

## Tameny Inc.

6181

TSE Mothers market

17-Jan.-2022

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<https://www.fisco.co.jp>

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## Summary

### Creates and provides high-quality services, focusing on the Matching Business and Casual Wedding Business

Tameny Inc. <6181> (hereafter, also “the Company”; on October 1, 2020, changed its company name from Partner Agent Inc.) creates and provides high quality services required by its customers in a wide range of areas, focusing on matching and casual wedding services as well as tech, lifestyle, and corporates and local governments domains, based on its corporate philosophy of “Creating better lives.”

#### 1. Strengths are its high levels of reliability and brand name recognition

The Company changed its reporting segments from 1Q FY3/22 to the Matching Business (the management of the high-value-added matching support agency, the planning and management of matching parties, etc.), the Casual Wedding Business (the production of casual weddings and receptions, etc., photo weddings, after-parties, etc.), the Tech Business (the management of the platform for mutual introductions between members of matching businesses’ services, online matching services, etc.), the Lifestyle Business (provision of services to contribute to an improved quality of life relating to insurance, finance and real estate), and the Corporates and Local Governments 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.

#### 2. In 1H FY3/22, despite COVID-19, sales increased significantly and the extent of the loss was reduced YoY

In 1H FY3/22 consolidated results, net sales increased 64.6% year-on-year (YoY) to ¥2,801mn, operating loss was ¥215mn (a loss of ¥1,439mn YoY), ordinary loss was ¥288mn (a loss of ¥1,376mn), and net loss attributable to owners of parent was ¥416mn (a loss of ¥1,376mn). Due to the impact of COVID-19, the results were a long way from recovering to the level at their peak, but compared to the same period in the previous fiscal year, the impact of COVID-19 gradually eased and sales increased significantly. The extent of the loss was reduced for every profit item thanks to the reduction of SG&A expenses, including from measures to integrate and close bases, to optimize deployments of personnel, and to strategically keep down advertising and sales promotion costs. Looking by fiscal quarter, after bottoming out in 1Q FY3/21, the extent of operating loss was reduced in each quarter and operating income returned to profitability in 2Q FY3/22.

#### 3. The FY3/22 full year forecasts have been downwardly revised, but the extent of the loss will be reduced YoY (returning to profitability in 2H)

The Company has downwardly revised the FY3/22 full year consolidated results to net sales of ¥5,730mn (¥4,429mn in FY3/21), operating loss of ¥160mn (a loss of ¥2,176mn), ordinary loss of ¥230mn (a loss of ¥2,089mn), and net loss attributable to owners of parent of ¥250mn (a loss of ¥2,316mn). The 2Q results were impacted by the resurgence of COVID-19 and the intermittent declarations of a state of emergency, so the pace of recovery from COVID-19 has been slower than it was initially anticipated. Conversely, for costs, the Group is progressing rationalization for management as a whole and the extent of the loss is forecast to be significantly reduced YoY on a full fiscal year basis. In 1H, operating loss was ¥215mn, but the forecast for 2H is operating income of ¥55mn.

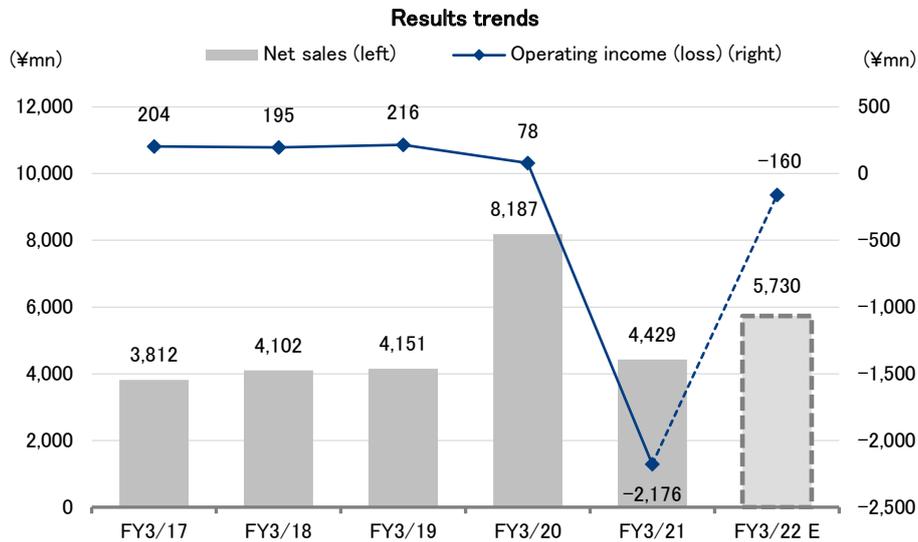
Summary

4. Earnings are expected to increase in the medium to long term through proactive business development

Under its three-year medium-term management plan, the Company has positioned FY3/22 to FY3/24 as the period to realize a short-term recovery in results and to build the foundation for growth in the medium- to long-term. The pace of the recovery from COVID-19 has been slower than anticipated, but toward a results recovery at the present time, sales are growing, the Company is rationalizing management by integrating and closing bases, redeploying personnel, and reducing costs to improve the profit margin. The numerical targets for FY3/24, the plan's final fiscal year, are net sales of ¥14.7bn, operating income of ¥2.7bn, and an operating income margin of at least 18.6%. The aim is also to eliminate the excess debt by the end of FY3/22. In addition, by stabilizing the earnings foundation at an early stage, including through repaying borrowing, the goals are to realize sustainable business growth as well as returns to shareholders. For returns to shareholders, the policy is to conduct dividend payments within three years. At the present time, it seems that the business environment is severe due to the impact of COVID-19, but the Company is steadily implementing measures toward growth in the medium to long term. Its strengths and competitive advantages include its high levels of reliability and brand name recognition, and there remains plenty of room for it to increase its market share. We can expect earnings to grow in the medium to long term by stabilizing the financial foundation at an early stage through proactive business development.

Key Points

- With the matching support agency as the starting point, conducting a wide range of businesses, from the Matching Business through to the Casual Wedding Business and services to support new lifestyles
- COVID-19 is continuing in FY3/22, but the management rationalization is contributing to results and the aims are to return to profitability and to eliminate the excess debt
- Conditions are currently severe due to COVID-19, but growth is expected in the medium to long term through proactive business development



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

## ■ Company outline

### The corporate philosophy is “Creating better lives”

#### 1. Company outline

The Company’s corporate philosophy is “Creating better lives” and, with a focus on the Matching and Casual Wedding businesses, it creates and provides high quality services required by customers in a wide range of areas, including tech, lifestyle, and corporate services.

The Tameny Group consists of the Company and its three consolidated subsidiaries. The consolidated subsidiaries are Tameny Art Works Inc., which conducts the Casual Wedding Business (photo weddings, etc.), Tameny Party Agent Inc., which also conducts the Casual Wedding Business (party production, etc.), and Tameny Agency Inc., which conducts other businesses (an advertising agency, etc.). The former equity method affiliate en-konkatsu agent inc. (a consolidated subsidiary of en Japan <4849>) ceased to be an equity method affiliate in November 2021 when the Company transferred all its holding of shares in this company to en Japan.

For the new market categories that the Tokyo Stock Exchange (TSE) will transition to in April 2022, the results of the primary resolution on whether the standards had been met to maintain a listing on the new market categories confirmed that the Company met the standards to maintain a listing on the Growth Market. A meeting of the Board of Directors held on October 19, 2021, resolved to apply for selection on the Growth Market.

#### 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 (matching support agency). In May 2008, 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. 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.

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Company outline

**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.
November 2020	Tameny Art Works Inc. concluded a business alliance with ESCRIT INC. <2196>
January 2021	Launched the completely app-based Sma-Kon Enmusubi matching support agency
March 2021	Started providing Partner Agent ONLINE, a new service for DX matching

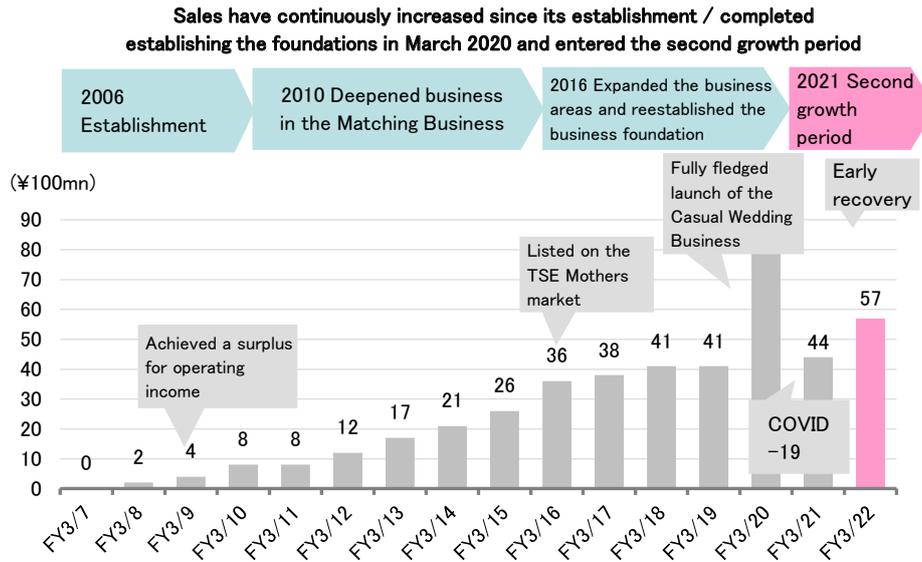
Source: Prepared by FISCO from Company materials

## Business description

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

#### 1. Summary of services

The Company's main businesses are the Matching Business, which includes the matching support agency and matching parties, and the Casual Wedding Business, which includes the production of casual weddings and receptions, etc., photo weddings, and after-parties, and also jewelry sales. As peripheral areas, it conducts the Tech Business, which includes a platform for mutual introductions between members of matching businesses' services, online matching services, and a matching support system for companies; the Lifestyle Business, which includes after-engagement, insurance agency, housing information, and financial planning services; and the Corporates and Local Governments Business, which includes matching support for local governments, corporate event production, and video production. 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

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Business description

Business description

<p><b>Matching</b></p> <p>Matching support agency</p>  <p><b>PARTNER AGENT</b></p>  <p><b>PARTNER AGENT ONLINE</b></p> <hr/> <p>Matching parties</p>  <p><b>OTOCON</b></p>  <p><b>PARTNER AGENT Party</b></p>	<p><b>Tech</b></p> <p>Member mutual introduction platform for matching support businesses</p>  <p><b>CONNECT-ship</b></p> <hr/> <p>Online matching</p>  <p><b>スマ婚 縁結び</b></p>  <p><b>スマ婚 デート</b></p> <p>Matching support system for companies</p>
<p><b>Casual Wedding</b></p> <p>Casual wedding ceremonies and receptions</p>   <p><b>スマ婚</b> <b>エモパ!</b> EMOTIONAL PARTY</p> <hr/> <p>Photo weddings</p>  <p><b>studio LUMINOUS</b></p> <p>After-parties</p>  <p><b>2次会くん</b></p> <hr/> <p>Dress · Jewelry</p>   <p><b>LUMINOUS Dressing</b> <b>LUMINOUS Les Bijoux</b></p>	<p><b>Lifestyle</b></p> <p>Insurance agency</p>  <p><b>Tameny x 保険クリニック</b></p> <p>After-engagement support</p>  <p><b>ANNIVERSARY CLUB</b></p> <hr/> <p>Housing information · Financial planning (business partnership)</p> <p>and more ...</p> <hr/> <p><b>Corporates and Local Governments</b></p> <p>Supporting local governments for matching</p>  <p><b>parms</b> Partner Matching System</p> <p>Corporate events produce</p>  <p><b>イバモン</b> EVENT MONSTER</p> <hr/> <p>Video production</p> <p>and more ...</p>

Source: Reprinted from the Company's FACT BOOK

#### Business description

The Company changed its reporting segments in 1Q FY3/22 to the Matching Business (the management of the high-value-added matching support agency, the planning and management of matching parties, etc.), the Casual Wedding Business (the production of casual weddings and receptions, etc., photo weddings, after-parties, etc.), the Tech Business (the management of the platform for mutual introductions between members of matching businesses' services, online matching services, etc.), the Lifestyle Business (provision of services to contribute to an improved quality of life relating to insurance, finance and real estate), and the Corporates and Local Governments Business (matching support for local governments, corporate event production, etc.)

In the percentages of net sales by segment in 1H FY3/22 (before adjustments), the Matching Business provided 47.5%, the Casual Wedding Business 44.8%, the Tech Business 2.5%, the Lifestyle Business 0.9%, and the Corporates and Local Governments Business 4.2%. The casual wedding major company Mation joined the Group in April 2019 (absorption merger with the Company in October 2020), and the Matching Business and the Casual Wedding Business are the two main business pillars. But the business form has become slightly irregular due to the impact of COVID-19.

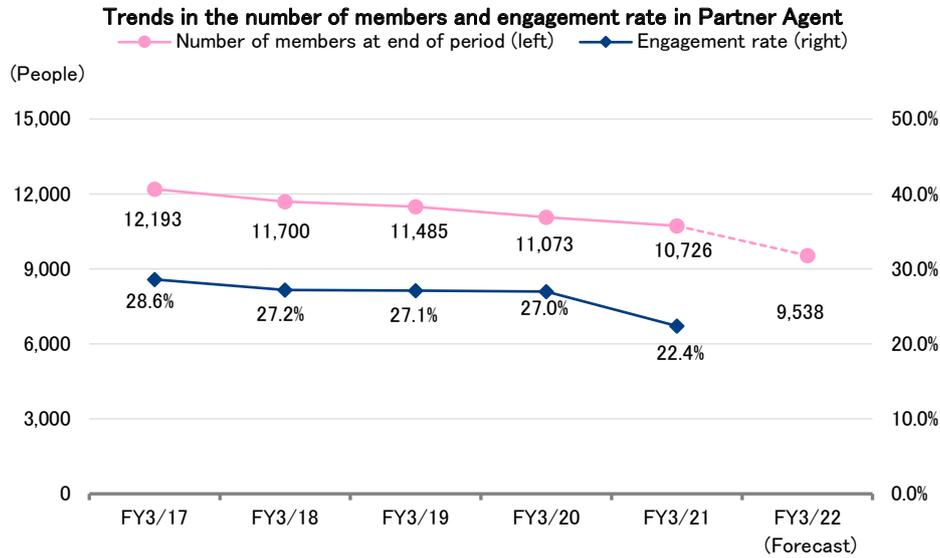
## **A strength of the matching support agency is its high-quality services, and it ranks top in the industry for the engagement rate**

### **2. Matching Business**

The main services in the Matching Business are the operations of Partner Agent, a members-only matching support agency, and the planning and operations of OTOCON matching party service, which is a preliminary service. Also, in November 2020, the Company launched Partner Agency Party (PAP), which are higher grade matching parties. Then in March 2021 for matching using digital technology, it launched Partner Agency Online, an online matching support agency to realize a more efficient and reasonable matching service, while maintaining the same service quality as the service that ranks top for the engagement rate.

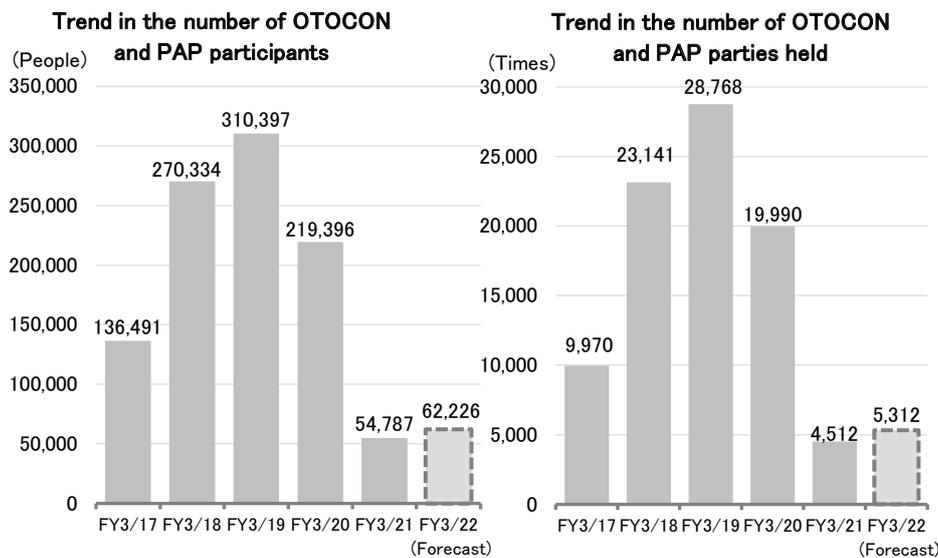
The matching support agency Partner Agent offers matching concierge services with its highly skilled specialists and proprietary matching system to members who want to find a marriage partner within a year. Members' average period of enrollment is approximately 18 months, and the average cost per person (registration fee, initial 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 top 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 multiplied by 100. According to a survey in April 2020 by BTC Corporation). The engagement rate temporarily declined in FY3/21 due to the impact of COVID-19, but if excluding this special factor, it basically trends in the 27% to 28% range. Against the backdrop of COVID-19, the Company has begun full-scale development of Partner Agency Online, an online matching support agency.

Business description



Source: Prepared by FISCO from the Company's 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 men and women who genuinely want to marry and feel at ease attending. 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 number of participants and the number of parties held steadily increased up to FY3/19. But from FY3/20, the Company strategically decreased the number of parties held in order to optimize management and improve the service quality. Moreover, the number of parties held decreased significantly in FY3/21 due to the cancellation of and self-restraint on holding events due to COVID-19. Presently it is difficult to increase the number of events held due to the impact of COVID-19. But as the strategy going forward, its policy is to accelerate the development of PAP higher-grade matching parties. At the end of 2Q FY3/22, the number of registered PAP members had exceeded 3,000 people.



Note: The results are for OTOCON only from FY3/17 to FY3/21  
 Source: Prepared by FISCO from the Company's FACT BOOK

#### Business description

As another new option service for members, in June 2020 the Company launched Partner Agent Coordination (PAC) as a styling service for matching that draws out the appeal of members to the greatest possible extent through total coordination. In the six months from the service launched, it achieved the result of an engagement rate of PAC users rising by around 1.4 times, so it was launched nationwide in January 2021. Because of that, it achieved sales of 395 contracts in 1H FY3/22. Also, in March 2021, in response to diversifying matching needs, the Company launched Video Profile, an option service to communicate members' profiles by video.

In August 2021 in order to further improve the precision of the AI matching service, the Company introduced "goo AI" provided by NTT Resonant Inc., to upgrade the previous matching system, and it started operating the new AI matching system under the name "sieger."

Also, in September 2021 the matching support agency Partner Agent connected to SCRUM, which is the platform service provided by SCRUM Inc., to link the data of nationwide matching support agencies (approximately 43,000 members). SCRUM was jointly created in February 2021 by TMS Holdings, which manages the Total Marriage Support Association, and Nihon Nakodo Renmei, and it is a service that connects nationwide matching support agencies by linking their data. Through this connection, the total number of people who can be introduced to each other through Partner Agent (the number of active members), when combined with the number of registered members of CONNECT-ship (around 30,000 people), the platform for mutual introductions between members of matching businesses' services described below, was more than 70,000 people, the largest number in the matching support agency industry.

## Photo weddings are a growth field

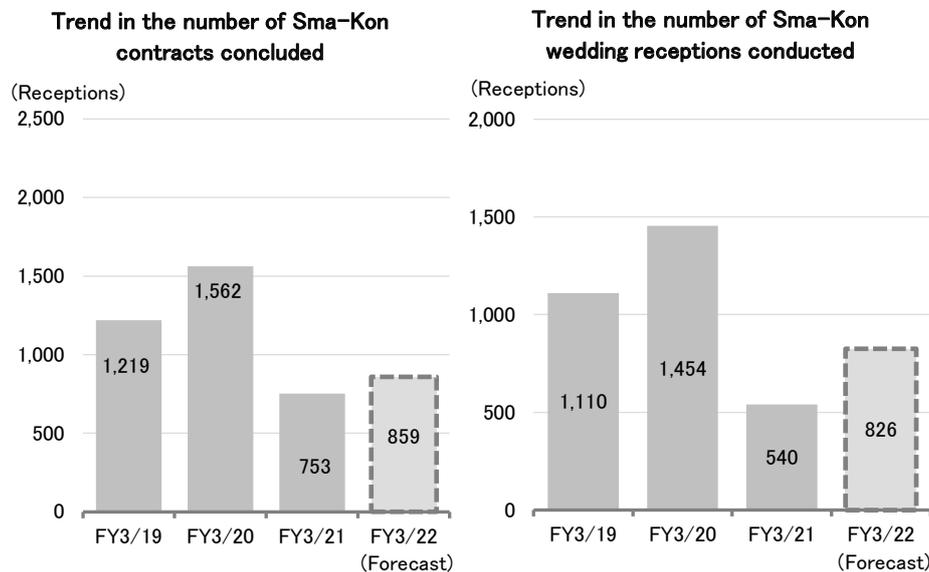
### 3. Casual Wedding Business

The main services in the Casual Wedding Business are Sma-Kon, a production service for casual weddings and receptions, etc.; Nijikai-Kun, a wedding after-party production service; and LUMINOUS, a photo wedding service.

In Sma-Kon, which is a production service for casual weddings and receptions, etc., 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 ¥2.92mn (according to the Zexy 2021 marriage trend survey), the average cost of a Sma-Kon reception is only approximately ¥2mn.

Business description

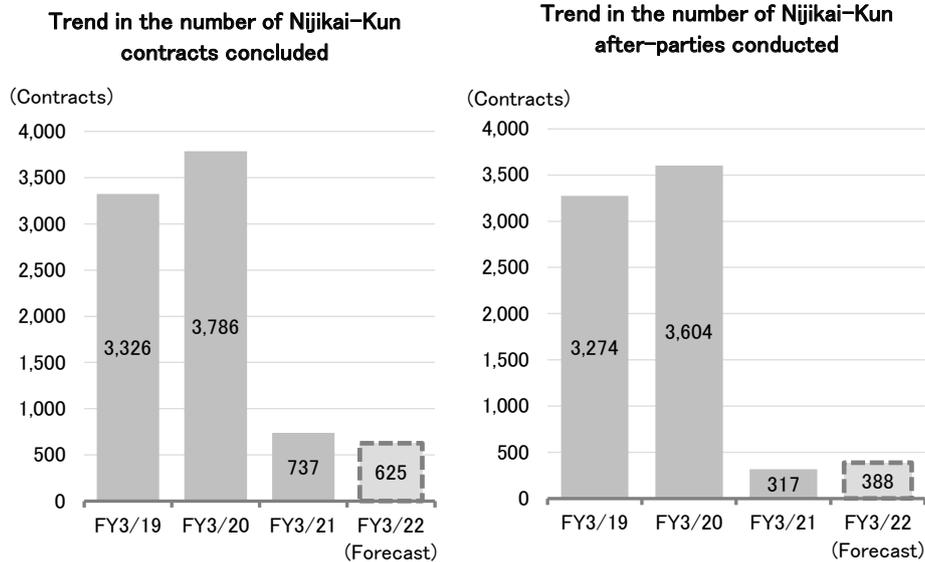
The numbers of contracts concluded and events held decreased significantly in FY3/21 due to the impact of COVID-19, but have been recovering moderately in FY3/22. Moreover, the Group is progressing the planning, development, and provision of new plans and services in response not only to COVID-19, but also to the changing needs of the bride and groom, from the previous form of a “wedding + reception with many guests,” to a “small scale wedding to convey our feelings to the people who are truly important to us.” In May 2021, it started to provide the new Sma-Kon plan, which is a plan for weddings with only a small number of people (a wedding with only a small number of people and gifts, a wedding with a small number of people and a celebration hour, and a garden wedding). Moreover, in November 2021 it began providing the Suma-Kon Small Wedding Light Plan, which is a new plan for a wedding with only a small number of people. The Company’s policy going forward is to expand services in order to respond to diversifying needs with various plans.



Source: Prepared by FISCO from the Company's FACT BOOK

Nijikai-Kun is an agency service to produce wedding after-parties. The party is produced by professional planners and the planner introduce 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. The same as for the Sma-Kon casual weddings and receptions, etc., the numbers of contracts concluded and events held declined significantly in FY3/21 due to the impact of COVID-19. The recovery is expected to be sluggish in FY3/22 as well.

Business description

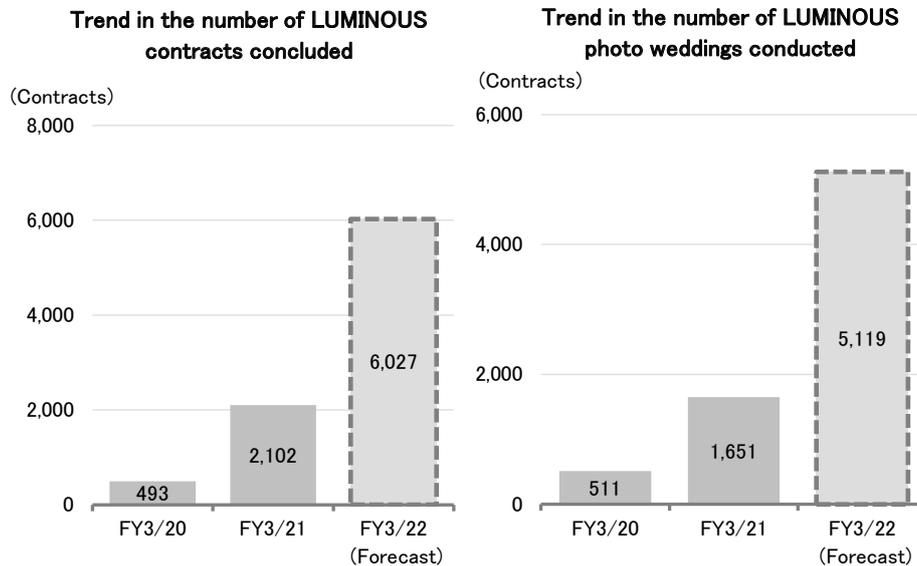


Source: Prepared by FISCO from the Company's FACT BOOK

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 production and photography cost is approximately ¥200,000, 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.

As a form of wedding that is adapted to the "with COVID-19" era to avoid the "three Cs" during the COVID-19 pandemic, the number of contracts concluded and weddings conducted greatly increased in FY3/21. Moreover, they are also expected to greatly increase in FY3/22. The Company has positioned this service as a growth field in the future and its policy is to progress measures to develop it to be the third source of earnings. In November 2020, 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. Also, in June 2021, the Company opened its own studio in Osaka (first opening in Kansai), as its sixth base.

Business description



Source: Prepared by FISCO from the Company's FACT BOOK

## The Tech Business includes mutual introductions between members of matching businesses' services, and a matching support agency and matching app

### 4. Tech Business

The main services in the Tech Business include the management of CONNECT-ship, which is a platform for mutual introductions between members of matching businesses' services; the planning, development and management of releases of Sma-Kon Enmusubi series, an online matching support agency and matching app; and a matching support system for companies.

CONNECT-ship is the 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 (engagement) by creating opportunities for them to meet. It was launched in June 2017. Moreover, Pairs Engage, Inc., newly registered in May 2021, and at the end of 1H FY3/22, the number of businesses using the platform had increased to 13 companies and the number of user members to around 30,000 people (total number of members of the business users, around 50,000 people). In response to the "with-COVID-19" era, the Company has launched an automated online matchmaking system that it developed itself. CONNECT-ship previously obtained fees for arranged matchmakings, but from FY3/22, it newly changed to charging a monthly fee while lowering the matchmaking fees. Also, the matching support business was transferred to en-konkatsu agent, which had been commissioned to managing matching services, on November 1, 2020, and the Company then sold all of its holding of shares in this company to en Japan in November 2021. But there has been no change to their previous collaborative relationship.

#### Business description

For the development and management of the online matching support agency and matching app, based on the experience the Company has cultivated in managing the 'looking-for-love' Sma-Kon Date app and against the backdrop of increased needs for online meeting places, in January 2021 it launched Sma-Kon Enmusubi, a new completely app-based matching support agency that provides enhanced matching support agency services and utilizes the industry's leading matching pool. As of the end of 1H FY3/22, it achieved 10,000 downloads.

For the matching support system for companies, the Company provides a system that it itself developed to utilize cutting-edge technologies, such as AI matching, for companies wanting to open matching support agencies, and it also provides them with business support.

## The Lifestyle Business is pursuing synergies with other areas

### 5. Lifestyle Business

The main services in the Lifestyle Business are in new lifestyle support areas, including the ANNIVERSARY CLUB after-engagement service, an insurance consultation service (insurance agency Tameny x Hoken Clinic) and a housing information service, obtaining service-usage fees, customer-referral fees, etc. Through approximately 8,000 newly wed couples annually in the Matching and the Casual Wedding Business, the Company is pursuing synergies by utilizing contact points.

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.

## In the Corporate Business, corporate event production is a growth field

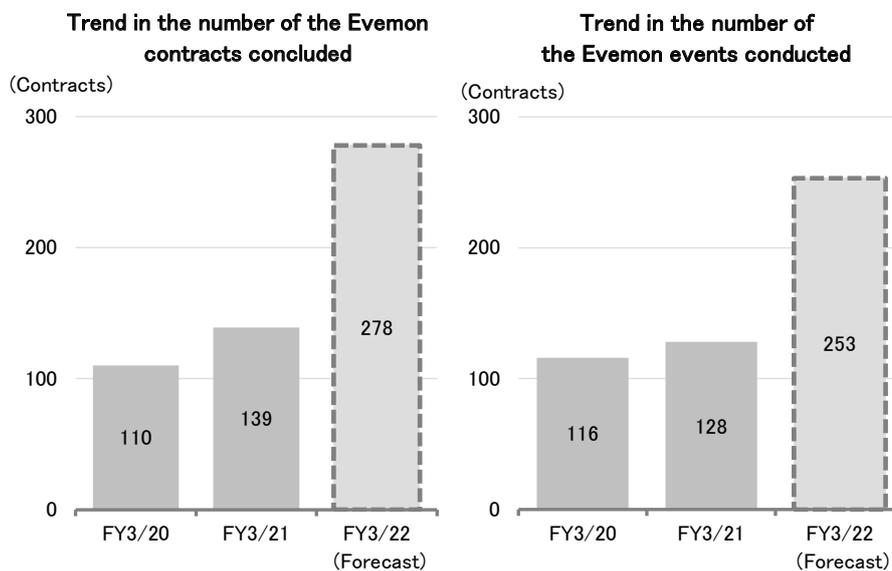
### 6. Corporate and Local Governments Business

The main services in the Corporate and Local Governments 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. In August 2021, it was selected by Miyagi Prefecture as the planned business outsourcer for its operations to construct a matching system, etc., and marriage support operations (center management operations). As of the end of 1H FY3/22, it had concluded contracts with and introduced services into 7 local governments (in the order of the contracts, Fukushima Prefecture, Kyoto Prefecture, Saitama Prefecture, Akita Prefecture, Fukui Prefecture, Ibaraki Prefecture, and Miyagi Prefecture). The Company is also supporting the matching events being held by local governments throughout the country, including that it was commissioned to manage the matching event Nobeoka ♡ Love Story 2021 by Nobeoka City, Miyazaki Prefecture, in February 2021, and it was commissioned to manage the Kobe Love Story event held by a private-sector matching business in Hyogo Prefecture in March 2021. In 2Q FY3/22, 9 events and seminars were outsourced to it and it held 5 events, including operations to promote matchmaking events for single people in Akita Prefecture.

Business description

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 each 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 ¥1,000,000 on average. The convenience of being able to outsource every aspect of an event has been highly evaluated by customers, and even during the COVID-19 pandemic, the numbers of contracts concluded and events held have been increasing. Moreover, demand for online events is increasing during the COVID-19 pandemic, so in April 2021 the Company launched TV-type Pack for Evemon, which is an online event solution service that uses high-quality video. As a growth field in the future, its policy is to strengthen the corporate offline and online events production business.



Source: Prepared by FISCO from the Company's FACT BOOK

## Has established high levels of reliability and brand name recognition

### 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.

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 “with COVID-19” 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.

#### Business description

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 PrivacyMark, and the Institution for 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 society 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.

## Even as the number of marriages decreases, has competitive advantages

### 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 COVID-19, the percentage of people who want to find a partner is also rising. Moreover, in the "with COVID-19" era, it is projected that instead of the conventional, very expensive wedding reception with large attendance, an increasing percentage of couples want to have a casual wedding with only a few guests 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, including the information security management standard ISO (JIS Q) 27001, that it has achieved the top rank in the industry for the engagement rate by providing high quality and high added-value services, and that it is securing high levels of reliability and brand name recognition, the Company seems likely to demonstrate its superiority even within the market competition.

In terms of seasonal factors in earnings, 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 a countermeasure, it is strengthening measures to promote receptions during the quiet season.

As the business environment has deteriorated due to the impact of COVID-19, the Company is conducting integration, closure and reduction of the scale of bases toward reducing fixed costs. In FY3/21, it closed or integrated 11 bases in total, of 2 Partner Agent matching support agency bases in the Matching Business, 2 venues for holding OTOCON matching parties, and 7 venues for holding wedding receptions and after-parties in the Casual Wedding Business. Moreover, it also plans to integrate, close, or reduce the scale of 13 bases in FY3/22. Conversely, it is increasing bases for the photo wedding service, for which needs are increasing, opening 4 new bases in FY3/21.

## Business trends

### In 1H FY3/22, the extent of the loss was significantly reduced YoY

#### 1. Summary of 1H FY3/22 consolidated results

In 1H FY3/22 consolidated results, net sales increased 64.6% YoY to ¥2,801mn, operating loss was ¥215mn (compared to loss of ¥1,439mn YoY), ordinary loss was ¥288mn (a loss of ¥1,376mn), and net loss attributable to owners of parent was ¥416mn (a loss of ¥1,376mn).

Due to the impact of COVID-19 (both the spread once again of the COVID-19 and the intermittent declarations of a state of emergency), the results are a long way from recovering to the level at their peak. But compared to the same period in the previous fiscal year, the impact of COVID-19 is easing gradually and sales increased significantly. The extent of the loss was also reduced for every profit item thanks to the reduction of SG&A expenses, including from measures to integrate or close bases, to optimize deployments of personnel, and to strategically keep down advertising and sales promotion costs. Subsidy income of ¥79mn recorded under non-operating income in the same period in the previous fiscal year was not recorded, while commission expenses of ¥37mn were recorded under non-operating expenses. Subsidy income of ¥125mn was recorded under extraordinary income, while loss on temporary business closure of ¥215mn was recorded under extraordinary losses.

Looking by fiscal quarter, after bottoming-out in 1Q FY3/21 (April to June 2020), the extent of operating loss was reduced in each quarter, and by 2Q FY3/22 (July to September 2021) it had returned to profitability with operating income of ¥1mn (EBITDA was ¥109mn). This was because although profits were impacted by a resurgence of COVID-19 and the intermittent declarations of a state of emergency, the effects of the reduction in SG&A expenses, including through integrating and closing bases and increasing the efficiency of advertising and sales promotion costs, contributed.

#### Summary of 1H FY3/22 consolidated results

	(¥mn)	
	1H FY3/21	1H FY3/22
Net sales	1,701	2,801
Operating loss	-1,439	-215
Ordinary loss	-1,376	-288
Net loss attributable to owners of parent	-1,376	-416
Net sales by segment		
Matching Business	1,284	1,331
Casual Wedding Business	301	1,255
Tech Business	87	69
Lifestyle Business	18	35
Corporates and Local Governments Business	9	120
Adjusted amount	0	-11
Operating income (loss) by segment		
Matching Business	5	393
Casual Wedding Business	-754	-129
Tech Business	37	5
Lifestyle Business	-23	4
Corporates and Local Governments Business	-41	7
Adjusted amount	-663	-497

Note 1: Since the method of allocation for the SG&A expenses in each segment was changed beginning in 3Q FY3/21, figures are shown retroactively adjusted using this method.

Note 2: The segments were changed from FY3/22, so the figures shown have been retroactively adjusted.

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

Business trends

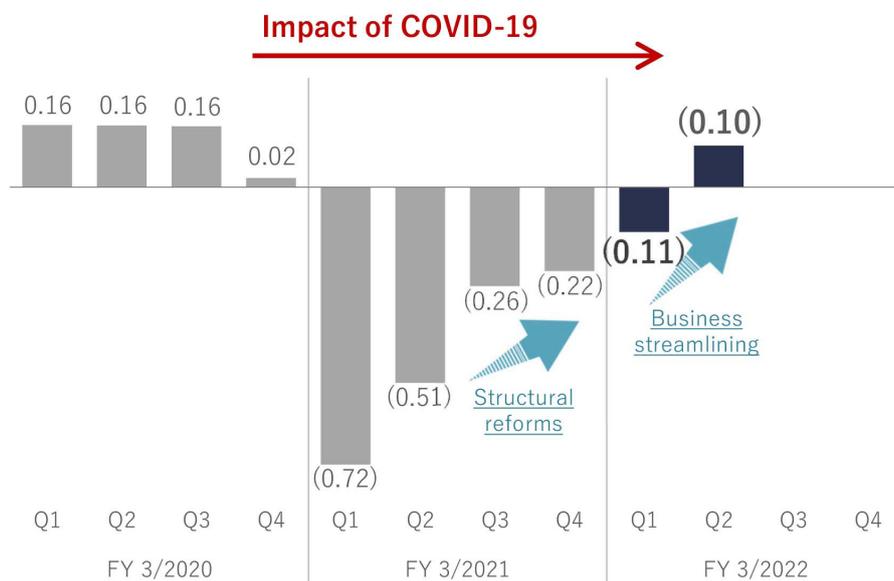
Results trends by fiscal quarter

	1Q FY3/21	2Q FY3/21	3Q FY3/21	4Q FY3/21	1Q FY3/22	2Q FY3/22
Net sales	701	999	1,399	1,328	1,472	1,328
Operating income (loss)	-824	-614	-382	-354	-217	1
Ordinary loss	-821	-554	-367	-346	-233	-54
Net loss attributable to owners of parent	-821	-554	-277	-662	-280	-136

Source: Prepared by FISCO from the Company's FACT BOOK and materials

Trends in EBITDA by fiscal quarter

(billions of yen)



\* EBITDA = Operating income + Depreciation + Amortization of goodwill and intangible assets

Source: Reprinted from the Company's results briefing materials

2. Trends by business

Profits increased significantly in the Matching Business. COVID-19 continued to have an impact and in the Partner Agent matching support agency, the numbers of new members and members at the end of the period had decreased slightly, while the increase in the number of matching party participants was only small, and therefore net sales were basically unchanged YoY. However, profitability improved due to effects including the reduction of fixed costs, such as from the integration and closing of bases and the reduction in scale (7 matching support agency bases and 6 matching party bases) that was decided on in the previous period, and also the strategic reduction of advertising costs. The engagement rate, which had fallen in the previous period, also recovered.

In the Casual Wedding Business, net sales increased significantly and the extent of operating loss was greatly reduced. The Nijikai-Kun after-parties continue to be affected by COVID-19, but for the Sma-Kon series of casual weddings and receptions, etc., the number of events held recovered to a certain extent (112 events in the same period in the previous fiscal year, 445 events in the current period), and in addition, LUMINOUS photo weddings grew significantly (the number of contracts increased 411.3% and the number of events held rose 468.1%). Also, amortization of goodwill of ¥76mn was recorded.

Business trends

In the Tech Business, the number of businesses using the CONNECT-ship platform for mutual introductions between members of matching businesses' services increased to 13 companies, while the number of completed match-making also rose 20.2% YoY. The online matching support agency and matching app Sma-Kon Enmusubi, which was released in January 2021, had been downloaded more than 10,000 times by the end of 2Q. The Lifestyle Business worked to strengthen the customer-referral system and product capabilities. In the Corporates and Local Governments Business, Miyagi Prefecture decided to introduce the parms matching support service for local governments, bringing to seven the number of local governments to have concluded contracts and introductions. Evemon corporate event production grew significantly, and there were 162 contracts concluded (72 contracts in the same period in the previous fiscal year) and 100 events held (6 events). As demand for online events is rising due to COVID-19, in April 2021 as part of Evemon, the Group started providing TV-type Pack, which is an online event solution that uses high quality video.

**The main indicators in each business**

	1H FY3/21	1H FY3/22
<b>Matching Business</b>		
Number of new members	2,905	2,683
Number of withdrawals due to becoming engaged	1,065	1,168
Engagement rate	19.9%	22.3%
Number of members at end of period	10,949	10,147
Number of parties held	2,043	2,259
Number of party participants	25,285	26,104
<b>Casual Wedding Business</b>		
Number of contracts concluded		
Sma-Kon series	301	307
Nijikai-Kun	414	192
LUMINOUS	547	2,797
Number of events held		
Sma-Kon series	112	445
Nijikai-Kun	66	125
LUMINOUS	398	2,261
<b>Other Business</b>		
Number of CONNECT-ship members at end of period	30,093	30,807
Number of CONNECT-ship matchmakings arranged	132,510	159,250
Number of companies using CONNECT-ship	11	13
Number of Evemon contracts concluded	72	162
Number of Evemon events held	6	100

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

### 3. Financial position

Looking at the Company's financial position, at the end of 2Q FY3/22, total assets decreased ¥33mn on the end of FY3/21 to ¥5,033mn. The main item was an increase in cash and deposits. Total liabilities decreased ¥274mn to ¥5,192mn, mainly due to a decrease in current portion of long-term borrowings. Total net assets increased ¥240mn to ¥-158mn. Although retained earnings decreased, share capital and capital surplus increased due to fund raising through issuance of share warrants, etc. The equity ratio rose 4.7 percentage points to -3.2%.

## Business trends

## The main management indicators

Item	FY3/18	FY3/19	FY3/20	FY3/21	2Q FY3/22
	(¥mn)				
Net sales	4,102	4,151	8,187	4,429	2,801
Cost of sales	1,745	1,778	4,062	875	672
Gross profit	2,357	2,372	4,125	3,553	2,128
Gross profit margin	57.5%	57.2%	50.4%	80.2%	76.0%
SG&A expenses	2,162	2,156	4,046	5,729	2,344
SG&A expenses ratio	52.7%	51.9%	66.2%	129.4%	83.7%
Operating income (loss)	195	216	78	-2,176	-215
Operating income margin	4.8%	5.2%	1.0%	-	-7.7%
Non-operating income	140	18	46	161	5
Non-operating expenses	9	26	83	74	77
Ordinary income (loss)	325	208	41	-2,089	-288
Ordinary income margin	7.9%	5.0%	0.5%	-	-10.3%
Extraordinary income	-	1	105	66	126
Extraordinary losses	136	44	103	255	256
Net income (loss) before income taxes	189	165	42	-2,278	-418
Total income taxes	72	79	40	38	-1
Net income (loss) attributable to owners of parent	117	90	2	-2,316	-416
Ratio of net income attributable to owners of parent	2.9%	2.2%	0.0%	-	-14.9%
Comprehensive income (loss)	117	83	3	-2,313	-417
Total assets	2,794	3,382	5,478	5,067	5,033
Current assets	1,552	2,059	1,999	1,479	1,603
Non-current assets	1,241	1,322	3,477	3,587	3,429
Total liabilities	1,942	2,404	4,452	5,467	5,192
Current liabilities	1,076	1,132	1,873	2,464	1,850
Non-current liabilities	866	1,271	2,579	3,002	3,342
Total net assets	852	978	1,025	-399	-158
Shareholders' equity	850	981	1,027	-400	-158
Share capital	249	255	263	684	996
Total number of shares issued at end of period excluding treasury shares	9,915,971	10,153,371	10,487,571	16,213,571	21,790,471
Net income per share (¥)	12	9	0	-203	-22
Net assets per share (¥)	86	96	98	-25	-7
Dividend per share (¥)	0	0	0	0	0
Equity ratio	30.3%	28.9%	18.7%	-7.9%	-3.2%
Return on Equity (ROE)	15.5%	9.8%	0.3%	-	-
Cash flows from operating activities	202	374	232	-1,514	-102
Cash flows from investing activities	-524	-180	-1,861	-447	-211
Cash flows from financing activities	374	464	1,462	1,483	551
Balance of cash and cash equivalents at the end of the period	549	1,207	1,040	562	800

Note: Since 3Q FY3/21, personnel expenses for some stores, store rent, and other expenses that were previously recorded in cost of sales have been recorded in SG&A expenses. Figures shown for FY3/20 and earlier are values before this change.

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

#### 4. Measures toward eliminating the excess debt

Due to the impact of COVID-19, sales decreased greatly, mainly in the Casual Wedding Business, and a significant net loss was recorded in FY3/21. Therefore, at the end of FY3/21, the excess debt was ¥399mn.

Business trends

To eliminate this excess debt, in November 2020 the Company conducted the 8th and 9th issuance of share warrants through a third-party allocation of shares (funds raised, ¥670mn), and then in March 2021, it raised funds by a capital increase through a third-party allocation of shares (funds raised, ¥160mn). Moreover, in May 2021, the Company conducted the 10th issuance of share warrants through a third-party allocation of shares (the exercise had been completed by September 2021, raising funds of ¥650mn), and at the end of 2Q FY3/22, the excess debt had been reduced to -¥158mn. Also, net income is forecast to become profitable in 2H (income of ¥166mn), while there is issuance of share warrants through a third-party allocation of shares in December 2021 (raises funds of ¥290mn) and the excess debt is scheduled to be eliminated during FY3/22. Although eliminating the excess debt is a pressing problem, at the present time there would seem to be no major concerns about fundraising.

## ■ Outlook

### The FY3/22 full year forecasts have been downwardly revised, but the extent of the loss will be reduced YoY

#### 1. Summary of the FY3/22 consolidated results forecasts

The Company downwardly revised the FY3/22 full year consolidated results (on November 15, 2021) to net sales of ¥5,730mn (¥4,429mn in FY3/21), operating loss of ¥160mn (a loss of ¥2,176mn), ordinary loss of ¥230mn (a loss of ¥2,089mn), and net loss attributable to owners of parent of ¥250mn (a loss of ¥2,316mn). It sold all of its holding of shares of equity-method affiliate en-konkatsu agent to en Japan, and as a result of this, in 3Q it plans to record share of profit of entities accounted for using equity method of ¥29mn under non-operating income, and gain on sales of shares of affiliates of ¥88mn under extraordinary income. Also, from 3Q onwards, it expects to eliminate share of loss of entities accounted for using equity method under non-operating expenses.

The impact of COVID-19 is expected to gradually ease toward 2H, but as the 2Q was particularly impacted by a resurgence of the COVID-19 and the intermittent declarations of a state of emergency, the pace of recovery from COVID-19 has been slower than it was initially expected. Therefore, it is anticipated that to a certain extent COVID-19 will have an effect in 2H as well, so the Company has lowered the full fiscal year targets, including for the numbers of new members and existing members for the Partner Agent matching support agency in the Matching Business, and the number of events held for the casual weddings and receptions, etc. Sma-Kon series and the after-parties Nijikai-Kun service in the Casual Wedding Business. On the other hand, for costs, the Group is progressing rationalization for management as a whole (such as reducing executive remuneration and salaries of executive- and management-level employees, reducing costs in all Group companies, and having some employees work on secondment), and as the effects of the rationalization will become fully fledged from 2H, the forecast is for the extent of the loss to be greatly reduced YoY on a full fiscal year basis. Looking at operating income by fiscal half, the loss of ¥215mn in the 1H is forecast to become income of ¥55mn in 2H.

#### Summary of the FY3/22 consolidated results forecasts

	(¥mn)	
	FY3/21 Results	FY3/22 Forecast
Net sales	4,429	5,730
Operating loss	-2,176	-160
Ordinary loss	-2,089	-230
Net loss attributable to owners of parent	-2,316	-250

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

Outlook

## 2. Priority initiatives in 2H

The priority initiatives in 2H are to work to continue to improve profitability in all businesses, to strengthen the financial foundation, and to build a foundation for Group CRM (Customer Relationship Management), and the Group will provide new services and create business opportunities in each business area in response to new ways of living during the “with COVID-19” era. For costs also, it will continue to work on management rationalization.

### Full year targets in each business by main indicators

	FY3/21	FY3/22 Plan
<b>Matching Business</b>		
Number of new members	6,272	5,322
Number of withdrawals due to becoming engaged	2,420	2,415
Engagement rate	22.4%	-
Number of members at end of period	10,726	9,538
Number of parties held	4,512	5,312
Number of party participants	54,787	62,226
<b>Casual Wedding Business</b>		
Number of contracts concluded		
Sma-Kon series	753	859
Nijikai-Kun	737	625
LUMINOUS	2,102	6,027
Number of events held		
Sma-Kon series	540	826
Nijikai-Kun	317	388
LUMINOUS	1,651	5,119
<b>Other Business</b>		
Number of CONNECT-ship members at end of period	28,954	-
Number of CONNECT-ship matchmakings arranged	309,428	-
Number of companies using CONNECT-ship	12	-
Number of Evemon contracts concluded	139	278
Number of Evemon events held	128	253

Note: For the matching parties, the number of parties held and the number of participants are for OTOCON only in FY3/21, and thereafter are the sum of OTOCON and Partner Agent Parties

Source: Prepared by FISCO from Company materials

In the Matching Business, the Partner Agent matching support agency promotes new membership acquisition and maximizing engagements through a matching pool of more than 70,000 people, the largest in the industry, by connecting “sieger,” which is the newly built AI matching system, and SCRUM, the data linkage platform service.

The Casual Wedding Business will strengthen the development and provision of products, centered on the mainstay Sma-Kon series of wedding plans for a small number of people, promote planning and development of new services utilizing the high-quality strength of LUMINOUS photo weddings, and progress the establishment of a product portfolio that is resistant to the effects of COVID-19 and the economic environment.

In the Tech Business, the number of users of CONNECT-ship, which is a platform for mutual introductions between members of matching businesses’ services, is trending strongly, while there was also a contribution from a review of the earnings method (previously the method was to obtain fees for arranged matchmakings, but from FY3/22, it newly changed to charging a monthly fee while lowering the matchmaking fees), and profitability is forecast to improve. In the management of the online matching app, customer-acquisition measures will be progressed through the Sma-Kon Enmusubi series.

Outlook

In the Lifestyle Business, the Company will utilize its alliances with leading partners and strengthen the Group CRM strategy. In the Corporates and Local Governments Business, for Evemon, for which demand is at a high level, the policy is to strengthen online-offline integrated-type event solutions and to increase introductions of the parms matching support system for local governments.

## ■ 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 formulates a three-year medium-term management plan, and it positions 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, FY3/24, are net sales of ¥14.7bn, operating income of ¥2.7bn, and operating income margin of at least 18.6%. The pace of the recovery from COVID-19 has been slower than anticipated, but toward a results recovery the Group is working to increase sales and also aiming to improve the profit margin through management rationalization, including by integrating and closing bases, redeploying personnel, and reducing costs. Furthermore, 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 (around 2,500 couples who become engaged and withdraw from the matching support agency's services, and around 5,500 couples from weddings conducted in the Casual Wedding Business, excluding the impact of COVID-19) and enhance its high added-value services. Financially, the policies are to eliminate the excess debt by the end of FY3/22 and to realize the early repayment of borrowing, while for returns to shareholders, it is aiming to pay a dividend within 3 years.

#### Three-year medium-term management plan target

(Unit: ¥100mn)

	FY3/23 plan	FY3/24 plan
Net sales	122	147
Operating income	15	27
Operating income margin	13%	18%
Net sales by business (before adjustments)		
Matching Business	46	55
Casual Wedding Business	37	40
Photo Wedding Business	27	35
Tech Business	5	7
Lifestyle Business	0	0
Corporates and Local Governments Business	5	7
Operating income by business (before adjustments)		
Matching Business	16	22
Casual Wedding Business	6	7
Photo Wedding Business	7	10
Tech Business	2	3
Lifestyle Business	0	0
Corporates and Local Governments Business	2	3

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

## Remains plenty of room to grow market share

### 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). Moreover, the business environment has further deteriorated due to COVID-19. 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. Of respondents, 79% 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 photos weddings are forecast to increase.

The Company produces engagement and wedding ceremonies for around 8,000 couples a year, with the exception of the COVID-19 pandemic. 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 services to support new lifestyles, and its strengths include its high levels of reliability and brand name recognition. On considering these strengths, there would be still plenty of room for it to grow its market share. In the medium to long term, it is aiming for engagement 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

The Matching Business is aiming to increase sales by acquiring new customers for the mainstay Partner Agent matching support agency. It is strengthening new services including Partner Agent ONLINE, an online matching support agency in response to COVID-19, Partner Agent Party (PAP), which are higher-grade, higher-price matching parties, and Partner Agent Coordination (PAC), which is a styling service for matching. It is also progressing the creation of high added-value through improving cost efficiency. As the three-year milestones, in FY3/22, it will strengthen profitability by integrating and closing stores and creating added-value businesses; in FY3/23, it will promote new customer development, through such means as 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.

Medium- to long-term growth strategy

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

In the Casual Wedding Business, the Company is aiming to re-strengthen products and recover sales. The Company aims to achieve profitability in the previous mainstay service Sma-Kon by conducting cost structure reforms in the short term, as it is highly vulnerable to the impact of COVID-19. Also, in response to the new lifestyles during the “with-COVID-19” era, it is establishing and strategically shifting to a product portfolio in which the mainstream is an inexpensive non-FB wedding attended by few people that is not easily affected by COVID-19 and the economic environment. In terms of the three-year milestones, in FY3/22, the Company will achieve profitability by progressing cost structure reforms (integrate or close bases, reduce cost of sales 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 (restaurants, etc.); and in FY3/24, it intends to recover sales to the same level as before COVID-19. 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.**

The LUMINOUS photo wedding service is growing significantly against the backdrop of COVID-19. It is a growth field as it responds to the new lifestyle during the “with-COVID-19” era, and the Company will further strengthen its business development through measures including utilizing alliances to expand the service-provision areas and locations, and developing high value-added services. It intends for it to become the third pillar of earnings through increasing sales. 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; 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%.

#### **(4) Tech Business**

In the Tech Business, the Company is promoting various businesses, focusing on CONNECT-ship platform for mutual introductions between members of matching businesses’ services and Sma-Kon Enmusubi series, the online matching support agency. 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 Sma-Kon Enmusubi series, the online matching support agency; 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.

Medium- to long-term growth strategy

#### (6) Corporate Business

In the Corporate 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. As demand for online events is increasing during the COVID-19 pandemic, in April 2021 the Company started providing Evemon TV-type Pack as an online events solutions service, and as a growth field for the future, its policy is to strengthen the corporate online and offline integrated-type events production business. 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 matching support service for local government coverage rate of 30% (introducing it into 15 prefectures) and creating a business from new corporate services.

## Aiming to eliminate the excess debt and stabilize the financial foundation by the end of FY3/22

#### 4. Financial strategy

As the financial strategy, at the end of FY3/21 the excess debt was ¥399mn, but as of the end of 2Q FY3/22 the excess debt was reduced to ¥158mn through fund raising (issuance of share warrants through a third-party allocation of shares and a capital increase through a third party allocation of shares). The forecast is for net loss to become net income in 2H (income of ¥166mn), and the Company is aiming to have eliminated the excess debt by the end of FY3/22. Then by stabilizing the financial foundation at an early stage, including by repaying borrowing, it is aiming to achieve both sustainable business growth and returns to shareholders. For returns to shareholders, its policy is to pay a dividend within three years.

## Growth is expected in the medium to long term through proactive business development

#### 5. Growth is expected in the medium to long term through proactive business development

Due to the impact of COVID-19, 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. 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. Through the stabilization of the financial foundation at an early stage and proactive business development we can expect earnings to grow in the medium to long term.

## Shareholder return policy

### In the shareholder benefits program, gives gifts of coupons and gift points according to the number of shares held

#### ● Shareholder benefits program

The Company does not pay a dividend at the current time, as it is at the stage of conducting investment for the future. However, 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.

Gift points

Number of shares held	Number of points presented
1,000 -1,999 shares	4,500 pt
2,000 -2,999 shares	9,500 pt
3,000 -3,999 shares	15,000 pt
4,000 shares and more	21,000 pt

## Initiatives for ESG management and 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 promoting women to managerial positions as part of human resources development (1 outside director); conducting 360 degree evaluations for management positions; introducing a flex-time system; building trust through acquiring various types of certifications, including the ISO (JIS Q) 27001 information security management standard and the PrivacyMark; strengthening the corporate governance structure; and in regional revitalization, providing the matching support service parms to local governments, and collaborating with local governments (holding matching seminars and events).



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