

Tsuruha Holdings Inc. announced earnings results for Q1 FY05/22; see the results section for details.

Cumulative (JPYmn)	FY05/20				FY05/21				FY05/22				FY05/22	
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	% of 1H	FY Es t.
Sales	208,805	416,466	625,608	841,036	224,623	453,492	683,914	919,303	235,684				24.7%	956,000
YoY	9.3%	8.8%	6.7%	7.5%	7.6%	8.9%	9.3%	9.3%	4.9%				-	4.0%
Gross profit	59,820	119,614	180,713	244,262	65,076	131,633	198,032	266,721	69,126				24.1%	286,500
YoY	11.1%	10.4%	8.6%	9.2%	8.8%	10.0%	9.6%	9.2%	6.2%				-	7.4%
Gross profit margin	28.6%	28.7%	28.9%	29.0%	29.0%	29.0%	29.0%	29.0%	29.3%				-	30.0%
SG&A expense s	47,197	95,850	144,185	199,249	49,914	103,635	158,322	218,344	56,237				23.9%	235,300
YoY	10.9%	9.3%	7.0%	9.5%	5.8%	8.1%	9.8%	9.6%	12.7%				-	7.8%
SG&A ratio	22.6%	23.0%	23.0%	23.7%	22.2%	22.9%	23.1%	23.8%	23.9%				-	24.6%
Operating profit	12,623	23,764	36,528	45,013	15,162	27,998	39,710	48,377	12,889				25.2%	51,200
YoY	11.8%	15.5%	15.7%	7.6%	20.1%	17.8%	8.7%	7.5%	-15.0%				-	5.8%
Operating profit margin	6.0%	5.7%	5.8%	5.4%	6.7%	6.2%	5.8%	5.3%	5.5%				-	5.4%
Recurring profit	12,868	24,440	37,405	46,298	15,328	28,330	39,337	47,688	12,944				25.2%	51,367
YoY	10.5%	14.2%	14.5%	6.9%	19.1%	15.9%	5.2%	3.0%	-15.6%				-	7.7%
Recurring profit margin	6.2%	5.9%	6.0%	5.5%	6.8%	6.2%	5.8%	5.2%	5.5%				-	5.4%
Net income	8,727	15,554	23,303	27,899	9,137	16,587	22,556	26,283	7,536				26.6%	28,280
YoY	20.8%	20.2%	19.8%	12.4%	4.7%	6.6%	-3.2%	-5.8%	-17.5%				-	7.6%
Net margin	4.2%	3.7%	3.7%	3.3%	4.1%	3.7%	3.3%	2.9%	3.2%				-	3.0%
Quarterly (JPYmn)	FY05/20				FY05/21				FY05/22				FY05/22	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H	FY Es t.
Sales	208,805	207,661	209,142	215,428	224,623	228,869	230,422	235,389	235,684					
YoY	9.3%	8.2%	2.7%	10.0%	7.6%	10.2%	10.2%	9.3%	4.9%					
Gross profit	59,820	59,794	61,099	63,549	65,076	66,557	66,399	68,689	69,126					
YoY	11.1%	9.8%	5.3%	10.6%	8.8%	11.3%	8.7%	8.1%	6.2%					
Gross profit margin	28.6%	28.8%	29.2%	29.5%	29.0%	29.1%	28.8%	29.2%	29.3%					
SG&A expense s	47,197	48,653	48,335	55,064	49,914	53,721	54,687	60,022	56,237					
YoY	10.9%	7.7%	2.8%	16.6%	5.8%	10.4%	13.1%	9.0%	12.7%					
SG&A ratio	22.6%	23.4%	23.1%	25.6%	22.2%	23.5%	23.7%	25.5%	23.9%					
Operating profit	12,623	11,141	12,764	8,485	15,162	12,836	11,712	8,667	12,889					
YoY	11.8%	20.0%	16.0%	-17.2%	20.1%	15.2%	-8.2%	2.1%	-15.0%					
Operating profit margin	6.0%	5.4%	6.1%	3.9%	6.7%	5.6%	5.1%	3.7%	5.5%					
Recurring profit	12,868	11,572	12,965	8,893	15,328	13,002	11,007	8,351	12,944					
YoY	10.5%	18.6%	15.2%	-16.5%	19.1%	12.4%	-15.1%	-6.1%	-15.6%					
Recurring profit margin	6.2%	5.6%	6.2%	4.1%	6.8%	5.7%	4.8%	3.5%	5.5%					
Net income	8,727	6,827	7,749	4,596	9,137	7,450	5,969	3,727	7,536					
YoY	20.8%	19.4%	19.1%	-14.5%	4.7%	9.1%	-23.0%	-18.9%	-17.5%					
Net margin	4.2%	3.3%	3.7%	2.1%	4.1%	3.3%	2.6%	1.6%	3.2%					

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: Fiscal periods run until May 15.

Note: Contributions from Drug Eleven (June 1–May 15) are included from Q2 FY05/21.

## Performance by product

Performance by product Quarterly (JPYmn)	FY05/20				FY05/21				FY05/22				FY05/22	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H	FY Es t.
Sales	208,805	207,661	209,142	215,428	224,623	228,869	230,422	235,389	235,684				24.7%	956,000
YoY	9.3%	8.2%	2.7%	10.0%	7.6%	10.2%	10.2%	9.3%	4.9%				-	-
Product sales	207,879	206,765	208,271	214,592	223,685	227,851	229,411	234,502	234,615				-	-
YoY	9.3%	8.2%	2.8%	11.6%	7.6%	10.2%	10.2%	9.3%	4.9%				-	-
Pharmaceuticals	44,688	46,350	46,841	45,859	44,815	48,160	48,956	51,852	49,223				-	-
YoY	9.7%	8.4%	3.4%	2.6%	0.3%	3.9%	4.5%	13.1%	9.8%				-	-
Prescription	20,525	21,401	21,619	22,052	21,090	22,836	23,878	25,225	24,296				-	-
YoY	16.9%	13.4%	9.6%	7.3%	2.8%	6.7%	10.4%	14.4%	15.2%				-	-
Over-the-counter (OTC)	24,163	24,949	25,222	23,807	23,725	25,324	25,078	26,627	24,927				-	-
YoY	4.2%	4.5%	-1.5%	-1.4%	-1.8%	1.5%	-0.6%	11.8%	5.1%				-	-
Cosmetics	37,467	33,678	33,325	29,039	32,450	32,133	33,823	34,942	35,095				-	-
YoY	5.5%	3.6%	-3.3%	-15.4%	-13.4%	-4.6%	1.5%	20.3%	8.2%				-	-
Daily goods	56,424	58,016	54,775	60,171	64,959	65,393	64,962	64,918	65,772				-	-
YoY	10.4%	11.8%	2.6%	19.7%	15.1%	12.7%	18.6%	7.9%	1.3%				-	-
Food	47,205	47,222	46,003	54,064	53,032	51,848	53,462	54,461	56,245				-	-
YoY	14.4%	9.9%	-0.3%	21.7%	12.3%	9.8%	16.2%	0.7%	6.1%				-	-
Other	22,092	21,500	27,328	25,458	28,428	30,316	28,208	28,329	28,278				-	-
YoY	2.9%	2.5%	16.9%	19.4%	28.7%	41.0%	3.2%	11.3%	-0.5%				-	-
Gross profit	59,820	59,794	61,099	63,549	65,076	66,557	66,399	68,689	69,126				24.1%	286,500
YoY	11.1%	9.8%	5.3%	10.6%	8.8%	11.3%	8.7%	8.1%	6.2%				-	-
Gross profit margin	28.6%	28.8%	29.2%	29.5%	29.0%	29.1%	28.8%	29.2%	29.3%				-	-
Product sales	59,453	59,135	60,811	62,640	64,645	65,849	65,619	68,452	68,508				-	-
YoY	11.3%	9.4%	6.4%	10.8%	8.7%	11.4%	7.9%	9.3%	6.0%				-	-
Gross profit margin	28.6%	28.6%	29.2%	29.2%	28.9%	28.9%	28.6%	29.2%	29.2%				-	-
Pharmaceuticals	18,590	19,191	19,163	20,042	18,643	20,871	20,239	22,023	20,181				-	-
YoY	11.3%	6.0%	1.4%	2.7%	0.3%	8.8%	5.6%	9.9%	8.3%				-	-
Gross profit margin	41.6%	41.4%	40.9%	43.7%	41.6%	43.3%	41.3%	42.5%	41.0%				-	-
Prescription	7,635	7,877	7,491	8,668	7,909	9,618	9,053	9,702	8,819				-	-
YoY	22.5%	6.6%	3.9%	9.3%	3.6%	22.1%	20.9%	11.9%	11.5%				-	-
Gross profit margin	37.2%	36.8%	34.6%	39.3%	37.5%	42.1%	37.9%	38.5%	36.3%				-	-
Over-the-counter (OTC)	10,955	11,313	11,673	11,375	10,734	11,254	11,186	12,321	11,362				-	-
YoY	4.6%	5.5%	-0.2%	-1.7%	-2.0%	-0.5%	-4.2%	8.3%	5.8%				-	-
Gross profit margin	45.3%	45.3%	46.3%	47.8%	45.2%	44.4%	44.6%	46.3%	45.6%				-	-
Cosmetics	12,364	11,114	11,206	9,507	10,968	10,538	11,165	11,734	11,301				-	-

YoY	6.4%	3.9%	-0.8%	-13.5%	-11.3%	-5.2%	-0.4%	23.4%	3.0%	-	-
Gross profit margin	33.0%	33.0%	33.6%	32.7%	33.8%	32.8%	33.0%	33.6%	32.2%	-	-
Daily goods	14,445	14,051	14,316	16,141	17,734	17,592	17,605	17,072	19,008	-	-
YoY	13.5%	13.3%	14.0%	28.9%	22.8%	25.2%	23.0%	5.8%	7.2%	-	-
Gross profit margin	25.6%	24.2%	26.1%	26.8%	27.3%	26.9%	27.1%	26.3%	28.9%	-	-
Food	7,081	8,122	5,862	8,693	7,902	7,306	7,435	8,001	8,830	-	-
YoY	18.3%	28.6%	-17.7%	24.7%	11.6%	-10.0%	26.8%	-8.0%	11.8%	-	-
Gross profit margin	15.0%	17.2%	12.7%	16.1%	14.9%	14.1%	13.9%	14.7%	15.7%	-	-
Other	6,849	6,839	10,141	8,843	9,324	9,767	9,428	9,292	9,219	-	-
YoY	6.4%	5.2%	35.9%	25.5%	36.2%	42.8%	-7.0%	5.1%	-1.1%	-	-
Gross profit margin	31.0%	31.8%	37.1%	34.7%	32.8%	32.2%	33.4%	32.8%	32.6%	-	-
Difference	125	-182	123	-587	74	-225	-253	330	-32	-	-

Source: Shared Research based on company data (includes some estimates by Shared Research)

Note: Contributions from Drug Eleven (June 1–May 15) are included from Q2 FY05/21.

## Dispensing business

Pre scription Quarterly	FY05/20				FY05/21				FY05/22			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Dispensing fees (JPY mn)	20,525	21,401	21,619	22,052	21,090	22,836	23,878	25,225	24,296			
YoY	16.9%	13.4%	9.6%	7.3%	2.8%	6.7%	10.4%	14.4%	15.2%			
Gross profit (JPY mn)	7,635	7,877	7,491	8,668	7,909	9,618	9,053	9,702	8,819			
YoY	22.5%	6.6%	3.9%	9.3%	3.6%	22.1%	20.9%	11.9%	11.5%			
Gross profit margin	37.2%	36.8%	34.6%	39.3%	37.5%	42.1%	37.9%	38.5%	36.3%			
No. of prescriptions ('000)	2,065	2,114	2,128	1,945	1,939	2,179	2,172	2,360	2,328			
YoY	15.4%	9.5%	6.1%	-7.3%	-6.1%	3.1%	2.1%	21.3%	20.1%			
Drug price per prescription (JPY)	9,939	10,123	10,159	11,338	10,877	10,480	10,994	10,689	10,436			
YoY	1.3%	3.5%	3.3%	15.7%	9.4%	3.5%	8.2%	-5.7%	-4.0%			
No. of dispensing pharmacies	576	590	594	615	623	661	669	683	696			
YoY	11.8%	10.3%	9.2%	8.7%	8.2%	12.0%	12.6%	11.1%	11.7%			

Source: Shared Research based on company data

Note: Contributions from Drug Eleven (June 1–May 15) are included from Q2 FY05/21.

## Private brand products

Private brand (PB) products Quarterly (JPY mn)	FY05/20				FY05/21				FY05/22			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales												
Total PB products	14,208	14,274	16,048	15,587	16,178	15,411	16,880	15,522	18,589			
YoY	13.4%	-2.5%	8.6%	15.4%	13.9%	8.0%	5.2%	-0.4%	14.9%			
kurashi-rhythm	1,741	3,673	5,666	4,186	5,250	5,815	6,433	6,986	9,097			
YoY	-	447.4%	704.8%	227.8%	201.6%	58.3%	13.5%	66.9%	73.3%			
Ms one, Me dis'one	6,628	5,085	4,271	5,880	4,680	4,773	4,397	3,217	2,539			
YoY	-16.9%	-29.6%	-43.8%	-11.1%	-29.4%	-6.1%	3.0%	-45.3%	-45.7%			
Exclusive products	5,838	5,515	6,113	5,521	6,248	4,822	6,050	5,320	6,953			
YoY	17.7%	-12.9%	-5.5%	-1.8%	7.0%	-12.6%	-1.0%	-3.6%	11.3%			
Gross profit												
Total PB products	6,607	6,438	7,662	7,188	7,167	6,859	7,204	6,735	8,105			
YoY	15.3%	-0.9%	13.8%	16.6%	8.5%	6.5%	-6.0%	-6.3%	13.1%			
Gross profit margin	46.5%	45.1%	47.7%	46.1%	44.3%	44.5%	42.7%	43.4%	43.6%			
Number of SKUs												
Total PB products	1,958	-	-	-	2,664	2,632	2,601	2,583	3,083			
YoY	28.8%	-	-	-	36.1%	-	-	-	15.7%			

Source: Shared Research based on company data

Note: Includes some estimates by Shared Research.

Note: Contributions from Drug Eleven (June 1–May 15) are included from Q2 FY05/21.

## Store count by group company

Store count by group company Quarterly	FY05/20				FY05/21				FY05/22				FY05/22 FY Est.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Store count (incl. dispensing pharmacies)													
Tsuruha	1,208	1,227	1,234	1,253	1,253	1,274	1,279	1,305	1,315				1,372
Kusurifukutaro	222	225	227	230	234	234	235	233	231				239
Tsuruha Group Drug & Pharmacy Nishinon	285	285	283	286	286	285	288	298	302				320
Lady Drug Store	216	226	226	228	228	228	229	228	229				238
Kyorindo Group Holdings	82	83	83	84	86	87	86	87	88				91
B&D Holdings	67	66	67	68	68	69	69	69	68				74
Drug Eleven	-	-	-	-	-	204	201	199	196				195
Tsuruha Group Merchandising	1	1	1	1	1	1	1	1	1				1
Openings													
Tsuruha	22	30	9	23	15	24	12	34	21				95
Kusurifukutaro	1	6	4	5	5	5	2	3	1				10
Tsuruha Group Drug & Pharmacy Nishinon	1	2	2	2	3	1	3	10	5				25
Lady Drug Store	2	11	1	2	3	2	1	2	1				12
Kyorindo Group Holdings	1	1	1	1	2	1	1	1	1				4
B&D Holdings	-	-	1	1	-	1	1	-	-				5
Drug Eleven	-	-	-	-	-	3	1	2	-				7
Tsuruha Group Merchandising	-	-	-	-	-	-	-	-	-				-
Closures													
Tsuruha	23	11	2	4	15	3	7	8	11				28
Kusurifukutaro	2	3	2	2	1	5	1	5	3				4
Tsuruha Group Drug & Pharmacy Nishinon	2	2	4	-	3	2	1	-	1				3
Lady Drug Store	2	1	1	-	3	2	-	3	-				2
Kyorindo Group Holdings	-	-	1	-	-	-	2	-	-				-

B&D Holdings	-	1	-	-	-	-	1	-	1	-	-	-	-	-
Drug Eleven	-	-	-	-	-	-	-	5	4	4	3	-	-	11
Tsuruha Group Merchandising	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: Shared Research based on company data

## Sales trend by region

Sales YoY Cumulative	FY05/20				FY05/21				FY05/22				
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	
Comparable stores													
Hokkaido	2.0%	3.1%	2.7%	3.8%	5.1%	3.1%	2.3%	0.5%	-2.6%				
Tohoku	1.3%	3.0%	2.7%	4.3%	6.1%	4.5%	3.5%	1.4%	-3.0%				
Kanto and Koshinetsu	2.4%	3.0%	2.8%	4.0%	3.7%	1.9%	1.2%	-0.4%	-4.2%				
Chubu and Kansai	0.0%	1.8%	1.5%	1.3%	1.0%	-0.8%	-0.6%	-2.2%	-1.2%				
Chugoku	3.7%	5.5%	5.7%	7.1%	10.5%	8.3%	8.3%	6.0%	-1.0%				
Shikoku	2.1%	3.7%	3.4%	4.2%	6.5%	5.7%	5.8%	3.9%	0.6%				
Kyushu and Okinawa	12.4%	19.5%	24.0%	23.6%	11.5%	12.8%	10.3%	8.7%	10.5%				
<b>Total</b>	<b>1.9%</b>	<b>3.4%</b>	<b>3.1%</b>	<b>4.2%</b>	<b>5.2%</b>	<b>3.4%</b>	<b>3.0%</b>	<b>1.1%</b>	<b>-2.1%</b>				

Source: Shared Research based on company data

## Store count by region

Store count by region Quarterly	FY05/20				FY05/21				FY05/22				FY05/22 FY Est.	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Store count (incl. dispensing pharmacies)														
Hokkaido	401	403	403	404	401	406	407	414	411					419
Tohoku	486	494	498	506	513	521	526	533	541					568
Kanto and Koshinetsu	449	459	464	473	477	486	488	493	498					524
Chubu and Kansai	226	227	228	233	231	235	231	237	234					247
Chugoku	299	299	298	300	303	303	307	315	320					330
Shikoku	197	208	208	211	211	212	213	212	213					222
Kyushu and Okinawa	23	23	22	23	20	219	216	216	213					220
<b>Total Japan</b>	<b>2,081</b>	<b>2,113</b>	<b>2,121</b>	<b>2,150</b>	<b>2,156</b>	<b>2,382</b>	<b>2,388</b>	<b>2,420</b>	<b>2,430</b>					<b>2,530</b>
Overseas	22	21	22	22	21	22	22	22	22					22
Openings														
Hokkaido	9	11	1	2	2	8	3	8	1					17
Tohoku	6	9	4	11	8	8	5	11	10					40
Kanto and Koshinetsu	4	13	7	11	7	11	4	13	10					38
Chubu and Kansai	4	2	3	5	3	4	4	6	1					15
Chugoku	2	2	2	2	3	2	3	8	5					19
Shikoku	2	13	1	3	5	2	1	2	2					15
Kyushu and Okinawa	-	-	-	-	-	2	1	4	-					14
<b>Total Japan</b>	<b>27</b>	<b>50</b>	<b>18</b>	<b>34</b>	<b>28</b>	<b>37</b>	<b>21</b>	<b>52</b>	<b>29</b>					<b>158</b>
Overseas	-	-	1	-	1	1	-	-	-					2
Closures														
Hokkaido	9	9	1	1	5	3	2	1	4					12
Tohoku	3	1	-	3	1	-	-	4	2					5
Kanto and Koshinetsu	11	3	2	2	3	5	2	8	5					7
Chubu and Kansai	1	1	2	-	5	-	8	-	4					5
Chugoku	2	2	3	-	-	3	-	-	-					4
Shikoku	3	2	1	-	5	1	-	3	1					5
Kyushu and Okinawa	-	-	1	-	3	5	4	4	3					10
<b>Total Japan</b>	<b>29</b>	<b>18</b>	<b>10</b>	<b>6</b>	<b>22</b>	<b>17</b>	<b>16</b>	<b>20</b>	<b>19</b>					<b>48</b>
Overseas	1	1	-	-	2	-	-	-	-					2

Source: Shared Research based on company data

# Q1 FY05/22 results (out September 21, 2021)

## Overview

### Q1 FY05/22 results

Sales: JPY235.7bn (+4.9% YoY)

Operating profit: JPY12.9bn (-15.0% YoY)

Recurring profit: JPY12.9bn (-15.6% YoY)

Net income attributable to owners of the parent: JPY7.5bn (-17.5% YoY)

Sales were up YoY. Despite a 2.1% YoY decline in comparable store sales due to a falloff in stay-at-home demand seen a year ago, sales expanded on contributions from the new subsidiary Drug Eleven.

Operating profit fell YoY on higher personnel expenses, rent, and commissions paid. Operating profit was above plan, however, thanks to efforts to control SG&A expenses.

On the store development front, the company continued to concentrate store openings within certain regions in accordance with its area-dominance strategy and conducted scrap-and-build store development on existing stores, opening a total of 29

new stores in Q1 FY05/22 while closing 19 stores. As a result, the total number of group stores under direct management came to 2,430 as of end-Q1 FY05/22.

In the wake of the pandemic, Tsuruha stayed with its traditional counseling-based approach to customer service while undertaking initiatives to better accommodate the changes in consumer lifestyles. With the size of local markets served by its stores shrinking as the surrounding population ages and competition increases, the company took steps to increase convenience. In addition to remodeling existing stores as to allow the addition of product categories such as meat, fresh produce, and items priced at JPY100, the company also expanded its outreach to customers through digital channels by offering some services through smartphone apps. The company also worked to develop and install IT support systems for staff deployment, inventory management, and other tasks to further improve the operational efficiency of individual stores.

On the merchandising front, the company worked to enhance private brand offerings and to build out sales channels, this effort including makeovers and extensions of its new private brands such Kurashi Rhythm and Kurashi Rhythm Medical. In Q1 FY05/21, the company saw increases in demand for infection control products as well as for daily necessities, consumables, and food products as consumers refrained from going out, but such demand fell in Q1 FY05/22.

# About Shared Research Inc.

We offer corporate clients comprehensive report coverage, a service that allows them to better inform investors and other stakeholders by presenting a continuously updated third-party view of business fundamentals, independent of investment biases. Shared Research can be found on the web at <https://sharedresearch.jp>.

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