

HIDAY HIDAKA | 7611 |

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On **September 28, 2020**, HIDAY HIDAKA announced earnings results for 1H FY02/21.

In 1H FY02/21, sales were JPY14.1bn (-33.1% YoY), operating loss was JPY2.1bn (versus operating profit of JPY2.3bn in 1H FY02/20), recurring loss was JPY2.1bn (versus recurring profit of JPY2.3bn), and net loss was JPY1.7bn (versus net income of JPY1.5bn).

The company has not disclosed its full-year FY02/21 earnings forecast as it is difficult to make reasonable calculations.

Quarterly results

Cumulative (JPYmn)	FY02/19				FY02/20				FY02/21				FY02/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of Est.	1H Est.
Total sales	10,644	21,106	31,395	41,863	10,690	21,103	31,421	42,210	6,473	14,110			-	TBD
YoY	5.0%	4.2%	3.8%	3.0%	0.4%	-0.0%	0.1%	0.8%	-39.5%	-33.1%			-	-
<by format>														
Hidakaya	10,206	20,223	30,059	40,031	10,140	20,011	29,783	39,814	6,122	13,301				
YoY	5.3%	4.4%	3.8%	2.7%	-0.6%	-1.0%	-0.9%	-0.5%	-39.6%	-33.5%				
% of total sales	95.9%	95.8%	95.7%	95.6%	94.9%	94.8%	94.8%	94.3%	94.6%	94.3%				
Yakitori Hidaka	417	840	1,264	1,718	511	1,013	1,506	2,194	296	683				
YoY	-0.5%	2.1%	4.5%	9.0%	22.6%	20.5%	19.2%	27.7%	-42.1%	-32.5%				
% of total sales	3.9%	4.0%	4.0%	4.1%	4.8%	4.8%	4.8%	5.2%	4.6%	4.8%				
Other formats	21	42	73	114	39	79	133	202	55	125				
YoY	-17.4%	-14.9%	-3.4%	8.4%	83.3%	86.4%	82.0%	77.6%	41.2%	59.4%				
% of total sales	0.2%	0.2%	0.2%	0.3%	0.4%	0.4%	0.4%	0.5%	0.9%	0.9%				
<by region>														
Tokyo	5,518	10,919	16,261	21,615	5,469	10,775	16,037	21,487	3,200	6,938				
YoY	6.3%	4.8%	4.2%	3.2%	-0.9%	-1.3%	-1.4%	-0.6%	-41.5%	-35.6%				
% of total sales	51.8%	51.7%	51.8%	51.6%	51.2%	51.1%	51.0%	50.9%	49.4%	49.2%				
Saitama	2,358	4,691	6,986	9,347	2,408	4,765	7,052	9,488	1,468	3,206				
YoY	3.7%	4.2%	3.7%	3.1%	2.1%	1.6%	0.9%	1.5%	-39.1%	-32.7%				
% of total sales	22.2%	22.2%	22.3%	22.3%	22.5%	22.6%	22.4%	22.5%	22.7%	22.7%				
Kanagawa	1,647	3,258	4,802	6,418	1,656	3,303	4,933	6,631	1,034	2,297				
YoY	2.8%	2.4%	2.1%	1.6%	0.6%	1.4%	2.7%	3.3%	-37.6%	-30.5%				
% of total sales	15.5%	15.4%	15.3%	15.3%	15.5%	15.7%	15.7%	15.7%	16.0%	16.3%				
Chiba	1,058	2,110	3,155	4,227	1,090	2,129	3,188	4,310	720	1,557				
YoY	4.6%	4.1%	4.2%	3.7%	3.1%	0.9%	1.0%	2.0%	-34.0%	-26.9%				
% of total sales	9.9%	10.0%	10.1%	10.1%	10.2%	10.1%	10.1%	10.2%	11.1%	11.0%				
Ibaraki	35	70	105	141	37	73	128	184	35	78				
YoY	-1.1%	-0.3%	1.6%	1.8%	5.1%	3.5%	22.0%	30.8%	-4.6%	6.8%				
% of total sales	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%	0.5%	0.5%				
Tochigi	29	58	86	114	29	57	82	109	16	34				
YoY	9.7%	9.5%	9.1%	7.8%	1.2%	-1.1%	-4.5%	-4.6%	-44.5%	-40.3%				
% of total sales	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.2%	0.2%				
Cost of goods sold	2,904	5,703	8,480	11,283	2,919	5,748	8,615	11,570	1,905	4,069				
YoY	5.8%	4.3%	3.5%	1.9%	0.5%	0.8%	1.6%	2.5%	-34.7%	-29.2%				
Cost ratio	27.3%	27.0%	27.0%	27.0%	27.3%	27.2%	27.4%	27.4%	29.4%	28.8%				
Gross profit	7,740	15,403	22,915	30,580	7,770	15,355	22,806	30,640	4,567	10,040				
YoY	4.7%	4.2%	3.9%	3.4%	0.4%	-0.3%	-0.5%	0.2%	-41.2%	-34.6%				
GPM	72.7%	73.0%	73.0%	73.0%	72.7%	72.8%	72.6%	72.6%	70.6%	71.2%				
SG&A expenses	6,383	12,841	19,251	25,850	6,485	13,074	19,740	26,543	6,076	12,110				
YoY	7.3%	5.9%	5.1%	3.8%	1.6%	1.8%	2.5%	2.7%	-6.3%	-7.4%				
SG&A-to-sales ratio	60.0%	60.8%	61.3%	61.8%	60.7%	62.0%	62.8%	62.9%	93.9%	85.8%				
Operating profit	1,357	2,562	3,664	4,729	1,285	2,281	3,065	4,096	-1,509	-2,070				
YoY	-6.0%	-3.4%	-2.1%	1.1%	-5.3%	-11.0%	-16.3%	-13.4%	-	-				
OPM	12.7%	12.1%	11.7%	11.3%	12.0%	10.8%	9.8%	9.7%	-	-				
Recurring profit	1,364	2,560	3,640	4,697	1,287	2,274	3,056	4,112	-1,509	-2,061				
YoY	-6.1%	-3.2%	-1.7%	2.1%	-5.7%	-11.2%	-16.0%	-12.4%	-	-				
RPM	12.8%	12.1%	11.6%	11.2%	12.0%	10.8%	9.7%	9.7%	-	-				
Net Income	917	1,712	2,415	3,082	859	1,488	1,932	2,579	-1,263	-1,714				
YoY	-6.6%	-1.4%	-0.2%	2.0%	-6.3%	-13.1%	-20.0%	-16.3%	-	-				
Net margin	8.6%	8.1%	7.7%	7.4%	8.0%	7.1%	6.1%	6.1%	-	-				

Source: Shared Research based on company data

Note: Note: Figures rounded to the nearest million yen (company data rounded down to the nearest million yen).

Quarterly (JPYmn)	FY02/19				FY02/20				FY02/21				FY02/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of Est.	FY Est.
Total sales	10,644	10,462	10,290	10,468	10,690	10,413	10,319	10,788	6,473	7,637				TBD
YoY	5.0%	3.5%	2.8%	0.7%	0.4%	-0.5%	0.3%	3.1%	-39.5%	-26.7%				
<by format>														
Hidakaya	10,206	10,017	9,836	9,972	10,140	9,872	9,772	10,031	6,122	7,179				
YoY	5.3%	3.5%	2.5%	-0.2%	-0.6%	-1.5%	-0.6%	0.6%	-39.6%	-27.3%				
% of total sales	95.9%	95.8%	95.6%	95.3%	94.9%	94.8%	94.7%	93.0%	94.6%	94.0%				
Yakitori Hidaka	417	424	423	455	511	502	493	688	296	388				
YoY	-0.5%	4.7%	9.5%	24.2%	22.6%	18.5%	16.5%	51.4%	-42.1%	-22.7%				
% of total sales	3.9%	4.0%	4.1%	4.3%	4.8%	4.8%	4.8%	6.4%	4.6%	5.1%				
Other formats	21	21	31	41	39	40	54	70	55	70				
YoY	-17.4%	-12.0%	18.5%	38.3%	83.3%	89.6%	76.0%	69.9%	41.2%	77.4%				
% of total sales	0.2%	0.2%	0.3%	0.4%	0.4%	0.4%	0.5%	0.6%	0.9%	0.9%				
<by region>														
Tokyo	5,518	5,401	5,342	5,354	5,469	5,306	5,262	5,449	3,200	3,738				
YoY	6.3%	3.3%	3.0%	0.3%	-0.9%	-1.8%	-1.5%	1.8%	-41.5%	-29.5%				
% of total sales	51.8%	51.6%	51.9%	51.2%	51.2%	51.0%	51.0%	50.5%	49.4%	48.9%				
Saitama	2,358	2,333	2,295	2,360	2,408	2,357	2,287	2,436	1,468	1,739				
YoY	3.7%	4.8%	2.6%	1.3%	2.1%	1.0%	-0.4%	3.2%	-39.1%	-26.2%				
% of total sales	22.2%	22.3%	22.3%	22.5%	22.5%	22.6%	22.2%	22.6%	22.7%	22.8%				
Kanagawa	1,647	1,611	1,544	1,617	1,656	1,648	1,630	1,698	1,034	1,263				
YoY	2.8%	2.1%	1.4%	0.2%	0.6%	2.3%	5.6%	5.0%	-37.6%	-23.3%				
% of total sales	15.5%	15.4%	15.0%	15.4%	15.5%	15.8%	15.8%	15.7%	16.0%	16.5%				
Chiba	1,058	1,053	1,045	1,072	1,090	1,039	1,059	1,122	720	837				
YoY	4.6%	3.6%	4.4%	2.4%	3.1%	-1.3%	1.3%	4.7%	-34.0%	-19.5%				
% of total sales	9.9%	10.1%	10.2%	10.2%	10.2%	10.0%	10.3%	10.4%	11.1%	11.0%				
Ibaraki	35	35	35	36	37	36	56	56	35	42				
YoY	-1.1%	0.5%	5.6%	2.3%	5.1%	1.8%	59.1%	56.8%	-4.6%	18.7%				
% of total sales	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.5%	0.5%	0.5%	0.6%				
Tochigi	29	29	29	28	29	28	25	27	16	18				
YoY	9.7%	9.4%	8.2%	4.0%	1.2%	-3.4%	-11.3%	-4.9%	-44.5%	-35.9%				
% of total sales	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%				
Cost of goods sold	2,904	2,799	2,777	2,803	2,919	2,828	2,868	2,954	1,905	2,164				
YoY	5.8%	2.9%	1.8%	-2.5%	0.5%	1.0%	3.3%	5.4%	-34.7%	-23.5%				
Cost ratio	27.3%	26.8%	27.0%	26.8%	27.3%	27.2%	27.8%	27.4%	29.4%	28.3%				
Gross profit	7,740	7,663	7,512	7,664	7,770	7,585	7,451	7,834	4,567	5,473				
YoY	4.7%	3.7%	3.2%	2.0%	0.4%	-1.0%	-0.8%	2.2%	-41.2%	-27.8%				
GPM	72.7%	73.2%	73.0%	73.2%	72.7%	72.8%	72.2%	72.6%	70.6%	71.7%				
SG&A expenses	6,383	6,458	6,410	6,599	6,485	6,589	6,666	6,803	6,076	6,034				
YoY	7.3%	4.5%	3.6%	0.3%	1.6%	2.0%	4.0%	3.1%	-6.3%	-8.4%				
SG&A-to-sales ratio	60.0%	61.7%	62.3%	63.0%	60.7%	63.3%	64.6%	63.1%	93.9%	79.0%				
Operating profit	1,357	1,205	1,102	1,065	1,285	995	785	1,031	-1,509	-561				
YoY	-6.0%	-0.3%	1.1%	13.6%	-5.3%	-17.4%	-28.8%	-3.2%	-	-				
OPM	12.7%	11.5%	10.7%	10.2%	12.0%	9.6%	7.6%	9.6%	-	-				
Recurring profit	1,364	1,196	1,080	1,057	1,287	988	782	1,056	-1,509	-553				
YoY	-6.1%	0.3%	1.9%	18.1%	-5.7%	-17.4%	-27.6%	-0.1%	-	-				
RPM	12.8%	11.4%	10.5%	10.1%	12.0%	9.5%	7.6%	9.8%	-	-				
Net Income	917	795	703	666	859	629	444	647	-1,263	-451				
YoY	-6.6%	5.4%	2.8%	10.7%	-6.3%	-20.9%	-36.9%	-2.9%	-	-				
Net margin	8.6%	7.6%	6.8%	6.4%	8.0%	6.0%	4.3%	6.0%	-	-				
<Store count>														
Total	415	418	421	429	428	436	438	443	443	440				
Tokyo	205	207	208	209	208	212	211	213	213	210				
Saitama	101	101	103	105	105	105	106	108	107	108				
Kanagawa	65	65	63	67	67	70	69	69	70	70				
Chiba	41	42	44	45	45	46	48	49	49	48				
Ibaraki	2	2	2	2	2	2	3	3	3	3				
Tochigi	1	1	1	1	1	1	1	1	1	1				

Source: Shared Research based on company data

Note: Note: Figures rounded to the nearest million yen (company data rounded down to the nearest million yen).

External environment

- ▶ The restaurant industry experienced unprecedented negative impacts due to the COVID-19 pandemic. With the Japanese government declaring a state of emergency in April 2020, consumers had no choice but to refrain from going out while businesses were forced to restrain activities.
- ▶ In addition, even after the state of emergency declaration was lifted on May 25, 2020, people continued to refrain from going out and avoided dining in groups.
- ▶ The company installed alcohol disinfectant in its stores, equipped staff with masks, and installed partitions in the customer areas as infection prevention measures to ensure the safety of customers and store staff.

Sales analysis

- ▶ Sales for 1H FY02/21 were JPY14.1bn (-33.1% YoY).
- ▶ HIDAY HIDAKA continued to open new restaurants to increase the number of stores to 600 in and around Tokyo, worked on improving its customer service, and introduced seasonal menu items. The company worked to secure sales by strengthening its sales structure and introducing an online reservation system to meet take-out and delivery

demand resulting from a change in consumption patterns based on new lifestyles. However, sales were down 33.1% YoY due to the COVID-19 pandemic.

- ▶ Monthly comparable store sales bottomed out in May 2020, down 52.0% YoY, and started recovering, down 24.3% YoY in August 2020.

Number of restaurants

Store count	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
FY02/16	362	365	365	368	370	370	371	373	374	379	379	381
FY02/17	381	383	386	388	388	390	391	393	396	399	399	397
FY02/18	397	397	399	403	406	405	407	409	412	410	410	413
FY02/19	410	412	415	416	418	418	420	420	421	424	425	429
FY02/20	430	428	428	429	432	436	438	438	439	439	438	443
FY02/21	443	442	443	443	441	440						

Source: Shared Research based on company data

During 1H FY02/21, HIDAY HIDAKA opened seven restaurants* (four in Tokyo, one in Kanagawa, one in Chiba, and one in Saitama), closed nine**, and converted one to a franchise***. As a result, the number of directly operated restaurants totaled 440 as of end-August 2020 (436 at end-August 2019). Of these restaurants, 210 were located in Tokyo (212 at end-1H FY02/20), 108 in Saitama (105), 70 in Kanagawa (70), 48 in Chiba (46), three in Ibaraki (two), and one in Tochigi (one).

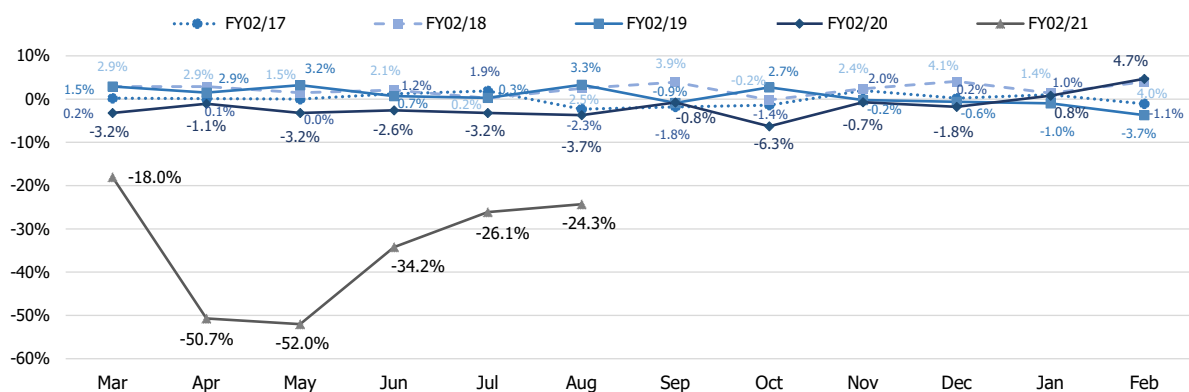
*New restaurants: Matsudo Nishi-guchi Eki-mae store, Mitaka Minami-guchi Chuo-dori store, Seiseki Sakuragaoka Higashi-guchi store, Chigasaki Kita-guchi store, Yakitori Hidaka Seiseki Sakuragaoka store, Kameyoshi Shokudo Machida Chuo store, Higashi Kawaguchi Eki Kita-guchi store

**Closed restaurants: Matsudo Nishi-guchi store, Mitaka Minami-guchi store, Higashi Ikebukuro store, Taishusakaba HIDAKA Nishi Ikebukuro 1-chome store, Yakitori Hidaka Nishi Hachioji store, Yakitori Hidaka Matsudo Nishi-guchi store, Opera City store, Sangenjaya Chazawa-dori store, Omori Higashi-guchi store

***Misato store was converted to a franchise store in April 2020.

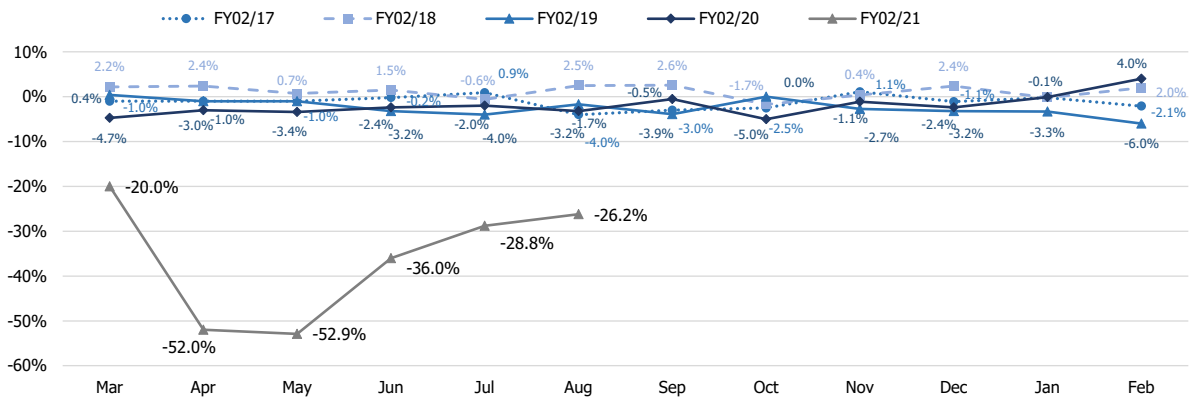
Note: These stores, other than those named Yakitori Hidaka and Taishusakaba HIDAKA, are in the original "Hidakaya" format.

Comparable store sales, YoY



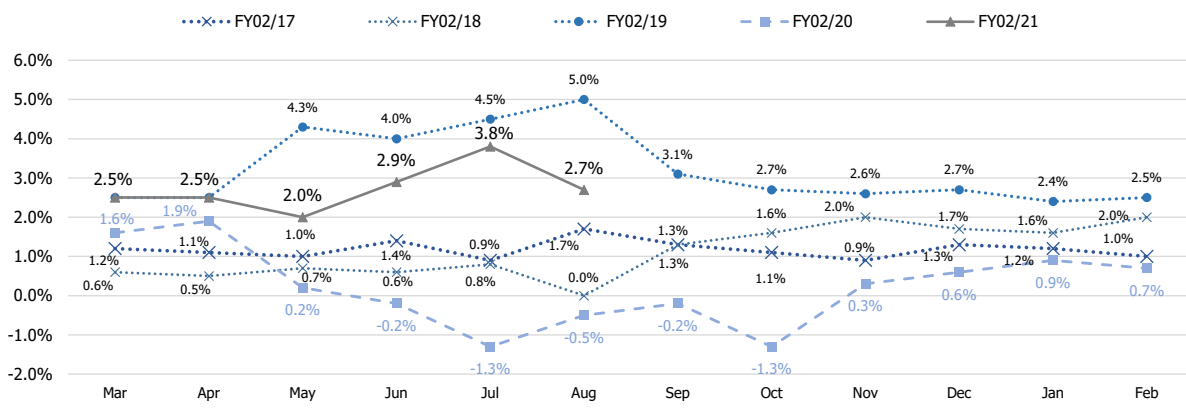
Source: Shared Research based on company data

Number of customers at comparable stores, YoY



Source: Shared Research based on company data

Average customer spend at comparable stores, YoY



Source: Shared Research based on company data

All-store sales, customer count, average customer spend

All-store sales (YoY)												
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
FY02/16	7.0%	7.6%	6.2%	7.8%	6.9%	6.3%	5.4%	8.0%	5.6%	7.1%	8.1%	8.0%
FY02/17	5.0%	4.4%	4.7%	6.8%	6.0%	2.4%	3.3%	3.6%	6.6%	4.8%	5.4%	3.2%
FY02/18	7.0%	6.2%	4.6%	5.2%	4.7%	6.1%	6.9%	2.8%	6.2%	6.5%	3.7%	6.8%
FY02/19	5.3%	3.9%	5.8%	3.0%	2.0%	5.5%	2.0%	5.4%	1.7%	1.6%	1.4%	-0.2%
FY02/20	0.1%	2.2%	-0.6%	0.1%	-0.4%	-0.5%	2.1%	-3.2%	2.4%	0.4%	2.9%	6.9%
FY02/21	-16.1%	-51.1%	-52.2%	-32.4%	-24.5%	-23.0%						

All-store customer count (YoY)												
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
FY02/16	6.6%	6.5%	5.2%	7.3%	6.1%	6.2%	3.9%	6.7%	4.1%	5.6%	6.5%	6.9%
FY02/17	3.5%	3.0%	3.4%	5.0%	4.7%	0.3%	1.6%	2.1%	5.2%	3.2%	4.1%	2.1%
FY02/18	6.3%	5.6%	3.6%	4.5%	3.8%	6.1%	5.6%	1.2%	4.3%	4.7%	2.2%	4.8%
FY02/19	2.8%	1.3%	1.5%	-1.1%	-2.4%	0.1%	-1.4%	2.3%	-1.1%	-1.5%	-1.6%	-3.2%
FY02/20	-2.1%	-0.3%	-1.4%	-0.2%	0.4%	-0.3%	2.1%	-2.0%	1.9%	-0.3%	1.7%	5.6%
FY02/21	-18.6%	-52.0%	-52.9%	-34.7%	-27.7%	-25.4%						

All-store customer spend (YoY)												
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
FY02/16	0.4%	1.0%	1.0%	0.5%	0.7%	0.2%	1.5%	1.2%	1.4%	1.4%	1.5%	1.1%
FY02/17	1.5%	1.4%	1.2%	1.8%	1.3%	2.1%	1.6%	1.4%	1.3%	1.5%	1.2%	1.0%
FY02/18	0.7%	0.6%	0.9%	0.6%	0.8%	-0.1%	1.3%	1.5%	1.8%	1.7%	1.5%	1.9%
FY02/19	2.4%	2.5%	4.3%	4.1%	4.5%	5.4%	3.4%	3.0%	2.9%	3.2%	3.1%	3.1%
FY02/20	2.2%	2.5%	0.7%	0.3%	-0.8%	-0.1%	0.1%	-1.2%	0.5%	0.7%	1.1%	1.1%
FY02/21	3.1%	2.1%	1.5%	3.5%	4.4%	3.3%						

Source: Shared Research based on company data

Sales by format

In 1H FY02/21, stores in the Hidakaya format generated sales of JPY13.3bn (-33.5% YoY; 94.3% of total sales). Stores in the Yakitori Hidaka format had sales of JPY683mn (-32.5% YoY; 4.8% of total sales). Sales from other format stores, including sales to franchises, totaled JPY125mn (+59.4% YoY; 0.9% of total sales).

Sales by region

In 1H FY02/21, sales by region were as follows: Tokyo, JPY6.9bn (-35.6% YoY; 49.2% of total sales); Saitama, JPY3.2bn (-32.7% YoY; 22.7% of total sales); Kanagawa, JPY2.3bn (-30.5% YoY; 16.3% of total sales); Chiba, JPY1.6bn (-26.9% YoY; 11.0% of total sales); Ibaraki, JPY78mn (+6.8% YoY; 0.5% of total sales); Tochigi, JPY34mn (-40.3% YoY; 0.2% of total sales).

Cost analysis

- ▶ The cost ratio in 1H FY02/21 rose 1.6pp YoY to 28.8%. This was driven by higher fixed cost ratio due to a 33.1% YoY sales decline, as well as by higher pork and vegetable prices. The SG&A-to-sales ratio was 85.8%, up 23.8pp YoY. The company was unable to reduce its fixed cost ratio in response to the substantial drop in sales.
- ▶ The company posted an extraordinary loss of JPY159mn for impairment losses, including losses for stores scheduled to close in 2H.

Financial conditions

- ▶ At end-1H FY02/21, total assets stood at JPY28.2bn, down JPY4.3bn from end-FY02/20. This was mainly due to a JPY3.4bn decline in cash and deposits. However, the company maintained a healthy cash and deposit balance of JPY10.3bn at end-1H FY02/21. Total liabilities reached JPY4.3bn, down JPY1.9bn from end-FY02/20. As of end-1H FY02/21, the company had no interest-bearing debt, with its current ratio at 367.9% and quick ratio at 342.6%.
- ▶ Total net assets amounted to JPY23.8bn, down JPY2.4bn from end-FY02/20, mainly due to a decrease in retained earnings. The equity ratio was 84.7%, up 4.0pp from 80.7% at end-FY02/20.

FY02/21 forecast

HIDAY HIDAKA has not disclose its FY02/21 forecast due to the global outbreak of COVID-19 and the continued uncertainty over the situation, including local governments requesting people to refrain from going out. With the Japanese government lifting the state of emergency declaration and the Tokyo metropolitan government lifting requests to suspend business operations and shorten operating hours, the company's sales have been on a recovery path since June 2020. However, the company believes it will take some time for the post-COVID-19 lifestyle to settle. Additionally, the infection may spread again. Therefore, it plans to monitor the situation and disclose its forecast as soon as it is able to make reasonable calculations.

- ▶ HIDAY HIDAKA plans to open 15 restaurants and close 20. It will continue to open new restaurants and close underperforming restaurants (including scrap and build) that have difficulty securing profits. In addition, it is renovating stores at a faster pace than in FY02/20, adding smoking booths and introducing touchscreen ordering systems. In September 2020, the company opened two restaurants and closed one. As a result, the number of directly operated restaurants totaled 441 as of end-September 2020.
- ▶ In September 2020, the company introduced salt-seasoned prawn ramen, and plans to continue introducing seasonal menu items going forward.

View the [full report](#).

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