

Tameny Inc.

6181

Tokyo Stock Exchange Growth Market

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Summary

Provides high-quality services in four strategic areas, focusing on the Matching Business and Casual Wedding Business

Tameny Inc. <6181> (hereinafter, “Company”) focuses on the matching and casual wedding business based on its corporate philosophy of “For your fine life.” and with its Purpose as “We value creativity, kindness and dedication to fulfill people’s heart, and to be a basis of forming a lively society,” creating and providing high quality services required by its customers, including in peripheral areas.

1. Strengths are its high levels of reliability and brand recognition in matching and casual wedding areas

The Company’s businesses of origin are the Matching Business, which includes the matching support agency, online matching support, matching parties and online matching services, etc., and the Casual Wedding Business, which includes mainly the production of casual weddings and receptions, photo weddings and after-parties. Peripheral areas include operating a platform for mutual introductions between members of matching businesses’ services and a matching support agency association, after engagement support and insurance agency, and provides a matching support system for local governments and is commissioned to operate matching support centers. The Company’s features and strengths are that it provides a comprehensive range of high-quality, high-value-added services, and it has established a high level of reliability and brand recognition, including the highest engagement rate in the industry. In FY3/25, the Company will change its segments to three segments, the Matching Business (previous Matching Business plus the Tech portion of the former Life and Tech Business), Casual Wedding Business (same as before), and the Regional Revitalization/QOL business (previous Regional Revitalization Business and Life portion of former Life and Tech Business).

2. FY3/24 returned to the black generally according to plan

In the FY3/24 results (transitioned to non-consolidated financial statements), the Company recorded net sales of ¥5,598mn, operating income of ¥77mn, ordinary income of ¥27mn, and net income of ¥3mn. Results returned to the black, generally at the level initially planned. Looking at a comparison with consolidated results for FY3/23, net sales decreased by ¥5mn, operating income increased by ¥228mn, ordinary income increased ¥257mn and net income increased ¥240mn. Regarding net sales, the corporate business was transferred, so the margin of decline was small, but the Casual Wedding Business recovered and effectively sales increased. On the profit front, along with the effects of business restructuring conducted up to the previous fiscal year, which included increasing the efficiency of advertising and integrating and eliminating sites, the corporate business was divested, which lowered SG&A expenses, so each profit item returned to the black. EBITDA (operating income + depreciation + goodwill) has been in the black since 1H FY3/22.

Summary

3. For FY3/25, large increases in sales and profit expected; recovery in earnings to become full-fledged from 2H

For its FY3/25 results (non-consolidated) the Company is projecting a 14.3% increase in net sales YoY to ¥6,400mn, a 158.7% increase in operating income to ¥200mn, a 450.7% increase in ordinary income to ¥150mn and net income of ¥150mn (it was ¥3mn in FY3/24). Large increases are expected in both sales and profits. Looking by half-year, in 1H upfront investment will be made in advertising and other items, but as a result of various initiatives, a full-fledged earnings recovery is expected beginning in 2H. As for priority policies, in the Matching Business, the sales structure will be strengthened by expanding sites and other means, advertising will be strengthened on TikTok and other social media, and various IT /DX tools will be implemented on a trial basis. In the Casual Wedding Business, photo studios will be renovated to increase the quality of existing brands, new brands will be launched, and YouTube and other social media utilized to strengthen advertisements. The Company will also work to raise Group synergies. In site development, the Company will use franchises to rein in increases in fixed costs and promote higher profitability. By limiting the fixed cost burden in this way while converting to a more aggressive style of management, Group synergies are expected to be enhanced, so FISCO believes its earnings recovery will become clear.

4. Profitable structure to solidify; conversion to aggressive management

A profitable structure was firmly established in FY3/24, which had been the Company's near-term target, so it formulated a new second medium-term management plan that covers from FY3/25 to FY3/27. These three years going forward are positioned as a time for building the foundation for sustainable growth, and the Company laid out policies for converting to aggressive management. With this as its basic policy, the Company will promote competitiveness, enhanced productivity, reinforcements to human and financial capital, and harmonious co-existence with society. As for results figures, the Company is targeting net sales of ¥7,300mn and operating income of ¥600mn for FY3/26 and net sales of ¥7,700mn and operating income of ¥900mn for FY3/27. In FY3/27, the Company is aiming for an operating income margin of 11.7% or higher and an equity ratio of 30.0%. In the Matching Business, the matching support agency Partner Agent will increase its sites by 1.5 times or more over the three years (including franchises) and promote increases in new members and the total number enrolled. In the Casual Wedding Business, the Company will promote expansion in the number of contracts concluded and weddings held, including by launching new brands.

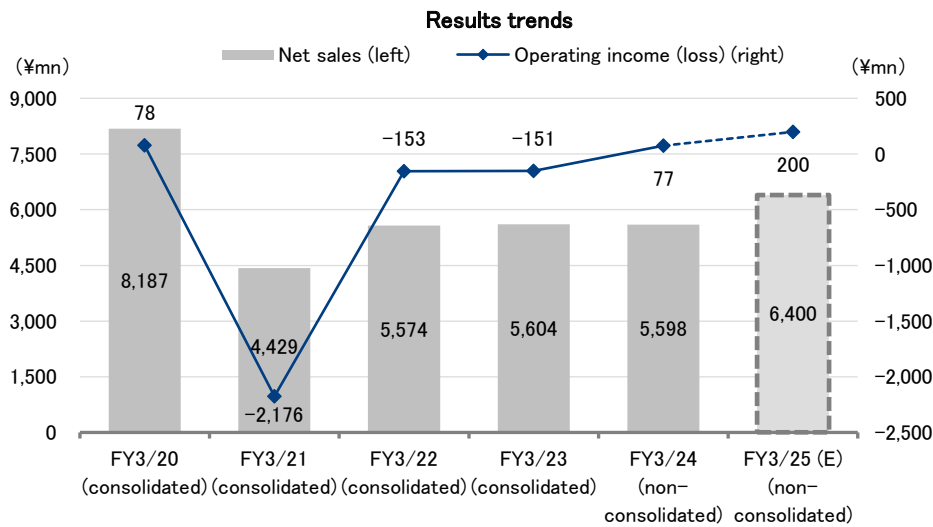
5. Watch for the possibility that profitability recovers even faster than projected

The Company saw earnings deteriorate significantly due to the impact of the COVID-19 pandemic and its balance sheet suffered major damage as well, but as a result of prioritizing management streamlining measures to restore profitability and avoid excessive debt, in FY3/24 the Company achieved its targeted profitable structure according to plan, and FISCO highly commends the Company on this point. Going forward, improving profitability to improve the balance sheet is an issue, but in the second medium-term management plan, the Company has put forth a policy of converting to aggressive management utilizing its characteristics and strengths. Along with providing high value-added services and taking measures to increase Group synergies, the Company will promote expansion in the development area and sites while reining in fixed costs, and FISCO will be focused on the possibility that as a result of these measures profitability will recover even faster than expected.

Summary

Key Points

- Provides high-quality services focusing on the Matching Business and Casual Wedding Business
- FY3/24 returned to the black generally according to plan
- For FY3/25, large increases in sales and profit expected; recovery in earnings to become full-fledged from 2H
- Profitable structure to solidify; conversion to aggressive management
- Watch for the possibility that profitability recovers even faster than projected



Note: Transitioned to non-consolidated financial statements from FY3/24
 Source: Prepared by FISCO from the Company's financial results

Company outline

Business developed based on a corporate philosophy of “For your fine life.”

1. Company outline

The Company creates and provides high quality services required by its customers, including in peripheral areas, with a focus on matching and casual wedding services, and develops business for the peripheral areas of life and tech and regional revitalization, based on its corporate philosophy of “For your fine life.” and with its Purpose as “We value creativity, kindness and dedication to fulfill people’s heart, and to be a basis of forming a lively society.” The Company’s head office is in Shinjuku-ku, Tokyo. As of FY3/24, total assets were ¥4,858mn, net assets were ¥149mn, equity ratio 3.1% and total number of issued shares (including 129 treasury shares) was 26,265,100. The Company transitioned to non-consolidated financial statements effective FY3/24 as a result of having absorbed Tameny Art Works Inc. and having made Tameny Agency Inc. a non-consolidated subsidiary.

Company outline

2. History

The Company was established as the former Partner Agent Inc., a wholly owned subsidiary of Take and Give Needs Co., Ltd. <4331>. 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 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. (which became Tameny Art Works Inc. after changing its trade name, and was merged into the Company through an absorption merger in March 2023) joined the Group; and in April 2020, the wedding after-party venue introduction company pma Inc. (which became Tameny Party Agent Inc. after changing its trade name, and was merged into the Company through an absorption merger in March 2022) joined the Group. In such ways, the Company has expanded its business areas.

The Company changed its name to Tameny, Inc. in October 2020. In December 2021, the Company concluded business and capital alliances with FOUR SIS & CO. and TMS Holdings (IKK Holdings Inc. <2198> dissolved a capital and business alliance in February 2024), after which, in March 2023, the Company strengthened its capital and business alliance by issuing new shares to TMS Holdings through a third-party allotment. In fiscal years of its share listing, the Company was newly listed on the Tokyo Stock Exchange (TSE) Mothers Market in October 2015. In April 2022, its listing transferred to the TSE Growth Market following the TSE's reorganization of its market categories.

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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
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.) Established the wedding information service provider Anniversary Wedding Inc. (absorption merger with the Company in April 2013)
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) 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 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. 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. Changed the company name of Sync Partners to Tameny Agency Inc. Changed the company name of M Creative Works to Tameny Art Works Inc. Changed the company name of pma to Tameny Party Agent Inc. Concluded business alliance with Broad-minded Co., Ltd. <7343>
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
December 2021	Concluded capital and business alliances with FOUR SIS & CO., IKK Holdings Inc., <2198> and TMS Holdings
March 2022	Conducted an absorption merger of consolidated subsidiary Tameny Party Agent
April 2022	Established Matching Alliance Partners, a matching support agency association Changed to the TSE Growth market in conjunction with the reorganization of TSE's markets
July 2022	Launched CONNECT-ship Party matching party service using platform for connecting members of matching businesses' services
August 2022	Sma-Kon ranked number one in the overall rankings of "Inexpensive Weddings" in the 2022 Oricon Customer Satisfaction® Survey
September 2022	Introduced the matching party industry's first system based on an agency fee for successful formation of couples
March 2023	Conducted an absorption merger of consolidated subsidiary Tameny Art Works and handed over corporate event production business to V-cube, Inc. <3681>
June 2023	Entered into alliance with Resally, Japan's first provider of the Resally partner introduction service for the LGBT community
July 2023	Began offering matching support plans for corporations
August 2023	CONNECT-ship platform for mutual introductions between members of matching businesses' services partnered with Zexy Consultation Counter of Recruit Co., Ltd.
September 2023	Selected as a contractor by Nippon Travel Agency Co., Ltd., which serves as the project promoter of the Tokyo Metropolitan Government's match making support project
February 2024	Dissolved capital and business alliance with IKK Holdings
June 2024	Commissioned by Tobu Top Tours Corporation to carry out the marriage-support matching business in fiscal 2024 in Tokyo

Source: Prepared by FISCO from Company materials

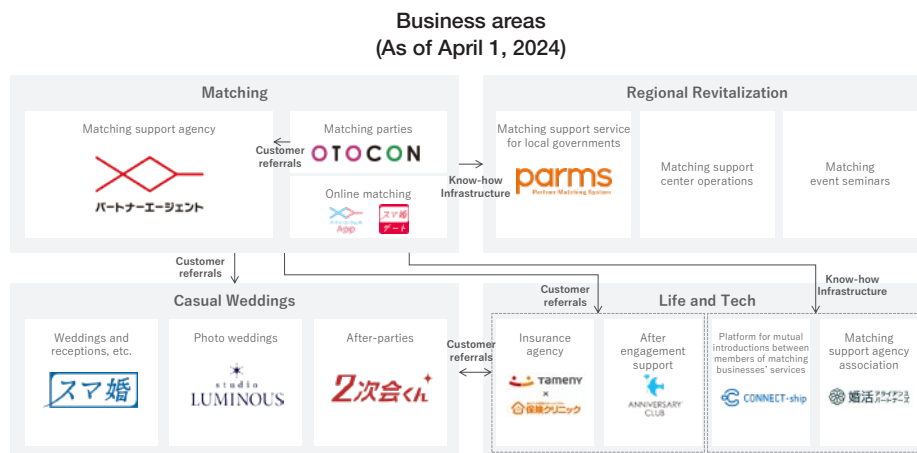
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Business description

With the Matching Business and Casual Wedding Business as starting points, also developing services in peripheral areas

1. Summary of services

The Company's businesses of origin are the Matching Business, which includes the matching support agency, online matching support, matching parties and online matching services, etc., and the Casual Wedding Business, which includes mainly the production of casual weddings and receptions, photo weddings and after-parties. Peripheral areas include operating a platform for mutual introductions between members of matching businesses' services and a matching support agency association, after engagement support and insurance agency and provides a matching support system for local governments and is commissioned to operate matching support centers. The Company's features and strengths are that it provides a comprehensive range of high-quality, high-value-added services, and it has established a high level of reliability and brand recognition, including the highest engagement rate in the industry. In FY3/25, the Company will change its segments to three segments, the Matching Business (previous Matching Business plus the Tech portion of the former Life and Tech Business), Casual Wedding Business (same as before), and the Regional Revitalization/QOL business (previous Regional Revitalization Business and Life portion of former Life and Tech Business).



Source: Reprinted from the Company's business plan and materials relating to growth potential

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

2. Matching Business

In the Matching Business, the main services are the high value-added Partner Agent matching support agency; Partner Agent ONLINE, an online matching support agency; the Partner Agent App, a completely app-based matching support agency (the service name changed in February 2022 from what was the online matching support agency Sma-Kon Enmusubi series launched in January 2021) and the OTOCON matching party service.

Business description

The matching support agency Partner Agent offers intermediary services to support matching up to engagement with its dedicated concierge services provided by highly skilled specialist counsellors and proprietary matching system mainly to members who want to find a marriage partner within a year. Members' average period of enrollment is approximately 18 months, and the average total cost per person (including registration fee, initial fee, monthly membership fee, optional fees, and matching fee) is around ¥370,000. With the dedicated concierge services system, PDCA-based support and a matching pool among the leading in the industry, exceeding 80,000 (as of September 2023), it ranks top in the industry for the engagement rate* according to a survey conducted in February 2024 by Digital Rights Consulting INC. (engagement rate = number of annual membership withdrawals due to becoming engaged / the annual average number of enrolled members multiplied by 100. The rate was about 27.0% in FY3/20, the average rate for the two major matchmaking agencies about 12.0% according to the Company's estimate, and the average engagement rate for Japan in general is about 5.9%, according to the Company's calculation based on the Population Census). In January 2023, the Company changed eligibility requirements for membership to 20 years of age or older (previously, men had been 22 to 64 and women 20 to 54) to provide marriage opportunities to a wider range of customers.

* Source: The Company's business plan and materials relating to growth potential

In March 2021, the Company launched Partner Agent ONLINE as a DX matching support agency to realize a more efficient and reasonable matching service, while maintaining the same service quality as the one that ranks number one in the industry for the engagement rate. This service produced its first marriage just three months after it was launched.

Partner Agent App, the completely app-based matching support agency, was developed against the backdrop of the increased need for online meeting places, based on expertise the Company had cultivated in managing the Sma-Kon Date matching support app. It also provides a light plan that is the least expensive in the industry (a monthly fee of ¥1,000, with standard plans starting from ¥9,800 a month).

The OTOCON matching party service serves as an entry-level service to the Partner Agent matching support agency, providing matching parties for men and women who genuinely want to marry and who want to feel at ease attending, with participation fees averaging about ¥2,000. Because only people serious about getting married participate and because the parties are small scale and allow for long conversations, they boast the highest rate of forming couples in the industry (according to an April 2020 survey by BTC Corporation). Since the service began in 2013, over 1.30mn people have participated (as of the end of FY3/24), but regarding the number of parties and participants, to optimize operations and raise service quality, the number of parties have been strategically reduced since FY3/20. Following a revision to the Civil Code dated April 1, 2022, the legal age of adulthood in Japan was lowered to 18, and based on this, the age at which people can attend matching parties was lowered from the previous 22 years to 18 years. In the Partner Agent matching support agency, the ages of enrolling members have also been seen to be trending downward, so it is responding to the earlier start in timings of matchings and to the increasing needs of the younger age group.

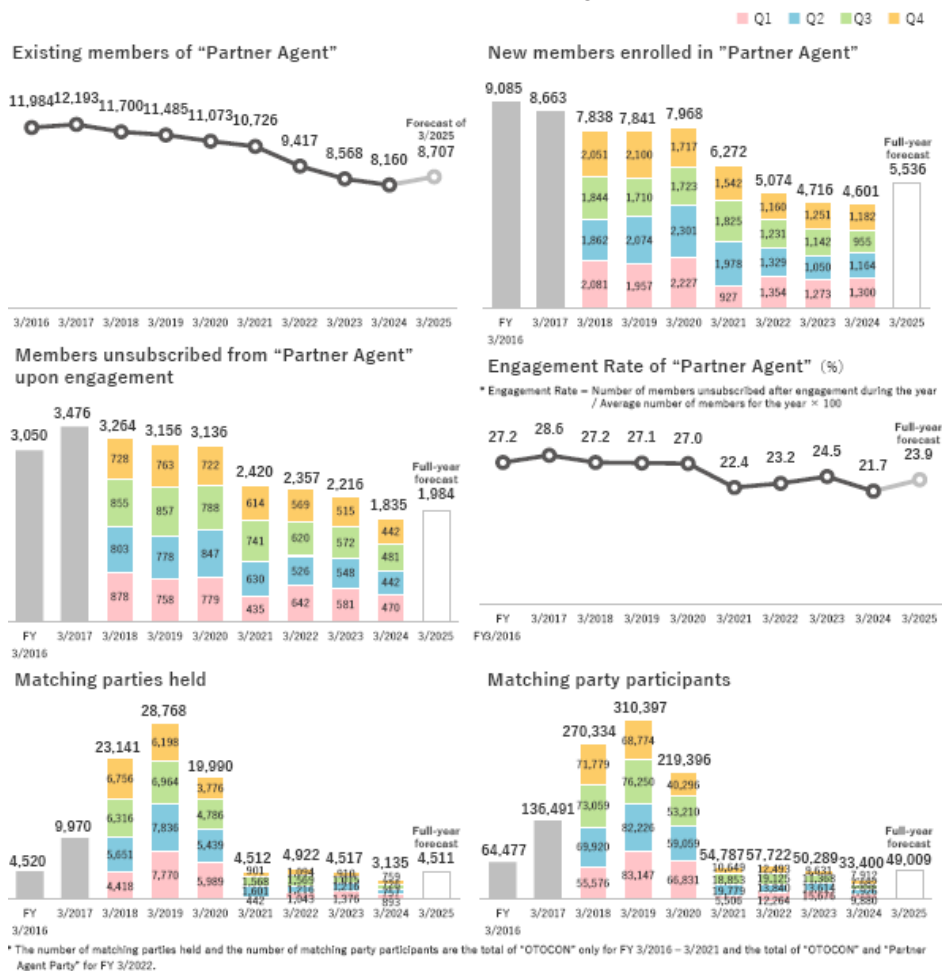
* Source: The Company's business plan and materials relating to growth potential

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Business description

The conditions of the business KPI in the Matching Business are described below. The number of new members and enrolled members of the Partner Agent matching support agency had been on a downward trend as a result of the Company's restrained investment in advertising in light of the impact of COVID-19, but the number of new members almost bottomed out at 4,601 in FY3/24 (down 2.4% YoY), and expecting a recovery trend for FY3/25 with 5,536 (up 20.3% YoY). As for the number of enrolled members, although there will be a time lag due to the withdrawal of members who have not achieved results after a long period of time, the number of enrolled members is also expected to begin to recover in FY3/25 with 8,707 (up 6.7% YoY) after bottoming out in FY3/24 with 8,160 (down 4.8% YoY). Even though it felt the impact of COVID-19, the engagement rate remains in the 20% range, which is a level higher than the industry average. The forecast is to continue for the time being holding about the same number of OTOCON matchmaking parties, which had been strategically reduced to optimize operations and improve service quality.

The business KPI in the Matching Business



Source: Reprinted from the Company's Supplementary Financial Document "FACTBOOK"

Business description

As new option services 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 March 2021, in response to diversifying matching needs, the Company launched Video Profile, an option service to communicate members' profiles by video.

In September 2021, the matching support agency Partner Agent connected to SCRUM (approximately 43,000 members), which is the platform service provided by SCRUM Inc., to link the data of nationwide matching support agencies. SCRUM was jointly created in February 2021 by TMS, 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, comprises one of the matching support agency industry's largest memberships and is the platform for mutual introductions between members of matching businesses' services described below. It also concluded business and capital alliances with TMS Holdings in December 2021, thereby building a strong cooperative relationship.

In April 2022, the Company established Matching Alliance Partners, a matching support agency association. It enables not only mutual introductions of members of the multiple support agencies that are its alliance partners, including the Company's own Partner Agent matching support agency with approximately 8,160 members (as of the end of March 2024), but also enables connections to CONNECT-ship, the platform for mutual introductions between members of matching businesses' services. Acquiring as many matching support agencies as alliance partners as possible will lead to as many as possible opportunities for matches among their members and a rise in the engagement rate. It will produce many marriages and help to resolve the social problems of the decline in the lifetime unmarried rate and the declining population, thereby contributing to the sound development of the matching industry. In addition, in April 2022, it opened a marriage support center exclusively for those who come of age.

In July 2022, the Company also launched CONNECT-ship Party, matching parties utilizing the CONNECT-ship platform for mutual introductions between members of matching businesses' services. In September 2022, the OTOCON matching party service introduced the industry's first system for no-fee matching party participation based on an agency fee for successful formation of couples. In July 2023, the matching support agency Partner Agent began offering matching support plans for corporations, which was introduced by Khansei Corporation CO., LTD. In March 2024, the Company entered into an agreement with The Tama Shinkin Bank for customer referrals. The customers of The Tama Shinkin Bank and its partners will be introduced to the Company's services, which will also contribute to realizing a bright future for the Tama region.

Regarding business site development for future business expansion, along with developing directly managed sites, the Company will actively utilize the franchise format to expand the development area and number of sites. In June 2024, thorough collaboration with Speed Management Ltd., the first franchise of the matching support agency Partner Agent, Partner Agent Machida (Machida City, Tokyo), was opened. The Company will rigorously conduct concierge training and provide high level of services that do not differ from directly managed site. The Company will work to attract customers through advertisements and refer customers to franchise sites, while the franchise sites will provide high quality service to increase advertising efficiency, raise brand recognition nationwide, increase the number of new members, and increase the number of engagements. The franchises are also expected to lower the Company's fixed cost burden.

Business description

Regarding the OTOCON matching party service, the number of parties have been strategically reduced to optimize operations and raise service quality, but the matching parties, which have a high affinity with matching apps, the Company has determined will have a certain level of demand going forward, so in June 2024 OTOCON Ginza and OTOCON Funabashi were opened as adjuncts to the Partner Agent matching support service. Going forward, the Company will further strengthen coordination between the Partner Agent matching support service and OTOCON matching party service, working to increase opportunities to meet in a way appropriate to marriage and maximize engagements.

Ranked number one in the overall rankings of “Inexpensive Weddings” in the 2022 Oricon Customer Satisfaction® Survey

3. Casual Wedding Business

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

In Sma-Kon, which is a production service for casual weddings and receptions, 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. Through its unique know-how to reduce venue costs, 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 ¥3.271mn (according to the Zexy 2023 marriage trend survey), the average cost of a Sma-Kon reception is only approximately ¥2mn (FY3/24 results)*. In August 2022, Sma-Kon won first place in the 2022 Oricon Customer Satisfaction Survey “Inexpensive Weddings” overall ranking.

| * Source: The Company's business plan and materials relating to growth potential |

Moreover, the Company is advancing the planning, development, and provision of new plans and services in response to the increasing needs of brides and grooms, from the previous form of a wedding and reception with many guests to a small-scale wedding to convey feelings to the people who are truly important. In November 2021, it began accepting orders for the Sma-Kon Small Wedding Light Plan, which is a plan for a wedding with only a small number of people, and then in February 2022, it began accepting orders for Sma-Kon photos + weddings, a set plan of the Sma-Kon small wedding ceremony and family photos (photos in kimonos taken after the ceremony). In January 2023, the Company began offering Sma-flower & table coordinate, which fulfills the bride and groom's vision of beauty and hospitality. Going forward, the Company's policy is to expand its various plans and services to respond to diversifying needs.

The LUMINOUS photo wedding production involves holding photo shoots at six locations nationwide to commemorate the marriage. To meet the need of customers wanting photos showing ideal bridal images, the service utilizes a permanent employee photographer trained by the Company, sophisticated studio sets and authentic locations, such as highly elegant chapels and homes, and uses the most advanced retouching technologies to realize beautiful bridal images. The average production and photography cost is approximately ¥300,000. Customers can achieve for less than approximately one tenth of the cost of a typical wedding reception. In addition, it appears that the average sales price is rising through the addition of high-value-added services, including a special plan for photos in kimonos prior to the actual ceremony.

Business description

Tameny Art Works Inc. (absorbed into the Company in March 2023), which operates the LUMINOUS photo wedding production, concluded a business alliance with bridal company ESCRIT INC. <2196>. With the addition of ESCRIT's high-quality chapels and venues, the Company is now able to develop this business nationwide, as LUMINOUS photo wedding produced venues had previously been limited to metropolitan Tokyo. In December 2021, the Company entered into a capital and business alliance with FOUR SIS & CO., which is engaged in the planning, manufacture, and sale of wedding costumes (62 dress stores nationwide, including high-quality wedding dresses from the UK). In December 2022, the Company began offering the "Anniversary Photo Plan" and the "Once More Photo Plan," providing a way to continually memorialize in photos the evolution of a family over time. It intends to attract groups of customers who wish to keep a commemorative photo for each stage of their lives and those who would like to enjoy a second photo shoot wearing a dress again. In June 2023, the studio LUMINOUS photo wedding brand entered into an alliance with Resally, which operates Resally, Japan's first partner introduction service for the LGBT community (based on Resally's research). In July 2023, the LUMINOUS Odaiba photo wedding studio was reopened following renovation with the addition of three new studio sets that enable photography of subjects in traditional Japanese attire. In March 2024, LUMINOUS Toyama opened, the flagship site in the Hokuriku region.

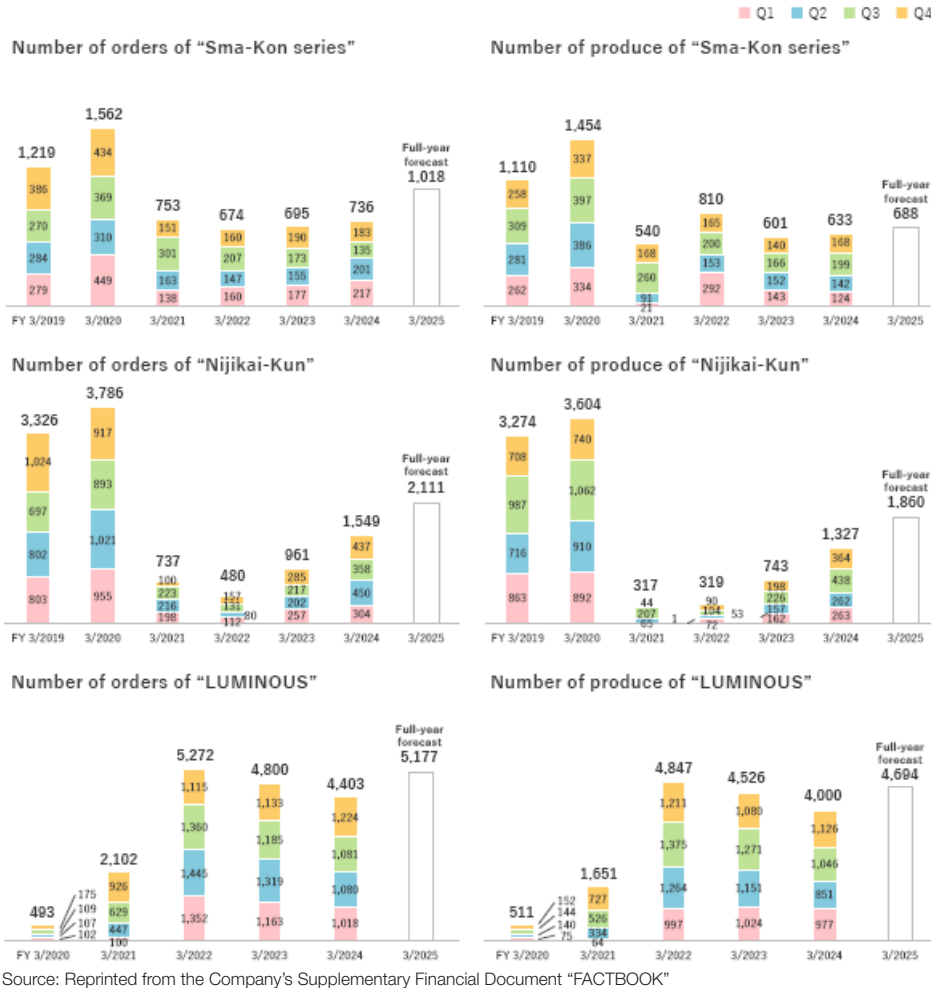
LUMINOUS photo wedding production saw intense competition and was impacted by a return to ceremonies and receptions, but since July 2023, the photo wedding studio LUMINOUS Odaiba was renovated and strategic optimization was conducted for each area, which has led to a recovery recently in the number of photo weddings produced. Going forward, the Company intends to continue renovating its studios to raise service quality and to conduct strategic optimization in each area.

Nijikai-Kun is an agency service to produce wedding after-parties. The party is produced by professional planners and the planners 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 approximately ¥400,000.

The Casual Wedding Business's business KPI are as follows. The Sma-Kon series, a production service for casual weddings and receptions, and Nijikai-Kun, a wedding after-party production service, saw the number of contracts concluded and number of events held temporarily drop off sharply due to the pandemic, but they have been gradually recovering. The recovery is expected to accelerate in FY3/25 (the Sma-Kon casual wedding and reception production series to increase its number of contracts concluded by 38.3% YoY to 1,018 and the Nijikai-Kun wedding after-party production service to increase its number of contracts concluded by 36.3% YoY to 2,111). The Sma-Kon casual wedding and reception production series has a time lag of seven months from engagement to actual wedding. Regarding the photo wedding production service LUMINOUS, competition is intensifying and there has been a return to ceremonies and receptions, so the business has slumped, but by increasing the quality of studio sets a turnaround is expected in FY3/25 (number of contracts concluded up 17.6% YoY to 5,177).

Business description

Business KPI Casual Wedding Business



Source: Reprinted from the Company's Supplementary Financial Document "FACTBOOK"

Life and Tech Business includes mutual introductions between members of matching businesses' services

4. Life and Tech Business

The main services of the Life and Tech Business include the CONNECT-ship platform for mutual introductions between members of matching businesses' services, the Matching Alliance Partners matching support agency association, the Anniversary Club after engagement support service, and real estate information services and financial planning services such as those offered by the Tameny x Hoken Clinic insurance agency. In October 2020, in order to create new services, the Company concluded a business alliance with Broad-minded Co., Ltd., which provides financial partner services. In August 2023, the CONNECT-ship platform for mutual introductions between members of matching businesses' services partnered with Zexy Consultation Counter of Recruit Co., Ltd.

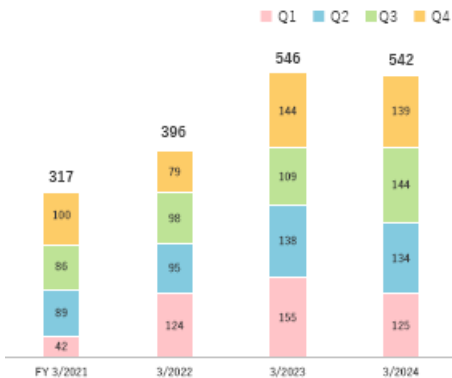
Business description

CONNECT-ship was launched as an industry-first service in June 2017, with the aim of being an open platform that would create the most matches in Japan; it is the industry's first platform for mutual introductions between members of matching businesses' services. Its goals are to increase opportunities for members to meet and to maximize engagements through mutual introductions between members of matching businesses' services. As of the end of FY3/24, the platform was being used by 12 companies, including the Partner Agent matching support agency, and by 28,811 people (the total number of members of the businesses using the platform is more than 95,000 people). In FY3/24, the total number of matches arranged grew to 246,370. With regards to the monetization of CONNECT-ship, it previously obtained fees for arranging a match, but since FY3/22, it has lowered the fee for matches arranged and instead changed to a new monthly usage fee.

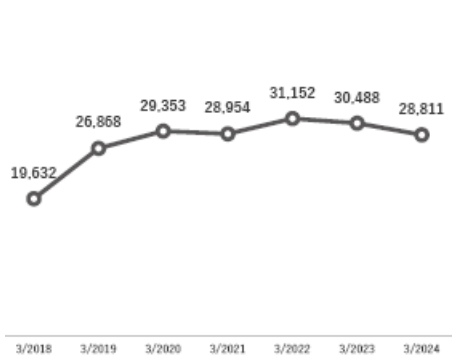
The number of new insurance contracts issued by the insurance agency Tameny x Hoken Clinic was 542 in FY3/24. ANNIVERSARY CLUB powered by Tameny, a site for customers who have been referred to matching and wedding related services, was upgraded and it now offers 62 services and has a membership of over 50,000 people. Going forward, the policy is to pursue synergies by utilizing the contact point of brides and grooms, namely the approximately 7,300 couples matched annually in the Matching Business and the Casual Wedding Business (in FY3/24, approximately 1,400 couples became engaged in the Matching Business and weddings were produced for around 5,900 couples in the Casual Wedding Business).

Business KPI Life and Tech Business

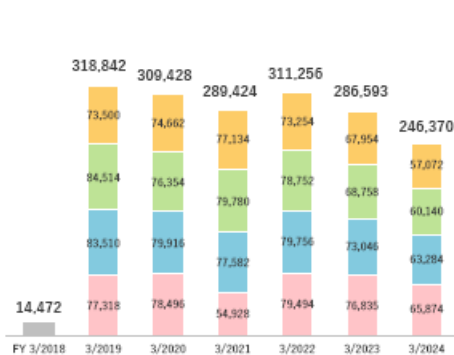
Number of new insurance policies in "Hoken Clinic"



Users of "CONNECT-ship"



Initial meetings via "CONNECT-ship"



Source: Reprinted from the Company's Supplementary Financial Document "FACTBOOK"

Commissioned to Undertake the Assistance for Match Making Support Project of the Tokyo Metropolitan Government

5. Regional Revitalization Business

In the Regional Revitalization Business, the Company provides the parms matching support service for local governments and operates marriage activity support centers for local governments on consignment, etc. In March 2023, the Company handed over (business transfer) its Evemon (Event Monster) corporate event production business to V-cube, Inc. <3681>.

In the parms matching support service for local governments, the Company customizes the matching support system developed in-house to support the matching conducted by local governments. As of the end of FY3/24, the service has been introduced in 12 prefectural governments (in order of contracts concluded, Fukushima Prefecture, Kyoto Prefecture, Saitama Prefecture, Akita Prefecture, Fukui Prefecture, Ibaraki Prefecture, Miyagi Prefecture, Aomori Prefecture, Shiga Prefecture, Oita Prefecture, Hyogo Prefecture and Tokyo). Of the prefectures (34 as of April 2024) with a matching system in place, the Company's system has been adopted by 35.3% of them. In addition, the matching support centers operate in 6 prefectures (in order of contracts concluded, Miyagi Prefecture, Kyoto Prefecture, Shiga Prefecture, Hokkaido, Tokyo, Hyogo Prefecture).

In September 2023, the Company was selected as a contractor for wedding-related services in Tokyo (social events, AI-based matching, individual Web-based consultations, etc.) based on its proposal in response to an open call for submissions by Nippon Travel Agency Co., Ltd., which serves as the project promoter of the Assistance for Match Making Support Project. Then, in June 2024, the Company was commissioned to provide services including AI-based matching and individual Web-based consultations with people hesitant to use an app or take part in events as a part of the 2024 Match Making Support Project. It was commissioned by Tobu Top Tours Co., Ltd., a promoter of the Tokyo Metropolitan Government's Contracting for Assistance for Match Making Support Project (April 1, 2024 to March 31, 2025). This could be said to be evidence of the Company's match making support know-how and high level of credibility.

In addition, the Company is seeing an increase in requests from local governments to plan and hold events and seminars. In FY3/24, the Company gained 63 new event and seminar contracts and held 60 events and seminars. Most recently, in September 2023, the Company was commissioned by Akita Prefecture to undertake the Matrimonial Supporter Skill Enhancement and Matchmaking Skill Improvement Project. In October 2023, the Company was commissioned by Izumisano-shi, Osaka Prefecture to undertake the Project for Creating Opportunities to Meet Others.

Has established high levels of reliability and brand name recognition

6. Features and strengths

With the matching support agency as the starting point, the Company is developing a comprehensive range of high-quality, high-value-added services, from the Matching Business through to the Casual Wedding Business and the area of services to support new lifestyles following engagement in the Life and Tech Business and furthermore onto the Regional Revitalization Business, and its features and strengths include its high levels of reliability and brand recognition.

Business description

The Partner Agent matching support agency realizes the highest engagement rate in the industry through dedicated 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 photo wedding and after-party production services. Furthermore, it is aiming to maximize marriages through the CONNECT-ship platform for mutual introductions between members of matching businesses' services, and Matching Alliance Partners, a newly established matching support agency association.

Particularly in the Matching Business, customers prioritize social reliability and name recognition 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 Privacy Mark, 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, utilizing its strengths of being highly reliable and having high brand recognition, it intends to build a structure to provide multi-directional services that meet all customer's needs and to develop its businesses.

High quality, high added-value services for a competitive advantage—the highest engagement rate in the industry

7. 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 and responding to complaints. Earnings characteristics include seasonal-variation factors.

In market trends, the Company has been encountering growing needs among couples who want to have a casual wedding with only a few guests or a photo wedding, which aligns with the Company's strengths, rather than conventional, expensive wedding ceremonies and receptions with many guests in attendance. 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 recognition, we at FISCO believe 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. For this reason, it is strengthening measures to promote receptions during the quiet season. Also, because many weddings and receptions involve long periods of time—in general, averaging around seven months from engagement to wedding—this creates a time lag between the engagement and when actual sales are recorded.

As the business environment has deteriorated due to the impact of COVID-19, in FY3/21 and FY3/22, the Company conducted various measures, including integrating and closing bases, optimizing allocations of personnel, and strategically keeping down advertising and sales-promotion costs. Thereafter, the impact of the pandemic lessened and measures taken to improve earnings bore fruit as the Company returned to profitability for the first time in three fiscal years, so in FY3/25 and beyond, the Company plans to restart investment for growth.

Business trends

FY3/24 returned to the black generally according to plan

1. Summary of FY3/24 results

On March 31, 2023, the Company absorbed subsidiary Tameny Art Works Inc. and made Tameny Agency Inc. a non-consolidated subsidiary, so as of FY3/24 it is presenting non-consolidated results. Results (non-consolidated) for FY3/24 are as follows. Net sales were ¥5,598mn, operating income was ¥77mn, ordinary income was ¥27mn, and net income was ¥3mn. Levels returned to the black generally in line with initial plans (net sales of ¥5,780mn, operating income of ¥50mn, ordinary income of 0mn, and net income of ¥20mn). Compared to consolidated results from FY3/23, net sales were down ¥5mn, operating income was up ¥228mn, ordinary income was up ¥257mn, and net income was up ¥240mn.

Regarding net sales, the Company transferred the corporate business (event production business Evemon), which reduced sales by a small margin, but the Casual Wedding Business recovered, which led effectively to a sales increase. On the profit side, gross profit was down ¥107mn, but SG&A expenses declined by ¥336mn due to the effects of business restructuring conducted up to last year that included more efficient advertising and consolidating and eliminating sites along with transferring the corporate business, so profit returned to the black at all levels. Regarding the change in SG&A expenses (down ¥181mn excluding the corporate business divestiture), personnel expenses increased by ¥74mn, but advertising expenses declined by ¥92mn, depreciation was down by ¥57mn, rent expenses for land and buildings declined by ¥64mn, and other expenses declined by ¥41mn. In extraordinary income, subsidy income of ¥27mn was recorded and in extraordinary losses impairment loss (costs to return to original state, impairment loss on some site assets) of ¥64mn was also posted. In income taxes, income taxes – deferral of -¥16mn (gain) was recorded. Looking at quarterly trends in EBITDA (operating income + depreciation and amortization + amortization of goodwill), it has been in the black since 1H FY3/22.

Summary of FY3/24 results

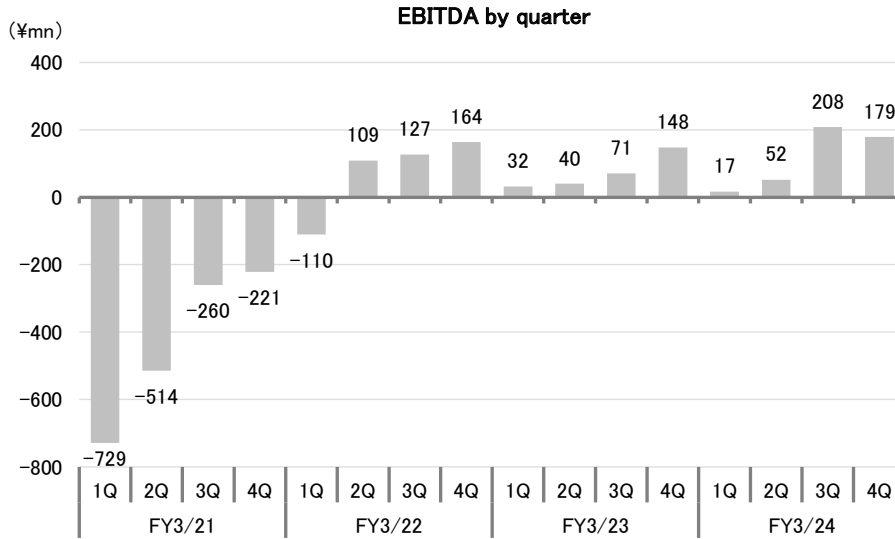
	FY3/23		FY3/24		YoY		Initial plan	Vs. plan Change		
	(consolidated)		(non-consolidated)		(consolidated) Change	(non-consolidated) Change				
	Results	Vs. net sales	Results	Vs. net sales						
Net sales	5,604	100.0%	3,988	100.0%	5,598	100.0%	-5	1,609	5,780	-181
Gross profit	4,042	72.1%	-	-	3,934	70.3%	-107	-	-	-
SG&A expenses	4,193	74.8%	-	-	3,856	68.9%	-336	-	-	-
Operating income (loss)	-151	-	-39	-	77	1.4%	228	116	50	27
EBITDA	292	5.2%	-	-	458	8.2%	166	-	-	-
Ordinary income (loss)	-230	-	-114	-	27	0.5%	257	141	0	27
Net income (loss) (attributable to owners of parent)	-237	-	-804	-	3	0.1%	240	808	20	-16

Notes 1: Transitioned to non-consolidated financial statements from FY3/24

2: EBITDA = operating income + depreciation and amortization + amortization of goodwill

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

Business trends



Note: Transitioned to non-consolidated financial statements from FY3/24
 Source: Prepared by FISCO from the Company's results supplemental materials

2. Trends by business

Segment results were as follows. Starting in FY3/24, segment categories were changed and the previous Tech Business and Lifestyle Business was combined into the Life and Tech Business and the previous business for corporations and local governments after transfer of the corporate business make up the Regional Revitalization Business.

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Business trends

FY3/24 results by reporting segment

(¥mn)

	FY3/23 (consolidated)		FY3/24 (non-consolidated)		YoY change
	Result	Vs. net sales	Result	Vs. net sales	
Net sales by segment					
Matching Business	2,272	40.4%	2,117	37.6%	-155
Casual Wedding Business	2,690	47.8%	3,047	54.2%	356
Life and Tech Business	-	-	243	4.3%	-
Regional Revitalization Business	-	-	217	3.9%	-
Tech Business	168	3.0%	-	-	-
Lifestyle Business	70	1.3%	-	-	-
Corporate and Local Government Business	421	7.5%	-	-	-
Total	5,624	100.0%	5,625	100.0%	0
Adjustments	-20	-	-26	-	-
Net sales	5,604	-	5,598	-	-5

	Amount	Profit ratio	Amount	Profit ratio	Change
Operating income by segment					
Matching Business	587	25.8%	529	25.0%	-57
Casual Wedding Business	-229	-	-43	-	185
Life and Tech Business	-	-	56	23.2%	-
Regional Revitalization Business	-	-	24	11.5%	-
Tech Business	64	38.5%	-	-	-
Lifestyle Business	25	35.4%	-	-	-
Corporate and Local Government Business	75	18.0%	-	-	-
Total	523	9.3%	567	10.1%	43
Adjustments	-675	-	-490	-	184
Operating income	-151	-	77	1.4%	228

Notes 1: Transitioned to non-consolidated financial statements from FY3/24 and changed segment classification

2: Profit ratios for segment operating income are calculated against net sales for each segment.

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

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Business trends

FY3/24 business KPI targets

	(¥mn)		
	FY3/23 (consolidated)	FY3/24 (non-consolidated)	YoY change
Matching Business			
Partner Agent matching support agency			
Number of new members	4,716	4,601	-115
Number of members at end of period	8,568	8,160	-408
Number of withdrawals due to becoming engaged	2,216	1,835	-381
Engagement rate	24.5	21.7	-2.8pt
OTOCON matching party service			
Number of parties held	4,517	3,135	-1,382
Number of participants	50,289	33,400	-16,889
Casual Wedding Business			
Total number of contracts concluded			
Sma-Kon series	695	736	41
(Of which, wedding ceremonies and receptions)	332	369	37
LUMINOUS	4,800	4,403	-397
Nijikai-Kun	961	1,549	588
Number of events held			
Sma-Kon series	601	633	32
(Of which, wedding ceremonies and receptions)	247	295	48
LUMINOUS	4,526	4,000	-526
Nijikai-Kun	743	1,327	584
Life and Tech Business			
Life sector			
Number of new insurance contracts	546	542	-4
Tech sector			
Number of CONNECT-ship members at end of period	30,488	28,811	-1,677
Number of CONNECT-ship matchmakings arranged	286,593	246,370	-40,223
Number of companies using CONNECT-ship	12	12	0
Regional Revitalization Business			
Number of matching support systems provided to local governments at end of period	11	12	1
Number of matching support systems operated on commission for local governments at end of period	3	6	3
Number of events / seminars commissioned	45	63	18

Note: Transitioned to non-consolidated financial statements from FY3/24

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

In the Matching Business, net sales were ¥2,117mn and operating income ¥529mn; in the Casual Wedding Business, net sales were ¥3,047mn and operating loss ¥43mn; in the Life & Tech Business, net sales were ¥243mn and operating income ¥56mn; and in the Regional Revitalization Business, net sales were ¥217mn and operating income ¥24mn. There were adjustments of -¥26mn in net sales and -¥490mn in operating income.

The Matching Business saw net sales decline by ¥155mn and operating income decrease by ¥57mn compared to the previous consolidated fiscal year. New members at the matching support agency Partner Agent fell by 115 to 4,601. The number of members at the end of the fiscal year dropped by 408 to 8,160. New members and the number of members at the end of the fiscal year both decreased, plus membership promotional campaigns (including discounts) were conducted which lowered the unit price of enrollment, which had an impact and resulted in lower sales and profits, but this was generally in line with plans. The decrease in the number of new members has nearly bottomed out, strengthening the sense that results have bottomed out as well. The OTOCON matching party service is being held less often for strategic purposes, which are to optimize their operation and increase service quality, so the number of parties held and the number of participants both decreased.

We encourage readers to review our complete legal statement on "Disclaimer" page.

Business trends

In the Casual Wedding Business, net sales increased by ¥356mn compared to the previous fiscal year's consolidated results and operating loss improved by ¥185mn (a smaller operating loss). Regarding the number of weddings, the Sma-Kon series, a production service for casual weddings and receptions, saw weddings increase by 32 to 633, and Nijikai-Kun, a wedding after-party production service, witnessed an increase in events held by 584 to 1,327. Along with the increase in the number of weddings, cost improvements from business restructuring also contributed. Moreover, the number of contracts has been recovering and results are expected to recover further in FY3/25. Regarding the LUMINOUS photo wedding production service, on a full-year basis, contracts and weddings were both down, but studio renovations (renovated LUMINOUS Odaiba in July 2023) and other factors caused a turnaround in 2H (1,828 weddings in 1H, 2,172 weddings in 2H).

In the Life and Tech Business, compared to the combined total of the Tech Business and Lifestyle Business in the previous fiscal year, net sales increased by ¥3mn and operating income decreased by ¥33mn. For CONNECT-ship, a platform for mutual introductions between members of matching businesses' service, the total number of matches arranged and number of new insurance contracts in insurance sales both decreased, but matching parties connected to the CONNECT-ship platform and the matching support agency association contributed as sales increased by a small margin. On the profit front, profit decreased due partly to an increase in personnel expenses for strengthening systems.

The Regional Revitalization Business saw net sales decrease by ¥203mn and operating income decrease by ¥50mn compared to the previous fiscal year's consolidated results for corporate and local government business from the previous period. Net sales decreased due to transfer of the corporate business, but excluding this impact, there was an increase of ¥21mn. As for profits, profit declined on the impact of increased personnel expenses and other factors.

3. Financial position

Regarding the Company's financial position, total assets at the end of March 2024 decreased ¥157mn to ¥4,858mn and total liabilities decreased ¥156mn to ¥4,709mn. Net assets decreased by ¥1mn to ¥149mn and the equity ratio went up by 0.1pt to 3.1%. The balance of interest-bearing liabilities (total of long- and short-term borrowings) decreased by ¥186mn to ¥3,875mn. Recovering a stable financial foundation is an issue, but the equity ratio did increase slightly, and considering this and other factors, FISCO believes that financial risk has decreased.

Business trends

Balance sheet and statement of cash flows (summarize version)

(¥mn)

	End-FY3/20 (consolidated)	End-FY3/21 (consolidated)	End-FY3/22 (consolidated)	End-FY3/23 (consolidated)	End-FY3/24 (non-consolidated)	Change
Total assets	5,478	5,067	5,332	5,016	4,858	-157
(Current assets)	1,999	1,479	2,065	2,311	2,559	248
(Non-current assets)	3,477	3,587	3,266	2,705	2,298	-406
Total liabilities	4,452	5,467	5,095	4,865	4,709	-156
(Current liabilities)	1,873	2,464	2,045	2,255	2,368	112
(Non-current liabilities)	2,579	3,002	3,049	2,610	2,341	-269
Total net assets	1,025	-399	237	150	149	-0
(Shareholders' equity)	1,027	-400	237	150	149	-0
Equity ratio	18.7%	-7.9%	4.5%	3.0%	3.1%	0.1pt

	End-FY3/20 (consolidated)	End-FY3/21 (consolidated)	End-FY3/22 (consolidated)	End-FY3/23 (consolidated)	End-FY3/24 (non-consolidated)
Cash flows from operating activities	232	-1,514	-22	69	558
Cash flows from investing activities	-1,861	-447	-134	71	8
Cash flows from financing activities	1,462	1,483	841	-67	-193
Balance of cash and cash equivalents at the end of the period	1,040	562	1,246	1,319	1,691

Note: Transitioned to non-consolidated financial statements from FY3/24 and YoY changes for the end of FY3/24 are calculated against the consolidated results of FY3/23

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

Outlook

For FY3/25, expecting large increases in sales and profits, and a full-fledged recovery in earnings from 2H

● FY3/25 results forecasts

For its results (non-consolidated) for FY3/25, the Company is forecasting net sales to increase by 14.3% YoY to ¥6,400mn, operating income to increase by 158.7% to ¥200mn, ordinary income to go up 450.7% to ¥150mn, and net income to be ¥150mn (¥3mn in FY3/24). The mainstay Matching Business and Casual Wedding Business continue to recover, and large increases in sales and profits are projected. Looking by half-year, in 1H, net sales are expected to be ¥2,794mn with an operating loss of ¥97mn, but in the 2H, net sales are projected at ¥3,605mn and operating income at ¥297mn. Along with seasonal factors in the Casual Wedding Business weighted to 2H, in 1H, there will be upfront costs, including advertising investment, but as a result of various initiatives, earnings are expected to make a full-fledged recovery starting in 2H.

Segment classifications will be changed to three segments, the Matching Business (previous Matching Business plus the Tech portion of the previous Life and Tech Business), the Casual Wedding Business (the same as before), and the Regional Revitalization/QOL Business (previous Regional Revitalization Business plus the Life portion of the former Life & Tech Business). Plans by segment are: net sales from the Matching Business are expected to be ¥2,450mn and operating income is projected at ¥560mn. In the Casual Wedding Business, net sales are expected to total ¥3,680mn and operating income, ¥120mn. In the Regional Revitalization/QOL Business, net sales are expected to be ¥290mn and operating income, ¥30mn.

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Outlook

As for priority policies, in the Matching Business, the sales structure will be strengthened by expanding sites and other means, advertising will be strengthened on TikTok and other social media, and various IT/DX tools will be implemented on a trial basis. In the Casual Wedding Business, photo studios will be renovated to increase the quality of existing brands, new brands will be launched, and YouTube and other social media utilized to strengthen advertisements. The Company will also work to raise Group synergies. Establishing a profitable structure, which was the near-term goal, was accomplished in FY3/24, so in FY3/25 the intention is to turn to aggressive management in various respects, including advertising and site development. However, site development will utilize franchises to rein in increases in the fixed cost burden and promote higher profitability. The first franchise site in the Matching Business opened in June 2024. Regarding the OTOCON matching party service, it shares a site with the matching support agency Partner Agent, so two establishments were opened. Regarding the photo wedding production service LUMINOUS, the flagship site in Hokuriku was opened in March 2024, LUMIOUS Toyama. In this way, the Company is turning to an aggressive form of management while reining in the fixed cost burden, and Group synergies can be expected, so in FY3/25, FISCO thinks that the Company's earnings recovery will become clear.

FY3/25 results forecasts

(¥mn)

	FY3/24		FY3/25				YoY	
	Result	Vs. net sales	Forecast	Vs. net sales	1H forecast	2H forecast	Change	% change
Net sales	5,598	100.0%	6,400	100.0%	2,794	3,605	801	14.3%
Operating income (loss)	77	1.4%	200	3.1%	-97	297	122	158.7%
Ordinary income (loss)	27	0.5%	150	2.3%	-120	270	122	450.7%
Net income (loss) (attributable to owners of parent)	3	0.1%	150	2.3%	-120	270	146	-

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

FY3/25 forecasts by reporting segment

(¥mn)

	FY3/24 results	FY3/25 forecast	YoY
Net sales			
Matching Business	2,117	2,450	332
Casual Wedding Business	3,047	3,680	632
Regional Revitalization/QOL Business	-	290	-
Life and Tech Business	243	-	-
Regional Revitalization Business	217	-	-
Operating income			
Matching Business	529	560	30
Casual Wedding Business	-43	120	163
Regional Revitalization/QOL Business	-	30	-
Life and Tech Business	56	-	-
Regional Revitalization Business	24	-	-

Note: Segments reclassified starting in FY3/25

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

Outlook

FY3/25 business KPI targets

	FY3/24 results	FY3/25 targets	(¥mn) Difference
Matching Business Matching Support Agencies			
Number of new members	4,601	5,536	935
Number of members at end of period	8,160	8,707	547
Number of withdrawals due to becoming engaged	1,835	1,984	149
Engagement rate	21.7	23.9	2.2pt
Casual Wedding Business			
Total number of contracts concluded	6,688	8,306	1,618
Sma-Kon series	736	1,018	282
LUMINOUS	4,403	5,177	774
Nijikai-Kun	1,549	2,111	562
Total number of events held	5,960	7,242	1,282
Sma-Kon series	633	688	55
LUMINOUS	4,000	4,694	694
Nijikai-Kun	1,327	1,860	533

Note: Segments reclassified starting in FY3/25

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

Growth strategy

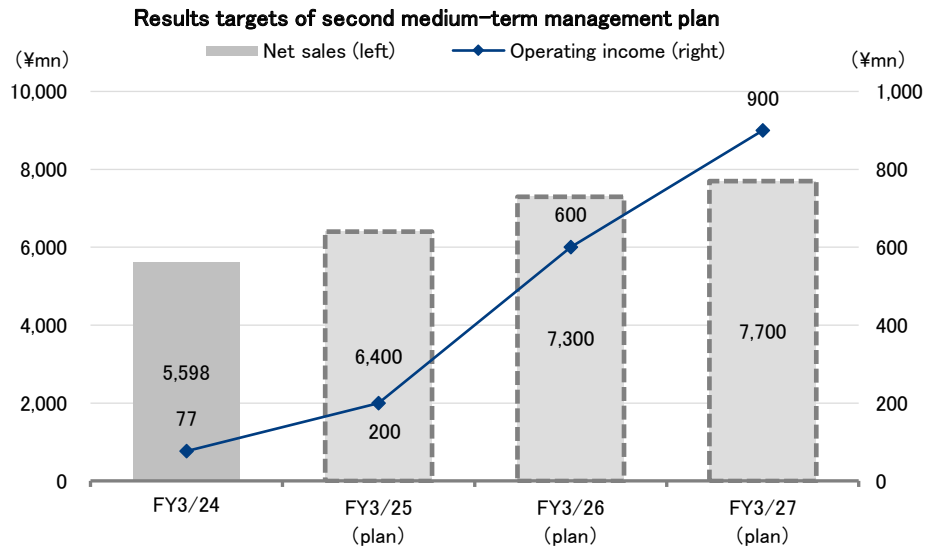
Converting to aggressive management as profitable structure takes root

1. Second medium-term management plan

As the Company's basic strategy for growth from FY3/23 on was to convert to a flexible business structure capable of immediately adapting to trends and changes in the society, it set forth on the building of a resilient corporate structure. Up to FY3/23, as a short-term measure to restore performance results to improve its financial foundation (eliminated excessive debt), which had been dealt a blow by the pandemic, the Company prioritized streamlining measures such as limiting advertising investment and reducing fixed costs. In FY3/24, the firm establishment of a profitable structure, which was the goal for the time being, was achieved, so the Company newly formulated a second medium-term management plan for the years from FY3/25 to FY3/27.

Under the second medium-term management plan, the next three years are positioned as a period for building a foundation for sustained growth, and the Company will pursue a policy of turning to aggressive management. Basic policies are strengthening competitiveness and productivity (raise brand recognition, expand development area using franchises as well, and business process innovation via IT and DX), strengthening human capital and financial capital (reinforce human resources development, establish system environment, promote diversity, improve profit ratio and equity ratio, strengthen shareholder returns, etc.), and promote harmonious co-existence with society (strengthen sustainability management foundation, promote regional revitalization starting with matching support, strengthen coordination with local communities). As for results targets, the Company is aiming for net sales of ¥7,300mn and operating income of ¥600mn in FY3/26, and net sales of ¥7,700mn and operating income of ¥900mn in FY3/27. For FY3/27, it is targeting an operating income margin of 11.7% and equity ratio of 30.0%.

Growth strategy



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

As for results targets by segment for FY3/27, the Company is targeting net sales of ¥3,050mn and operating income of ¥1,060mn from the Matching Business, net sales of ¥4,370mn and operating income of ¥360mn from the Casual Wedding Business, and net sales of ¥310mn and operating income of ¥40mn from the Regional Revitalization/QOL Business. Regarding business KPI for FY3/27, the matching support agency Partner Agent intends to increase the number of sites by 1.5 times (including franchises), increase new members by 4,142 compared to FY3/24 to 8,743, and increase the number of enrolled members by 3,465 to 11,625. In the Casual Wedding Business, the goal is to increase the number of weddings by 2,159 to 8,119. This breaks down as the Sma-Kon series of production services for casual weddings and receptions (including new brand launches) increasing by 225 to 858, the photo wedding production service LUMINOUS increasing by 1,185 to 5,185 and the Nijikai-Kun wedding after-party production service increasing by 749 to 2,076.

In the shareholder benefits program, gives gifts coupons

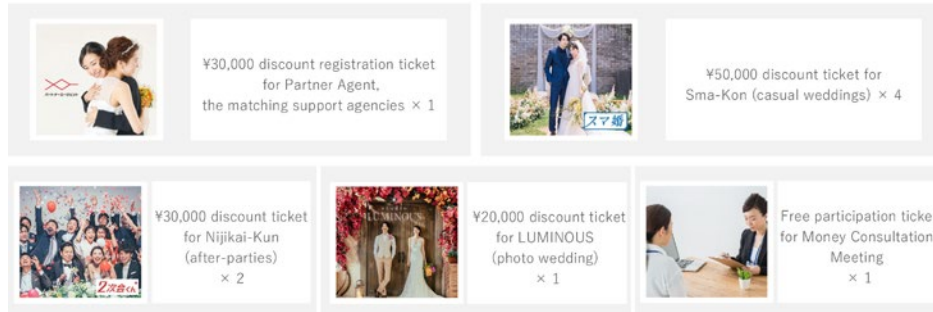
2. Shareholder return policy

Regarding a shareholder return policy, as the Company is still at the point of investing for the future, it does not currently pay a dividend. However, it does offer a shareholder benefits program for shareholders holding at least one unit (100 shares) as of September 30 of each year. Depending on the number of shares held, shareholders receive gift coupons that can be used for various services offered by the Company.

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Growth strategy

Shareholder benefits program



Source: Reprinted from the Company's FACTBOOK

Contributing to realizing a sustainable society through business activities

3. Sustainability management

In order to contribute to realizing a sustainable society through all of its business activities, the Company's initiatives for sustainability management include appointing women to managerial positions as part of human resources development (one outside director); 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 Privacy Mark; strengthening the corporate governance structure; in regional revitalization, providing the parms matching support service to local governments and collaborating with local governments (holding seminars and events); for health and welfare, supporting employees' childcare and nursing care and employing the elderly and people with disabilities; and for the environment and nature, both reducing its environmental burden and maintaining the efficiency of business activities by shifting to paperless operations, etc. The Company's entire business can probably also be said to contribute to society as a whole through measures to address the declining birthrate and regional revitalization.

Focus on potential to accelerate earnings recovery

4. FISCO's view

The Company saw earnings deteriorate significantly due to the impact of the pandemic and its balance sheet was damaged greatly, but as a result of prioritizing management streamlining measures to restore profitability and avoid excessive debt, it established a profitable structure, as had been targeted for FY3/24, according to plan. FISCO highly commends the Company on this point. Going forward, to improve the balance sheet, raising profitability will be an issue, but in the second medium-term management plan, a policy will be pursued for turning to aggressive management that utilizes the Company's characteristics and strengths. Along with providing high value-added services and measures to raise Group synergies, the Company will promote limiting the fixed cost burden and expanding its development area and sites. FISCO will be watching for the possibility that profitability will recover at a faster pace than expected as a result of these measures.

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