

COMPANY RESEARCH AND ANALYSIS REPORT

VINX CORP.

3784

Tokyo Stock Exchange Standard Market

16-May-2022

FISCO Ltd. Analyst

Masanobu Mizuta



FISCO Ltd.

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

Index

| | |
|--|-----------|
| Summary | 01 |
| 1. Develops services for POS, CRM, and MD, mainly for major distribution and retail groups | 01 |
| 2. In FY12/21, sales increased and profits grew significantly and were higher than forecast | 01 |
| 3. Room for upside in FY12/22 results despite an outlook for modest sales and profit increases | 01 |
| 4. Is leading DX in the distribution and retail industry and has significant potential for growth in the medium to long term | 02 |
| Company profile | 03 |
| 1. Company profile | 03 |
| 2. History | 04 |
| Business overview | 06 |
| 1. Service overview | 06 |
| 2. Outsourcing business area | 06 |
| 3. Solutions business area | 07 |
| 4. Products business area | 07 |
| 5. Other IT business areas | 08 |
| 6. Characteristics and strengths | 08 |
| 7. Risks/income characteristics and measures | 09 |
| Results trends | 10 |
| 1. Overview of FY12/21 consolidated results | 10 |
| 2. Trends by business area | 11 |
| 3. Trend in orders | 12 |
| 4. Financial status | 13 |
| Outlook | 15 |
| 1. Overview of FY12/22 consolidated results forecasts | 15 |
| 2. Trends by business area and priority measures | 16 |
| Growth strategy | 16 |
| 1. Medium-term management plan | 16 |
| 2. Priority strategies | 17 |
| 3. Summary of medium- to long-term prospects | 21 |
| Shareholder return policy | 22 |
| ESG and ESG management initiatives | 23 |

Summary

IT services company leading DX in the distribution and retail industry

1. Develops services for POS, CRM, and MD, mainly for major distribution and retail groups

VINX CORP. <3784> is an IT services company leading DX in the distribution and retail industry.

Based on its advanced development capabilities, technological know-how, and service capabilities that are founded on its expertise in the distribution and retail industry, the Company conducts system development and provides solution services, including POS (Point of Sale), CRM (Customer Relationship Management), and MD (Merchandising) that utilizes AI (Artificial Intelligence), mainly for major distribution and retail groups. In terms of competition, there are only a few companies that are experts in the distribution and retail industry and that can therefore handle aspects such as systems development and equipment procurement, and the Company's neutrality toward manufacturers gives it the advantage of being able to select and propose equipment from manufacturers around the world. Furthermore, it has built excellent relations with major distribution and retail groups that are some of Japan's leading companies (including for their overseas business development).

2. In FY12/21, sales increased and profits grew significantly and were higher than forecast

In the FY12/21 consolidated results, net sales increased 7.7% year on year (YoY) to ¥29,867mn, operating profit rose 18.7% to ¥2,526mn, ordinary profit grew 21.1% to ¥2,537mn, and profit attributable to owners of the parent increased 32.2% to ¥1,616mn. So, sales increased and profits grew significantly and were higher than forecast (upwardly revised forecasts were announced on November 10, 2021). Needs for DX in Japan's retail industry are rising, so demand trended at a high level and the Company succeeded with its efforts to further deepen transactions with existing customers, increase large-scale projects, and continuously improve productivity and quality, while other factors, including the utilization of offshore development and the reduction in costs due to the novel coronavirus pandemic (hereafter, COVID-19), also contributed. The operating profit margin is trending upward.

3. Room for upside in FY12/22 results despite an outlook for modest sales and profit increases

The FY12/22 consolidated results forecasts are for net sales to increase 3.8% YoY to ¥31,000mn, operating profit to rise 3.7% to ¥2,620mn, ordinary profit to grow 3.7% to ¥2,630mn, and profit attributable to owners of the parent to increase 3.3% to ¥1,670mn. Against the backdrop of rising needs for DX in the retail industry, the Company is aiming to achieve sustainable business growth by progressing its priority strategy in the medium-term management plan, which is to "increase the sophistication of existing businesses and realize a new retail business." Mainly due to the impact of COVID-19, there is a strong sense of uncertainty about the future and the forecasts are for sales and profits to increase only by small amounts in consideration of cost increases, including personnel, R&D, and operating costs. However, the strong impression is that the forecasts are conservative as DX needs are at a high level and orders for large-scale projects are also trending strongly. So, at FISCO, we think that there is plenty of room for the results to exceed the Company's forecasts. It has also revised its dividend policy and continuing from FY12/21, it is forecasting a significant dividend increase in FY12/22.

VINX CORP. | 16-May-2022

3784 Tokyo Stock Exchange Standard Market

<https://www.vinx.co.jp/english/>

Summary

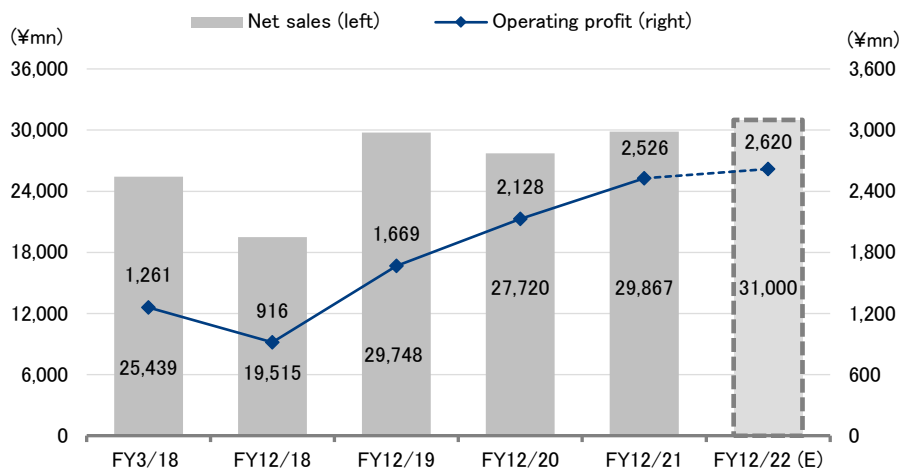
4. Is leading DX in the distribution and retail industry and has significant potential for growth in the medium to long term

In its medium-term management plan, the Company sets out its management vision to “become a leading retail IT company in Asia,” with numerical management targets for FY12/24, the plan’s final fiscal year, of net sales of ¥33,530mn, operating profit of ¥2,840mn, ordinary profit of ¥2,850mn, and profit attributable to owners of the parent of ¥1,810mn. In the distribution and retail industry, investment in DX is expected to accelerate to realize so-called “new retail,” which is store management that utilizes the latest technologies to respond to issues such as changes in individual consumption and purchasing behaviors and labor shortage. One of the Company’s strengths is its expertise in distribution and retail, and as an IT services company leading DX in the distribution and retail industry, there is still plenty of room to increase its market share even further. At FISCO, we evaluate that the Company has significant potential for growth in the medium to long term.

Key Points

- Conducts system development and provides solutions services for POS, CRM, and MD, mainly for major distribution and retail groups
- The FY12/22 forecasts are for sales and profits to increase only slightly, but there is plenty of room for results to exceed the forecasts
- Is leading DX in the distribution and retail industry and has significant potential for growth in the medium to long term

Results trends



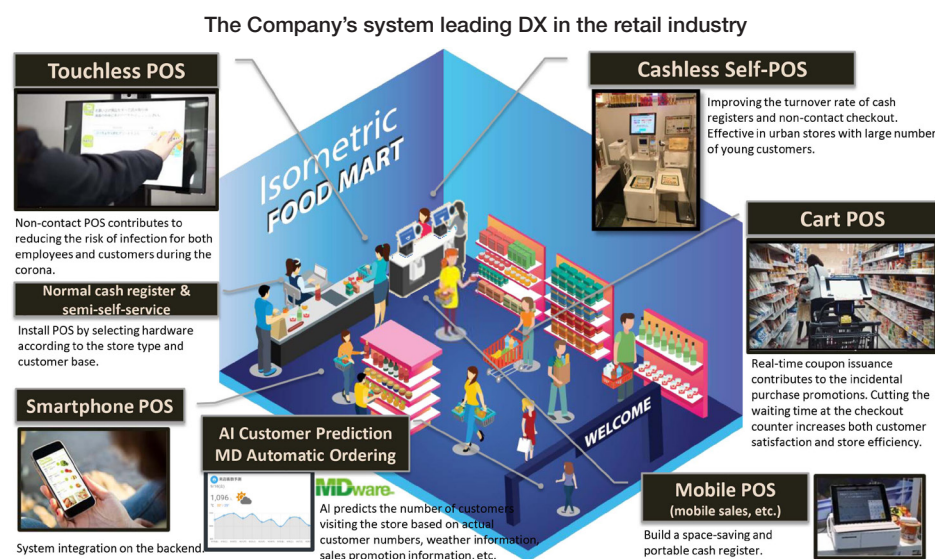
Note: Due to fiscal year change, there were nine months in FY12/18
Source: Prepared by FISCO from the Company's financial results

Company profile

Implements IT services focused on the distribution and retail industry within the Fuji Soft Group

1. Company profile

With a management philosophy of “contributing to the realization of a prosperous society by connecting people’s lives and the business activities of distribution companies with information system technology,” the Company is an IT services company leading DX in the distribution and retail industry. Based on its advanced development capabilities, technological know-how, and service capabilities that are founded on its expertise in distribution and retail, it conducts system development and provides solutions services, mainly for major distribution and retail groups. Its products and services include a cashless and self-POS system, a touchless POS system, POS for a cart POS system, CRM for customer management and analysis, an MD that utilizes AI to predict the number of store visits by customers, and an automated ordering system.



Source: The Company's results briefing materials

The Company has its headquarters in Osaka's Kita Ward and other business sites are the Tokyo office (Sumida-ku, Tokyo), Makuhari office (Mihama-ku, Chiba), Nagoya office (Naka-ku, Nagoya), Matsuyama office (Matsuyama City, Ehime), Osaki office (Shinagawa-ku, Tokyo), Data Center (Kita-ku, Osaka), and Toda Monitoring Center (Toda City, Saitama).

At the end of FY12/21, total assets were ¥20,505mn, net assets were ¥11,138mn, the capital was ¥596mn, the equity ratio was 50.1%, and the number of outstanding shares was 17,718,000 shares (of which, 900,572 shares were treasury shares). In October 2021, the Company acquired the Eruboshi certification mark (level 3) for companies promoting the activities of women awarded by Japan's Ministry of Health, Labor and Welfare. Then in November 2021, it was certified in the Selection of 100 Teleworking Pioneer Companies by the Ministry of Internal Affairs and Communications.

Company profile

The Company's Group at the end of FY12/21 consisted of the Company, three domestic consolidated subsidiaries, and four overseas consolidated subsidiaries. Consolidated subsidiaries are 4U Applications, Inc., The AREA Co., Ltd., and Ui2 Corporation in Japan, and the overseas subsidiaries are Vinx China Co., Ltd. (Hangzhou) in China, Vinx Malaysia Sdn. Bhd. in Malaysia, VINX VIETNAM COMPANY LIMITED in Vietnam, and VINX SYSTEM SERVICE (Thailand) Co., Ltd. in Thailand. The Company has 1,403 employees on a consolidated basis.

The Company is a consolidated subsidiary of Fuji Soft Incorporated (<9749>; Fuji Soft owns 61.42% of the Company's voting rights as of the end of FY12/21). It focuses on the distribution and services industries, particularly the provision of information services to the retail industry, within the Fuji Soft Group, a comprehensive provider of information services, and implements business while seeking to establish its unique business model. The monetary amount of transactions with the parent company is not significant, so income reliance on the parent company is small. Moreover, the Company does not have jointly serving officers and retains its management autonomy.

2. History

The Company was established as Mycal Systems, INC., a subsidiary of former Mycal Corp. (now, AEON RETAIL Co., Ltd.), in February 1991, and FUJI SOFT INCORPORATED became the parent company through former Mycal's transfer of shares to FUJISOFT ABC Incorporated (now, Fuji Soft) and changed the company name to Vinculum Japan Corporation in March 2002.

Subsequently, in December 2005, the Company was listed on the JASDAQ Securities Exchange and renamed itself VINX CORP. after absorbing Fuji Soft Group's former Daiei-affiliate VIXUS INCORPORATED in April 2013. Its listing was upgraded to the Tokyo Stock Exchange (TSE) Second Section in May 2016 and then to the TSE First Section in October 2017. Following the TSE's change to new market categories on April 4, 2022, the Company became listed on the Standard Market.

VINX CORP.
3784 Tokyo Stock Exchange Standard Market

16-May-2022
<https://www.vinx.co.jp/english/>

Company profile

History

| Date | Items |
|-----------------------|--|
| February 1991 | Established as Mycal Systems, INC., a subsidiary of former Mycal Corp. (now, AEON RETAIL Co., Ltd.) |
| November 2000 | Acquired privacy mark certification |
| March 2002 | Became a wholly-owned subsidiary of FUJISOFT ABC Incorporated (now, FUJI SOFT INCORPORATED) through a share transfer by Mycal and changed the company name to Vinculum Japan Corporation |
| January 2003 | Acquired e-coupon business from IMCOS, Inc. |
| March 2005 | Obtained ISMS Accreditation Criteria (Ver.2.0) certification |
| December 2005 | Listed shares on the JASDAQ Stock Exchange (now, TSE JASDAQ) |
| May 2006 | Established 4U Applications, Inc. as a consolidated subsidiary via the in-house venture program |
| October 2007 | Formed a business alliance with Agentrics AP, Inc. (now, GridAgent, Inc.) |
| June 2008 | Obtained ISO20000 (International Standard) certification for IT service management |
| June 2008 | Opened a liaison office in China |
| January 2009 | Established Vinx China (Hangzhou) in Hangzhou (Zhejiang, China) as a joint venture with Totyu Soft Co., Ltd. (now, Totyu Co., Ltd.) |
| February 2009 | Acquired a stake in Totyu Soft Co., Ltd. (now, Totyu Co., Ltd.) |
| August 2009 | Acquired SFI, Inc. as a consolidated subsidiary |
| April 2011 | Established Shanghai Vinculum Co., Ltd. (China) |
| December 2011 | Established FMS Solution Co., LTD. as a joint venture with AEON DELIGHT CO., LTD. |
| June 2012 | Established Vinculum Malaysia Sdn. Bhd (now, Vinx Malaysia Sdn. Bhd) in Malaysia as a consolidated subsidiary |
| April 2013 | Renamed VINX CORP. after absorbing Fuji Soft Group's former Daiei-affiliate VIXUS INCORPORATED |
| January 2014 | Established VINX VIETNAM COMPANY LIMITED in Vietnam as a local entity |
| September 2015 | Transferred all shares of Shanghai Xinyu System Integration |
| October 2015 | Absorbed Systems Formulations and Integrations Incorporated |
| March 2016 | Transferred all shares of FMS Solution Co., LTD. |
| May 2016 | Changed the share listing to the TSE Second Section (TSE-2) |
| January 2017 | Invested in Holon Co., Ltd. |
| April 2017 | Invested in Colorful Board Inc. (now, SENSY Inc.) |
| June 2017 | Established joint investee GRIT WORKS, Inc. with SATUDORA HOLDINGS CO., LTD. |
| July 2017 | Made The AREA Co., Ltd. a consolidated subsidiary |
| October 2017 | Changed the share listing to the TSE First Section (TSE-1) |
| February 2018 | Established VINX SYSTEM SERVICE (Thailand) Co., Ltd. in Thailand as a local entity |
| March 2019 | Established joint investee Retail SHIFT Inc. with Trial Holdings, Inc. |
| November 2019 | Collaborated with salesforce.com <CRM> |
| January 2020 | MadeUi2 Corporation a consolidated subsidiary |
| May 2020 | Formed a comprehensive business alliance with Wiredbeans Inc. |
| July 2021 | Published initiatives for sustainability and ESG |
| October 2021 | Acquired the Eruboshi certification mark (level 3) for companies promoting the activities of women awarded by the Ministry of Health, Labour and Welfare |
| November 2021 | Certified in the Selection of 100 Teleworking Pioneer Companies by the Ministry of Internal Affairs and Communications |
| February 2022 | Established a special committee as an optional advisory board to the Board of Directors to enhance corporate governance |
| April 2022 | Listing was changed to the TSE Standard Market |

Source: Prepared by FISCO from the Company's web page, securities reports, and press releases

Business overview

Offers system development and solutions services to major distribution and retail groups

1. Service overview

The Company mainly targets the distribution and services industries, and particularly within them, the major distribution and retail groups that are some of Japan's leading companies (including their overseas business development). It conducts system development and provides solutions services, mainly for these major distribution and retail groups, including a cashless and self-POS system, a touchless POS system, POS for a cart POS system, CRM for customer management and analysis, and MD that utilizes AI to predict the number of store visits by customers and an automated ordering system.

As the information-related services business is the only reporting segment, its business areas are outsourcing, solutions, products, and other IT. Against the backdrop of rising needs for DX in the distribution and retail industry in recent years, the solutions and product areas have been expanding and forming the main pillars of growth. Outsourcing also continues to be a pillar of earnings, but due to the impact of COVID-19 overseas and other factors, its share of total results declined in FY12/20 and FY12/21. Other IT is mainly sales of purchased hardware and therefore its profit margin is somewhat low compared to the other areas.

Net sales and operating profit by business area

| | FY3/17 | FY3/18 | FY12/18 | FY12/19 | FY12/20 | FY12/21 |
|-------------------------|--------|--------|---------|---------|---------|---------|
| | (¥mn) | | | | | |
| Net sales | 27,430 | 25,439 | 19,515 | 29,748 | 27,720 | 29,867 |
| Outsourcing | 12,837 | 10,876 | 8,025 | 9,609 | 8,741 | 8,414 |
| Solutions | 7,122 | 8,525 | 6,677 | 10,615 | 10,938 | 11,624 |
| Products | 1,427 | 2,229 | 1,865 | 2,868 | 3,613 | 3,693 |
| Other IT | 6,042 | 3,808 | 2,947 | 6,655 | 4,426 | 6,133 |
| Operating profit | 1,309 | 1,261 | 916 | 1,669 | 2,128 | 2,526 |
| Outsourcing | 734 | 708 | 360 | 629 | 606 | 574 |
| Solutions | 458 | 701 | 401 | 799 | 1,059 | 1,359 |
| Products | 46 | -261 | 98 | 153 | 323 | 412 |
| Other IT | 69 | 112 | 55 | 87 | 137 | 180 |

Note: Due to fiscal year change, there were nine months in FY12/18

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

Consolidated subsidiaries are The AREA Co., Ltd. and Ui2 Corporation for solutions business in Japan, 4U Applications, Inc. for products business in Japan, and the four overseas subsidiaries (Vinx China Co., Ltd., Vinx Malaysia Sdn. Bhd., VINX VIETNAM COMPANY LIMITED, and VINX SYSTEM SERVICE (Thailand) Co., Ltd.) in outsourcing.

2. Outsourcing business area

In the outsourcing business, the Company receives consignments for various services (including system operation and management service, software maintenance service, help desk service, and ASP (Application Service Provider) service) to realize the efficient and stable operation of information system infrastructure at customer companies in the distribution and service industries. This is a recurring business and a stable income source from continuous service provision.

3. Solutions business area

For the solutions business area, the Company plans and develops business systems that address the needs of customer companies in the distribution and services industries, including mission-critical system solutions for the distribution and services industries (sales management, product management, logistics management, and other core business systems), credit card system solutions (mission-critical systems for credit card systems), and internet business solutions (Web solutions mainly for building EC operations). Fundamentally, it receives direct orders for system development from customer companies in the distribution and services industries.

4. Products business area

For the products business area, the Company develops and sells a variety of packaged software products based on technologies and know-how related to systems in the distribution and services industries. It also customizes software to address the needs of customer companies. As sales routes, the Company sells through hardware manufacturers, system developers, and other partners and also conducts direct sales. The main packaged software products are described below.

(1) ANY-CUBE – Open POS software package

This is a POS software package that complies with OLE-POS specifications (standard specifications for POS software advocated and mainly formulated by Microsoft <MSFT> to achieve common POS technology) and operates on POS devices, tablets, and other hardware. The Company sells this software to drugstores, supermarkets, specialty stores, volume resellers, and other customers with a wide range of businesses and formats as a core product. One reason for support of this product is the ease with which customers can deploy it after an M&A deal without replacing hardware.

(2) Hybrid Satisfia – CRM software package for the distribution and services industries

This is a CRM software package with customer management, point management, customer analysis, and other functions for EC and real-world stores. The Company provides it in collaboration with the ANY-CUBE open POS software package and Web systems.

(3) MDware – MD mission-critical system for the distribution industry

This is an MD software package that seamlessly connects “stores, headquarters, and business partners” for retail chain stores. It realizes total business operations from product master management to order placement and inventory management. Demand has risen for an automated orders placement function recently, and a growing number of customers are implementing just this capability rather than the full mission-critical system.

(4) Hybrid series – Next-generation integrated operating solution

This is a next-generation integrated management product series with a track record of over 3,000 licenses in cumulative shipments domestically that supports Power Systems running IBMi.

(5) VI-SERIES – Next-generation operation product

The VI-SERIES consolidates detection and monitoring other than system operation monitoring using AI and IoT (Internet of Things), including body temperature detection, abnormal temperature detection in substances, crime prevention, and face authentication and achieves efficient management.

(6) Integrated Viewer for ZABBIX – Integrated operation and monitoring tool

This is a server operation monitoring tool for centralized monitoring of all environments, including Windows, Linux, UNIX, IBMi, virtual environments, cloud environments, and integrated servers.

(7) Contactless-type self-POS system

In November 2020, the Company developed a contactless-type self-POS system, which can be operated from the screen without actually touching the POS screen. It is a system (patent pending) that operates by utilizing an infrared sensor to detect movements of the hand close to the screen. As the contactless operating screen display is overlaid on top of the existing POS screen, it can be used with only minimal modifications to the existing POS application.

5. Other IT business areas

In this area, the Company conducts hardware sales as part of system building in solutions and products business areas. It also handles the installation of store system equipment at chain store outlets and education and other services.

Development capabilities, technology know-how, and service capabilities rooted in a thorough understanding of the distribution and retail industry are the main features and strengths

6. Characteristics and strengths

The Company was established as an information systems subsidiary of a major distribution and retail company, after which it further developed customers and broadened its scope as a specialist in the distribution and retail industry. Therefore, its characteristics and strengths are that it can respond to the needs of each customer based on its advanced development capabilities, technological know-how, and service capabilities that are founded on its expertise in distribution and retail. Utilizing this strength as a weapon, it is developing solutions that solve problems in the retail industry.

A feature of the Company's solutions is flexible systems that are not dependent on any specific hardware or business form. In the case of the POS system, if the software is to be replaced at the time of conducting an M&A or system integration, the existing hardware can continue to be used unchanged, which makes it possible to reduce costs relating to additional purchases of POS hardware and store-installation work. In the case of the MDware mission-critical system, it enables flexible responses even for a business reorganization or the management of multiple companies because it is a system that is in operation at major companies in a variety of business categories. Also, its other advantages include that it is easy to expand because it is built based on the cloud and that even if the type of cash register changes following the implementation of smart stores, the software can still be used unchanged.

In addition, the Company has DX solutions to respond to various tasks as the platform on which to progress DX for the distribution and retail industry, so it can respond flexibly to transformations of store business type and group consolidations. Also, utilizing AI to improve the accuracy of demand forecasts, can contribute to improving the efficiency of store operations, preventing product shortages, reducing waste loss, etc.

Business overview

Moreover, as its main customers are major distribution and retail groups that are some of Japan's leading companies, a feature of the Company is that it conducts continuous transactions in the solutions and outsourcing areas and has built excellent relations with these companies. It provides integrated, one-stop solutions services that are needed in the distribution and retail industry, including store systems, mission-critical systems, customer management, and EC. Another strength is that in addition to within Japan, it is also able to respond to its customers' overseas business development. For customer acquisition, the strategy it is progressing is to first acquire new customers mainly in the products area, and after that, to connect them to the solutions and outsourcing areas to expand transactions and turn them into stable customers.

A favorable business environment through accelerated DX investments by distribution and retail companies

7. Risks/income characteristics and measures

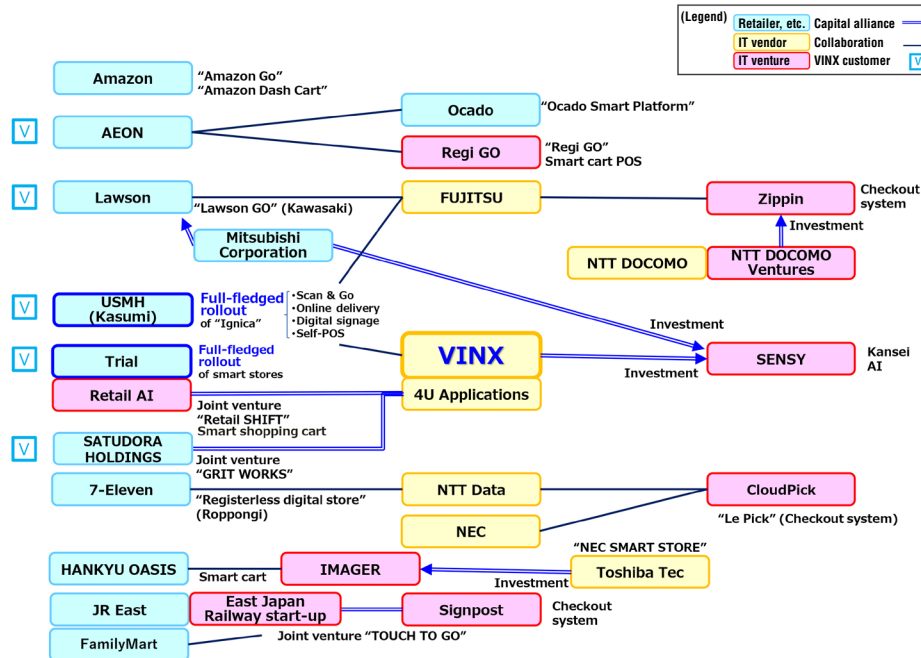
General risks that affect income in the information-related services industry are corporate curtailment of IT investments due to economic slowdown, weakening of orders terms because of tougher competition, unprofitable individual projects, delayed responses to technology innovation, information security management and system disruptions, human resource acquisition and training, an upswing in outsourcing costs, and legal regulations.

Investments should remain at a high level amid the DX trend. Distribution and retail chains, the Company's main targets, have arrived at the most significant innovation period since POS inroads in the 1980s, including format changes through the integration of the internet and the real world, and conversion to smart stores. Companies are accelerating DX investments in POS systems, CRM, MD, and other areas to realize store operations that utilize new retail technologies. Therefore, it can be said that the business environment is favorable.

In terms of competition, there are only a few companies that are experts in the distribution and retail areas and that can therefore handle aspects such as system development and equipment procurement, and the Company's neutrality toward manufacturers gives it the advantage of being able to select and propose equipment from manufacturers around the world. For quality also, it has a reputation of being highly reliable thanks to its track record of projects in the past.

Business overview

Initiatives aimed at technology verification in Japan



Note: Source documents include press releases and company web pages (unofficial names in some cases)
Source: From materials provided by the Company

Results trends

In FY12/21, sales increased and profits rose significantly and were higher than forecast

1. Overview of FY12/21 consolidated results

In the FY12/21 consolidated results, net sales increased 7.7% YoY to ¥29,867mn, operating profit rose 18.7% to ¥2,526mn, ordinary profit grew 21.1% to ¥2,537mn, and profit attributable to owners of the parent increased 32.2% to ¥1,616mn. So, sales increased and profits rose significantly and were higher than forecast (upwardly revised forecasts of net sales of ¥29,000mn, operating profit of ¥2,340mn, ordinary profit of ¥2,305mn, and profit attributable to owners of the parent of ¥1,345mn were announced on November 10, 2021).

Results trends

Overview of FY12/21 consolidated results

(¥mn)

| | FY12/20 Result | FY12/21 | | | |
|---|-------------------|----------|--------|-------|--------------|
| | | Forecast | Result | YoY | Vs. forecast |
| Net sales | 27,720 | 29,000 | 29,867 | 7.7% | 3.0% |
| Gross profit | 6,775 | - | 6,898 | 1.8% | - |
| SG&A expenses | 4,647 | - | 4,372 | -5.9% | - |
| Operating profit | 2,128 | 2,340 | 2,526 | 18.7% | 8.0% |
| Ordinary profit | 2,095 | 2,305 | 2,537 | 21.1% | 10.1% |
| Profit attributable to owners of the parent | 1,222 | 1,345 | 1,616 | 32.2% | 20.2% |

Note: Forecasts are the upwardly revised forecasts announced on November 10, 2021

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

Overseas sales declined due to the impact of COVID-19, but needs for DX in Japan's retail industry are rising, so demand trended at a high level. Also, the Company succeeded with its efforts to further deepen transactions with existing customers, increase large-scale projects, and continuously improve productivity and quality, while other factors, including the utilization of offshore development and the reduction in costs due to the COVID-19 pandemic, also contributed. Gross profit increased 1.8% YoY and the gross margin fell 1.3 percentage points (pp) to 23.1%. SG&A expenses decreased 5.9% and the SG&A expenses ratio fell 2.2pp to 14.6%. As a result, the operating profit margin rose 0.8pp to 8.5% and is trending upward. There were no particularly noticeable items for non-operating income/expenditure or extraordinary income/loss.

The solutions and products areas grew

2. Trends by business area

In outsourcing, net sales decreased 3.7% YoY to ¥8,414mn and operating profit declined 5.3% to ¥574mn. Overseas sales declined due to the impact of COVID-19, so overall both sales and operating profit decreased. However, results in Japan were strong, with sales increasing 2.0% and operating profit rising 40.6%. Overall, the operating profit margin was maintained at a high level of 6.8% (6.9% in FY12/20).

In solutions, net sales increased 6.3% YoY to ¥11,624mn and operating profit grew 28.3% to ¥1,359mn, while in products, net sales increased 2.2% to ¥3,693mn and operating profit rose 27.4% to ¥412mn. Against the backdrop of the rising need for DX in the retail industry, sales trended strongly for products including ANY-CUBE, which is a POS system that does not rely on hardware, MDware, an MD mission-critical system, and the automated ordering system. In solutions, improved productivity alongside the growth of sales also contributed. In products, the sales increase was small, but this is only temporary with the operating period of a large-scale project and there has been no change to the growth trajectory from FY12/22 onwards.

In other IT, net sales increased 38.6% YoY to ¥6,133mn and operating profit rose 30.6% to ¥180mn. Hardware sales were strong, including next-generation self-POS.

Results trends

Net sales and operating profit by business area in FY12/21

| | (¥mn) | | |
|------------------|---------|---------|-------|
| | FY12/20 | FY12/21 | YoY |
| Net sales | 27,720 | 29,867 | 7.7% |
| Outsourcing | 8,741 | 8,414 | -3.7% |
| Solutions | 10,938 | 11,624 | 6.3% |
| Products | 3,613 | 3,693 | 2.2% |
| Other IT | 4,426 | 6,133 | 38.6% |
| Operating profit | 2,128 | 2,526 | 18.7% |
| Outsourcing | 606 | 574 | -5.3% |
| Solutions | 1,059 | 1,359 | 28.3% |
| Products | 323 | 412 | 27.4% |
| Other IT | 137 | 180 | 30.6% |

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

Orders for FY12/22 are also strong

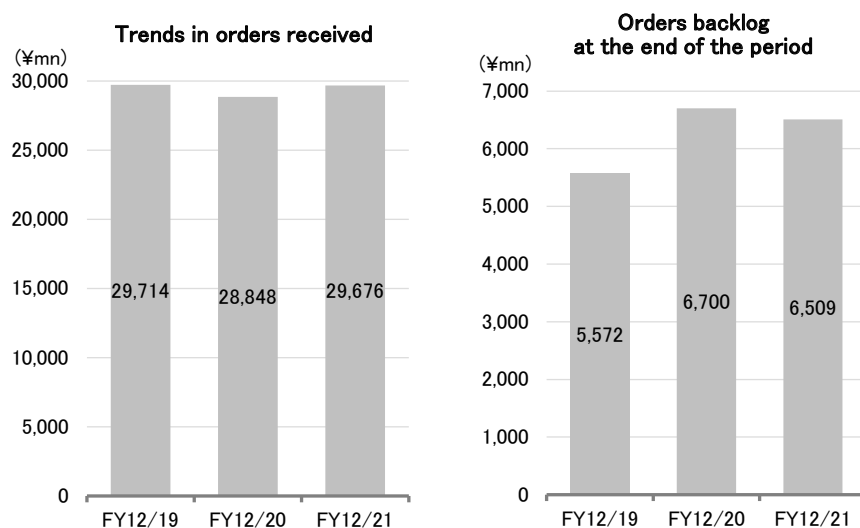
3. Trend in orders

In FY12/21, orders received increased 2.9% YoY to ¥29,676mn, and at the end of the period, the order backlog had decreased 2.9% from the end of the previous fiscal period to ¥6,509mn (the outsourcing area is excluded because it does not have an order and production-type business form).

The main projects ordered include an EC back office system construction project using Salesforce Cloud for a major cosmetics company, a facility-related mission-critical system replacement project for a major comprehensive retail company, a project to install a mission-critical system for a supermarket company operating in the Kanto and Hokuriku regions, a project to install a mission-critical system for a drug store company operating mainly in Kansai, a point system integration project for a fashion company operating in Japan and China, a next-generation cashless and self-POS system project for a major supermarket company operating mainly in Kanto, a next-stage POS system project for a supermarket and DIY store company operating mainly in Hokuriku and West Japan, and a next-stage POS system project for a major dispensing pharmacy and drug store chain operating nationwide. In RPA (Robotic Process Automation), there were orders for installation projects from nine companies in total, including supermarket, apparel, and drugstore companies. In overseas-related matters, there was an order for a project in Asia for a major drugstore company that operates nationwide.

In addition to the above-described orders, there were also other orders, including a POS system development project for a major food manufacturer operating mainly in the Kanto region, an MD mission-critical system development project for a major Kansai distribution and retail group, and an automated ordering system development project for a major DIY store company from northern Kanto operating nationwide.

Results trends



Note: The outsourcing area is excluded from the orders backlog at the end of the period because it does not have orders and production-type business form

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

Is highly financially sound

4. Financial status

Looking at the Company's financial status, at the end of FY12/21, total assets had increased from ¥1,736mn at the end of the previous period to ¥20,505mn. Cash and deposits increased ¥764mn and notes and accounts receivable rose ¥1,532mn, mainly due to the expansion of business scope. Total liabilities increased ¥24mn to ¥9,366mn, as accounts payable rose ¥1,064mn, but short-term borrowings and long-term borrowings decreased ¥486mn and ¥549mn, respectively. Total net assets increased from ¥1,711mn to ¥11,138mn, which was mainly due to a rise of ¥1,372mn in retained earnings. As a result, the equity ratio increased by 3.7pp at the end of the previous period to 50.1%, and the Company can be said to be highly financially sound.

VINX CORP.
3784 Tokyo Stock Exchange Standard Market

16-May-2022
<https://www.vinx.co.jp/english/>

Results trends

Financial statements

| | FY3/18 | FY12/18 | FY12/19 | FY12/20 | FY12/21 |
|---|------------|------------|------------|------------|------------|
| (¥mn) | | | | | |
| Net sales | 25,439 | 19,515 | 29,748 | 27,720 | 29,867 |
| Gross profit | 5,271 | 4,009 | 6,491 | 6,775 | 6,898 |
| Gross margin (%) | 20.7% | 20.5% | 21.8% | 24.4% | 23.1% |
| SG&A expenses | 4,010 | 3,092 | 4,821 | 4,647 | 4,372 |
| SG&A expenses ratio (%) | 15.8% | 15.8% | 16.2% | 16.8% | 14.6% |
| Operating profit | 1,261 | 916 | 1,669 | 2,128 | 2,526 |
| Operating profit margin (%) | 5.0% | 4.7% | 5.6% | 7.7% | 8.5% |
| Non-operating income | 82 | 39 | 70 | 78 | 73 |
| Non-operating expenses | 78 | 62 | 87 | 111 | 62 |
| Ordinary profit | 1,266 | 893 | 1,652 | 2,095 | 2,537 |
| Ordinary profit margin (%) | 5.0% | 4.6% | 5.6% | 7.6% | 8.5% |
| Extraordinary income | - | - | 146 | - | 11 |
| Extraordinary losses | 35 | 164 | 131 | 12 | 37 |
| Profit before income taxes | 1,230 | 729 | 1,666 | 2,082 | 2,510 |
| Total income taxes | 398 | 221 | 529 | 817 | 850 |
| Profit attributable to owners of the parent | 753 | 464 | 1,099 | 1,222 | 1,616 |
| Net profit margin (%) | 3.0% | 2.4% | 3.7% | 4.4% | 5.4% |
| Comprehensive income | 849 | 440 | 1,129 | 1,284 | 1,864 |
| Total assets | 17,409 | 16,108 | 16,913 | 18,768 | 20,505 |
| (Current assets) | 11,596 | 10,487 | 10,832 | 13,437 | 15,976 |
| (Non-current assets) | 5,812 | 5,621 | 6,081 | 5,331 | 4,528 |
| Total liabilities | 8,894 | 7,810 | 8,799 | 9,341 | 9,366 |
| (Current liabilities) | 6,244 | 5,465 | 5,960 | 6,330 | 6,972 |
| (Non-current liabilities) | 2,650 | 2,344 | 2,838 | 3,011 | 2,394 |
| Total net assets | 8,514 | 8,298 | 8,114 | 9,426 | 11,138 |
| (Shareholders' equity) | 7,868 | 8,013 | 7,717 | 8,695 | 10,068 |
| (Share capital) | 596 | 596 | 596 | 596 | 596 |
| Total number of outstanding shares at period-end excluding treasury shares (shares) | 17,717,514 | 17,717,466 | 16,817,428 | 16,817,428 | 16,817,428 |
| Net profit per share (¥) | 42.55 | 26.23 | 63.92 | 72.69 | 96.12 |
| Net asset value per share (¥) | 448.26 | 452.78 | 458.92 | 518.24 | 611.39 |
| Dividend per share (¥) | 10.00 | 7.50 | 13.00 | 14.00 | 20.00 |
| Equity ratio (%) | 45.6% | 49.8% | 45.6% | 46.4% | 50.1% |
| Return on equity (net profit) (%) | 9.9% | 5.8% | 14.0% | 14.9% | 17.0% |
| Net cash provided by operating activities | 808 | 914 | 3,096 | 2,491 | 2,322 |
| Net cash provided by investing activities | -2,101 | -957 | -1,459 | -736 | -499 |
| Net cash provided by financing activities | 238 | -898 | -1,456 | 731 | -1,393 |
| Cash and cash equivalents at beginning of period | 4,992 | 4,081 | 4,246 | 6,730 | 7,324 |

Note 1: Due to fiscal year change, there were nine months in FY12/18

Note 2: After conversion for the 1-to-2 stock split implemented on March 1, 2018

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

■ Outlook

Room for upside in FY12/22 results despite an outlook for modest sales and profit increases

1. Overview of FY12/22 consolidated results forecasts

The FY12/22 consolidated results forecasts are for net sales to increase 3.8% YoY to ¥31,000mn, operating profit to rise 3.7% to ¥2,620mn, ordinary profit to grow 3.7% to ¥2,630mn, and profit attributable to owners of the parent to increase 3.3% to ¥1,670mn. Against the backdrop of the rising need for DX in the retail industry, the Company is aiming to achieve sustainable business growth by progressing its priority strategy in the medium-term management plan, which is to “increase the sophistication of existing businesses and realize a new retail business.”

Overview of FY12/22 consolidated results forecast

(¥mn)

| | FY12/21 | | | FY12/22 (E) | | | | | |
|---|---------|--------|------------------|-------------|---------------|--------|---------------|------------------|------|
| | 1H | 2H | Full fiscal year | 1H | Changes (YoY) | 2H | Changes (YoY) | Full fiscal year | YoY |
| Net sales | 14,549 | 15,317 | 29,867 | 15,100 | 3.8% | 15,900 | 3.8% | 31,000 | 3.8% |
| Gross profit | 3,473 | 3,425 | 6,898 | 3,740 | 7.7% | 3,618 | 5.6% | 7,358 | 6.7% |
| SG&A expenses | 2,205 | 2,166 | 4,372 | 2,425 | 9.9% | 2,313 | 6.7% | 4,738 | 8.4% |
| Operating profit | 1,268 | 1,258 | 2,526 | 1,315 | 3.7% | 1,305 | 3.7% | 2,620 | 3.7% |
| Ordinary profit | 1,273 | 1,263 | 2,537 | 1,320 | 3.6% | 1,310 | 3.7% | 2,630 | 3.7% |
| Profit attributable to owners of the parent | 804 | 811 | 1,616 | 830 | 3.2% | 840 | 0.2% | 1,670 | 3.3% |
| Profit attributable per share (¥) | 47.84 | 48.28 | 96.12 | 49.35 | - | 49.95 | - | 99.30 | - |

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

Looking at the fiscal halfyear, in 1H, the forecasts are for net sales to increase 3.8% compared to the same period in the previous fiscal year to ¥15,100mn, operating profit to rise 3.7% to ¥1,315mn, ordinary profit to grow 3.6% to ¥1,320mn, and profit attributable to owners of the parent to increase 3.2% to ¥830mn. In 2H, the forecasts are for net sales to increase 3.8% to ¥15,900mn, operating profit to climb 3.7% to ¥1,305mn, ordinary profit to grow 3.7% to ¥1,310mn, and profit attributable to owners of the parent to increase 0.2% to ¥840mn.

Mainly due to the impact of COVID-19, there is a strong sense of uncertainty about the future and the forecasts are for sales and profits to increase by only small amounts in consideration of cost increases, including personnel, R&D, and operating costs. However, the strong impression is that the forecasts are conservative as DX needs are at a high level and orders for large-scale projects are also trending strongly. So, at FISCO, we think there is plenty of room for results to exceed the Company's forecasts.

The solutions area is steadily growing while the products area has also returned to a high growth trajectory

2. Trends by business area and priority measures

The net sales forecasts by business area are for sales to increase 2.2% YoY to ¥8,602mn in outsourcing, rise 9.3% to ¥12,709mn in solutions, grow 26.5% to ¥4,672mn in products and decrease 18.2% to ¥5,017mn in other IT. In outsourcing, the outlook is for sales to trend strongly in Japan and also for overseas sales to recover from the impact of COVID-19. Sales in both the solutions and products areas are expected to continue to steadily increase. In particular, although sales increased by only a small amount in the products area in FY12/21, this was only temporary with the operating period of a large project and it is expected to return to a high growth trajectory in FY12/22. Sales in the other IT area are forecast to decline as a rebound to the significant growth in hardware sales in FY12/21.

Forecasts of net sales by business area in FY12/22

| | FY12/21 | | | FY12/22 (E) | | | | | |
|-------------|---------|-------|------------------|-------------|---------------|--------|---------------|------------------|--------|
| | 1H | 2H | Full fiscal year | 1H | Changes (YoY) | 2H | Changes (YoY) | Full fiscal year | YoY |
| Net sales | 14,549 | 1,257 | 29,867 | 15,100 | 3.8% | 15,900 | 3.8% | 31,000 | 3.8% |
| Outsourcing | 4,204 | 4,210 | 8,414 | 4,267 | 1.5% | 4,335 | 3.0% | 8,602 | 2.2% |
| Solutions | 5,949 | 5,675 | 11,624 | 6,179 | 3.9% | 6,530 | 15.1% | 12,709 | 9.3% |
| Products | 1,743 | 1,950 | 3,693 | 1,978 | 13.5% | 2,694 | 38.1% | 4,672 | 26.5% |
| Other IT | 2,651 | 3,481 | 6,133 | 2,676 | 0.9% | 2,341 | -32.8% | 5,017 | -18.2% |

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

As priority measures, the Company intends to promote higher sales of POS and MD systems and other existing core products, expansion of maintenance services and other recurring business, closer relationships with existing designated customers, and reinforcement of sales and development operations to convert new customers into designated customers, expansion of EC and specialty store business, strengthening operations for existing designated customers in the ASEAN region, increased efficiency in outsourcing services, reinforced product lineup, and higher sales of next-generation solutions such as cart-type POS, unmanned stores, and cashless POS service.

Growth strategy

Management vision – Become a leading retail IT company in Asia

1. Medium-term management plan

In the medium-term management plan, the Company sets out its management vision to “become a leading retail IT company in Asia,” with numerical management targets for FY12/24, the plan's final fiscal year, of net sales of ¥33,530mn, operating profit of ¥2,840mn, ordinary profit of ¥2,850mn, and profit attributable to owners of the parent of ¥1,810mn.

VINX CORP. | 16-May-2022

3784 Tokyo Stock Exchange Standard Market

<https://www.vinx.co.jp/english/>

Growth strategy

Numerical targets in the medium-term management plan

| | FY12/21 Result | FY12/22 Plan | FY12/23 Plan | FY12/24 Plan |
|---|-------------------|-----------------|-----------------|-----------------|
| Net sales | 29,867 | 31,000 | 32,240 | 33,530 |
| Operating profit | 2,526 | 2,620 | 2,730 | 2,840 |
| Ordinary profit | 2,537 | 2,630 | 2,740 | 2,850 |
| Profit attributable to owners of the parent | 1,616 | 1,670 | 1,740 | 1,810 |

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

Promoting new retail strategy, etc.

2. Priority strategies

In recent years, so-called “new retail” that utilizes the latest technologies has appeared, including “smart stores” that integrate distribution by connecting real stores and EC to provide a new customer experience, unmanned stores that do not require conventional POS terminals, and cart-type stores. Within Japan as well, investment in DX is accelerating toward realizing “new retail” as an initiative to address the labor shortage and improve productivity. Against the backdrop of this business environment, the initiatives the Company is progressing as part of its priority strategy, which is to increase the sophistication of existing businesses and realize a new retail business, including implementing a new retail strategy, deepening business with specific customers, strengthening the products area, expanding the retail solutions business, and growing the global business.

New retail strategy

Smart store initiative

Toward realizing stores in which IoT and AI are utilized for shopping that is convenient for customers and store management that is simple for employees



Appearance and diversification of payment methods that are different from conventional POS, and acceleration of the shift to registerless and cashless



Integration of net and real

Toward an integration that combines the best points of online and real stores and goes beyond boundaries for the emergence of new business forms



Stores prioritizing the customer experience in which purchases are via the internet and not at the store itself


Source: b8ta homepage (<https://b8ta.jp/>)

Media conversion of stores

Utilizing stores as an advertising media, and promoting in-store sales and generating income from advertising through collaborations with manufacturers



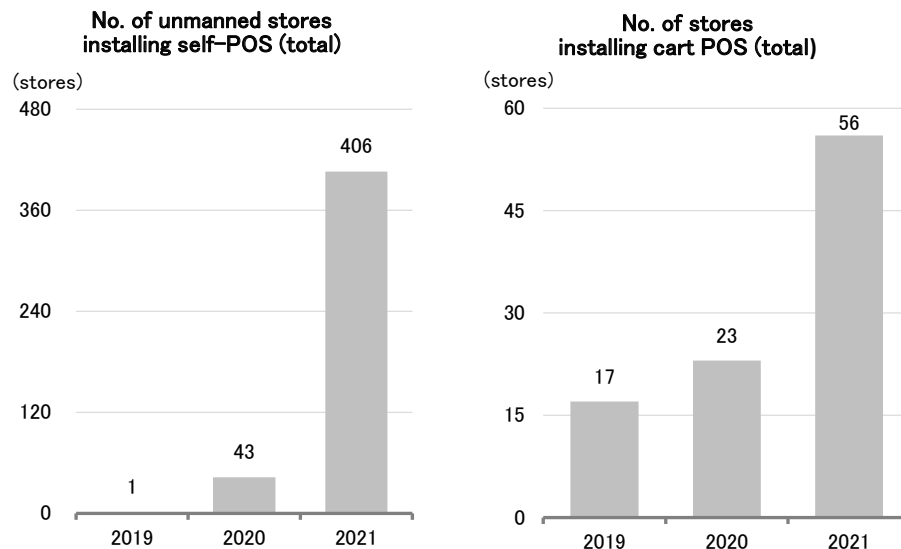
Source: The Company's business strategy briefing materials

Growth strategy

(1) New retail strategy

As its new retail strategy, the Company is progressing initiatives to respond to the shift to smart stores in the retail industry, including strengthening planning and development in the new retail area and increasing sales of next-generation solutions, such as cart-type POS, unmanned stores, and cashless POS. In FY12/21, it received orders including a next-generation cashless and self-POS project for a major supermarket company operating in the Kanto region, an EC back-office system construction project using Salesforce Cloud for a major cosmetics company, and a point coordination system construction project for a major drugstore company operating mainly in Kanto.

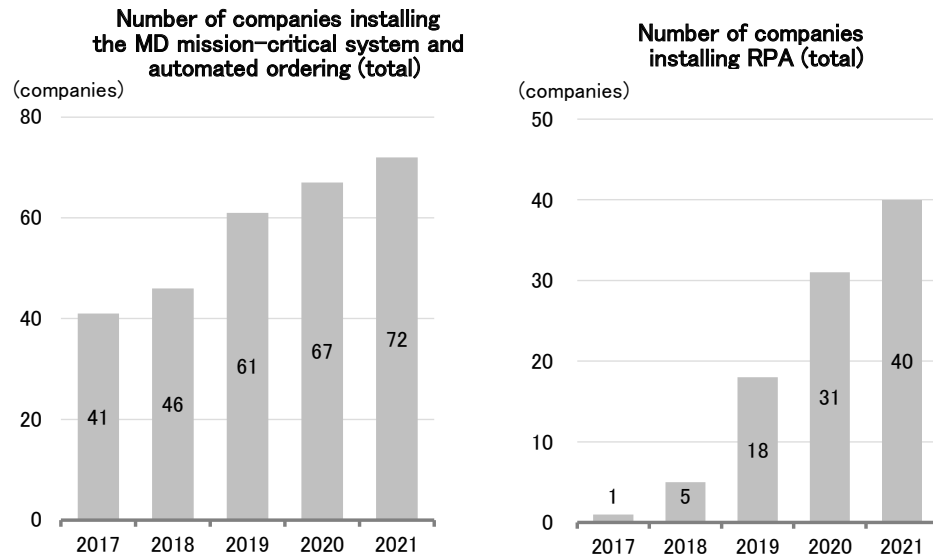
At the end of FY12/21, the total number of stores that had installed the ANY-CUBE series, a next-generation unmanned POS, had increased to 406 stores (43 stores at the end of the previous period). Also, the total number of stores that had installed the next-generation cart POS compatible with smart stores had grown to 56 stores (23 stores).



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

The total number of companies that have installed MDware, an MD mission-critical system that serves as a DX platform for the retail industry, was a total of 72 companies at the end of FY12/21 (67 companies at the end of the previous period). The total number of companies that had installed BizRobo, which is an RPA that realizes work improvements through automation, was a total of 40 companies (31 companies at the end of the previous period). The Company won an award as a sales agency in the BizRobo! Family Awards held by RPA Technologies Inc. (a subsidiary of RPA Holdings <6572>) for the third consecutive year.

Growth strategy



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

(2) Specific customer business development strategy

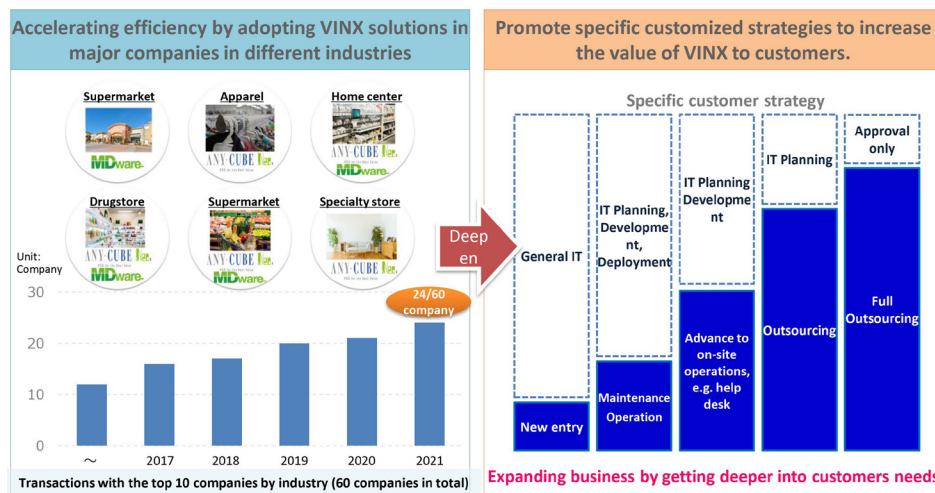
To expand business scale by harnessing the wave of business innovation in the distribution and retail industry, the Company is strengthening relationships with existing designated customers, reinforcing sales and development operations to convert new customers into designated customers, and improving the efficiency of IT full outsourcing service business that includes maintenance and operation for designated customers, and building a common foundation for the expansion of integrated help desk service and other recurring business.

In FY12/21, the Company received orders including for a mission-critical system replacement project for store-related work for a major comprehensive retail group, a mission-critical system construction support project for a major supermarket group operating mainly in Kanto, a distribution center integration project for a major discount store company operating mainly in Kanto, a mission-critical system replacement project for a major supermarket company operating mainly in Kanto, a facility-related mission-critical system replacement project for a major comprehensive retail group, and an IT infrastructure operations support project for the company of a major wholesale group.

VINX CORP. | 16-May-2022
3784 Tokyo Stock Exchange Standard Market | <https://www.vinx.co.jp/english/>

Growth strategy

The strategy of specifying customers



Source: The Company's business strategy briefing materials

(3) Products business reinforcement strategy

The Company is expanding its lineup of products; bolstering the competitiveness of existing core products such as the ANY-CUBE series of next-generation unmanned POS software packages and MDware, an MD mission-critical system for the retail industry; improving existing products through the utilization of new retail technologies such as AI, robotics, smart stores, and cashless service; developing new products; and actively using AI, automated recognition technology, and other excellent core technologies.

In FY12/21, the Company received orders including for a project to install the MDware automated ordering system for a co-op group in the Kinki region, a project to install the AP-Vision mission-critical system for a railway company group operating mainly in Kansai, a project to install MDware for a supermarket company operating mainly in Kanto and Hokuriku, a project to install MDware for a drugstore company operating mainly in Kansai, and a project to install MDware for a supermarket company operating mainly in Hokuriku.

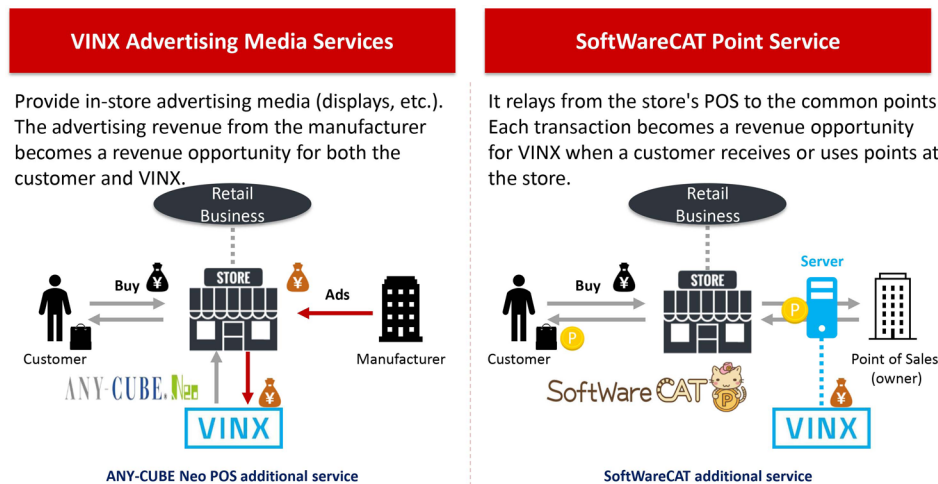
(4) Retail solution expansion strategy

The Company is bolstering its proposal capabilities that leverage its strength of neutrality toward manufacturers, at the same time as building a system able to realize dramatic business expansion, and it is increasing sales of existing core products such as POS and MD systems, expanding the maintenance services business and other recurring-income businesses, and growing the EC and specialty store business. Also, as new businesses that utilize existing solutions, its policies include developing services that provide advertisements, such as in-store displays, that are based on the ANY-CUBE next-generation unmanned POS, and point services based on the SoftWare CAT multi-payment platform.

In FY12/21, the Company received orders including for a cashless-compatible project for a major fast-food store chain operating nationwide, an accounting system and point system project for a major apparel company, a mission-critical system infrastructure project, and a smartphone app introduction project for a drug store company operating mainly in Chugoku and Shikoku, a next-stage POS system project for a major dispensing pharmacy and drugstore company operating nationwide, a next-stage POS system project for two major supermarket companies operating mainly in Kanto, a point system integration project for a fashion company operating in Japan and China, and a next-stage POS system project for a supermarket and DIY store company operating mainly in Hokuriku and western Japan.

Growth strategy

The new business model



Source: The Company's business strategy briefing materials

(5) Global market expansion strategy

Aiming to be a leading retail IT company in Asia, the Company is progressing initiatives including bolstering the system for specific existing customers in the ASEAN region, strengthening alliances with overseas partners and enhancing the sales, development, and services systems toward increasing sales of global products. In FY12/21, the Company received orders including for a project to install and deploy a check-in system for a major Malaysian financial conglomerate group, a POS system installation support project for a major culture store that is entering the ASEAN region, and an Asia business development project for a major drug store company operating nationwide.

Is leading DX in the distribution and retail industry and has significant potential for growth in the medium to long term

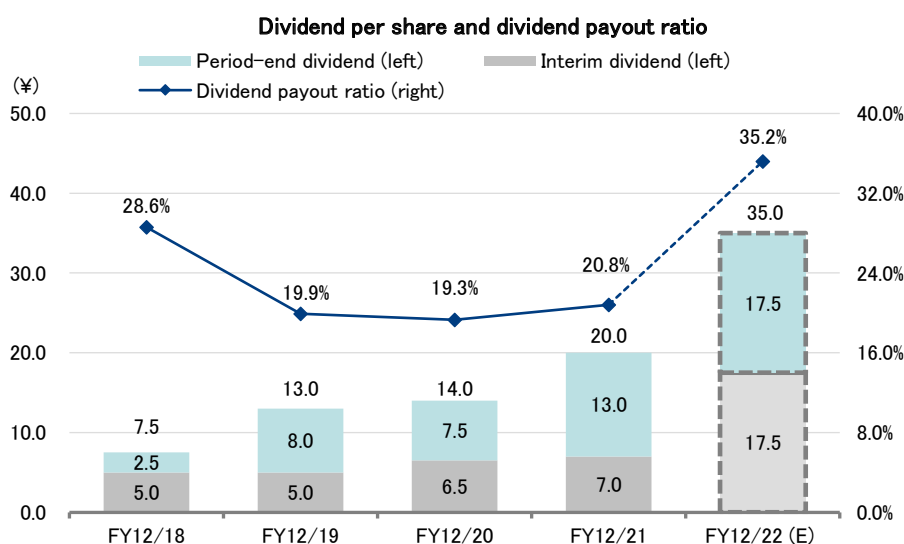
3. Summary of medium- to long-term prospects

In the distribution and retail industry, investment in DX is expected to accelerate to realize so-called “new retail,” which is store management that utilizes the latest technologies to respond to issues such as changes in individual consumption and purchasing behaviors and the labor shortage. One of the Company's strengths is its expertise in distribution and retail, and as an IT services company that is leading DX in the distribution and retail industry, there is still plenty of room to increase its market share even further. So, at FISCO, we evaluate that the Company has significant potential for growth in the medium to long term.

Shareholder return policy

For returns to shareholders, the Company's basic policy is to stably pay dividends after considering strengthening its financial structure and proactive development of its businesses. It has reviewed its dividend policy to steadily improve its profit structure.

Based on this dividend-policy review, in FY12/21 the Company increased the dividend by ¥6 to ¥20 (¥7 at end of 2Q, ¥13 at period-end) for a dividend payout ratio of 20.8%. Moreover, the FY12/22 dividend forecast is for a ¥15 increase YoY to ¥35 (¥17.5 at end of 2Q, ¥17.5 at period-end), so the forecast is for the dividend to once again increase significantly for a forecast dividend payout ratio of 35.2%. We can expect the Company to further enhance its returns to shareholders alongside its profit growth in the medium to long term.



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

VINX CORP.

16-May-2022

3784 Tokyo Stock Exchange Standard Market

<https://www.vinx.co.jp/english/>

ESG and ESG management initiatives

As an SDGs and ESG (environmental, society, governance) management initiative, the Company adheres to its management philosophy of “contributing to the realization of a prosperous society by connecting people’s lives and business activities of distribution companies with information system technology.” It promotes ESG management with emphasis on SDGs from the standpoint of making consumers more prosperous by contributing to innovations and advancements in the distribution and retail industry in Japan and abroad.

SDGs management initiatives

| | SDGs items | Major initiatives |
|--|--|---|
| Environmental Toward realizing a carbon-neutral society by 2050, create new environmental value, including by building next-generation stores in the retail industry | 7. Affordable and clean energy 8. Decent work and economic growth 9. Industry, innovation, and infrastructure 12. Responsible consumption and production 13. Climate action | (1) Energy-saving at offices (2) Using recycled products and reducing the waste generated by business activities |
| Society Contributing to resolving human rights, labor, and social issues, also establishing environments in which employees can demonstrate their abilities doing worthwhile work, and progressing diversity so that a wide range of human resources can be active | 3. Good health and well-being for all 4. Quality education for all 5. Gender equality 8. Decent work and economic growth 10. Reduced inequalities between people and countries | (1) Human rights and labor · Respect for basic human rights and prevention of harassment · Management of appropriate working hours · Maintenance and improvement of physical and mental health · Improvements to employee skills and provision of career development support · Support for child care and nursing (2) Social contribution · Support for culture and sports · Support for victims of disasters, etc. |
| Governance Ensure the soundness and transparency of management, enhance information disclosure, and strengthen risk management while expanding businesses | 16. Peace, justice, and strong institutions for all | (1) Legal compliance (2) Risk management (3) Corporate governance (4) Dialogues with stakeholders |

Source: Prepared by FISCO from the Company’s results briefing materials

Disclaimer

FISCO Ltd. ("FISCO") offer stock price and index information for use under the approval of the Tokyo Stock Exchange, the Osaka Stock Exchange and Nikkei Inc.

This report is provided solely for the purpose of offering information, and is not a solicitation of investment nor any other act or action.

FISCO prepared and published this report based on information which it considered reliable; however, FISCO does not warrant the accuracy, completeness, fitness nor reliability of the contents of this report or the said information.

The issuers' securities, currencies, commodities, securities and other financial instruments mentioned in this report may increase or decrease in value or lose their value due to influence from corporate activities, economic policies, world affairs and other factors. This report does not make any promises regarding any future outcomes. If you use this report or any information mentioned herein, regardless of the purpose therefor, such use shall be made based on your judgment and responsibility, and FISCO shall not be liable for any damage incurred by you as a result of such use, irrespective of the reason.

This report has been prepared at the request of the company subject hereto based on the provision of information by such company through telephone interviews and the like. However, the hypotheses, conclusions and all other contents contained herein are based on analysis by FISCO. The contents of this report are as of the time of the preparation hereof, and are subject to change without notice. FISCO is not obligated to update this report.

The intellectual property rights, including the copyrights to the main text hereof, the data and the like, belong to FISCO, and any revision, reprocessing, reproduction, transmission, distribution or the like of this report and any duplicate hereof without the permission of FISCO is strictly prohibited.

FISCO and its affiliated companies, as well as the directors, officers and employees thereof, may currently or in the future trade or hold the financial instruments or the securities of issuers that are mentioned in this report.

Please use the information in this report upon accepting the above points.

■ For inquiry, please contact: ■

FISCO Ltd.

5-13-3 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062

Phone: 03-5774-2443 (IR Consulting Business Division)

Email: support@fisco.co.jp