

Tameny Inc.

6181

TSE Mothers market

29-Jan.-2021

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■ Summary

Aims to continuously create and provide unique services required by customers, mainly in the Matching Business and Casual Wedding Business

Tameny Inc. <6181> (hereafter, also “the Company”; on October 10, 2020, changed its company name from Partner Agent Inc.) continuously creates and provides unique services required by its customers over a wide range of areas, of matching, casual wedding, tech, lifestyle, and corporate enterprise, based on its corporate philosophy of “For your fine life.”

1. While focusing on the Matching Business and Casual Wedding Business, is also developing businesses in peripheral areas

The Company utilizes M&A to expand its business areas, and it is currently focusing on the Matching Business (the planning and management of matching support agency and matching parties, etc.), and the Casual Wedding Business (the production of wedding receptions and after-parties, management of photo weddings, after-engagement services, etc.) For the peripheral areas, it is developing businesses in the Tech Business (managing a platform for mutual introductions between members of matching support businesses’ services, developing matching apps, providing a corporate matching support system, etc.), the Lifestyle Business (an insurance agency, a housing information service, etc.), and the Corporate Enterprise Business (matching support for local governments, corporate event production, etc.) With the matching support agency as the starting point, it is developing a wide range of multi-directional, consistently high quality and high added-value services, from the Matching Business through to the Casual Wedding Business and the area of services to support new lifestyles, and its features and strengths include its high levels of reliability and brand name recognition. The Partner Agent matching support service realizes the highest engagement rate in the industry through matching concierge services provided by highly skilled specialist counsellors and a matching system that the Company itself developed.

2. In FY3/21 1H, sales decreased significantly due to the impact of the coronavirus

In the FY3/21 1H consolidated results, net sales decreased 58.5% compared to the same period in the previous fiscal year (year-on-year (YoY)) to ¥1,701mn, operating loss was ¥1,439mn (compared to income of ¥97mn in the same period in the previous fiscal year), ordinary loss was ¥1,376mn (income of ¥86mn), and net loss attributable to owners of parent was ¥1,376mn (net income of ¥61mn). Sales were affected by the self-restraint on going out and on holding events due to the novel coronavirus pandemic (hereafter, the coronavirus) and they decreased significantly. In costs, SG&A expenses increased because of the new consolidation of two companies. However, on looking on a quarterly basis, in the Matching Business, results for matching support agency began to recover from the second half of May and the operating loss in 2Q shrank compared to 1Q.

Summary

3. In the FY3/21 full year also, sales will decrease significantly, but profitability will be achieved on a single-month basis during 4Q

For the FY3/21 full year consolidated results, the Company is forecasting net sales to decline by 41.9% compared to FY3/20 to ¥4,760mn, operating loss of ¥2,000mn (income of ¥78mn in FY3/20), ordinary loss of ¥2,000mn (income of ¥41mn), and net loss attributable to owners of parent of ¥2,000mn (net income of ¥2mn). Sales are forecast to decrease significantly due to the impact of the coronavirus. However, compared to 1H, it is expected that the extent of the losses will shrink in 2H and that it will become profitable on a monthly basis during 4Q. Results are recovering in the Partner Agent matching support agency, while for the wedding reception production service, Sma-Kon (a portmanteau of “smart wedding”), the wedding ceremony contracts concluded in June and July are concentrated in the 4Q, so earnings are expected to be recorded to a certain extent. In costs, the reduction in fixed costs through the integration and closing of bases will contribute from the next fiscal period.

4. Is aiming for net sales of ¥14.7bn and operating income of ¥2.7bn in FY3/24

The Company has formulated a three-year medium-term business plan, and it has positioned the period from FY3/22 to FY3/24 as the three years to realize a short-term results recovery and to build the foundations for growth in the medium- to long-term. The numerical targets for the plan’s final fiscal year of FY3/24 are net sales of ¥14.7bn, operating income of ¥2.7bn, and an operating income margin of at least 18.6%. Toward a results recovery in the near future, it is aiming to improve the profitability of existing businesses through costs-structural reforms, including integrating and closing some stores, and redeploying personnel. To build the foundations for growth in the medium- to long-term, it will improve profitability by utilizing its customer base of approximately 8,000 couples per year (2,500 couples who become engaged so withdraw from the matching support agency’s services, and around 5,500 couples from weddings conducted in the Casual Wedding Business) and enhance its high added-value services. Financially, the Company’s policy is to realize the early elimination of excess debt and the early repayment of borrowings, while for returns to shareholders, it plans to pay a dividend within three years.

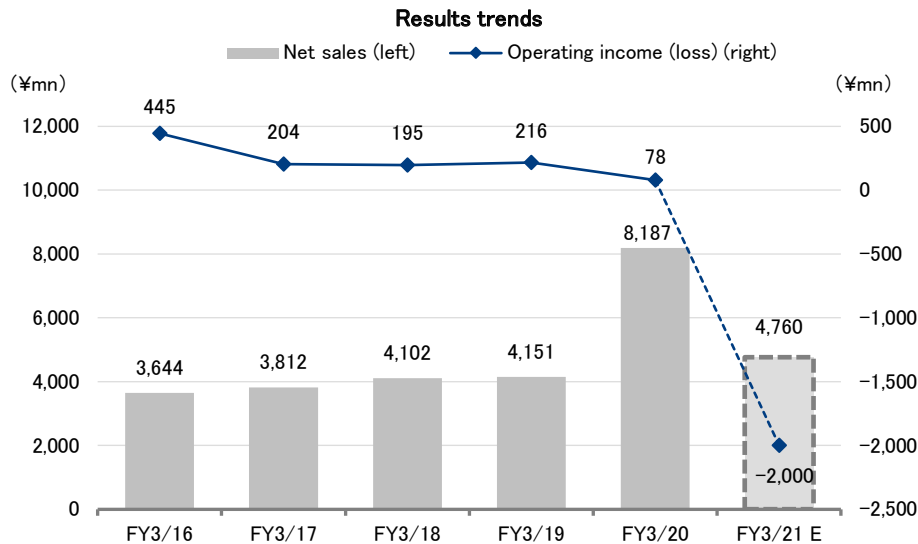
5. There remains plenty of room to grow its market share, and earnings are expected to increase in the medium- to long-term

For the time being, it is anticipated that the business environment will remain severe due to the impact of the coronavirus, but the Company is steadily implementing initiatives toward growth in the medium- to long-term. It is developing high quality and high added-value services, including acquiring the international standard certifications for information management and quality control, and based on its strengths and features, which include that it is establishing high levels of reliability and brand name awareness, there remains plenty of room for it to grow its market share. By stabilizing the financial foundation at an early stage, we can expect earnings to increase in the medium- to long-term.

Key Points

- While focusing on the Matching Business and Casual Wedding Business, is also developing businesses in peripheral areas
- In FY3/21, sales are forecast to decrease significantly due to the impact of the coronavirus, but will become profitable on a monthly basis during 4Q
- There remains plenty of room to grow its market share and is targeting net sales of ¥14.7bn and operating income of ¥2.7bn in FY3/24

Summary



Source: Prepared by FISCO from the Company's financial results

Company outline

Marriage support and wedding ceremony production for around 8,000 couples a year

1. Company outline

The Company continuously creates and provides unique services required by its customers in the Matching Business and Casual Wedding Business that it focuses on, but also in peripheral areas, including the lifestyle, corporate enterprise, and tech businesses, based on its corporate philosophy of "For your fine life."

2. History

The Company was established as the former Partner Agent Inc., a wholly-owned subsidiary of Take and Give Needs Co., Ltd. <4331>. Mr. Shigeru Sato, the current President and Representative Director, was appointed director and in September 2006, it launched the Matching Business. In May 1998, it became independent of Take and Give Needs and then the new Partner Agent Inc. (Dream Door Inc., which was established in June 2004, changed its company name in May 2008 and currently is the surviving company) acquired the business of the former Partner Agent Inc.

In June 2013, the Company launched the OTOCON matching party service and then in October 2015, it was newly listed on the Tokyo Stock Exchange (TSE) Mothers market. In June 2017, it launched CONNECT-ship, which is a platform for mutual introductions between members of matching businesses' services; in April 2019, casual wedding company Mation Inc. joined the Group (absorption merger with the Company in October 2020); in March 2020, photo wedding company M Creative Works Inc. (currently Tameny Art Works Inc.) joined the Group; and in April 2020, the wedding after-party venue introduction company pma Inc. (currently Tameny Party Agent Inc.) joined the Group. In such ways, the Company has been expanding its business areas.

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Company outline

In October 2020, the Company conducted an absorption merger of Mation and changed the company name to Tameny Inc., while the names of the Group companies were also changed. As of October 1, 2020, the Group consisted of the Company and three consolidated subsidiaries (Tameny Art Works, a photo wedding company; Tameny Party Agent, which mainly introduces venues and produces wedding ceremonies for a small number of guests, and Tameny Agency Inc., an advertising agency), and one equity-method affiliate (en-konkatsu agent inc., which provides completely online matching support services).

History

Date	Event
June 2004	The new Partner Agent Inc., was established (the company name of the former Dream Door Inc., was changed in May 2008, and it acquired the business and is currently the surviving company)
September 2006	The former Partner Agent Inc., was established (a wholly-owned subsidiary of Take and Give Needs Co., Ltd. <4331>)
December 2006	Opened the Shinjuku store as the first store
August 2007	Acquired information security management standard ISO (JIS Q) 27001 certification
December 2007	Became the first in the industry to acquire the quality assurance international standard ISO 9001:2000/JIS Q 9001:2000 certification
May 2008	The new Partner Agent became independent of Take and Give Needs and acquired the business of the former Partner Agent
June 2008	Acquired the Privacy Mark
September 2010	Established the advertising agency PA Marketing Inc. (currently Tameny Agency Inc.)
September 2010	Established the wedding information service provider Anniversary Wedding Inc. (absorption merger with the Company in April 2013)
December 2010	Became the first in the industry to acquire the complaints-response management system international standard ISO10002 certification
January 2011	Changed the company name of PA Marketing to Sync Partners Inc.
May 2011	Opened the first store in the Kansai area (Osaka store)
November 2011	Opened the first store in the Tokai area (Nagoya store)
April 2012	Opened the first store in the Kyushu area (Fukuoka store)
June 2013	Launched the OTOCON matching party service
October 2013	Opened the first store in the Hokkaido area (Sapporo store)
October 2013	Established a call center to increase member numbers and to improve customer satisfaction
October 2015	Newly listed on the TSE Mothers market
June 2017	Started providing CONNECT-ship, a platform for mutual introductions between members of matching businesses' services
September 2017	Acquired the Institute of Matchmaking Service's marriage referral service certification
April 2018	Established joint venture ichie Inc. to manage a matching party information website
July 2018	Established IROGAMI Inc., to provide wedding-peripheral services
April 2019	Casual wedding company Mation Inc. joined the Group
April 2019	en-konkatsu agent inc., became an equity-method affiliate
March 2020	Photo wedding company M Creative Works Inc., joined the Group
April 2020	IROGAMI, ichie, and M Creative Works were integrated and the company name was changed to M Creative Works Inc.
April 2020	pma Inc., which introduces venues for wedding after-parties, joined the Group
July 2020	Opened the first store in the Tohoku area (Sendai store)
October 2020	Conducted an absorption merger of Mation and changed the company name to Tameny Inc.
October 2020	Changed the company name of Sync Partners to Tameny Agency Inc.
October 2020	Changed the company name of M Creative Works to Tameny Art Works Inc.
October 2020	Changed the company name of pma to Tameny Party Agent Inc.

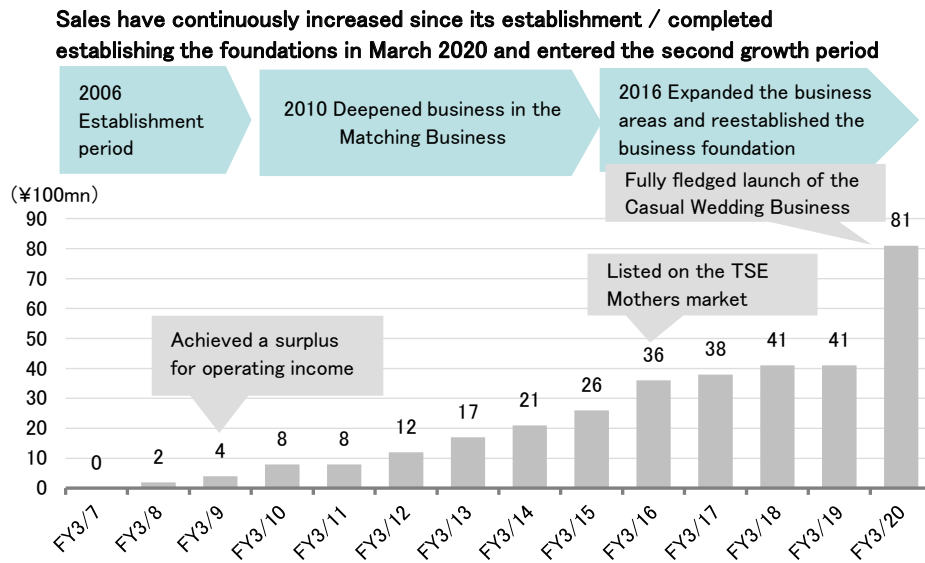
Source: Prepared by FISCO from Company materials

Business description

While focusing on the Matching Business and Casual Wedding Business, is also developing businesses in peripheral areas

1. Summary of services

The Company utilizes M&A to expand its business areas, and currently it is focusing on the Matching Business (the planning and management of matching support agency and matching parties, etc.), and the Casual Wedding Business (the production of wedding receptions and after-parties, management of photo weddings, after-engagement services, etc.) But for peripheral areas also, it is developing businesses for the Tech Business (managing a platform for mutual introductions between members of matching support businesses' services, developing matching apps, providing a corporate matching support system, etc.), the Lifestyle Business (an insurance agency, a housing information service, etc.), and the Corporate Enterprise Business (matching support for local governments, corporate event production, etc.) The contents of the businesses and services in each area are as follows.

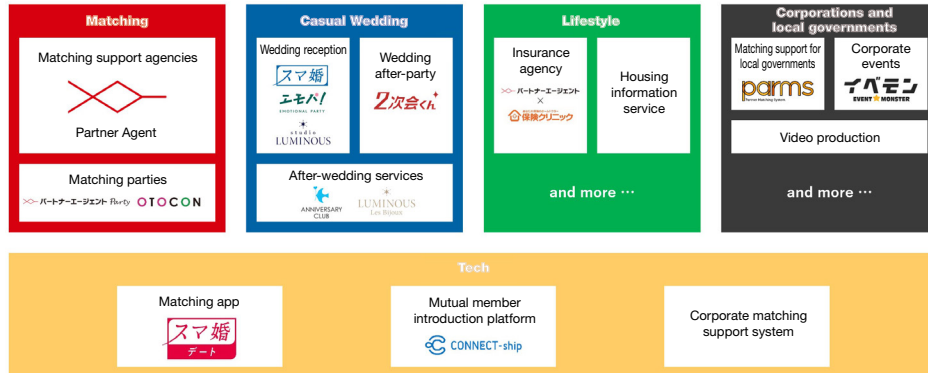


Source: Prepared by FISCO from the Company's medium-term management plan materials

Business description

Reforms of the business area

Toward five strategic areas via deepening business in the Matching Business and expanding the business areas



Source: Reprinted from Company materials

For the reporting segments, since FY3/20 the Company has reported on the Matching Segment (the planning and management of matching support agency and matching parties, development of the matching app, management of the platform for mutual introductions between members of matching businesses' services, etc.) the Casual Wedding Segment (production of wedding receptions, photo weddings, and wedding after-parties; sales of bridal jewelry and insurance, a service to provide housing information, etc.), and the Other Segment (matching support for local governments, corporate event support, casual wedding peripheral services such as video production, new businesses, etc.)

In the percentages of total net sales by business segment in FY3/20 (before adjustments), the Matching Segment provided 43.4%, the Casual Wedding Segment 53.9%, and the Other Segment 2.7%, while for the percentages of operating income, the Matching Segment provided 89.4%, the Casual Wedding Segment 8.9%, and the Other Segment 1.7%. With the addition of the casual wedding major company Mation to the Group, Group-wide net sales doubled in FY3/20 compared to FY3/19 and the percentage of net sales provided by the Casual Wedding Business increased significantly.

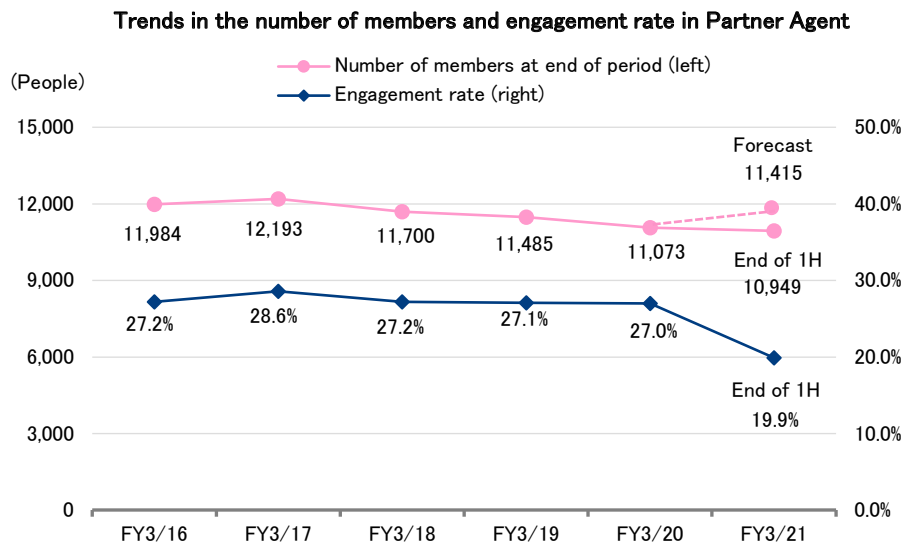
2. Matching Business

The main services in the Matching Business are the operations of Partner Agent, a members-only matching support agency, and the operations of OTOCON matching party service, which is a preliminary service. As of October 2020, Partner Agent was operating a total of 26 agencies throughout the country. Also, in October 2020, it launched SmaKon Enmusubi Members matching support agency that offers bundled sets of matching services and community activities for men and women aged 25 to 34 who are searching for a partner. Then in November 2020, it launched Partner Agent Party, the industry's first higher grade matching party requiring that participants show proof that they are single.

The matching support agency Partner Agent offers matching concierge services with its highly skilled specialists and proprietary matching system to members who want to find a marriage partner within a year. Members' average period of enrollment is approximately 18 months, and the average cost per person (registration fee, monthly membership fee, optional fees, matching fee, etc.) is around ¥370,000. A feature of the matching support through the matching concierge services is that it ranks first in the industry for the engagement rate (engagement rate = number of annual membership withdrawals due to becoming engaged / the annual average number of enrolled members. According to a survey in April 2020 by BTC Corporation)

Business description

The engagement rate is one of the Company's KPI (Key Performance Indicator), and up to FY3/20 it trended in a range of around 27%. However, face-to-face matching meetings became difficult in FY3/21 1H due to the impact of the coronavirus, so the engagement rate declined.

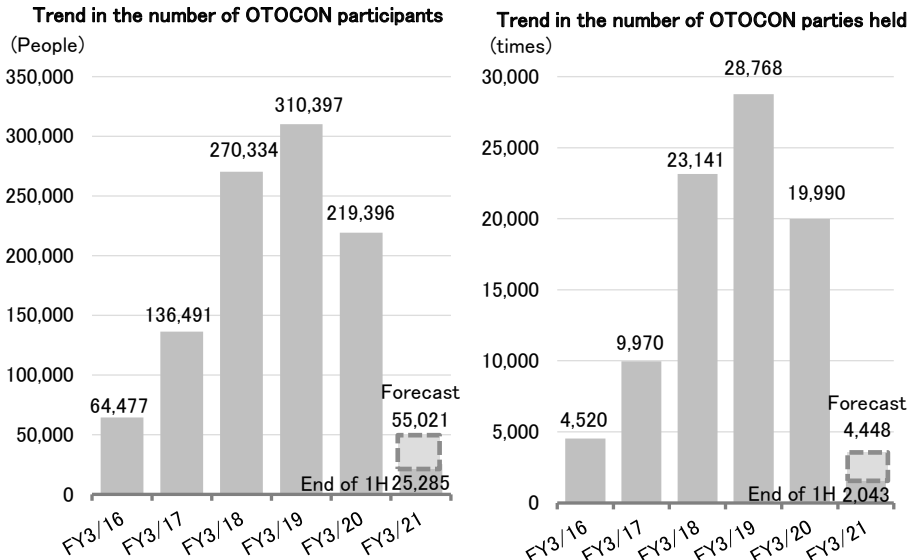


Source: Prepared by FISCO from the FACT BOOK

The OTOCON matching party service was launched in June 2013 to provide matching parties with the most inexpensive price in the industry at a uniform price for those who genuinely want to marry and who can attend with peace of mind. It is positioned as a preliminary service of the Partner Agent matching support agency, and the parties are held mainly at its own venues throughout the country. The total number of participants in the approximately six years since its launch has reached around one million people. The numbers of participants and parties held increased steadily and continuously up to FY3/19. In FY3/20, the numbers of participants and parties held both decreased significantly, but this was because from FY3/20, the Company strategically reduced the number of parties held with the aims of optimizing operations and improving service quality. In addition, in FY3/21 1H, these numbers were affected by the event cancellations and self-restraint due to the coronavirus.

In addition to offering the most inexpensive matching parties in the industry at a uniform price, the Company intends to accelerate the development of the Partner Agent Party, which are higher grade matching parties, toward acquiring new customer groups.

Business description



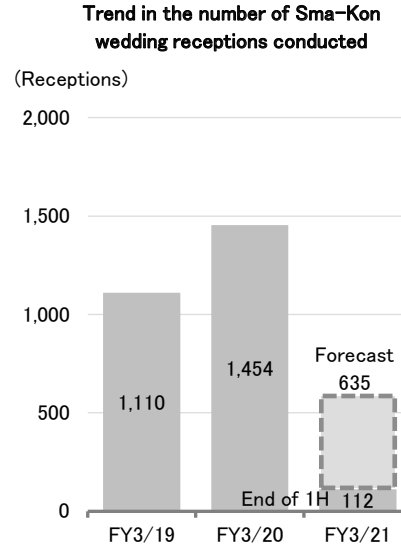
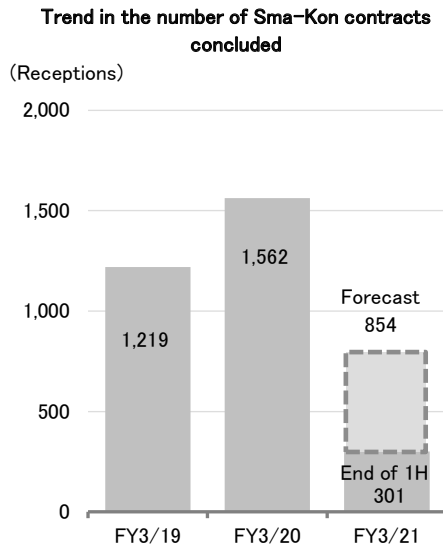
Source: Prepared by FISCO from the FACT BOOK

3. Casual Wedding Business

The main services in the Casual Wedding Business are Sma-Kon, a wedding reception production service; Nijikai-Kun, a wedding after-party production service; and LUMINOUS, a photo wedding service. In addition, the Company Group is developing businesses including sales of bridal jewelry, a service to introduce wedding ceremony venues, and the ANNIVERSARY CLUB after-wedding support services, and it is utilizing M&A and alliances to expand the business areas.

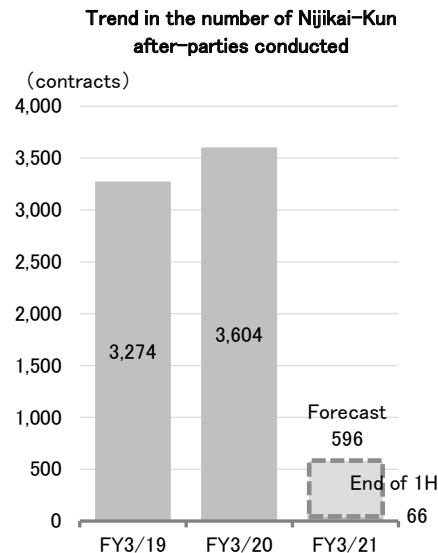
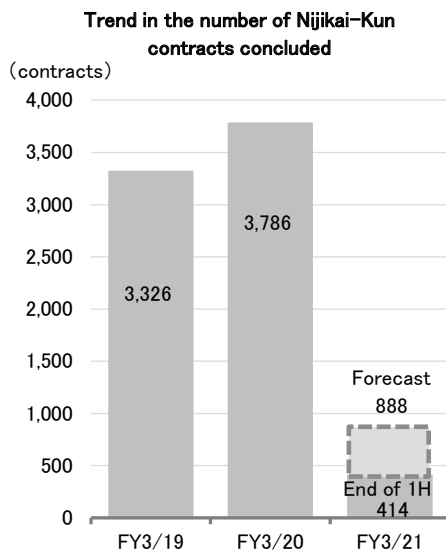
In Sma-Kon, which is a wedding reception production service, the Company responds to requests for a high quality wedding ceremony within a certain budget to produce an inexpensive, beautiful, casual wedding that is tailored to requirements. The Company produces wedding receptions at the approximately 250 collaborating venues nationwide, and management on the day is carried out by professional staff at the venue. The Company is able to keep down prices, including by effectively utilizing empty slots within the schedules of the collaborating venues and ordering items in bulk or manufacturing them in-house. Therefore, compared to the cost of a typical wedding reception of around ¥3.5mn (according to the Zexy 2019 marriage trend survey), the average cost of a Sma-Kon reception is only approximately ¥2mn. In July 2020, the Company upgraded, renewed, and rebranded this service, but in FY3/21, it is being affected by postponements and cancellations due to the coronavirus.

Business description



Source: Prepared by FISCO from the FACT BOOK

Nijikai-Kun is an agency service to produce wedding ceremony after-parties. The party is produced by professional planners and the planner introduces venues that meet the customers' needs from over 480 partner venues nationwide, such as restaurants. On the day itself, professional managers and staff are dispatched to the venue (the food and drink are outsourced to the venue). The average cost is around ¥400,000, and the number of contracts concluded in FY3/20 was 3,786 and the number of after-parties conducted was 3,604, both of which were higher than in the previous fiscal year. But in FY3/21, these numbers are being affected by postponements and cancellations due to the coronavirus.

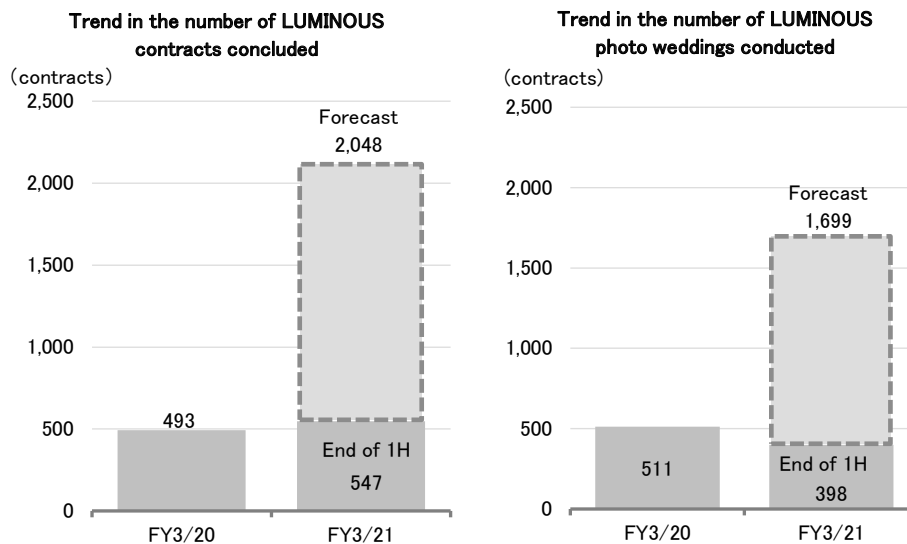


Source: Prepared by FISCO from the FACT BOOK

Business description

The LUMINOUS photo wedding service involves holding photo shoots at elegant homes and other locations to commemorate the marriage. To meet the need of customers wanting photos showing ideal bridal images, the service utilizes sophisticated studio sets and authentic locations, such as highly elegant chapels and homes, to realize the world’s most beautiful bridal images. The average cost is approximately ¥210,000, which means that customers can have an experience just like an actual ceremony, but for less than approximately one tenth of the cost of a typical wedding reception.

In FY3/21, the number of contracts concluded was 2,048 and the number of photo weddings conducted was 1,699, which were both significantly higher than forecast. To avoid the “three Cs” (closed spaces, crowds, and close contract), wedding styles that are adapted to the coronavirus era are increasing. The Company has positioned this business as a growth field for the future, and its policy is to progress initiatives to develop it to be the third pillar of earnings. In November 2020, Group company Tameny Art Works concluded a business alliance with bridal company ESCRIT INC. <2196>. With the addition of ESCRIT’s high quality chapels and venues, the Company will be able to instantly develop this business nationwide as LUMINOUS photo wedding venues had previously been limited only to metropolitan Tokyo.



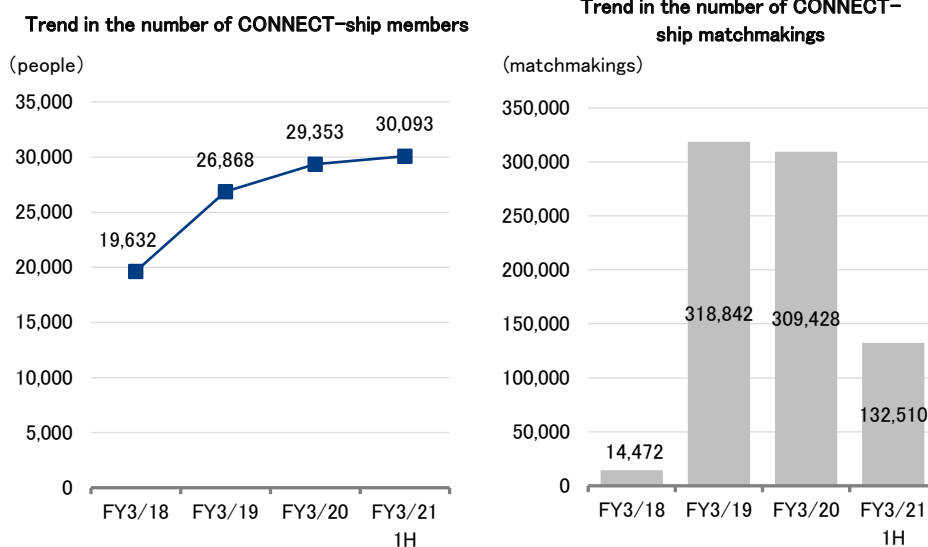
Source: Prepared by FISCO from the FACT BOOK

4. Tech Business

The main services in the Tech Business include CONNECT-ship, a platform for mutual introductions between members of matching businesses’ services, the matching app Sma-Kon Date, the corporate matching support system, and the video production service.

Business description

CONNECT-ship is the industry’s first platform for mutual introductions between members of matching businesses’ services. Introductions can be made across registered businesses and the aim is to maximize customer results (getting married) by creating opportunities for them to meet. It was launched in June 2017 and at the end of September 2020, it was being used by 11 business companies (total number of members, approximately 55,000 people), and there are around 30,000 members for who introductions are possible. To respond to the coronavirus era, in June 2020 the Company started to provide an automated, online matching system that it developed itself for members of Partner Agent matching support agency and CONNECT-ship. It had a total of 30,093 members at the end of FY3/21 1H and there are 132,510 initial meetings arranged through it in FY3/21 1H. Also, in December 2020, Marriage Office Digi2, which is certified by the Atago Shrine, was added to the user businesses.



Source: Prepared by FISCO from the FACT BOOK

The matching app Sma-Kon Date is a free, so-called “looking for love” app. But because there are many competing apps on the market and it has become a red-ocean market, during FY3/21, the Company is aiming to make a fully fledged launch of a new matching app for finding a marriage partner in blue-ocean conditions and to create a business.

For the corporate matching support system, the Company utilizes its cutting-edge technologies, such as AI matching, to provide a system that it itself developed to companies wanting to open matching support agencies, and it also provides them with business support. Following the transfer of the management-support business for the completely online matching support service to the equity-method affiliate en-konkatsu agent inc. in November 2020, the Company will record a gain on the transfer of a business of approximately ¥100mn as extraordinary income in FY3/21 3Q.

5. Lifestyle Business

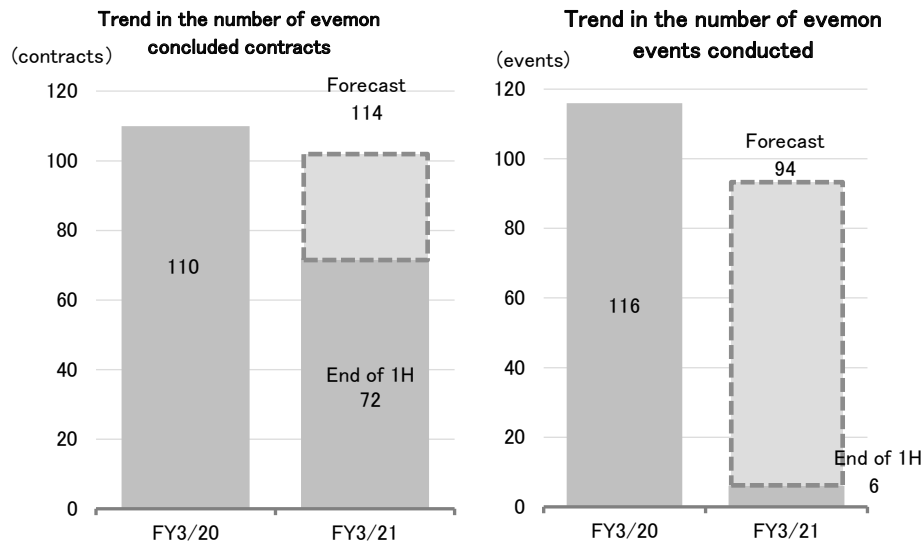
The main services in the Lifestyle Business include an insurance consultation service (Hoken Clinic powered by Partner Agent) and a housing information service. In the Matching and the Casual Wedding Business, the Company is pursuing synergies by utilizing the contact points with the approximately 8,000 newly wed couples annually.

Business description

Moreover, the Company is investigating new services. In October 2020, it concluded a business alliance with Broad-minded Co., Ltd., which provides financial partner services based on life planning.

6. Corporate Enterprise Business

The main services in the Corporate Enterprise Business are the parms service, a matching support for local governments, and the Evemon corporate event production service. In the parms matching support service for local governments, the Company customizes the matching support system that it itself developed to support the matching conducted by local governments. As of November 2020, it had concluded contracts and introduced the service for five local governments (in order of the contracts concluded, Fukushima Prefecture, Kyoto Prefecture, Saitama Prefecture, Akita Prefecture, and Fukui Prefecture). In the Evemon corporate event production service, it produces events for companies, such as employee general assemblies, company-joining ceremonies, social gatherings, and year-end parties. Utilizing its expertise in wedding planning, it undertakes all of the tasks required according to the even purpose, from strategic planning and booking the venue through to producing and managing a high-quality event that the participants will not be bored by. A full production costs approximately ¥750,000 on average. In FY3/21, it has concluded 114 contracts and plans to conduct 94 events. The convenience of being able to outsource every aspect of an event has been highly evaluated by customers and the number of events had been gradually increasing. But they are now increasing rapidly due to the start of corporate online event production to meet new needs under coronavirus conditions, so the Company is positioning it as a growth field for the future.



Source: Prepared by FISCO from the FACT BOOK

7. Features and strengths

With the matching support agency as the starting point, it is developing a wide range of multi-directional, consistently high quality and high added-value services, from the Matching Business through to the Casual Wedding Business and the area of services to support new lifestyles, and its features and strengths include its high levels of reliability and brand name recognition.

Business description

The Partner Agent matching support agency realize the highest engagement rate in the industry through matching concierge services provided by highly skilled specialist counsellors and a matching system that the Company itself developed, and it has established a brand as a high added-value matching support service. In the Casual Wedding Business, based on its abundant track record and expertise in producing weddings, it is developing new wedding and after-party total production services tailored to new lifestyle needs during the coronavirus era. In the Tech Business, it is aiming to maximize marriages through the CONNECT-ship platform for mutual introductions between members of matching businesses' services.

Particularly in the Matching Business, customers prioritize social reliability and name awareness with regards to safety and soundness. For these aspects, the Company has been a pioneer in its industry, acquiring the information security management standard ISO (JIS Q) 27001 certification, the quality assurance international standard ISO 9001:2000/JIS Q 9001:2000 certification, the Privacy Mark, the complaints-response management system international standard ISO 10002 certification, and the Institute of Matchmaking Service's marriage referral service certification.

The Company was listed in 2015. It is establishing a position as a safe and secure matching support company that people in the world need. Going forward also, utilizing its strengths of being highly reliable and having high brand name awareness, it intends to build a structure to provide multi-directional services that meet all customer's needs and to develop its businesses.

8. Risk factors, earnings characteristics, and issues and measures in response to them

The general risk factors in the matching and wedding industries include market trends, legal regulations, information management including of personal information, responding to complaints, and safety and soundness. Earnings characteristics include seasonal-variation factors.

In terms of market trends, there is an awareness that the number of marriages is falling due to the declining birthrate and the rise in the unmarried rate. Meanwhile, due to the rise in the unmarried rate, the matching service usage rate is trending upward, and spurred by the coronavirus, the percentage of people who want to find a partner is also rising. Moreover, in the coronavirus era, it is projected that instead of the conventional, very expensive wedding reception, an increasing percentage of couples want to have a casual wedding with only a few guests or have photo weddings instead, which are the Company's strengths. Further, when considering factors such as that it has been a pioneer in the industry for acquiring international standard certification for information management and quality control, including the information security management standard ISO (JIS Q) 27001, and that it is maintaining the top rank in the industry for the engagement rate by providing high quality and high added-value services, the Company seems likely to demonstrate its superiority even within the market competition.

In terms of earnings characteristics, the tendency is for wedding receptions to be held concentrated in the spring (March to May) and the fall (September to November), so the Company's results in the Casual Wedding Business tend to be affected by this seasonal factor. As its measures in response to this, it is strengthening both advertising and sales promotions for orders for events during the peak busy season, while bolstering measures to promote orders for events during the quiet season.

Business trends

In FY3/21 1H, sales and profits declined due to the impact of the coronavirus

1. Summary of the FY3/21 1H consolidated results

In the FY3/21 1H consolidated results, net sales decreased 58.5% YoY to ¥1,701mn, operating loss was ¥1,439mn (compared to income of ¥97mn in the same period in the previous fiscal year), ordinary loss was ¥1,376mn (income of ¥86mn), and net loss attributable to owners of parent was ¥1,376mn (net income of ¥61mn). Sales were affected by the self-restraint on going out and on holding events due to the coronavirus), and they decreased significantly. In costs, SG&A expenses increased because of the new consolidation of two companies in March and April 2020.

However, on looking on a quarterly basis, in the 1Q, net sales were ¥701mn and operating loss was ¥824mn, but in the 2Q, net sales were ¥999mn and the operating loss was ¥614mn, so the operating loss shrank compared to in the 1Q. In the Matching Business, results for matching support agency have been recovering since the second half of May, and although in the reporting segment the operating loss was ¥31mn in 1Q, it returned to profitability in 2Q and operating income was recorded on a 1H basis.

Summary of the FY3/21 1H consolidated results

	FY3/20 1H	FY3/21 1H	(FY3/21 1Q)	(FY3/21 2Q)
Net sales	4,099	1,701	701	999
Operating income (loss)	97	-1,439	-824	-614
EBITDA	326	-1,244	-729	-514
Ordinary income (loss)	86	-1,376	-821	-554
Net income (loss) attributable to owners of parent	61	-1,376	-821	-554
Net sales by segment (before adjustments)				
Matching Segment	1,837	1,374	614	759
Casual Wedding Segment	2,188	283	62	220
Other Segment	83	47	18	28
Operating income (loss) by segment (before adjustments)				
Matching Segment	398	32	-31	64
Casual Wedding Segment	25	-963	-536	-427
Other Segment	15	-48	-24	-24

Source: Prepared by FISCO from Company materials

2. Trends by segment (by business)

In the Matching Business, net sales were ¥1,286mn. Sales in the Partner Agent matching support agency have been recovering since the second half of May. The number of inquiries is increasing due to measures including improvements to marketing functions and advertising utilizing the female pop idol group SKE48, while factors such as the launch of the coordinator service for members and the opening of the Sendai store, the first store in Tohoku area, are also contributing. Therefore, the number of new members in 2Q has exceeded 1,900 since the FY3/2020 2Q. In the 1Q, the engagement rate fell to 16.2%, but in the 2Q it recovered to 23.5%. In the OTOCON matching parties, the number of parties held and the number of participants both decreased greatly because the Company has been strategically reducing the number of parties since FY3/20, and also from the impact of the self-restraint on holding events due to the coronavirus.

Business trends

In the Casual Wedding Business, net sales were ¥302mn. Sma-Kon, the wedding reception production service, and Nijikai-Kun, the wedding after-party production service, were impacted by the cancellations and postponements due to the coronavirus. In the LUMINOUS photo wedding service, the number of contracts concluded increased 161.7% to 547 (100 in 1Q, 447 in 2Q) and the number of photo weddings conducted rose 85.1% to 398 (64 in 1Q, 334 in 2Q). In order to avoid the three Cs, people want to hold a wedding ceremony that is adapted to the coronavirus era, and both the number of contracts concluded and photo weddings conducted have been increasing rapidly, particularly since the 2Q. The enhancement of the lineup and the expansion of the service-provision areas also contributed.

In the Tech Business, net sales were ¥88mn. CONNECT-ship, which is the platform for mutual introductions between members of matching businesses' services, has been recovering since the 2Q (number of members have surpassed 30,000 people, its largest ever number, and the number of matchmakings was 54,928 in 1Q and 77,582 in 2Q). The number of matchmakings in the August to September period recovered to the same level as before the coronavirus.

In the Lifestyle Business, net sales were ¥17mn, and sales increased from the effects of expanding the service-provision areas from FY3/20 2H. The Company is establishing an infrastructure toward expanding the services handled and the sales channels in the future, including by collaborating with leading companies in the insurance and wedding industries.

In the Corporate Enterprise Business, net sales were ¥9mn. For the Evemon corporate event production service, orders for online events were strong from major companies and government departments and agencies. However, their contributions to sales are scheduled for 3Q onwards as that is when these events are scheduled to be conducted.

The main indicators in each area

	(¥mn)			
	FY3/20 1H	FY3/21 1H	(FY3/21 1Q)	(FY3/21 2Q)
Matching Business				
Number of new members	4,528	2,905	927	1,978
Engagement rate	28.0%	19.9%	16.2%	23.5%
Number of members at end of period	11,896	10,949	10,606	10,949
Number of parties held	11,428	2,043	442	1,601
Number of party participants	125,890	25,285	5,506	19,779
Casual Wedding Business				
Number of Sma-Kon wedding receptions conducted	720	112	21	91
Number of Nijikai-Kun parties conducted	1,802	66	1	65
Number of LUMINOUS photo weddings conducted	215	398	64	334
Other Business				
Number of CONNECT-ship initial meetings	158,412	132,510	54,928	77,582
Number of Evemon contracts concluded	60	72	5	67

Source: Prepared by FISCO from Company materials

3. Financial position and management indicators

Looking at the Company's financial position, at the end of FY3/21 1H, total assets were down ¥21mn on the end of FY3/20 to ¥5,456mn, while total liabilities were up ¥1,329mn to ¥5,781mn. This was mainly due to the increase in borrowings. Total net assets decreased ¥1,351mn to -¥325mn, while equity ratio fell 24.7 percentage points (pp) to -6.0%.

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Business trends

Conversely, toward implementing the three-year medium-term business plan, the Company conducted the 8th and 9th issues of share acquisition rights (with an exercise price revision clause) through a third-party allocation. The funds raised from these issues will be allocated to invest in equipment and personnel to expand the business scope, to invest in systems to improve work efficiency, to repay borrowings to increase the soundness of the financial structure, and to working capital to supplement the shortfall due to the decline in sales because of the impact of the coronavirus. The party they were allocated to was Evo Fund. The number of share acquisition rights issued (1 unit = 100 shares) was 25,000 units in the each of the 8th and 9th issues, and the number of dilutive shares became 5,000,000 shares.

The main management indicators

Item	FY3/20 1H	FY3/21 1H	(FY3/21 1Q)	(FY3/21 2Q)
(¥mn)				
Net sales	4,102	4,151	8,187	1,701
Cost of sales	1,745	1,778	4,062	980
Gross profit	2,357	2,372	4,125	720
Gross profit margin	57.5%	57.2%	50.4%	42.4%
SG&A expenses	2,162	2,156	4,046	2,160
SG&A expenses ratio	52.7%	51.9%	49.4%	127.0%
Operating income (loss)	195	216	78	-1,439
Operating income margin	4.8%	5.2%	1.0%	-
Non-operating income	140	18	46	103
Non-operating expenses	9	26	83	40
Ordinary income (loss)	325	208	41	-1,376
Ordinary income margin	7.9%	5.0%	0.5%	-
Extraordinary income	-	1	105	-
Extraordinary loss	136	44	103	-
Net income (loss) before income taxes	189	165	42	-1,376
Total income taxes, etc.	72	79	40	0
Net income (loss) attributable to owners of parent	117	90	2	-1,376
Ratio of net income attributable to owners of parent	2.9%	2.2%	0.0%	-
Comprehensive income (loss)	117	83	3	-1,373
Total assets	2,794	3,382	5,478	5,456
Current assets	1,552	2,059	1,999	1,748
Non-current assets	1,241	1,322	3,477	3,707
Total liabilities	1,942	2,404	4,452	5,781
Current liabilities	1,076	1,132	1,873	2,228
Non-current liabilities	866	1,271	2,579	3,553
Total net assets	852	978	1,025	-325
Shareholders' equity	850	981	1,027	-326
Share capital	249	255	263	264
Total number of shares issued at end of period excluding treasury shares (shares)	9,915,971	10,153,371	10,487,571	10,539,771
Net income per share (¥)	12.15	8.99	0.25	-
Net assets per share (¥)	85.81	96.39	97.81	-
Dividend per share (¥)	0.00	0.00	0.00	0.00
Equity ratio	30.3%	28.9%	18.7%	-6.0%
Return on Equity (ROE)	15.5%	9.8%	0.3%	-
Cash flows from operating activities	202	374	231	-
Cash flows from investing activities	-524	-180	-1,861	-
Cash flows from financing activities	374	464	1,462	-
Balance of cash and cash equivalents at the end of the period	549	1,207	1,039	-

Source: Prepared by FISCO from the Company's financial results

■ Outlook

The extent of the losses is projected to shrink in FY3/21 2H and become profitable on a monthly basis during 4Q

1. Outlook for the FY3/21 full year consolidated results

The FY3/21 full year consolidated results forecasts announced on November 13 projects net sales to decline 41.9% compared to FY3/20 to ¥4,760mn, operating loss of ¥2,000mn (income of ¥78mn in FY3/20), ordinary loss of ¥2,000mn loss (income of ¥41mn), and net loss attributable to owners of parent of ¥2,000mn (net income of ¥2mn). Sales are forecast to decrease significantly due to the impact of the coronavirus.

However, the forecasts for 2H are net sales of ¥3,058mn, an operating loss of ¥560mn, an ordinary loss of ¥623mn, and a net loss attributable to owners of parent of ¥623mn, so compared to 1H, it is expected that the extent of the losses will shrink in 2H and also that profitability will be achieved on a monthly basis during 4Q. Sales are recovering in the Partner Agent matching support agency, while for the Sma-Kon wedding reception production service, the wedding ceremonies for contracts concluded in June and July are concentrated in the 4Q, so earnings are expected to be recorded to a certain extent. In costs, the reduction in fixed costs through the integration and closing of bases will contribute from the next period.

FY3/21 full year consolidated results forecasts

	FY3/20		FY3/21		(¥mn)
	Results	Forecast	1H results	2H forecasts	
Net sales	8,187	4,760	1,701	3,058	
Operating income (loss)	78	-2,000	-1,439	-560	
Ordinary income (loss)	41	-2,000	-1,376	-623	
Net income (loss) attributable to owners of parent	2	-2,000	-1,376	-623	

Source: Prepared by FISCO from the Company's financial results

2. Priority initiatives in 2H

As the priority initiatives in 2H toward a results recovery, in each segment the Company is focusing on creating business opportunities to meet needs for new lifestyles in the coronavirus era, and on reducing fixed costs.

In the Matching Business, results in the matching support agency are recovering remarkably, and the Company will promote the sales of option services, including the coordination service for members. In the Casual Wedding Business, it is creating new styles of wedding receptions and after-parties, including MICRO WEDDING (small scale, high quality weddings) and reforming the earnings structure, while it is also expanding the lineup and service-provision areas of the LUMINOUS photo wedding service. In the Other Business, orders are strong for the Evemon corporate event production service, and events conducted will increase from 3Q onwards.

Outlook

In costs, the Company will reduce fixed costs by integrating and closing stores and redeploying personnel. In the Matching Business, it is strategically reducing the number of OTOCON matching parties, and as a result, it will integrate and close bases, from 34 bases at the end of March 2020 down to 26 bases by the end of March 2022 (scheduled). In the Casual Wedding Business, for the Sma-Kon wedding reception production service and the Nijikai-Kun wedding after-party production service, the numbers of weddings and parties held are decreasing due to the impact of the coronavirus, so it will integrate and close bases, from 10 bases at the end of March 2020 down to 3 bases in Tokyo, Nagoya, and Osaka by the end of March 2022 (scheduled). Conversely, for the LUMINOUS photo wedding service, it will increase the number of bases, from 1 base at the end of March 2020 to 7 bases by the end of March 2022 (scheduled). It will also expand the service-provision areas through the business alliance with bridal company ESCRIT. Sma-Kon and Nijikai-Kun personnel will be shifted to the Matching Business and the LUMINOUS photo wedding service.

■ Medium- to long-term growth strategy

Three years that will realize a short-term recovery in results and build the foundations for medium- to long-term growth

1. The three-year medium-term business plan

The Company has formulated a three-year medium-term business plan, and it has positioned the period from FY3/22 to FY3/24 as the three years to realize a short-term results recovery and to build the foundations for growth in the medium- to long-term. The numerical targets for the plan's final fiscal year of FY3/24 are net sales of ¥14.7bn, operating income of ¥2.7bn, and an operating income margin of at least 18.6%. Toward a results recovery in the near future, it is aiming to improve the profitability of existing businesses through costs-structural reforms, including integrating and closing some stores, and redeploying personnel. To build the foundations for growth in the medium- to long-term, it will improve profitability by utilizing its customer base of approximately 8,000 couples per year (2,500 couples who become engaged so withdraw from the matching support agency's services, and around 5,500 couples from weddings conducted in the Casual Wedding Business) and enhance its high added-value services. Financially, the Company's policy is to realize the early elimination of excess debt and the early repayment of borrowings, and for returns to shareholders, it plans to pay a dividend within three years.

Medium- to long-term growth strategy

Three-year medium-term management plan

(unit: ¥100mn)

	FY3/22 (plan)	FY3/23 (plan)	FY3/24 (plan)
Net sales	88.0	122.0	147.0
Operating income	5.0	15.0	27.0
Operating income margin	5.6%	13.0%	18.6%
Net sales by business (before adjustments)			
Matching Business	37.0	46.0	55.0
Casual Wedding Business (a) Sma-Kon Series, etc.	27.0	37.0	40.0
Casual Wedding Business (b) LUMINOUS photo wedding service, etc.	15.0	27.0	35.0
Tech Business	3.0	5.3	7.6
Lifestyle Business	0.6	0.8	0.9
Corporate Enterprise Business	3.9	5.0	7.6
Operating income by business (before adjustments)			
Matching Business	12.0	16.0	22.0
Casual Wedding Business (a) Sma-Kon Series, etc.	3.0	6.0	7.0
Casual Wedding Business (b) LUMINOUS photo wedding service, etc.	3.0	7.0	10.0
Tech Business	1.3	2.5	3.8
Lifestyle Business	0.2	0.3	0.4
Corporate Enterprise Business	1.2	2.1	3.0

Source: Prepared by FISCO from the Company's medium-term management plan materials

2. Even as the number of marriages decreases, there remains plenty of room to grow its market share

According to various surveys (sources: The Ministry of Internal Affairs and Communications, the Bridal Research Institute's Survey of Actual Marriage conditions 2019, LINKBAL Inc., etc.; some estimates), the unmarried rate is rising (for men, rising from 13% in 2000 to 27% in 2020, and for women, rising from 6% in 2000 to 18% in 2020) and the number of marriages is decreasing (decreasing from 630,000 couples in 2015 to 590,000 couples in 2019). However, in this business environment, the rate of engaged couples who had used a matching service rose from 8% in 2015 to as high as 13% in 2019. 79% respondents answered, "I agree" to the statement "Since the coronavirus, I want to find a partner." For weddings also, the percentages of casual weddings with only a small number of guests and wedding photos are forecast to increase.

The Company produces marriages and wedding ceremonies for around 8,000 couples a year, but even so, its market share is still no more than approximately 1.4% of the approximately 590,000 engaged couples a year. With the matching support agency as the starting point, it is developing a wide range of multi-directional, consistently high quality and high added-value services, from the Matching Business through to the Casual Wedding Business and the area of supporting new lifestyles, and its strengths include its high levels of reliability and brand name recognition. On considering these strengths, there would seem to be still plenty of room for it to grow its market share. In the medium- to long-term, it is aiming for marriage and wedding ceremony production for more than 30,000 couples annually.

Creating high added-value and developing the third pillar of earnings

3. Business strategies by business

The business strategies in each segment are as follows.

(1) Matching Business

In the Matching Business, the Company will grow sales through acquiring new customers and creating high added-value by providing new services and option services, including the coordinator service for members and the Partner Agent Party, which are higher grade matching parties, and also by improving cost efficiency. As the three-year milestones, in FY3/22, it will strengthen profitability by integrating and closing stores and creating high value-added businesses; in FY3/23, it will acquire new customers, including through strategic store openings leveraging online opportunities; and in FY3/24, it will realize a business profit margin of 40% by growing sales and creating high added-value. In FY3/24, it is targeting more than 1,000 new members per month and more than 15,000 members at the end of the period.

(2) Casual Wedding Business (a) Sma-Kon Series, etc.

In the Casual Wedding Business, the Sma-Kon Series, etc., will be impacted by the coronavirus for the time being, so in the short term the aim is to achieve profitability by conducting costs-structural reforms, and to recover net sales to the same level as before the coronavirus (¥4.4bn in FY3/20) by re-strengthening products, including weddings with only a small number of guests in response to new lifestyles in the coronavirus era. Due to the coronavirus, it is anticipated that online standalone-format weddings will not become widespread, and rather that the percentages of weddings in a casual format with a small number of guests and in an “online + real” format will rise. In terms of the three-year milestones, in FY3/22, the Company will achieve profitability by progressing costs-structural reforms (it has already integrated or closed 6 stores and will reduce cost prices by reviewing venue purchases, keep down advertising costs, etc.); in FY3/23, it will reinforce products, including establishing a new inexpensive wedding format with a small number of guests and supplementing venues for inexpensive events with a small number of guests (at restaurants, etc.); and in FY3/24, it intends to recover sales to the same level as before the coronavirus. In FY3/24, it is aiming to produce more than 10,000 weddings and to be the No.1 for casual weddings.

(3) Casual Wedding Business (b) LUMINOUS photo wedding service, etc.

In the Casual Wedding Business, the LUMINOUS photo wedding service, etc., is a growth field to meet needs for new ways of living in the coronavirus era, while the Company is also utilizing alliances to expand the service-provision areas and location-photo venues (concluded a business alliance with bridal company ESCRIT in November 2020), and enhancing high added-value services with the aim of developing it to be the third pillar of earnings through sales growth. In the medium- to long-term, it has in its sights overseas business development as well, and it intends to prepare the foundation for business development in Asia with Okinawa as the starting point. In terms of the three-year milestones, in FY3/22, it is aiming to conduct 5,000 photo weddings annually by expanding the service-provision areas; in FY3/23, to hold 10,000 photo weddings annually including by capturing inbound demand through starting to approach overseas visitors to Japan; and in FY3/24, to hold more than 14,000 photo weddings annually, targeting 20% of the Group’s total net sales and a business profit margin of more than 30%.

Medium- to long-term growth strategy

(4) Tech Business

In the Tech Business, the Company will create various types of businesses, centered on the Matching Business and Casual Wedding Business. As the three-year milestones, in FY3/22, it will strengthen the monetization of the CONNECT-ship platform for mutual introductions between members of matching businesses' services; in FY3/23, it will generate earnings from the matching app that it plans to release during FY3/21; and in FY3/24, it will strengthen external sales for various types of systems.

(5) Lifestyle Business

In the Lifestyle Business, the Company is preparing Group Customer Relationship Management (CRM) and expanding the products handled. As it is prioritizing a results recovery, in the short term it will keep down investment in the Lifestyle Business, but in the medium- to long-term, rather than conducting business that only generates commissions from introducing customers, it will build a foundation for growth with manufacturer functions. As the three-year milestones, in FY3/22, it will prepare Group CRM; in FY3/23, it will enhance the lineup of products handled; and in FY3/24, it will strengthen sales growth to both inside and outside of the Group.

(6) Corporate Enterprise Business

In the Corporate Enterprise Business, the Company will grow earnings on the twin axes of the Evemon corporate event production service and the parms matching support service for local governments, and it is also aiming to create businesses from new services. As the three-year milestones, in FY3/22 and FY3/23, it will launch Evemon in Osaka and Nagoya and introduce parms into 3 prefectures a year, and in FY3/24, it is targeting a parms coverage rate of 30% (introducing it into 15 prefectures) and creating a business from new corporate services.

Aiming to stabilizing the financial foundation at an early stage

4. Financial strategy

As the financial strategy, at the end of FY3/21 1H the financial position had worsened as net assets were -¥300mn, and interest-bearing debt had increased by ¥1.2bn on the end of FY3/20 to ¥4.8bn. Therefore, in order to stabilize its financial foundation at an early stage, the Company is aiming to realize both sustainable business growth and returns to shareholders.

To stabilize the financial foundation, the Company conducted the 8th and 9th issues of share acquisition rights (with an exercise price revision clause) through a third-party allocation. The fund-raising method is a combination of a monthly commitment issue, in which the party they are allocated to commits to exercising a defined number of share acquisition rights at a determined interval, and also that it commits to exercising all of the share acquisition rights within a certain period. The exercise of the 8th share acquisition rights (25,000 units) is scheduled to be completed in May 2021 and the exercise of the 9th (25,000 units) is scheduled to be completed in October 2021.

The funds raised, approximately ¥800mn (rough estimate of ¥713mn that may increase or decrease if the exercise value is revised or modified), will be allocated to working capital, to invest in systems and personnel to expand the business scope, and to repaying borrowing toward improving the soundness of the financial structure. Through the recoveries of sales and profits, the Company intends to eliminate the excess debt between March to September 2020 and to repay borrowings at an early stage, while for returns to shareholders, it plans to pay a dividend within three years.

Medium- to long-term growth strategy

5. Earnings are expected to grow in the medium- to long-term

Due to the impact of the coronavirus, the business environment is expected to be severe for the time being, but the Company is steadily progressing initiatives toward growth in the medium- to long-term growth. It has been a pioneer in the industry for acquiring international standard certifications for information management and quality control, while it is providing high quality and high added-value services and establishing high levels of reliability and brand name awareness. Based on the Company's strengths and competitive advantages, there remains plenty of room for it to grow its market share. We can expect earnings to grow in the medium- to long-term through the stabilization of the financial foundation at an early stage.

Shareholder return policy

Implements a shareholder benefits program, giving gift coupons and gift points according to the number of shares held

The Company does not pay a dividend at the current time, but it is considering returning profits to shareholders through dividends at the point in time that it has eliminated the excess debt. It implements a shareholder benefits program, giving gift coupons and gift points according to the number of shares held to shareholders registered at the end of September in each year.

Description of shareholder benefit

Number of shares held	Description of shareholder benefit	Number of coupons / Number of points
100 or more shares	(1) Coupon for free registration at Partner Agent*1	1 coupon
	(2) Coupon to participate in a matching party for free (parties held at a Company store)	2 coupons
	(3) 15% discount coupon for LUMINOUS Les Bijoux (jewelry)	1 coupon
	(4) ¥50,000 discount coupon for Sma-Kon and Nijikai-Kun (tax not included)*2	4 coupons
	(5) 10% discount coupon for LUMINOUS photo weddings	1 coupon
1,000 shares to 1,999 shares	Shareholder benefit points that can be exchanged for foods, electronic appliances, gifts, travel, experiences, etc.	9,000pt
2,000 shares to 2,999 shares		19,000pt
3,000 shares to 3,999 shares		30,000pt
4,000 shares or more		42,000pt

*1 The ¥30,000 (tax not included) registration fee at the time of becoming a member is free.

*2 The Sma-Kon and Nijikai-Kun discount coupon usage amounts (tax not included) are 1 coupon for ¥500,000 or more, 2 coupons for ¥1mn or more, 3 coupons for ¥1.5mn or more, and 4 coupons for ¥2mn or more

Source: Prepared by FISCO from the FACT BOOK

Initiatives for SDGs

In order to contribute to realizing a sustainable society through all of its business activities, the Company's initiatives for Social Development Goals (SDGs) include building trust through acquiring various types of certification including the ISO (JIS Q) 27001 information security management standard, providing the matching support service parms to local governments, and collaborating with local governments.

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