking app business, we conducted a partial reorganization and limited our target to marriage-focused consumers. Compared to other dating app enterprises, we have not yet achieved their level of economic impact. We stick with a matchmaking business that targets the consumers who want to get married because marriage is a connection to our affiliate business, and directly-managed lounge business.

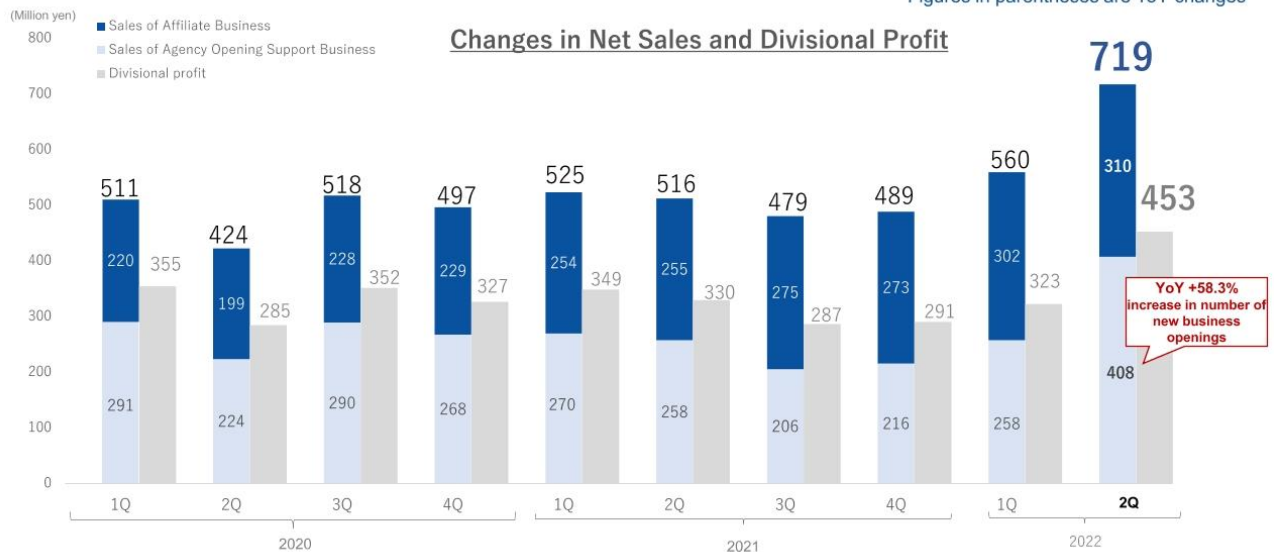
The fourth segment is the life design business. In this segment, we provide support to married couples to prepare for the next steps. Weddings, marriage rings, honeymoons, and the start of a new lifestyle. We assess that this business has the potential to grow as the number of marriages goes up.

## Change in Quarter Performance of Affiliate Business

Affiliate Business

**Net sales: 719 million yen (+40.0%), Divisional profit 453 million yen (+37.1%)**

\*Figures in parentheses are YoY changes



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Now I would like to go through the current status of these four segments.

The first is the affiliate business. The quarterly performance trends are shown here. Both sales and business profit have increased significantly compared to the previous year.

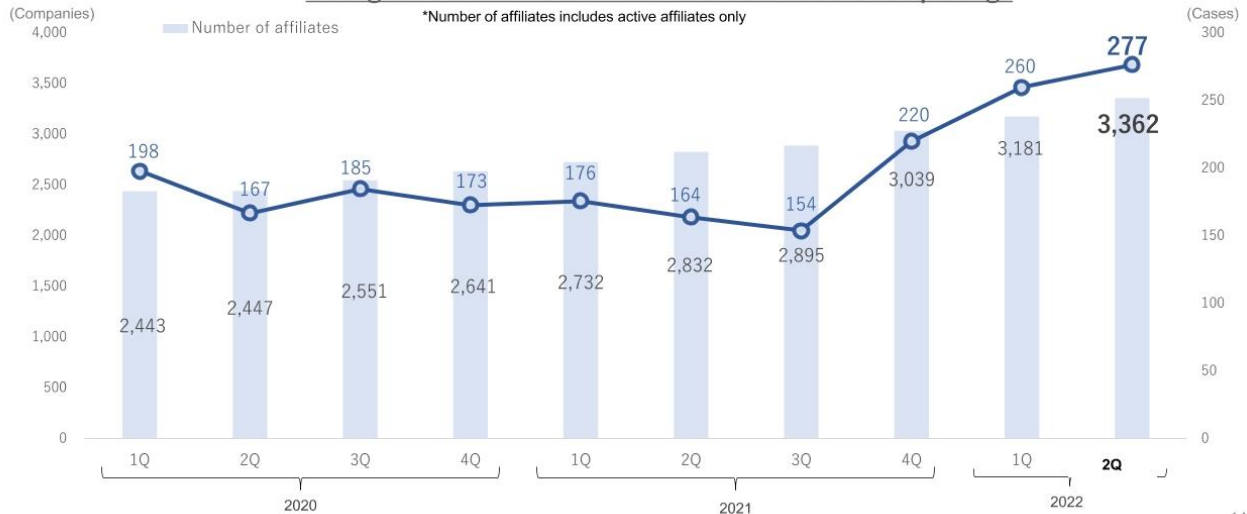
In particular, the number of new businesses, in other words the number of individuals and corporations seeking to establish matchmaking agencies or spouse hunting services, has increased significantly, up more than 58% compared to the previous fiscal year.

As I mentioned earlier, sales are growing. The profit margins are also high so operating profits are growing. We expect a steady growth here in the future.



**2Q 2022 Average number of new business openings per month increased to 92.3, strong growth in number of affiliates**

**Change in Number of Affiliates and New Business Openings**



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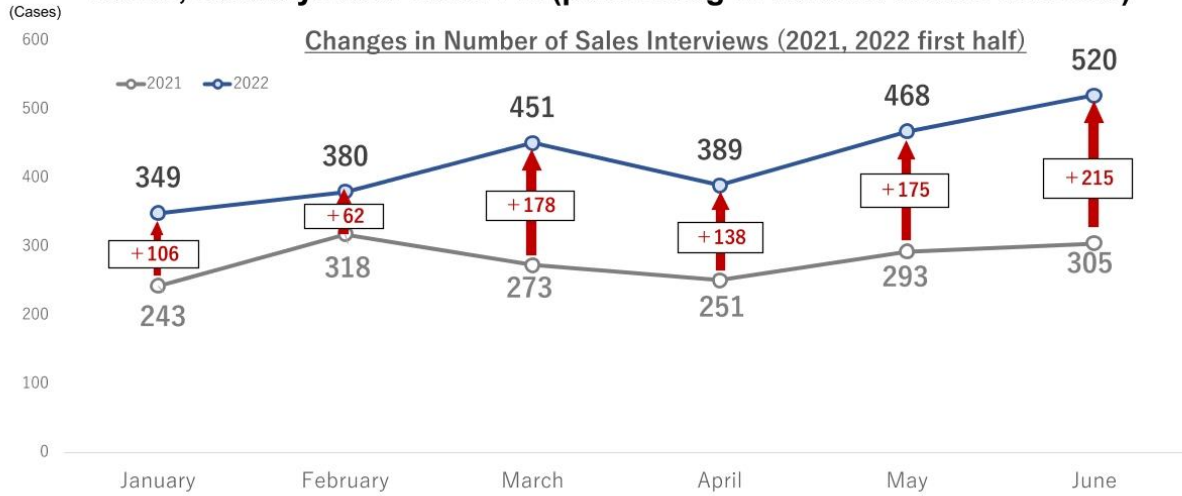
As for the number of affiliates and new store openings, the number of new openings per month in Q2 of 2022, this number increased to 92.3 on average. So, roughly 90 or more new matchmaking agencies and spouse hunting services are opening or joining the market each month. Of course, some of them are going out of business, but the number of new store launch is overwhelmingly high, and we plan to continue to increase the number of openings steadily.

I will provide my comment on the reason behind the growth a little later. Please note that while the number of new stores has grown, the number of affiliates has grown to 3,362. When we acquire new affiliates, we gain profits from the launch sales of the affiliates. We also receive monthly system usage fees from existing affiliates. This is our business model.

# Acquisition Strategy for New Business Openings (1)

Affiliate Business

**Acquisition of new business openings was supported by increased number of inquiries and sales interviews due to strengthened marketing from running ads in trains, subways and other PR (publishing in various media sources)**



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I attribute the reason why the strategy for acquiring more affiliates worked well, and how new business sales have expanded, to the marketing reinforcement. In addition to conventional internet marketing, which is centered around search advertising, we used outdoor advertising in high-traffic areas to promote our business. Additionally, we worked on the public relations strategies, especially among overall marketing enhancement efforts. The number of inquiries and sales interview went up, eventually pushing the number of new business launch higher.

The graph below shows the number of sales interviews. The number of sales interviews from January to June of last year and this year shows that we increased the number of new business launch by increasing the number of sales interviews, since new openings do not occur without sales interviews.

We will continue to strengthen our marketing efforts, as we believe that there is still a considerable need for new matchmaking agencies. We would like to promote matchmaking business and spouse hunting services as a potential new business for firms and individuals. We will further increase the number of sales interviews by promoting this business, which has many advantages, such as, it contributes to the wellness of people, it is highly profitable, and requires a small initial investment.

## Strengthen approach to corporations in aiming to further increase corporate affiliates



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In addition to increasing the number of interviews, we have also spent the last two years or so strengthening our corporate sales organization. We used to operate with a small group of elite members with strong sales capabilities, but we came to a point where we needed to expand the scale of our business. We increased the number of sales staff and divided the workload, and also established a new unit specializing in corporate sales. This is how we increased the number of corporate partners.

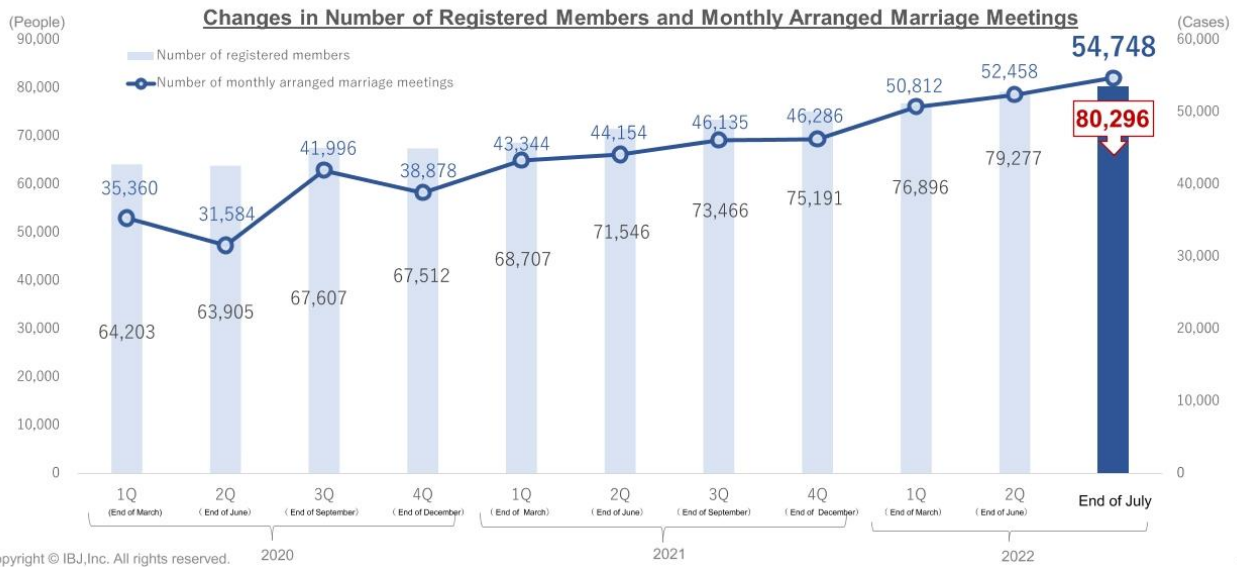
Before the pandemic, our typical customers included pre-retirement married couples, or mothers who had finished raising their children and wanted to contribute to the community by running matchmaking agencies.

Having a side income is gaining popularity among people these days. Individuals who seek side jobs, individuals who want to upgrade their private businesses to corporate businesses, or incorporated organizations who are seeking new business are among those who partner with us. The matchmaking business held up well even during the pandemic, as it provides solutions for those seeking a lifetime partner, which is a fundamental need. Many of our corporate partners join the market seeking to build a synergy with or to strengthen their existing businesses.

## Changes in Number of Registered Members and Monthly Arranged Marriage Meetings

Affiliate Business

The number of registered members has steadily increased, exceeding **80,000** by the end of July, and the number of monthly arranged marriage meetings surpassed **50,000**, setting a new performance record



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This chart tracks the number of members who registered with our affiliates and the monthly total of arranged dating sessions.

Even if the number of affiliates increases, if those affiliates are not active, the business will not stand. In our case, the number of new affiliates has been increasing, at the same time, the number of members who registered with the affiliates to get support in matchmaking activity is also rising steadily. At the end of July, we had over 80,000 registered members and the number is expected to increase.

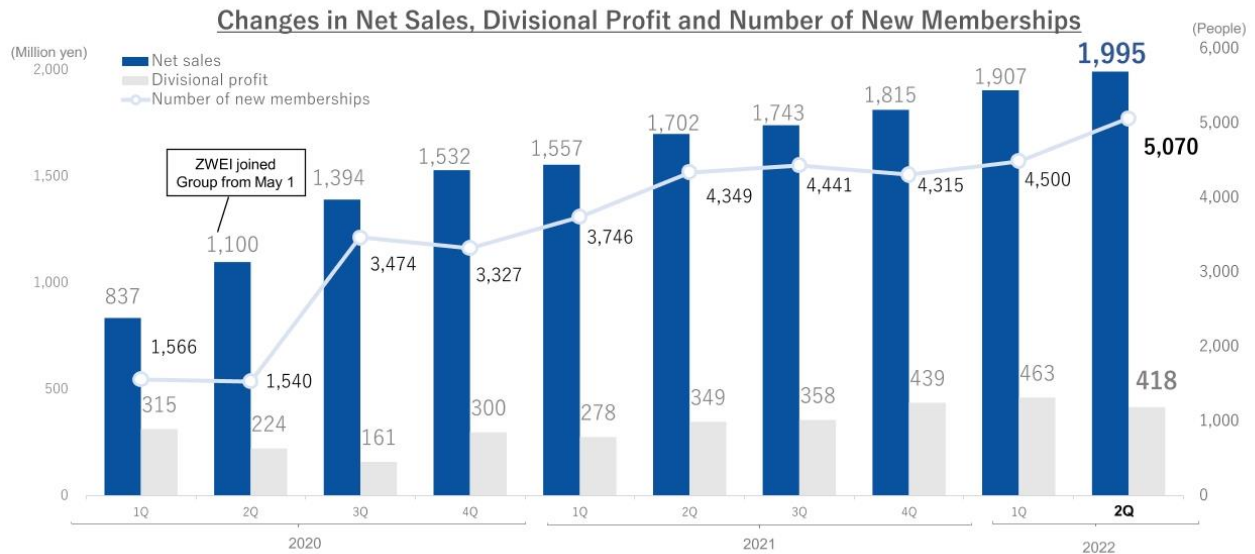
Even if the number of members increases, we must provide opportunities for the members to participate in the arranged dating sessions, to keep them satisfied. As you can see, the number of arranged dates per month has increased. To our surprise, the number of dates as well as the registered members kept climbing during the pandemic. It turned out that, as the pandemic spoiled everyone's chance to meet others, with restaurant closures, those who were serious about finding lifelong partners turned to date apps and matchmaking agencies. When they were unsatisfied, they sought professional support or services provided by our company or agencies. This is why we gained a steady increase in the customer base.

## Changes in Quarter Performance and New Memberships for Directly-Managed Lounge Business

Directly-Managed Lounge Business

**Net sales: 1,995 million yen (+17.2%), Divisional profit 418 million yen (+19.5%)**

\*Figures in parentheses are YoY changes



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Next is the directly-managed lounge business, which is different from the affiliate business.

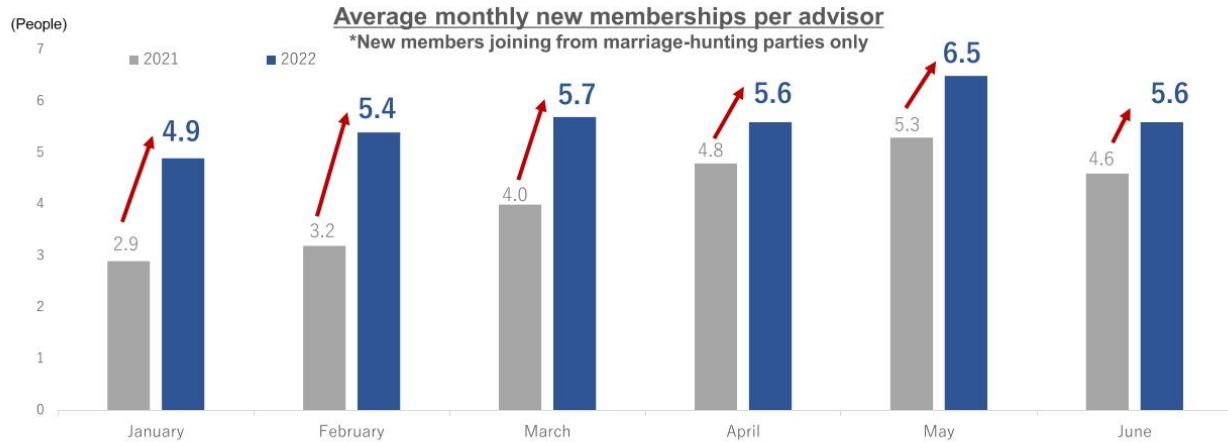
IBJ directly manages three brands: IBJ Members, a high-quality service that we founded from the beginning; SUNMARIE, a longstanding service that we acquired to the Group in 2019; and ZWEI, a conventional major matchmaking information service. It was transferred to us from AEON GROUP, and we added it to our group in May 2020. These are the three brands.

So, of course, our existing business is growing to a certain extent, but we are steadily increasing our performance and the number of enrollments through M&As.

In particular, on May 1, 2020, we brought ZWEI into the Group. Before the M&A, it carried a deficit. Since then, we grew the business to bring a profit of over JPY200 million, contributing to the Group's operation profits and membership numbers.

As I mentioned earlier, the business profit margin is not as high as that of the affiliate business, but since our business model is based on admission fees, monthly membership fees, and marriage fees, we believe we can achieve stable earnings and continue to grow in the future.

**IBJ's own new membership method has spread among advisors (sales personnel attracting new memberships) and the number of members joining IBJ Members (directly-managed lounges) from marriage-hunting parties has increased**



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The main feature of our business model is a combination of social event hosting and matchmaking service, as noted here. We also provide matchmaking support and consultation service with customers who respond to our ads, mainly internet marketing.

While more than half of ZWEI and SUNMARIE's members came to us through ads, the largest number of IBJ members come mainly through the marriage-forward social events that we host. One of the reasons for the turnaround of SUNMARIE and ZWEI is the addition of conventional ads. We recognize the importance of the method of navigating social event participants to our directly-managed lounge business.

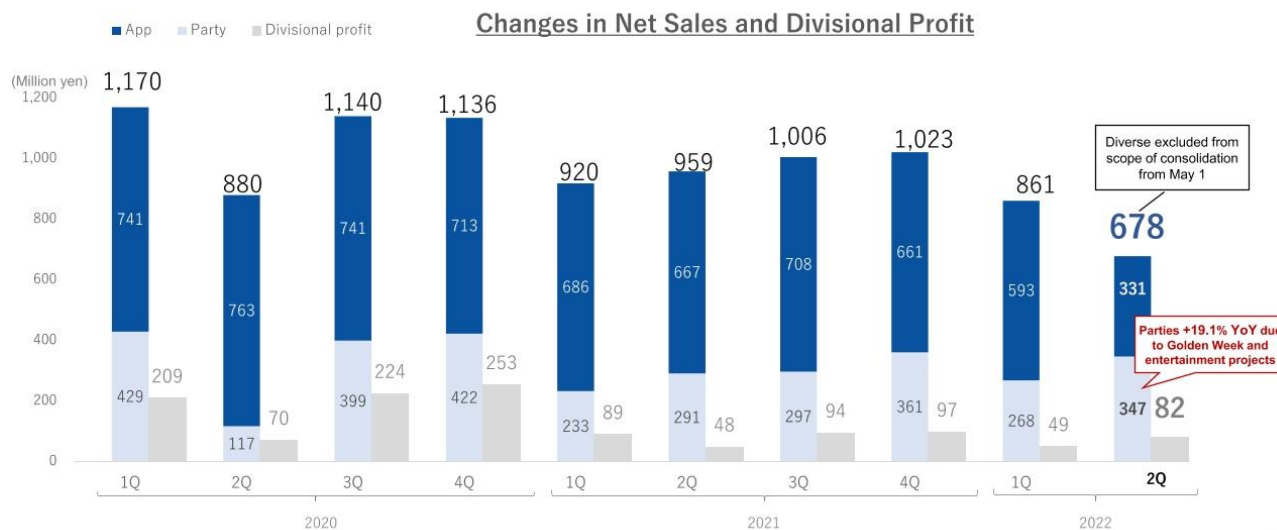
IBJ's unique membership sale method has been widespread among our staff thanks to the training program. As you can see here, the average monthly enrollments per sales staff, or we call them advisors, is showing an upward trend over the past several years.

## Change in Quarter Performance of Matching Business

Matching Business

**Net sales: 678 million yen (-29.2%), Divisional profit 82 million yen (+70.2%)**

\*Figures in parentheses are YoY changes



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That was the recap of the affiliate business, and the directly-managed lounge business. An important business that bridges the two is the matching business. The membership in a matchmaking agency costs a lot, as you can imagine. Admission fee, for example, runs JPY100,000 at the lowest and could go as high as JPY300,000. Monthly membership fees are around JPY10,000. We request an additional JPY200,000 marriage fee to be paid when a couple marries, so many people first try out the mobile app or attend one of our social events as a starting point.

Accordingly, this matchmaking business is very important to capture gateway needs at the initial stage of spouse hunting. Here is the historical data. In Q2 of 2020, we were hit hard by the pandemic. If you look at the light blue highlight, you can see that social event sales have plummeted.

Especially in May of 2020, we hosted almost zero events. This business segment was seriously impacted by the pandemic.

However, look at the trend of this blue line. We kept operating even during the pandemic. We have managed to maintain sales volume by switching to virtual events. At physical events, we improved ventilation and arranged proper infection control measures. We took various other measures to ensure proper event operations without leading to cluster infections.

This year we were somewhat forced to shrink the invitee size, numerous times, due to the negative media coverage, yet we still have achieved a 19.1% increase in sales for Q2 compared to the same period last year.

And slightly darker blue represents app sales. This one appears to be much less in the last Q2 than in Q1, but this is because a subsidiary called DIVERSE was deconsolidated as of May 1.

The reason for making this company independent is the enormous size of the mobile matching app market. Our original intention was to compete with several well-known brands owned by other companies in the dating and relationship market.

We established DIVERSE to do just that, but the competition has gotten very fierce. New services or products come out constantly, and, in many cases, consumers are not necessarily hunting for a spouse. At that point, I

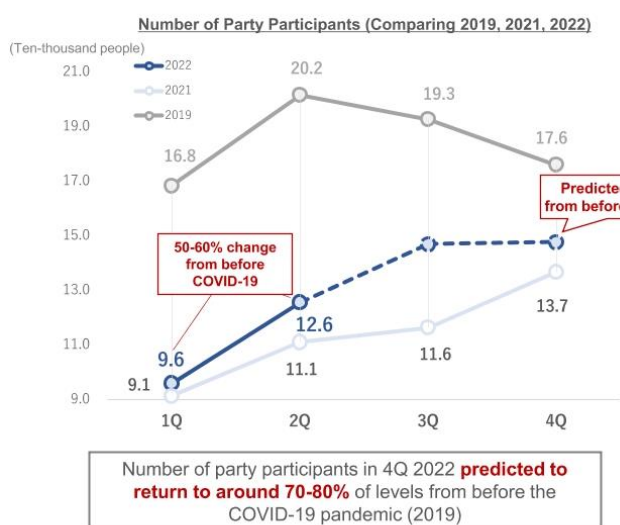
did some workarounds to keep it as a useful gateway. Although that even started making no profitable sense, we have adopted a strategy to properly optimize our business portfolio to matchmaking apps for marriage-minded users, social events, and matchmaking agencies with added support. This directional change took place between last year and this year.

Therefore, although sales appear to have decreased, business profits have turned positive through appropriate business development and portfolio development, and several of the businesses we are currently operating have bottomed out and are in the process of growing, in terms of both revenue and membership.

**Sending Customers from Matching Business (Parties) to Directly-Managed Lounge Business**

Matching Business

**Gain new customers through entertainment projects on top of existing parties and send them to the Directly-Managed Lounge Business, which has a high profit margin**



**Matching Business (Parties)**

**Entertainment projects**  
Highly-entertaining projects feat. tie-ins and YouTuber collabs

Gain new customers in their 20s with new projects that appeal to young people

Ratio of entertainment project participants in their 20s: **33%**

Send potential customers

**Directly-Managed Lounge Business**

IBJメンバーズ  
by IBJ  
(IBJ Members)

サラムリエ  
(Sunmarie)

Zwei

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I know I am going back to the topic again, but I have one page here about the importance of navigating the social event participants to the directly-managed lounge business. This is a highly unique business model. I would like to look at the number of event participants. It is essential to have an ample headcount of event participants, because otherwise we won't be able to send anyone to our directly-managed lounge business. Hence it is important to track the number of event guests.

First, the gray line graph represents 2019 before COVID. The number of participants, for example, was about 200,000 in Q2 or three months. By 2021 it was reduced by half to 110,000 people due to the pandemic. In the most recent period, though, it has increased slightly to about 126,000 people, although it is still grim, due to the continuing media coverage and the pandemic.

We will see what happens in Q3 and Q4, but I would like to see a 70% to 80% return to the pre-COVID level. In particular, if you look at the light blue line, Q4 of 2021, last October, November, and December were 137,000 people, just when the infection had subsided slightly, as had media coverage.

So, there is definitely a need for social events. And that applies not only to spouse hunting but everywhere. We expect the number of event participants for this year to be 70-80% of the pre-COVID level, and with eyes on next year, we maintained facilities and manpower for quite a long time. If demand returns, we should be able to resume pre-COVID activities and the number of participants could come back.

However, after several years of the pandemic, the demographic entering the spouse hunting generation has been gradually changing. Look at the right side of this page, labeled entertainment projects. We are walking



away from the conventional marriage-minded gathering social and switched gear to project-based events which are more appealing to young people. In this way, we can find new customers in their 20s and effectively send these potential customers to our three brands: IBJ Members, SUNMARIE, and ZWEI.

## Matching Business (App) Strategy

Matching  
Business

**Aim to become a more serious marriage-hunting app, focus on separate targets for Bridal Net and youbride to increase number of members**

		
<b>Age group</b>	<b>Late 20s to late 40s</b>	<b>Late 30s to late 50s</b>
<b>Target</b>	<ul style="list-style-type: none"> <li>• Experience using apps (Unable to find relationships with apps from other companies)</li> </ul>	<ul style="list-style-type: none"> <li>• No experience using apps</li> <li>• Interested in remarrying</li> </ul>
<b>Fee charged</b>	<b>Same amount for men and women (2,000 to 3,980 yen)</b>	<b>Same amount for men and women (2,400 to 5,380 yen)</b>
<b>Service features</b>	<ul style="list-style-type: none"> <li>• Overwhelming support from marriage counselors</li> <li>• Abundant content feat. journals, communities, partner introductions, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Simple, easy-to-use interface designed for beginners</li> <li>• Many members ok with previously married partners</li> </ul>

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I mentioned earlier that we have consolidated mobile apps for marriage-forward consumers. We now have two brands. BridalNet is a traditional spouse hunting application, whereas youbride, which used to be operated by our subsidiary DIVERSE, is now transferred to IBJ. We run two services through these apps.

As with the three brands of directly-managed lounge business, even if we operate multiple brands of apps like this, we are skilled at separating our targets, or rather, dividing them, and by operating each brand, we aim to increase the overall number of members and the number of marriages.

Therefore, by slightly changing the in-app charging system and the characteristics of our services, we are able to provide a variety of services, which is not limited to matching apps and could include social events and matchmaking agencies. We want our customers to experience both spectrums of our services so that they can choose what they feel just right.

## Change in Quarter Performance of Life Design Business

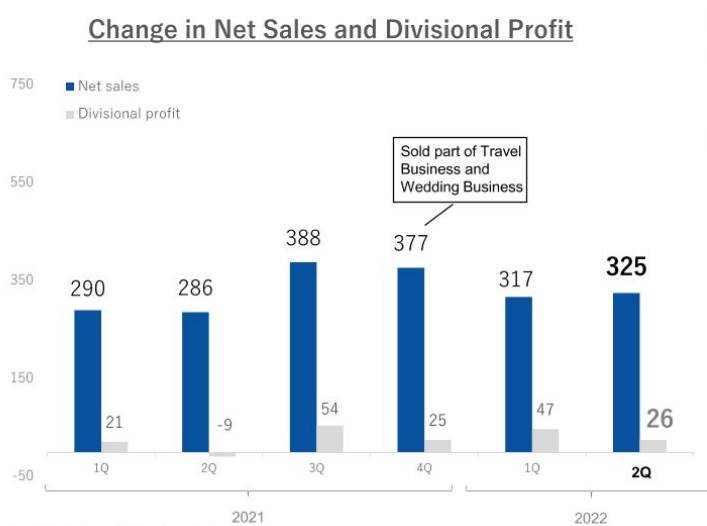
Life Design Business

**Net sales: 325 million yen (+13.7%), Divisional profit 26 million yen**

(Million yen)

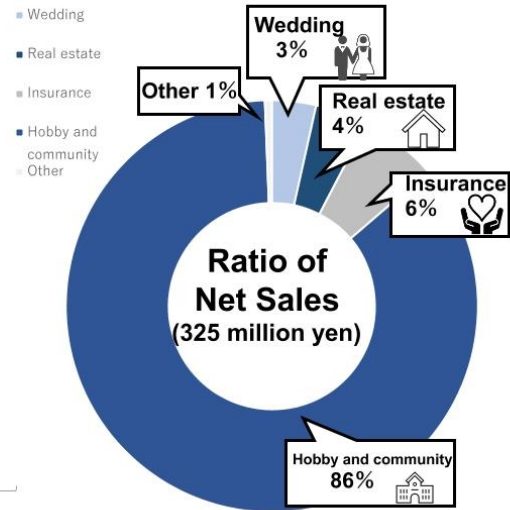
\*Figures in parentheses are YoY changes

**Change in Net Sales and Divisional Profit**



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2022



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And the fourth business, the life design business, as noted earlier, is mainly for married couples, and we propose the next life design to those who have decided to get married. So, as you can see from the breakdown here, we have weddings, real estate, insurance, hobbies, and community.

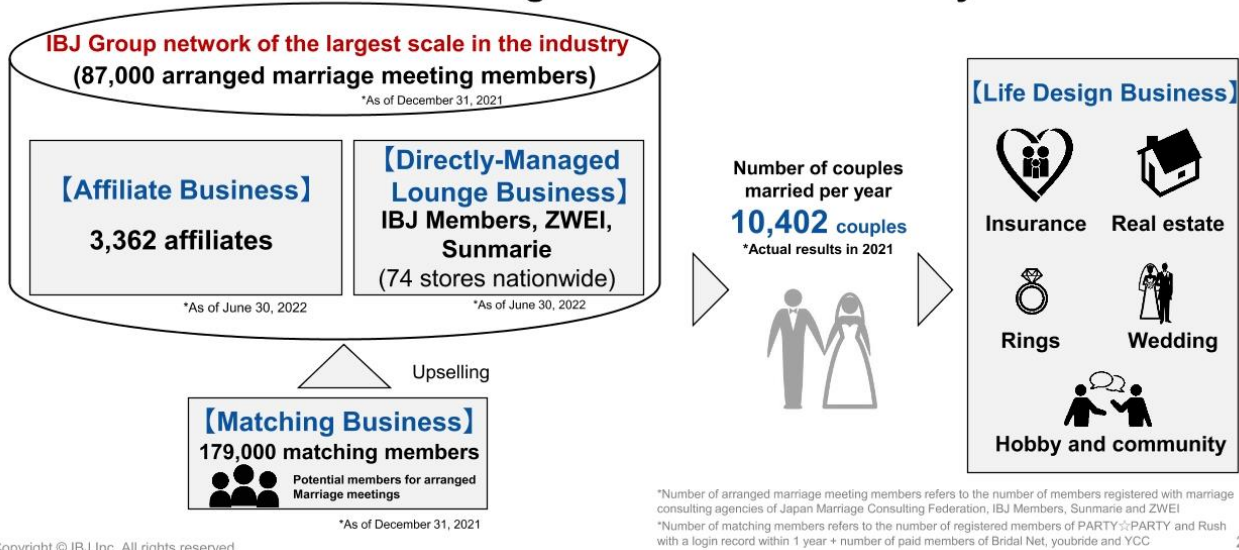
Regarding hobby and community, a quite large portion of the sales is coming from the Japan-Korea Community, a Korean language school operated by one of our group companies. In the past, weddings were actually the mainstream among weddings, real estate, and insurance businesses. However, the wedding business was hit hard by the pandemic, and as you can see in the sales and profit trends section, in Q4 of 2021, at the end of December last year, the travel and wedding businesses had almost no sales, and, in fact, they had a considerable amount of losses. We sold a part, or rather a large part, of this business.

Currently, we only operate a referral counter for weddings, which accounts for roughly 3% of our total sales, which was actually slightly larger before. Recently, in fact, real estate and insurance saw modest growth. Those who decided to marry will, of course, want to have their wedding ceremonies, which by the way, create specialty needs. We're turning our focus to the needs of new life, which are housing and real estate. We are pouring more efforts here.

We are aiming to carefully acquire these new demands. Although sales and profits are still very modest, we believe that this is another business field in which we can achieve stable growth.

## Our Business Model

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



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Thirdly, regarding our growth strategy and medium-term business plan, since some of you may be hearing about it for the first time today, I would like to explain our core business model again.

Our company creates successful marriages with the know-how of the IBJ group network, one of the largest in the matchmaking industry, and we have the largest membership base and the largest affiliate base in Japan. The member base and the affiliate base are shown on the left side, and it is important for our business to know how to make use of this base.

Currently, we have 87,000 members in our matchmaking network, and 3,362 affiliates. I imagine it might be over 3,500 as of today. And in the directly-managed lounge business, we have IBJ Members, SUNMARIE, and ZWEI. We directly manage 74 stores. Therefore, I think it is fair to say that we operate nearly 3,500 stores, affiliate and directly managed stores combined.

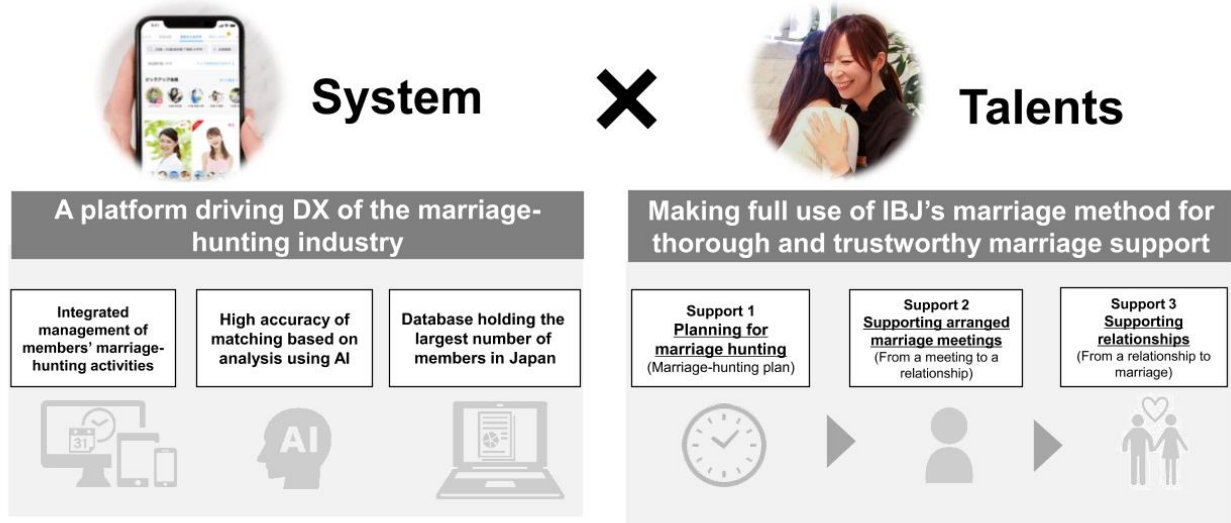
In contrast, with the matching business, event hosting, and mobile apps, we have a total of 179,000 members. They are potential customers for our affiliates and directly managed stores. Some customers are directed to our affiliates or directly managed stores from social events, or sometimes from the app experience. The management of franchisee and directly managed stores is our core business, and I believe this matchmaking business plays a very important role in supporting the core business.

It is probably difficult for other companies to create and make this business model work. We have been in this business for quite a long time, and we have been ahead of our competitors. Even if they try to imitate us, they will not be able to do so very well. The number of our members, serving as the largest in matchmaking network, is the largest in Japan and is the base of married couples. A total of 10,402 couples happily married last year. The total number of married couples in Japan has been decreasing to 500,000, partially due to the pandemic and also a social trend. Therefore, it can be said that about 2% of all marriages in Japan are produced by IBJ.

The medium-term business plan calls for bringing this 1 to 50 ratio to higher. For every couple who marries, their new life starts, hence their needs shift to insurance, real estate, rings, weddings, and hobbies/communities, which our life design businesses can support. This is our business model.

# IBJ's Strength: "System X Talents"

In addition to Marriage DX, hands-on human support differentiates quality



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One of the strengths of IBJ in the matchmaking business is the progress of DX in the operation. We created the industry's best-class operational system by making the most of DX in schedule management, matching algorithms, search, and other fields that do not require human intervention.

This operating system is a platform that drives the DX of the matchmaking industry. More specifics are noted here. It is a platform that centrally manages the spouse hunting of our members.

The matchmaking can be conducted through condition searches. Sometimes someone introduces you to someone else. But here I'm talking about highly accurate AI matching, the kind that the more you do, the more accurate suggestions are possible through AI matching system.

Above all, the most important point is that we have one of the largest databases of registered members in Japan, because people are attracted to our network and membership base.

In addition to that, it is extremely important that we differentiate ourselves by the quality of our analog support via human hands. However, whether it is through a matching application or a social event, the system is ultimately capable of skillfully performing all aspects of matching. We can increase the number of cases.

However, when it comes to marriage, the person's decision is still important, so it is necessary to support and be supported by a human being, let it be a counselor or matchmaker, to make a key decision about marriage. Advisory included. It is important to differentiate ourselves by the quality of this support, which can be called a consultation. The spouse hunting planning described in the lower right corner of this page, the support during the matchmaking and dating phases, and the dating support for those who are serious about marriage, from dating to marriage and marriage proposal, are all common techniques that counselors and matchmakers can use to help couples get married. This is why we have a method of marriage support that all counselors and matchmakers share.

IBJ's unique matchmaking method, which is a combination of the IBJ system and overwhelming human resources of over 6,000 matchmakers, is the only one in the industry that has a crossover effect between talents and systems.

# Mid-Term Management Plan (2021-2027)

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

## Roadmap of primary KPIs and secondary KPIs

	2021 actual results	2024 forecast	2027 forecast
<b>Primary KPI</b>			
Number of couples married	10,402 <sub>couples</sub>	15,000 <sub>couples</sub>	25,000 <sub>couples</sub>
<b>Primary KPI</b>			
Number of affiliates	3,039 <sub>companies</sub>	5,000 <sub>companies</sub>	10,000 <sub>companies</sub>
<b>Secondary KPI</b>			
Number of arranged marriage meeting members*1	87,000 <sub>people</sub>	132,000 <sub>people</sub>	200,000 <sub>people</sub>
<b>Secondary KPI</b>			
Number of matching members*2	179,000 <sub>people</sub>	195,000 <sub>people</sub>	250,000 <sub>people</sub>

\*1 Number of arranged marriage meeting members refers to the number of members registered with marriage consulting agencies of Japan Marriage Consulting Federation, IBJ Members, Sunmarie and ZWEI

\*2 Number of matching members refers to the number of registered members of PARTY☆PARTY and Rush with a login record within 1 year + number of paid members of Bridal Net and Diverse (youbride/YCC) as of the end of the fiscal year (YYC excluded from 2022 onward)

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We have created a medium-term business plan, which has been in effect since 2021, before COVID. We have already faced some difficult times with COVID, but we would like to continue to work toward 2027 without making any changes. We have developed key indicators and sub-indicators that serve as leading indicators for solving Japan's declining population and declining birthrate problems.

## Measures to Achieve Target Numbers of Couples Married and Affiliates

Strengthen the Affiliate Business and Directly-Managed Lounge Business to aim for increasing number of couples married to 5% (25,000 couples) and number of affiliates to 10,000 companies

### Measures to increase number of couples married

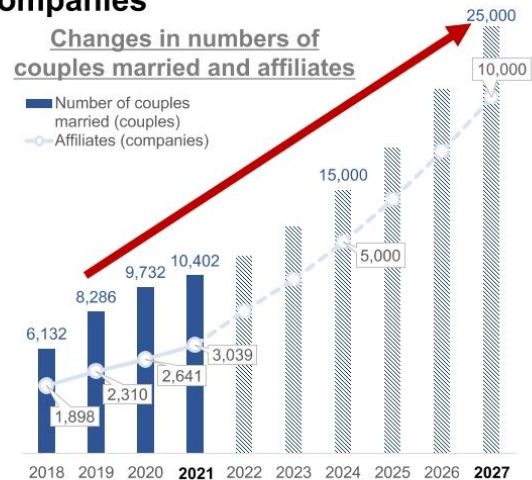
- 1) **Expand membership base for directly-managed lounges and improve marriage methods**
- 2) **Strengthen support for affiliates and provide know-how**

### Measures to increase number of affiliates

- 1) **Expand tie-ups with local banks**

After starting a tie-up with Yamanashi Chuo Bank in March 2022, the number of tie-ups with local banks became 15

- 2) **Collaborate with businesses and organizations that have a high affinity with marriage hunting**



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The most important factor is the number of married couples, which was 10,402 pairs last year. We set the milestone of 15,000 pairs by 2024. And 25,000 pairs in 2027. If we achieve 25,000 couples, that means 5%, or roughly 1 in 20 couples will be IBJ married couples, if the number of married couples in Japan stays at 500,000

pairs. The main idea behind our medium-term business plan is to achieve this goal and put a stop to Japan's declining birthrate and aging population.

The most important indicator for achieving this goal of 25,000 couples is the increase in the number of member agencies. I think I mentioned that the support staff and the system can be adapted to the expansion of the system if we invest in the system, but to have a couple get married or engaged, it is important to provide personal support.

We currently have roughly 3,500 agencies that are involved in our business. We expect to increase this number to 3,039 in FY2021, and then to 5,000, eventually, 10,000 agencies, to achieve 25,000 married couples.

Sub-indicators include the number of members matched with each other and the number of members matched with each other. Obviously, we will take measures to increase the number of stores. And these stores, too, need to increase the number of members.

The number of marriages and the number of affiliates are our KPIs. We identified the measures to achieve these targets.

First, to increase the number of married couples, we will expand the membership base of directly managed stores and improve successful methods. After all, to pass on important methods and know-how of success to affiliates, and to supply potential customers for matchmaking, our directly managed stores must take the lead, both quantitatively and qualitatively. Our strategy is to pass this on to more and more affiliates, so that we can increase the number of affiliates that generate healthy profits and create many successes in the world, which means that we will strengthen support for affiliates and disseminate our know-how throughout the world. This is a measure to increase the number of marriages.

In terms of measures to increase the number of affiliates, since we will be creating affiliates throughout the country, including in rural areas, we are looking to form alliances with regional banks and other players that have channels in the regions, including through general recruitment and advertising, as well as at the Franchise Fair By expanding our partnerships with regional banks, and by collaborating with businesses and organizations that have a strong affinity with spouse hunting, we hope to increase the number of member agencies as shown in the bar graph and line graph on the right.

## Expanded Measures to Increase the Number of Affiliates to 10,000 Companies

### Strengthen collaboration with businesses and organizations that have a high affinity with marriage hunting

#### Hotel New Otani

High-class people who have passed a strict screening by a major hotel become members



#### Tsukiji Hongwanji

Provide support exclusively to members of the Tsukiji Hongwanji Club for their marriage-hunting activities



#### TAKE and GIVE NEEDS

Provide full support for marriage hunting by utilizing abundant knowledge of weddings



Utilize our marriage methods and network of consulting agencies to collaborate on aiming to increase the number of marriages

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In particular, I think you can all imagine businesses and organizations that have a high affinity with spouse hunting. Hotel New Otani, one of the three most respected hotels in Tokyo, recently became a member of IBJ. We are promoting the matchmaking business with them. We are aiming for the hotel to be used for various family events, such as weddings.

We also have a club called the Tsukiji Hongwanji Club, which is mainly for members of the Jodo Shinshu School of Buddhism, and we have started to offer spouse hunting support for the temple members only. New Otani, Tsukiji Hongwanji, and Take and Give Needs, which I will explain in a moment, have all utilized our methods and networks to increase their membership.

Take and Give Needs has been interested in our business for a long time. Their operation is similar to New Otani because as soon as a couple decide to marry, we can immediately hand the couple over to Take and Give Needs. Regardless of business category, many enterprises want to incorporate the spouse hunting service to boost their mainstay business.

## Strategies for Achieving the Medium-Term Management Plan (2021-2027)

### Strategies to achieve net sales of 30 billion yen and operating income of 5 billion yen in 2027

#### Strategy 1 Develop new channels to attract customers

Develop New Channels to Attract Customers

#### Strategy 2 Increase LTV by expanding revenue points and enhancing added value

Seize the potential business opportunities surrounding marriage-hunting activities to make a profit

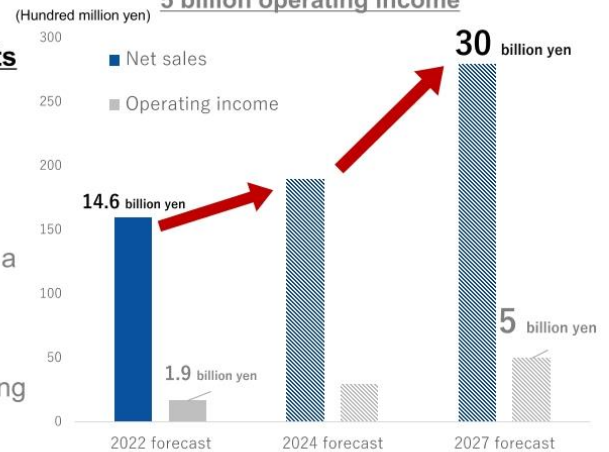
#### Strategy 3 Expand support for affiliates

Strengthen support for affiliates to expand business and a membership base

#### Strategy 4 Strengthen corporate branding

Aim to establish the position of "marriage/marriage hunting = IBJ" and improve ability to attract affiliates

#### Progress toward 30 billion net sales and 5 billion operating income



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This is our strategy to achieve our medium-term business plan. We simulate that if we increase the number of marriages and the number of affiliates, we can achieve sales of JPY30 billion and an operating profit of JPY5 billion by 2027. There are four strategies here, and I will explain them in this order.

### Strategy 1 Develop New Channels to Attract Customers

#### Elevate people experienced in matching service to Directly-Managed Lounge Business and Affiliate Business



\*As of June 30, 2022

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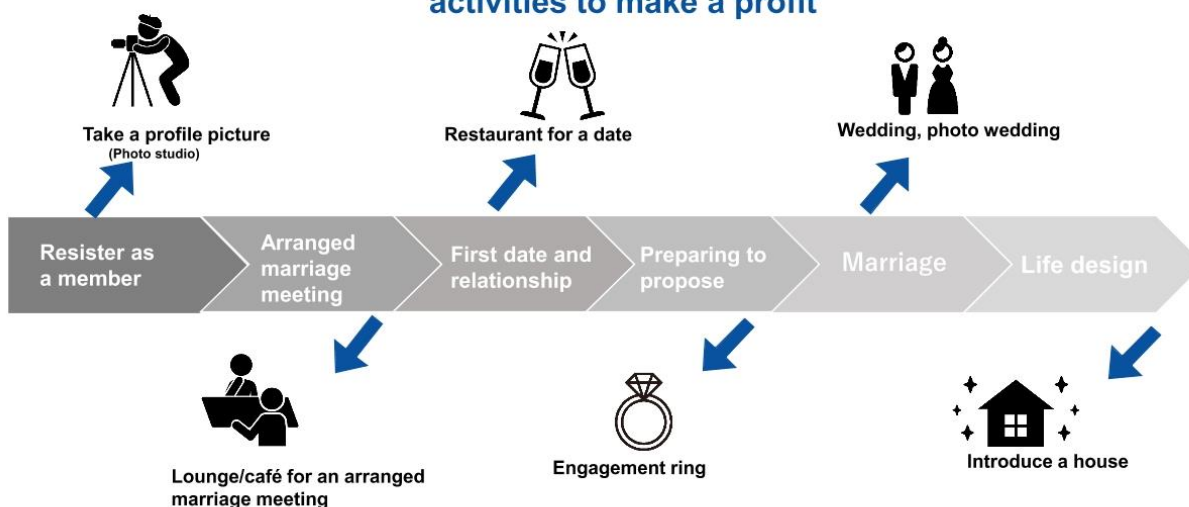
First, develop new channels to attract customers. Introduce individuals who experienced matchmaking service to directly managed and affiliate stores. This initiative is partially in progress. While we keep the social events channel active, we don't want to limit ourselves to that event channel only. On the side, we collaborate with other matchmaking firms to find new channels to attract visitors.



The market for matchmaking apps in particular is expanding very rapidly, but the concerns of those who have used the services are the difficulty in assessing the level of intention for marriage, or degree of relationships. Regarding the self-development people often go through before they wed, for some people it is doable while for others it is not so. For those who struggle, the support provided by our business, which can be called a matchmaker foundation, is extremely important. So, we believe that the demand for tossups can be captured from any number of matching applications.

**Strategy 2 Increase LTV by Expanding Revenue Points and Enhancing Added Value**

**Seize the potential business opportunities surrounding marriage-hunting activities to make a profit**



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Strategy 2. In fact, we are a group of people who love to produce married couples, so we focus on marriages, but there is still room for expansion in the area of life design. We can increase LTV as much as we want if we do it, but we haven't done it yet. For example, we send our customers to photo studios for profile photos, or we use various locations for matchmaking and dating events, but we haven't fully monetized potential business opportunities surrounding these activities. We got an engagement ring business, but we need to diversify more.

As for weddings, even though the wedding venue business is very difficult right now, weddings are once again reviving, and the demand is diversifying with the pandemic, such as photo weddings, and things like family weddings and small-scale weddings. We will capture these changes in the market.

I have talked about housing and insurance. There are still areas where we are not capturing potential opportunities, and we would like to strengthen these areas as well.

### Strategy 3 Expand Support for Affiliates

## Strengthen support for affiliates to expand business and a membership base

Updated training curriculum	Strengthen branding for affiliates	Release page to promote new memberships
<p>Launched e-learning training sessions to learn “basic skills” that can’t be mastered in required introductory courses alone</p>  <p><b>Training content</b></p> <ul style="list-style-type: none"> <li>• Methods for supporting members from first meeting to starting a relationship</li> <li>• Designing a website</li> <li>• How to create a fee plan, etc.</li> </ul>	<p>Plan to produce videos feat. content that conveys matchmakers’ personalities and mindsets, etc., and post on affiliates’ websites and federation website</p>  <p>Scheduled to begin recording in July at an exclusive studio in our headquarters</p>	<p>Special page to promote memberships exclusively for affiliates who have received the IBJ Award*</p>  <p>Covering accomplished affiliates recommended by IBJ</p>

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And we are expanding our support to the growing number of affiliates because we need them to become prosperous. We will achieve this by updating the training curriculum, strengthening the branding of the affiliates, and helping them enroll new customers. We want to provide more and more support like this.

### Strategy 4 Measures to Strengthen Corporate Branding: 2nd Round

## Updated ad visuals to target users of marriage consulting agencies featuring Ito Shiraishi, who has appeared in many television shows and movies



▲New visuals: Feat. actress Ito Shiraishi

Routes where our ads are placed 

Started placing ads in trains and subways in metropolitan areas such as Tokyo Metro lines, Toei Subway lines, Osaka Metro lines, Meitetsu Nagoya lines, and Fukuoka City Subway lines

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And Strategy 4. We have not relied on advertisements much so far, but have been developing our services properly and generating revenue. We have already overspent our ads budget this year, but we would like to strengthen our corporate branding so that people in the world associate our name IBJ with spouse hunting, and recognize IBJ as a brand of marriage. I think the timing is appropriate, and I would like to do this.

This year we put ads on public transportation, Tokyo Metro stations specifically. Next year we would like to further expand the range.

I am afraid I have run a little over time, but I have explained IBJ's financial results according to the three tables of contents. Thank you for your time and attention.

**Moderator:** Thank you.

## Question & Answer

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**Moderator [Q]:** We will now have a question-and-answer session. Are there any questions?

I would like to read the first question. “What do you think is the reason for the increase in the number of young users, such as those in their 20s? Are there any specific measures that you are considering to further increase the number of people in the 20s in the future?” Thank you.

**Ishizaka [A]:** Before COVID, people in their 20s used to meet each other over dinners or drinking parties, if not at school and workplaces. As you can imagine, people are no longer meeting in restaurants, they are working from home or going to school, so if they are serious about getting married, they need to rely on the services like the one that we offer. So, we acquired ZWEI just as COVID was spreading.

This ZWEI brand is actually the most reasonably priced of the directly managed stores, and the support is kept casual to fit young people. We believe we have successfully captured the platform to respond to demand from people in their 20s.

Also, we are increasingly leaning toward project-based social events to make it easier for people in their 20s to join. I think we are quite successful in attracting people in their 20s. In the future, we want to expand out of Tokyo, Nagoya, and Osaka areas, by collaborating with other matchmaking service companies in regional areas to attract marriage-minded young people in their 20s. To expand our chance to achieve future goals, we are considering tie-up projects with other firms.

**Moderator [Q]:** Thank you very much. Now I will move on to the next question. “While you have seen an increase in new affiliate openings, previous coverage in media indicated that 14.5% of new openings in 2018-2020 were closed, so there is a certain number of closed businesses. What do you think about the current situation where it is easy for newcomers to enter the market, but difficult for them to continue?” Thank you.

**Ishizaka [A]:** We have about 3,500 operations in total now. However, looking at the status of new affiliates and their activities, many affiliates are doing well. A certain percentage of closures is unavoidable.

Our affiliates are independent business owners, and our corporate staff don’t run them. Sometimes these franchisees don’t start operations because of conflicts with other businesses they might own, or because they have started a business but are unable to hire staff. These are some of the reports we received.

To avoid encountering these struggles, we are now beginning to strengthen our post-launch affiliate support forces. In some cases, for about three or six months after opening the business the affiliates can achieve a reasonable membership base and run the business, and the report like this begins to come in more year over year. So, I’m not overly concerned about inactive businesses and struggling affiliates. However, we will continue to make efforts to reduce struggles as much as possible.

**Moderator [Q]:** Thank you very much. Now I will move on to the next question. “Regarding the competitive environment with matching apps and other companies in your industry, have there been any changes, such as increased competition in the pandemic?” We have also received a similar question, “How do you perceive the current competition in your industry?” Thank you.

**Ishizaka [A]:** The mobile matching apps are a big player in the industry. Many people think these matching app businesses compete with each other, and, of course, some of the competition is real. But my focus is not on competition. There has been a tremendous increase in the percentage of people who have experienced matching apps but found them somewhat difficult. When you word search a matching app online, the search results can pull up “matching app fatigue” fairly quickly. Without us doing a special tie-up with other firms, a

considerable number of new members organically recognize how IBJ’s service is different from what they experienced with other companies matching apps.

Most of the people who sign up for our matchmaking agencies, both franchised and directly managed, have already had a little or more experience with matching apps, so it is the matching apps that help us by making sure our customers understand the differences.

## Marriage Consulting Federation - Industry Ranking

**IBJ took the top in three categories with our overwhelming strengths in numbers of affiliates, members, and arranged marriage meetings** \*Based on our own survey



\*Cited from the Internet. The number of members of Rnet is the number of registered members including cooperative partnerships as of January 2021. The number of arranged marriages of the National Federation of Marriage Consulting Agencies by TMS is the monthly average calculated by dividing the actual results from January to December 2021 by 12 months.  
\*Number of affiliates of the Bridal Information Union is the number of consultation offices registered in the BIU system as of June 2022. Japan matchmaker's association is listed as of July 2018

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On the screen, the industry ranking is displayed. IBJ has been the leader in the matchmaking business. The market is big. Some existing firms and newcomers together are trying to come in second and third places.

However, in terms of the number of affiliates and registered members, plus the monthly number of arranged dating sessions, we have an overwhelming advantage. It is, therefore, important to increase the quantitative gap between us and the rest.

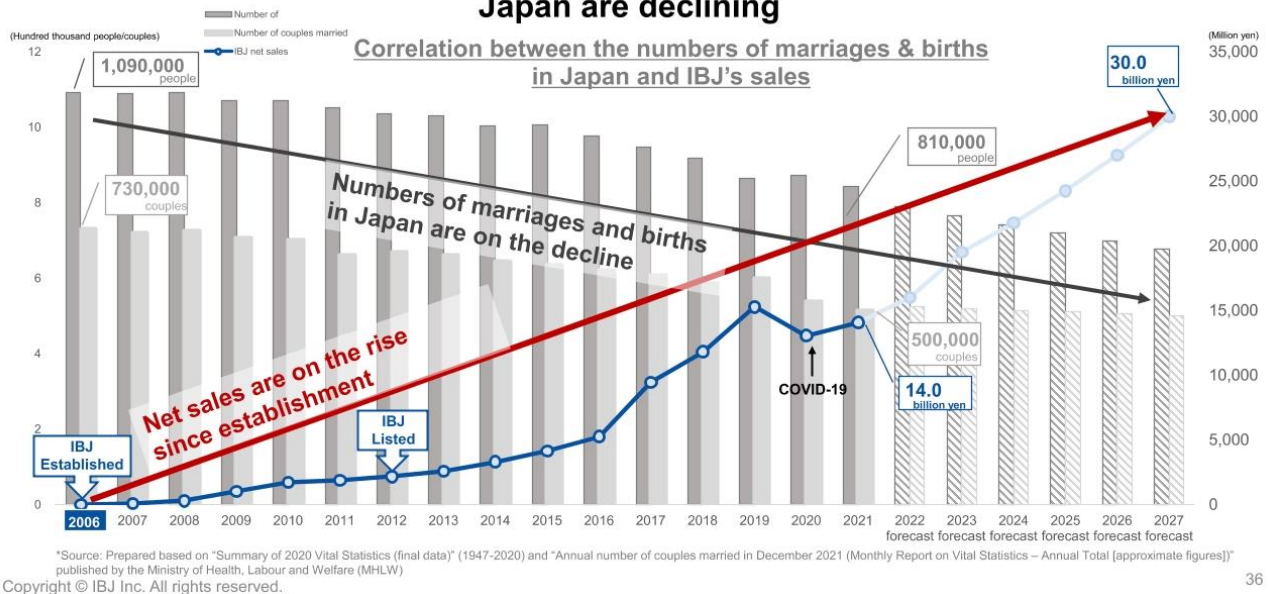
When you look at the number of members, IBJ is overwhelming in terms of the number of arranged dating sessions and active affiliates, even if the number of registered members is close to some businesses. The value is in the number of arranged dating sessions, both for our affiliates and the registered members. It is obvious why people choose IBJ.

The competition will become more and more intense, but I am confident that IBJ, which has always been ahead of the competition and has always demonstrated its uniqueness, will continue to take the lead.

**Moderator [Q]:** Thank you very much. Now I will move on to the next question. “As the society is shrinking with a declining population, can you share your plans for overseas expansion and business diversification?” Thank you.

# Changes in Social Climate and IBJ's Performance

IBJ's performance is on the rise while the numbers of marriages and births in Japan are declining



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**Ishizaka [A]:** First, regarding the declining population in Japan, the macro market is shrinking, of course, and any industry is shrinking, but as you can see in this chart of business performance, the number of marriages, births, and population have been decreasing ever since the Company started the business. However, IBJ's business, on the contrary, has been growing all along.

The problem is that although the overall market is gradually decreasing, the demand from couples who actually want to get married has not been fully tapped, and there is still latent demand that can be tapped for the next 10 years or more.

So long as the main focus of partnership in Japan is marriage, we will do so with marriage as the focus. In the unlikely event that the main form of partnership in Japan is no longer marriage, then diversity will advance. Therefore, we should take the lead in creating diversified services. I believe that our company will be able to transform and grow by the social situation.

Next, regarding overseas markets, for example, in Europe and the US, self-matching is already the main method, and although there are matchmakers who provide some support, the main method is matchmaking applications.

However, in Asia, we are constantly communicating and talking with operators in China, Korea, Singapore, and other Asian countries. IBJ is attracting a lot of attention in Asia, and some companies are trying to imitate its business model but are not doing so well. We would like to consider the possibility of exporting the mechanism to such people, whether it is through licensing or a joint venture.

What I would like to focus on more than anything else is to have foreigners from overseas come to Japan, marry, and live here, which will lead to an increase in Japan's population. So, we would like to proceed with the international marriage business little by little, once the COVID of each country dawns, and make it a stable business and source of profit.

**Moderator [Q]:** Thank you very much. Now I will move on to the next question. "On page 32, the second part of the strategy, the objective of increasing lifetime value by increasing revenue points and adding value, is this

done to increase the number of affiliates or is this a business model where your company receives a fee for the added value you provide?" Thank you.

**Ishizaka [A]:** Increasing the number of affiliates is the most important thing. Doing this in a more organized manner will lead to increased profitability.

Also, in bars and restaurants, I bet a tremendous amount of formally arranged dates and casual dates take place here. Arranged dates alone can take place 50,000 times a month. If people keep meeting after that stage, there are more dining opportunities. We are sure that it will be quite difficult to set up a referral fee system for dining, but it is a demand that we certainly want to capture for thin but broad ranged fee businesses.

There is a lot of demand for these existing matchmaking services alone, but up until now, we have been focusing on the more obvious things, such as weddings and honeymoons.

It's not that we don't do weddings or honeymoons, but our efforts were slightly misleading and we were hurt a lot by the pandemic last December. We would like to increase profitability and improve LTV by removing a portion of the service and reevaluating the areas we should work on in the business flow from admission to matchmaking, dating, proposing, marrying, and life design.

**Moderator [Q]:** Thank you very much. I will now move on to the next question. "Profits in the directly managed store business appear to be stronger than the growth in the number of openings and the number of affiliates, but have there been any one-off factors or anything noteworthy? Is it correct to understand that you have made progress in strengthening the profitability of the base?" Thank you.

**Ishizaka [A]:** To be honest, the directly-managed lounge business is doing better than I had expected. To this point, I actually did not expect to be able to turn around ZWEI's performance as quickly as I did, but it worked out quite well.

SUNMARIE was established before us and when we added it to our group their business was in the red. This company too can utilize our know-how and go through changes, in leadership, business functions, operation systems, and mindset of the employees. Traditionally they think their job is done once they acquire new memberships. We have succeeded in motivating our employees by switching from a membership-based approach to a marriage-based approach, which means that our business is only valuable if we can get people married.

By revamping these management systems, as well as the management philosophy and principles, ZWEI, which is very large in scale, was able to increase its performance following SUNMARIE.

IBJ Members, which has been a traditional brand since the Company's founding, is not to be swallowed up by the scale of other companies' businesses, but to provide even higher quality and more generous services to demonstrate its uniqueness. IBJ Members employees put this into action. This approach has allowed each of the three brands to live and perform well in their respective markets.

Spending a reasonable amount of management and system resources, and also reviewing our marketing, or advertising strategy daily, has led to this achievement. I believe we can still improve our performance this year and next.

After that, whether to open new stores, expand the floor space, or bring in new brands through M&A by chance, and once again follow the same pattern as St. Marie and ZWEI, these things are to be expected.

Of course, compared to the affiliate business, we rent stores and own them, and people own stores, so to a certain extent, the directly-managed lounge business has a ceiling, as we do it mainly in urban areas. However, I predict that the market will still grow strongly next year and for the next two years or so.

**Moderator [M]:** Thank you very much. This concludes the question-and-answer period.

Finally, President Ishizaka will make a few remarks. Thank you.

**Ishizaka [M]:** Thank you very much for taking the time to listen to us for such a long time. Many institutional investors as well as individual investors, who are interested in IBJ or who have been following IBJ for a long time, have an appreciation of its social significance and necessity in Japan, as well as its earning capacity and business model. We would like to reflect our dialogue with these people and their advice in our management, so please keep an eye on IBJ over the medium to long term.

We look forward to your continuous support. Thank you very much for your kind attention.

**Moderator [M]:** Thank you, President Ishizaka. This concludes the financial results briefing. Thank you everyone for staying with us until the end of the event.

[END]

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