COMPANY RESEARCH AND ANALYSIS REPORT

internet infinity INC.

6545

Tokyo Stock Exchange Growth Market

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Contents

Summary

Substantial double-digit increase across each line of profit in FY3/25. Aggressive M&A and new investments poised to further accelerate growth

internet infinity INC. <6545> (hereafter, also "the Company") is a healthcare solutions company providing new healthcare services both in the real world and online. In the Healthcare Solution Business, the Company conducts the Record Book Business, which manages Record Book short-time, rehabilitative ambulant care services (daycare services) to increase healthy life expectancy of the elderly; the Active Life Business, which leases and sells welfare equipment and provides home renovation services; and the DX Solution Business*, which provides senior marketing support and medical solutions, support for those balancing their professional and caregiving duties, and system solutions using the care manager network constructed through Care Management Online, the Company's dedicated care manager portal site. Meanwhile, in the Home-Centered Service Business, the Company provides various long-term care insurance services for elderly people living at home.

* The Web Solution Business was renamed the DX Solution Business effective from FY3/26.

1. FY3/25 results summary

In the FY3/25 consolidated results, net sales increased 4.1% year on year (YoY) to ¥5,161mn, operating profit rose 74.2% to ¥401mn, ordinary profit increased 51.6% to ¥411mn, and profit attributable to owners of parent rose 95.3% to ¥255mn. All segments achieved steady net sales growth, while substantial increases in operating profit and ordinary profit were also driven by fixed cost reductions, including lower rent expenses due to relocation of the head office in the previous fiscal year. In the Record Book Business, part of the Healthcare Solution Business, operating profit rose significantly given that recovery in capacity utilization rates of existing facilities offset a decline in the number of directly-managed facilities. The Active Life Business performed well in welfare equipment leasing, but posted an impairment loss of ¥42mn on goodwill related to Seikougiken Inc. in 3Q. Going forward, the Company expects that synergies with FULLCARE CO., LTD. will contribute to earnings, while also anticipating progress in carrying out structural reforms. In the Web Solution Business, the Company started offering its Wakarukaigo Biz Light service targeting SMEs in looking toward revision of Japan's Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members. The Home-Centered Service Business maintained stable operations and recorded ¥40mn in compensation for eviction under extraordinary income, associated with relocation of an ambulant care business office operated by Kankeisha Inc.

2. FY3/26 results outlook

For the FY3/26 consolidated results, the Company forecasts an increase of 16.4% YoY in net sales to ¥6,007mn, 32.4% in operating profit to ¥530mn, 30.0% in ordinary profit to ¥534mn, and 21.6% in profit attributable to owners of parent to ¥310mn. The Company projects double-digit growth YoY across each line of profit, along with gains in profitability indicators such as ROE and EPS. Again in FY3/26, the Company plans to implement growth measures that include aggressive M&A and new investment, while continuing to make steady progress in laying the groundwork for future business expansion. In addition, reductions of certain costs driven by operational streamlining, which is helping to underpin profit growth.

We at FISCO believe that the growth strategies are now significantly more feasible given that the previously abstract DX solutions concept outlined in the medium-term management plan has become more tangible as a result of SAINT-WORKS CORPORATION joining the Group in April 2025. Thus far, the Company has been promoting its Record Book Business with a primary focus on addressing Japan's 2025 problem of strain on social security costs associated with Japan's rising late-stage elderly population. Going forward, however, the Company will fully implement growth strategies that harness the products and consulting services of SAINT-WORKS targeting care facility operators, looking ahead to the 2040 problem of nursing care human resource shortages and the need for greater productivity.

3. Medium-term management policies

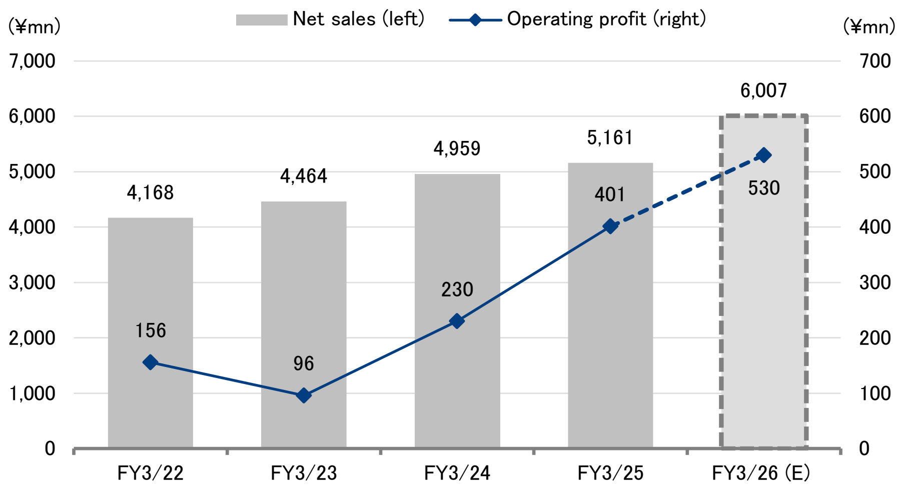
The Company's medium-term management policy is to accelerate the speed of growth by making focused investments in the creation of new businesses using cash generated through the growth of existing businesses, including the Record Book Business. Under its vision of "Creating a healthy future with in-person services and technology," the Company regards solving the problems* of a super-aged society as an important mission and is focusing on using technology to enhance the competitiveness of existing businesses and create new ones. Specifically, the Company is promoting DX solutions that enable comprehensive management support for medium-sized care facility operators. In this way, the Company will raise the competitiveness and profitability of its existing businesses while also accelerating the growth of business results and further enhancing corporate value. In addition to this, it will continue to focus on building a stable earnings base that is not easily affected by the external environment. Its plan is to make its earnings base more diverse by creating new in-house businesses that are not covered by long-term care insurance, as well as to proactively consider M&A in areas that can contribute to existing business growth. As a result of these efforts, the Company is targeting, in the final year of the plan period (FY3/29), net sales of ¥8,045mn, operating profit of ¥1,275mn, profit attributable to owners of parent of ¥750mn, ROE of 24.5%, an operating profit margin of 15.8%, and EPS of ¥138.

* Refers to the 2025 problem: a sharp increase in social security expenses that is expected as the baby boomer generation reaches the ages of 75 and above; and the 2040 problem: in which the proportion of the population that is elderly will peak, leading to an acute worsening of nursing care human resource shortages.

Key Points

- A healthcare solutions company that provides new healthcare services both in the real world and online
- FY3/25 results saw a significant increase in profit, with double-digit growth, driven by the growth of existing businesses and reductions in fixed costs
- Double-digit profit growth expected in FY3/26
- Group integration of SAINT-WORKS paves the way for new business development and accelerated growth

Results trends



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

Company summary

A healthcare solutions company that provides new healthcare services both in the real world and online

The Company is a healthcare solutions company that provides new healthcare services both in the real world and online. Based on the corporate slogan of "A Healthy Future," its mission is "to provide solutions to issues that a super-aged society faces, through innovation and an appetite for challenges," and toward this, it conducts the Healthcare Solution Business and the Home-Centered Service Business.

A feature of the Company is that it is utilizing its existing assets, of real-world facilities and the Care Management Online portal site, to actively launch peripheral businesses. Recently, the Company has been utilizing M&A to expand its business scope. Through this, it is stabilizing the earnings base and realizing a business structure that is not easily affected by the external environment. Another of its features is that it is building business models that can effectively generate profits. Within the Healthcare Solution Business, the strategy for the Record Book Business is to increase franchise facilities that have high profit margins, while in addition, the profit margin is relatively high in the DX Solution Business.

The Company was established by Representative Director Keiichi Beck in May 2001 as internet infinity Ltd. in order to conduct a systems integration business. After around a year had passed from the Company's establishment, it was conducting a business system construction project for a client in the eldercare industry, and during this time, it became aware of the enormous business opportunities in this industry. Therefore, in October 2002, the Company established the home-visit eldercare business office and launched an eldercare-related business. Then in August 2005, it opened Care Management Online, its dedicated care manager portal site, and started a senior marketing support business as a new business. Subsequently in October 2011, it opened Record Book Nihonbashi and started the Record Book Business, which consists of short-time, rehabilitation daycare services, and then started developing Record Book franchise operations in March 2014. In April 2021, it made a subsidiary of FULLCARE CO., LTD., which rents and sells welfare equipment and conducts a residential renovation business for the elderly, and also in December of the same year, it established Kankeisha to progress the company split, including the Home-Centered Service Business. In April 2022, Kankeisha succeeded the Home-Centered Service Business and other businesses through a company split. In FY3/23, the Company aggressively expanded its business portfolio, including the acquisition of Seikougiken and two residential-type fee-charging homes for the elderly (Fleur Garden Ichihara and Fleur Garden Sagamihara). In April 2024, the Record Book Business was transferred to the Company's consolidated subsidiary, Record Book Inc., to promote the delegation of decision-making authority and accelerate the expansion of its store network. Most recently, the Company made SAINT-WORKS, which develops and sells systems tailored to the healthcare sector, a wholly-owned subsidiary upon acquisition of its shares in April 2025.

In relation to shares, the Company was listed on the Tokyo Stock Exchange (TSE) Mothers Market in March 2017, and then its listing was transferred to the Growth Market in April 2022 following the TSE's reorganization of its market categories.

History

Date	Summary
May 2001	internet infinity Ltd. was established in Sumida Ward, Tokyo, to conduct a systems integration business
October 2002	Opened Clover Carestation (home-visit eldercare) in Chuo Ward, Tokyo, and launched an eldercare business
June 2003	Opened the Residential Eldercare Support Center Himawari (care plans, rentals and sales of welfare equipment), in Chuo Ward, Tokyo
July 2004	Changed the organization from a limited company to a stock company
March 2005	Opened Clover Day Services (a daycare-type eldercare facility) in Narashino City, Chiba Prefecture
August 2005	Opened Care Management Online, a dedicated care manager portal site, and launched a senior marketing support business as a new business
December 2009	Acquired the shares and made a subsidiary of Aikea Co., Ltd., which conducts referrals for medical specialist human resources and manages introductions to fee-charging homes for the elderly
July 2010	Launched Wakarukaigo, an eldercare consultation service for individuals to consult with a specialist about eldercare
January 2011	Launched “Wakarukaigo Biz” which is a service to support for people both working and providing eldercare, as a welfare service for company employees
October 2011	Opened Record Book Nihonbashi in Chuo Ward, Tokyo, and launched the Record Book Business, of short-time, rehabilitation daycare services
March 2014	Started Record Book franchise operations
March 2017	Listed on the TSE Mothers Market
July 2017	Added the Wakaru Dementia service specializing in dementia support and the Wakarukaigo Consultation Center service that enables face-to-face consultations on eldercare, to the “Wakarukaigo Biz” which is a service to support for people both working and providing eldercare
April 2021	Acquired the shares and made a subsidiary of FULLCARE CO., Ltd. (currently a consolidated subsidiary), which rents and sells welfare equipment and conducts a home renovation business for the elderly
December 2021	Established Kankeisha Inc. (currently a consolidated subsidiary) in order to progress the company split of the Home-Centered Service Business
April 2022	Kankeisha succeeded the Home-Centered Service Business through a company split The Company’s listing was transferred to the TSE Growth Market following the TSE’s reorganization of its market categories
October 2022	Acquired 100% stake in Seikougiken, which mainly provides home renovation services, and made it a subsidiary
December 2022	Kankeisha succeeded Home-Centered Service Business and other businesses through company split
April 2024	Record Book Inc. succeeded the Record Book Business as a fully-owned subsidiary through a company split (simplified absorption-type)
April 2025	Acquired 100% stake in SAINT-WORKS CORPORATION (currently a consolidated subsidiary), which develops and sells systems tailored to the healthcare sector, and made it a subsidiary

Source: Prepared by FISCO from the Company’s securities report

Business summary

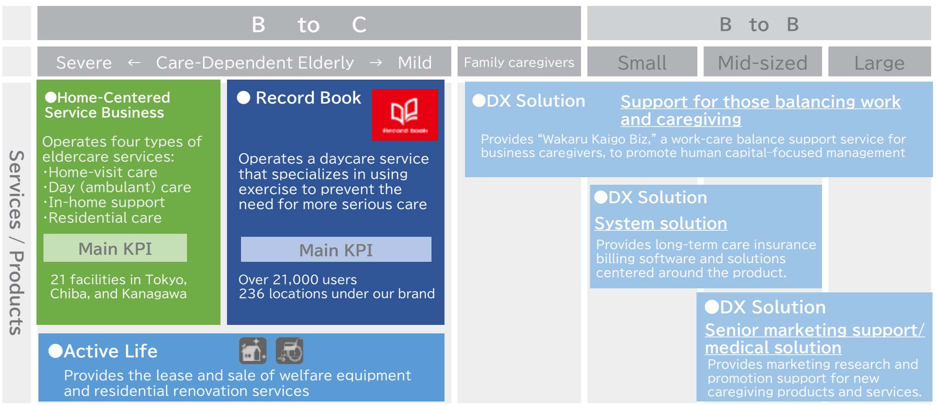
Conducts the Healthcare Solution Business and the Home-Centered Service Business

The Company operates the Healthcare Solution Business and the Home-Centered Service Business with the aim of creating a healthy future targeting a wide range of customers through both B2C and B2B channels in the two areas of physical facilities and the internet and technology with a view to resolving issues such as ballooning social security costs, medical and nursing care human resource shortages, and labor shortages. In the Healthcare Solution Business, the Company conducts the Record Book Business, which manages Record Book short-time, rehabilitation daycare services to increase healthy life expectancy of the elderly; the Active Life Business, which leases and sells welfare equipment and provides home renovation services; and the DX Solution Business, which provides senior marketing support, support for those balancing their professional and caregiving duties, system solutions, and other such services using the care manager network constructed through Care Management Online, the Company's dedicated care manager portal site. Conversely, in the Home-Centered Service Business, it provides various long-term care insurance services for elderly people living at home.

In the percentages of net sales in FY3/25, the Record Book Business provided 35.8%, the Active Life Business 26.4%, the Web Solution Business* 6.6%, and the Home-Centered Service Business 31.1%.

* The Web Solution Business was renamed the DX Solution Business effective from FY3/26.

Business areas



Source: The Company's "Business Plan and Items relating to Growth Potential"

1. Healthcare Solution Business

To solve the issues facing Japan's super-aged society, the Company utilizes the platform comprised of the Record Book facilities network, the care manager network, and eldercare consultation data, etc. to prolong healthy life expectancy, to establish living environments for the elderly, to establish and share information on eldercare facilities, and to support marketing for the senior market, and thereby to support people to both work and provide eldercare.

(1) Record Book Business

Targeting the elderly certified as requiring eldercare and those certified as requiring assistance and with the aim of maintaining, recovering, and improving their physical functions, the Company manages Record Book short-time, rehabilitation daycare services. As of the end of FY3/25, the Company had 23 directly-managed facilities and 191 franchise facilities, while Meitetsu Life Support Co., Ltd., a joint venture with Nagoya Railroad Co., Ltd. <9048>, was managing 22 Meitetsu Record Book facilities, mainly in Aichi Prefecture. The total number of facilities was 236, which was 12 more than at the end of FY3/24. With COVID-19 being reclassified as a Class 5 disease, inquiries from prospective franchisees seeking to open new locations have increased. In response, the Company has made progress on various measures to address property development challenges, such as promoting outbound calls through increased staffing and the establishment of a call center, leading to the steady accumulation of property information. Furthermore, the succession of the business to the newly established Record Book Inc. has accelerated decision-making. With these structural reforms and enhanced information-gathering capabilities, the number of new store openings is expected to continue increasing steadily.

The features of Record Book facilities include “spaces that do not feel like eldercare spaces” that instead look like fitness clubs or dance studios, “professional exercise guidance” that incorporates fully fledged exercise programs based on scientific evidence, and “hospitality” aiming for active communication by creating lively spaces that are full of warm hospitality. They are rehabilitation daycare service facilities that deviate from the image that eldercare facilities have had up to the present time. Users have high levels of satisfaction with the enhanced service content, including Record Book’s proprietary exercise program that does not use machines and setting aside tea times, and the continuous membership rate is high.

The Company actively utilizes the data collected through this business for the Record Book programs. In April 2022, it developed jointly with LiveSmart KK, a walking-analysis application that utilizes Record Book data and AI and is deploying a service using it at Record Book directly-managed facilities. The app takes a picture of TUG measurements* and automatically analyzes and evaluates items such as the walking score and balance score, and creates a report. It then proposes advice and recommends programs based on the measurement results. Other than this, the Company is developing solutions that utilize AI and IoT to extend healthy life expectancy, including the joint development of another exercise program with the University of Tsukuba. Going forward, the Company plans to continue harnessing data and AI to increase competitiveness. Specifically, the Company plans to provide exercise programs optimized for each user based on data and develop new services that can help prevent falls, and is currently making steady progress on accumulating various types of data.

* TUG (Timed Up and Go) measurements are an indicator used worldwide as a test to comprehensively judge aspects such as walking ability, dynamic balance, and agility. It is generally adopted as a useful test for the elderly who have a high risk of falling.

Record Book targets the elderly certified as requiring a light level of eldercare (level 1 or 2 support, or level 1 or 2 long-term care) for whom self-determination is possible, and it has few competitors and has acquired competitive advantages. Compared to the number of subjects targeted by rehabilitation daycare services facilities to which Record Book belongs, there are few facilities for them, and the market has room to grow and there are many potential new users, so this business is expected to further expand. Also, as the Company targets the elderly certified as requiring light eldercare, it can sell products and provide other services within its facilities. In November 2023 Record Book nationwide launched sales of training puzzles for seniors jointly developed with Plaza Create Co., Ltd. In addition to the directly-managed facilities, Record Book has been developing franchise operations since 2014, and the royalty income from franchise members is a stable source of revenue (recurring revenue).

(2) Active Life Business

In conjunction with the spin-off in FY3/23, the welfare equipment leasing business was transferred to the subsidiary Kankeisha. Through the eldercare business office and FULLCARE, which was made a subsidiary in April 2021, this business provides living support-related services and sells products that are needed by the elderly and their families. Among these products, it mainly leases and sells welfare equipment relating to establishing an eldercare environment and preventive care and welfare equipment for the elderly, and provides residential renovation services. Recently, in October 2022, the Company made a subsidiary of Seikougiken, based in Hiroshima Prefecture, which mainly provides home renovation services, expanding its business portfolio to services outside the scope of long-term care insurance. By making Seikougiken a consolidated subsidiary, the Company is now able to provide residential renovation services (that were previously outsourced) for FULLCARE within the Group. Furthermore, synergies are also being created from a business activities aspect, such as FULLCARE winning projects and introducing them to Seikougiken.

The Company plans to develop a welfare equipment rental and sales service that leverages data and motor function assessment know-how obtained through the Record Book Business. This initiative aims to support each user's overall lifestyle and contribute to preventative care for users in the home.

(3) DX Solution Business

a) Senior marketing support business

The Company supports client companies in marketing research, promotions, and other areas by leveraging the network of care managers registered on Care Management Online to conduct qualitative and quantitative surveys through questionnaires and other methods, as well as to sample elderly individuals requiring long-term care. Care Management Online is a portal site that aims to support the work of care managers. It provides the latest information relating to eldercare, including information on the revised Long-Term Care Insurance Act, also tools, manuals, and other items they need for work, and it has become established as an indispensable tool for care managers' work. The Company enhanced the quality and quantity of the site's content by brushing up the work support tools and through tie-ups with other companies. In October 2023, it launched a document drafting support tool that uses ChatGPT, and in May 2024, it added a new function that uses ChatGPT to enable the handling of revisions to nursing care fees. The response from users to these functions has been good as they are enhancing the productivity of care managers and the Company has received many inquiries about them. In addition to new functions utilizing ChatGPT, it has launched collaborations with the Kuroneko Monitoring Service HelloLight Visit Plan provided by Yamato Transport Co., Ltd. (December 2023) and the Kurashi no Partner senior support service provided by Curapis, Inc. (March 2024). Through these collaborations, the Company will contribute to lightening the burden on care managers and improving operational efficiency. Ongoing efforts to enhance content have led to a steady increase in membership, with over 100,000 care managers now registered. The Company plans to continue making the portal site more attractive to care managers and enhance its appeal as a platform.

Also, in FY3/24, the Company started engaging in upstream processes in the value chain in order to raise the added value of the services it provides, and it is focused on improving unit prices and profitability. Specifically, it has launched a consulting service that supports customers from the research and product development stage, including the design and testing of products. By adding upstream consulting services to its existing lineup of services, the Company is able to provide customers with wide-ranging support.

The Company reaches approximately 3.96 million elderly households nationwide through care manager members of Care Management Online and utilizes this network to support client companies' marketing efforts. It has a proven track record with numerous clients, including a major food manufacturer.

b) Support for those balancing their professional and caregiving duties

The number of people providing eldercare while still working is increasing, and in this situation, the number of people having to leave or change their job in order to provide eldercare is also rising. In this sort of situation, the Company is providing welfare service packages* to its customer companies' employees to support them being able to continue working while also providing eldercare. In FY3/25, the number of companies using the Company's services grew steadily, including five companies of the Hitachi Group, ITOCHU Human Resources & General Affairs Services Inc., TOKYO GAS NETWORK Co., Ltd., Inabata <8098>, Nippon Computer Sales Co., Ltd., HIKARI ALPHAX INC., OOHIRO CO., LTD., and Chuo-Nittochi Group Co., Ltd. As of the end of FY3/25, over 250 companies had introduced the services, with over 2.35 million members. Interest is rising in companies' initiatives for ESG and SDGs, and in this situation, at FISCO we think that the number of companies considering introducing these services in order to improve the lives and the satisfaction levels of their employees is increasing. Additionally, the Ministry of Health, Labour and Welfare revised the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members in May 2024 with the aim of preventing people from quitting their jobs due to nursing care responsibilities. Accordingly, all companies are obligated to inform their employees about support systems for balancing work and caregiving and to establish suitable employment environments, including providing workers with training, effective from April 2025. Under this government policy, the Company has been encountering a steadily increasing number of inquiries from customers regarding such services. As such, the Company has launched its new Wakarukaigo Biz Light service for SMEs, predicated on the legal revision mentioned above.

* Specifically, it holds eldercare seminars, etc., manages an eldercare information website, and has an eldercare concierge service (introductions of care managers by telephone or e-mail, introductions of eldercare facilities, long-term care insurance filing service, etc.).

c) Medical solutions

The Company operates marketing support services for medicinal pharmaceuticals that provide market data, such as on disease awareness and usage conditions, to pharmaceutical manufacturers and medical device manufacturers. It utilizes a network of care managers registered on Care Management Online to conduct online questionnaires of its care-manager members who specialize in the medical area and to develop education contents on Care Management Online. The Company has been working to expand the Web Solution Business by commercializing medical solutions, strengthening its sales activities since FY3/23 with a focus on holding seminars and conducting promotional activities targeting pharmaceutical and medical device manufacturers. The outlook for the external environment around the business is also good, and the current steady level of new orders is expected to contribute to further earnings. The Pharmaceutical and Medical Device Act, which was enacted to improve public health and hygiene—namely, to protect lives by maintaining the health of the population—by ensuring the quality, efficacy, and safety of pharmaceuticals, is tightening regulations on online advertising. As the Company's business model allows it to approach a real-world asset—care managers registered on Care Management Online—the relative superiority of its service is expected to increase. In a similar approach to which it is using for senior marketing support, it is focusing on improving unit prices and profitability by getting involved in upstream processes in customer value chains.

d) System solutions

Through SAINT-WORKS, which became a subsidiary in April 2025, the Company develops and sells systems primarily targeting small and medium-sized care facility operators. Such systems include Suisui Remon long-term care billing software that facilitates revenue tracking, accounts receivable, and integrated management of multiple business offices. In addition, the Company provides on-site support tailored to the healthcare sector with services such as outsourced invoice and receipt mailing preparation as well as sales and leasing of IT device solutions for operating eldercare business offices. It also offers work-life balance consulting services that facilitate creation of corporate cultures that provide job satisfaction and supportive atmospheres through training programs, instructor dispatch, and other such solutions.

2. Home-Centered Service Business

Targeting the elderly with medium- to high-level nursing care needs, this business provides a range of long-term care insurance services. Also, the Wakarukaigo Consultation Center provides various types of consultations and support services related to eldercare.

(1) In-home eldercare support services

Care managers with specialist knowledge create an eldercare support plan (care plan) that incorporates the necessary types and content of eldercare services depending on the wishes of users and their families. Then, they coordinate and conduct adjustments with the providers of the eldercare services and provide support so that the users can smoothly receive the eldercare services. At the end of FY3/25, it was managing eight business offices.

(2) Home-visit eldercare services

Specialist home-visit eldercare nurses (home helpers) visit the homes of the elderly who require eldercare and assistance and provide them with eldercare, such as for bathing, going to the toilet, and eating. They also support their daily living activities, including cleaning, changing clothes, and shopping. In June 2024, a new office was opened in Funabashi City, Chiba Prefecture. At the end of FY3/25, it was managing five business offices.

(3) Ambulant care services (Day services)

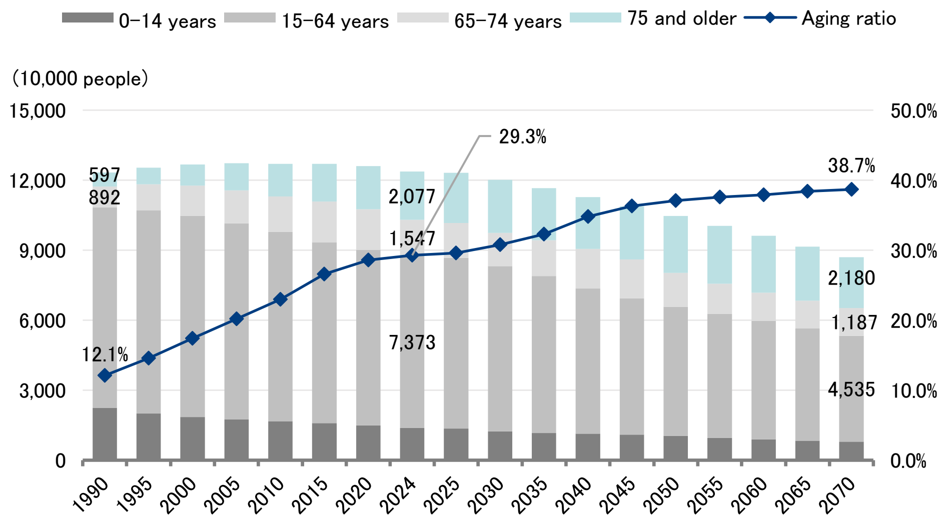
Targeting the elderly who require eldercare and assistance, this business provides eldercare services at day service centers, such as support for bathing, going to the toilet, and eating, and other support for daily living activities. It also provides support services for the elderly's independence, including functional training and recreation activities. At the end of FY3/25, it was managing six business offices.

In addition, in December 2022, consolidated subsidiary Kankeisha acquired residential-type fee-charging homes for the elderly and other operations by business transfer to move into the facility care business. As a result, it can provide services that help users at every stage of eldercare extend their healthy life expectancy. Going forward, it will leverage the know-how related to nursing care that it has cultivated over more than 20 years since its founding to differentiate from competing companies and grow the sales and profits of existing facilities.

3. The business environment

The elderly, whom the Company targets, continue to trend upwards both in terms of their absolute number and their percentage of the total population. According to the “Annual Report on the Ageing Society FY2025” issued by the Cabinet Office, the population aged 65 and above in 1990 was 14.89 million, but by 2024 this had rapidly increased by 143.4% compared to 1990 to 36.24 million. Also, by 2070, the population aged 65 and above will be 33.67 million , which is slightly lower than in 2024, but because of the decline of the total population, it is projected that the aging ratio (the percentage of the total population aged 65 or above) will have risen to as high as 38.7%.

Aging trend and future projections



Source: Prepared by FISCO from the “Annual Report on the Ageing Society FY2025” by the Cabinet Office

Moreover, the government’s formulation of the medical expense optimization plan to maintain a high-quality medical care system through Japan’s universal health insurance system is also a tailwind for the Company. In this plan, the government has indicated its policy that “the growth of medical expenses for the elderly must be gradually lowered in the medium- to long-term” as a specific measure to optimize medical expenses on the arrival of the super-aged society. The average life expectancy has increased due to the progress of medical technologies and changes to dietary habits, but the gap between life expectancy and healthy life expectancy has widened to around 10 years, and during this period, the burden of eldercare and medical expenses becomes extremely large. In order to narrow the gap between average life expectancy and healthy life expectancy, or in other words “to prolong healthy life expectancy,” it can be said that it will be important to reduce eldercare and medical expenses alongside the increase in the elderly population. Record Book facilities managed by the Company are also effective in improving the certification level of required eldercare and lead to the expansion of users’ range of activities and also their quality of life. Based on this, at FISCO we think that the Company has a role to play in applying the brakes to the increase in social security expenses, which is an issue for the government, and that social needs for its services will increase.

In the Record Book Business and Home-Centered Service Business, there is the risk that earnings will decrease due to revisions to the long-term care insurance system or to nursing care fees. To mitigate this risk, the Company is strengthening profitability by providing services other than long-term care insurance services at Record Book facilities. It also intends to launch new businesses that are not dependent on the long-term care insurance system, and made Seikougiken, which mainly provides home renovation services not covered by long-term care insurance, into a subsidiary in October 2022.

Results trends

Substantial double-digit increase across each line of profit in FY3/25. Steady net sales growth across all segments

1. FY3/25 results summary

In the FY3/25 consolidated results, net sales increased 4.1% YoY to ¥5,161mn, operating profit rose 74.2% to ¥401mn, ordinary profit increased 51.6% to ¥411mn, and profit attributable to owners of parent rose 95.3% to ¥255mn. All segments achieved steady net sales growth, while substantial increases in operating profit and ordinary profit were also driven by fixed cost reductions, including lower rent expenses due to relocation of the head office in the previous fiscal year.

In the Record Book Business, part of the Healthcare Solution Business, operating profit rose significantly due to recovery in capacity utilization rates of existing facilities, and despite a decline in the number of directly-managed facilities. The number of new location openings increased by one compared to the previous fiscal year, bringing the total to 13 facilities. The Active Life Business performed well in the welfare equipment leasing business, but posted an impairment loss of ¥42mn on goodwill related to Seikougiken in 3Q. The impairment loss is attributable to a situation where initially anticipated future earnings were deemed unlikely due to factors that include changes in the sales mix and rising cost ratios relative to assumptions made at the time of the M&A. However, the Company is making progress with structural reforms amid expectations that synergies with FULLCARE will contribute to earnings at the Group level going forward. In the Web Solution Business, the Company started offering its Wakarukaigo Biz Light service targeting SMEs in looking toward revision of Japan's Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members. The Home-Centered Service Business maintained stable operations overall and recorded ¥40mn in compensation for eviction under extraordinary income, associated with relocation of an ambulant care business office operated by consolidated subsidiary Kankeisha.

FY3/25 consolidated results

(¥mn)

	FY3/24		FY3/25		YoY	
	Result	% of net sales	Result	% of net sales	Change amount	% change
Net sales	4,959	100.0%	5,161	100.0%	202	4.1%
Healthcare Solution Business	3,414	68.8%	3,554	68.9%	139	4.1%
Record Book Business	1,820	36.7%	1,848	35.8%	28	1.5%
Directly-managed facilities	1,043	21.0%	1,046	20.3%	2	0.3%
Franchise facilities	776	15.7%	802	15.5%	25	3.2%
Active Life Business	1,256	25.3%	1,362	26.4%	106	8.5%
Web Solution Business	337	6.8%	342	6.6%	5	1.6%
Marketing support for the senior market	152	3.1%	133	2.6%	-19	-12.5%
Support for those balancing their professional and caregiving duties	143	2.9%	145	2.8%	1	1.2%
Medical solutions	41	0.8%	63	1.2%	22	54.7%
Home-Centered Service Business	1,544	31.2%	1,607	31.1%	62	4.1%
Ambulant care	463	9.3%	485	9.4%	22	4.9%
Home-visit eldercare	493	9.9%	498	9.7%	4	1.0%
Residential eldercare support	344	6.9%	358	6.9%	14	4.1%
Facility care	243	4.9%	264	5.1%	21	8.7%
Gross profit	1,843	37.2%	2,043	39.6%	200	10.9%
Operating profit	230	4.6%	401	7.8%	170	74.2%
Healthcare Solution Business	421	12.3%	525	14.8%	104	24.7%
Record Book Business	292	16.0%	382	20.7%	90	31.0%
Directly-managed facilities	118	11.3%	234	22.4%	115	97.5%
Franchise facilities	173	22.3%	147	18.3%	-25	-14.6%
Active Life Business	34	2.7%	71	5.2%	36	108.2%
Web Solution Business	95	28.2%	71	20.8%	-23	-24.6%
Home-Centered Service Business	339	22.0%	338	21.1%	-0	-0.1%
Ambulant care	113	24.4%	113	23.3%	-0	-0.3%
Home-visit eldercare	147	29.8%	132	26.5%	-15	-10.3%
Residential eldercare support	84	24.4%	89	24.9%	4	5.9%
Facility care	-6	-	3	1.1%	10	-
Adjustment amount	-530	-	-463	-	67	-
Ordinary profit	271	5.5%	411	8.0%	139	51.6%
Profit attributable to owners of parent	130	2.6%	255	4.9%	124	95.3%

Notes: 1. The Web Solution Business was renamed the DX Solution Business effective from FY3/26.
Notes: 2. The composition ratio of operating profit by segment shows the percentage relative to net sales by segment (the segment operating profit margin).
Source: Prepared by FISCO from the Company's financial results and financial results briefing materials

The results by segment are described below.

(1) Healthcare Solution Business

In the Healthcare Solution Business, net sales increased 4.1% YoY to ¥3,554mn and operating profit increased 24.7% to ¥525mn.

a) Record Book Business

In the Record Book Business, net sales increased 1.5% YoY to ¥1,848mn and operating profit rose 31.0% to ¥382mn. Record Book Inc. assumed operations of the Record Book Business subsequent to a spin-off of the business. Although the number of directly-managed facilities decreased by one location YoY, both net sales and operating profit increased due to higher capacity utilization rates. The number of franchise facilities increased by 12 locations, resulting in higher royalty income. In addition to the increase in the number of facilities, capacity utilization rates at existing facilities have been trending higher due to growing awareness regarding the importance of regular exercise among elderly people. Net sales per directly-managed facility and royalty income from franchise members also increased year on year. Proceeds including franchise fees tied to new franchise openings also increased slightly. Record Book surpassed 21,000 monthly users in October 2024, with further growth in the number of users anticipated going forward due to rising capacity utilization rates of existing facilities and new location openings. There are 236 Record Book locations nationwide with 13 new facilities having opened under the Record Book brand in FY3/25, which is one more opening than in FY3/24. Meanwhile, the Company projects that new location openings will amount to around 20 facilities in FY3/26. On the other hand, there was an increase in the number of franchisees who changed plans from their previous capital investment-based rental plans when those contracts expired, which resulted in cost of sales and net sales both decreasing by an equal amount. Despite this, net sales and profit both increased in the Record Book Business overall.

b) Active Life Business

In the Active Life Business, net sales increased 8.5% YoY to ¥1,362mn and operating profit rose 108.2% to ¥71mn. In this business, the operations of FULLCARE and Kankeisha, both engaged in welfare equipment leasing, maintained solid performance. At Seikougiken, net sales and operating profit both increased YoY, supported by various measures that included reviewing its marketing approach and customer base, reforming its organizational framework, and improving its cost ratios by reassessing its supplier selection criteria. Going forward, the Company will continue to implement structural reforms aimed at ensuring that synergies with FULLCARE contribute to earnings at the Group level.

c) Web Solution Business

In the Web Solution Business, net sales increased 1.6% YoY to ¥342mn and operating profit declined 24.6% to ¥71mn. In this business, the Company offers the Wakarukaigo Biz service aimed at supporting those balancing their professional and caregiving duties. The service is provided to five companies of the Hitachi Group, ITOCHU Human Resources & General Affairs Services, TOKYO GAS NETWORK, Inabata & Co., Nippon Computer Sales, HIKARI ALPHAX, OOHIRO, Chuo-Nittochi Group, and other companies. In addition, the Company started offering its Wakarukaigo Biz Light service to SMEs in response to the April 2025 revision of Japan's Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members. Although inquiries regarding the service have been limited amid a lack of awareness regarding compulsory establishment of help desks at this point in time, the Company anticipates growing demand for the service as companies become better informed of the legal revision going forward. Moreover, both net sales and operating profit increased in the medical domain due to large orders received from customers retained since the previous fiscal year. Going forward, the Company will continue to promote its sales activities and further enhance content.

(2) Home-Centered Service Business

In the Home-Centered Service Business, net sales increased 4.1% YoY to ¥1,607mn and operating profit declined 0.1% to ¥338mn. In this business, Kankeisha implemented personnel system reforms aimed at securing nursing care human resources, including qualified professionals. Moreover, a new home-visit eldercare business office was opened in Funabashi City, Chiba Prefecture, and four business offices in Chiba Prefecture newly acquired the medical collaboration reimbursement premium with respect to residential eldercare support. In facility care, net sales temporarily declined in 4Q due in part to multiple resident departures, and both net sales and operating profit increased YoY for the full fiscal year. Although home-visit eldercare was somewhat affected by a shortage of service coordinators, it maintained stable operations overall.

2. Financial condition and management indicators

At the end of FY3/25, total assets increased ¥577mn from the end of the previous fiscal year to ¥4,328mn, of which current assets increased ¥703mn to ¥3,306mn. This is mainly due to an increase of ¥736mn in cash and deposits. Non-current assets decreased ¥126mn to ¥1,022mn, due to decreases of ¥127mn in intangible assets and ¥5mn in investments and other assets, partially offset by an increase of ¥7mn in property, plant and equipment. Total liabilities increased ¥318mn to ¥2,681mn. Within this, current liabilities decreased ¥118mn to ¥1,962mn, mainly reflecting decreases of ¥117mn in accounts payable - other, due to payment, etc. of software production costs recorded in the previous fiscal year, and ¥10mn in the current portion of long-term borrowings, while short-term borrowings increased ¥100mn. Non-current liabilities increased ¥437mn to ¥719mn, mainly due to an increase of ¥439mn in long-term borrowings. Net assets increased ¥258mn to ¥1,647mn, mainly due to an increase of ¥205mn in retained earnings due to the recording of profit attributable to owners of parent, as well as a decrease of ¥55mn in treasury shares. As a result, all indicators improved, with the equity ratio increasing 1.0pp to 38.0%, the current ratio rising 43.4pp to 168.5%, and the non-current ratio dropping 20.6pp to 62.1%. The equity ratio is at a healthy level, and the levels of the current ratio and non-current ratios also present no issues. We at FISCO therefore believe there to be no issue with the Company's long- and short-term liquidity.

Future outlook

DX Solution Business likely to post significant increases in both sales and profit in FY3/26, with double-digit growth across each line of profit

1. FY3/26 results outlook

For the FY3/26 consolidated results, the Company forecasts increases of 16.4% YoY in net sales to ¥6,007mn, 32.4% in operating profit to ¥530mn, 30.0% in ordinary profit to ¥534mn, and 21.6% in profit attributable to owners of parent to ¥310mn. The Company projects double-digit growth YoY across each line of profit, along with gains in profitability indicators such as ROE and EPS. Again in FY3/26, the Company plans to implement growth measures that include aggressive M&A and new investment, while continuing to make steady progress in laying the groundwork for future business expansion. In addition, reductions of certain costs driven by operational streamlining are expected to support profit growth.

In the Record Book Business, solid growth is anticipated across the segment as a whole, with net sales up ¥79mn and operating profit up ¥120mn. Particularly when it comes to franchise contracts in the Record Book Business, the Company is shifting away from plans arranged such that it covers rent expenses on land and buildings as well as depreciation expenditures. This will curb costs thereby enhancing profitability, underpinned by an outlook for growth in sales due to an increase in the number of facilities. In addition, improvement in capacity utilization rates at each of the facilities will also serve as a factor underpinning higher profits. The Company anticipates substantial growth in results of franchise facilities, projecting a ¥42mn increase in net sales to ¥844mn and a ¥105mn gain in operating profit to ¥253mn, primarily attributable to lower software expenses. The Company has been migrating its Record Book core system to a new platform, but has continued to operate it in tandem with the existing system due to its critical importance. The scheduled end of this parallel operation during FY3/26 is likely to eliminate such cost redundancies.

In the Active Life Business, although the Company projects a decrease of ¥168mn YoY in net sales due to structural reforms at Seikougiken, it anticipates an increase of ¥53mn in operating profit due to improvement in the profit margin.

In the DX Solution Business, the Company projects a substantial increase of ¥839mn YoY in net sales and an increase of ¥22mn in operating profit, with results particularly driven by growth in orders for system development and implementation. Growth of the business overall is poised to accelerate now that SAINT-WORKS, which joined the Group in April 2025, is fully contributing to financial results.

The Home-Centered Service Business has been achieving consistent results overall in each of its businesses, with sales expected to increase ¥95mn YoY and operating profit to rise ¥72mn, reflecting solid growth in both net sales and profit. The Company was subject to staffing shortages in FY3/25, amid ongoing challenges throughout the industry in securing human resources in this business domain. However, the Company is poised to meet its staffing needs in FY3/26, given that it is now beginning to see results of its intensified recruitment efforts and personnel system reforms. This business is likely to achieve consistent growth as it makes progress in securing human resources, given that its business model ensures sales and profit growth if it adequately secures employees.

FY3/26 consolidated results forecast

(¥mn)

	FY3/25		FY3/26		YoY	
	Result	% of net sales	Forecast	% of net sales	Amount	% change
Net sales	5,161	100.0%	6,007	100.0%	846	16.4%
Healthcare Solution Business	3,554	68.9%	4,304	71.6%	750	21.1%
Record Book Business	1,848	35.8%	1,928	32.1%	79	4.3%
Directly-managed facilities	1,046	20.3%	1,084	18.0%	37	3.5%
Franchise facilities	802	15.5%	844	14.1%	42	5.2%
Active Life Business	1,362	26.4%	1,193	19.9%	-168	-12.3%
DX Solution Business	342	6.6%	1,181	19.7%	839	245.3%
Marketing support for the senior market	133	2.6%	180	3.0%	47	35.3%
Support for those balancing their professional and caregiving duties	145	2.8%	150	2.5%	4	2.8%
Medical solutions	63	1.2%	50	0.8%	-13	-20.6%
System solutions	-	-	801	13.3%	-	-
Home-Centered Service Business	1,607	31.1%	1,703	28.4%	95	5.9%
Ambulant care	485	9.4%	492	8.2%	6	1.2%
Home-visit eldercare	498	9.7%	586	9.8%	88	17.7%
Residential eldercare support	358	6.9%	359	6.0%	0	0.0%
Facility care	264	5.1%	264	4.4%	-0	-0.0%
Operating profit	401	7.8%	530	8.8%	129	32.4%
Healthcare Solution Business	525	14.8%	721	16.8%	195	37.2%
Record Book Business	382	20.7%	503	26.1%	120	31.7%
Directly-managed facilities	234	22.4%	249	23.0%	14	6.4%
Franchise facilities	147	18.3%	253	30.0%	105	72.1%
Active Life Business	71	5.2%	124	10.4%	53	74.6%
DX Solution Business	71	20.8%	93	7.9%	22	31.0%
Home-Centered Service Business	338	21.1%	411	24.1%	72	21.2%
Ambulant care	113	23.3%	125	25.4%	12	10.6%
Home-visit eldercare	132	26.5%	177	30.2%	44	33.3%
Residential eldercare support	89	24.9%	94	26.2%	5	5.6%
Facility care	3	1.1%	13	4.9%	9	300.0%
Adjustment amount	-463	-	-601	-	-138	-
Ordinary profit	411	8.0%	534	8.9%	122	30.0%
Profit attributable to owners of parent	255	4.9%	310	5.2%	54	21.6%

Notes: 1. The Web Solution Business was renamed the DX Solution Business effective from FY3/26.
Notes: 2. The composition ratio of operating profit by segment shows the percentage relative to net sales by segment (the segment operating profit margin).
Source: Prepared by FISCO from the Company's financial results and financial results briefing materials

2. Acquisition of SAINT-WORKS shares

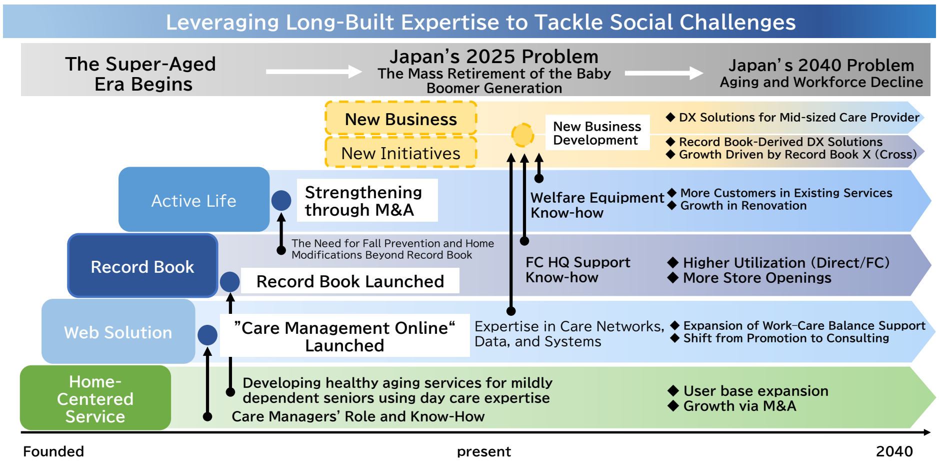
The Company made SAINT-WORKS CORPORATION a wholly owned subsidiary upon acquisition of its shares, effective April 1, 2025. This will enable the Company to integrate the know-how and technological capabilities of SAINT-WORKS' system solutions business into its own DX Solution Business, accelerating its operational streamlining and digital transformation in the eldercare industry. Against the backdrop of acute human resource shortages in eldercare workplaces, even qualified professionals are compelled to devote substantial time to non-core tasks, undermining productivity. Such non-core tasks include data management, cleaning, and other indirect work that prevents staff from focusing on the core tasks of service delivery and facility operations that directly generate revenue. The Company is addressing this challenge with a strategy of promoting the digital transformation of eldercare workplaces starting with core software implementation, with respect to which the technologies and products of SAINT-WORKS are expected to play a pivotal role. Meanwhile, given that progress thus far in carrying out PMI is largely in line with plans in areas such as administrative integration, meeting structure design, and the organizational framework, the Company now intends to proceed with business-related PMI over the next year or so. With progress on the sales and product fronts generally proceeding according to plan, the Company intends to pursue value enhancement over a medium- to long-term horizon spanning multiple years, rather than aiming for single-year gains, given the relatively large scale of the systems involved.

Medium-term management policies

Acceleration of new business development centered on expansion of existing businesses. Additionally aiming to achieve dramatic growth through M&A

In June 2023, the Company newly formulated its IIF Vision 2030 upon having taken the end of the COVID-19 pandemic as an opportunity to revisit its Medium-Term Vision 2025 and priority strategies in its Medium-Term Strategy. The Company subsequently brought its profit targets and growth strategies up to date in June 2025 with the inclusion of FY3/29 results forecasts, taking into account factors such as prevailing results trends. Under its medium-term management policy, the Company has set forth the objective of accelerating its pace of growth through focused investment on creating new businesses using cash generated from growth of its Record Book Business and other existing businesses. Under its vision of "Creating a healthy future with in-person services and technology," the Company regards solving the problems of a super-aged society as an important mission and is focusing on using technology to enhance the competitiveness of existing businesses and create new ones. Specifically, the Company is promoting DX solutions that enable comprehensive management support for medium-sized care facility operators. In this way, the Company will raise the competitiveness and profitability of its existing businesses while also accelerating growth of business results and further enhancing corporate value. In addition to this, it will continue to focus on building a stable earnings base that is not easily affected by the external environment. Its plan is to make its earnings base more diverse by creating new in-house businesses that are not covered by long-term care insurance, as well as to proactively consider M&A in areas that will contribute to the growth of its existing businesses. As a result of these efforts, in the final year of the plan period (FY3/29) the Company is targeting net sales of ¥8,045mn, operating profit of ¥1,275mn, profit attributable to owners of parent of ¥750mn, ROE of 24.5%, an operating profit margin of 15.8%, and EPS of ¥138.

Growth scenarios by business segment



Source: The Company's "Business Plan and Items relating to Growth Potential"

The Company's healthcare services are poised to encounter steady demand given that the aging population trend is likely to persist over the medium to long term. Furthermore, the capacity utilization rate of the Record Book Business is currently rising and the highly profitable DX Solution Business is generating favorable business results. As for its medium-term management plan numerical targets, the Company has enhanced the accuracy of its projections by considering existing businesses and new businesses separately. Through its growth investments to date, the Company has built a business portfolio capable of stably increasing net sales and profits, centered on the Record Book Business. For this reason, numerical targets for the existing businesses are highly accurate. As such, we at FISCO believe the Company is highly likely to achieve its consolidated results forecast.

Furthermore, we at FISCO believe that the growth strategies are now significantly more feasible given that the previously abstract DX solutions concept outlined in the medium-term management plan has become more tangible as a result of SAINT-WORKS joining the Group. Thus far, the Company has been promoting its Record Book Business with a primary focus on addressing Japan's 2025 problem of strain on social security costs associated with Japan's rising late-stage elderly population. Going forward, however, the Company will fully implement growth strategies that harness the products and consulting services of SAINT-WORKS targeting care facility operators, looking ahead to the 2040 problem of nursing care human resource shortages and the need for greater productivity.

Medium-term management plan

(¥mn)

	FY3/25 Result	FY3/26 Forecast	FY3/27 Target	FY3/28 Target	FY3/29 Target
Net sales	5,161	6,007	6,863	7,549	8,045
(Previous disclosure)	5,102	5,869	6,831	7,395	-
Healthcare Solution Business	3,554	4,304	4,926	5,334	5,798
Record Book Business	1,848	1,928	1,994	2,094	2,181
(Previous disclosure)	1,776	1,854	1,992	2,196	-
Active Life Business	1,362	1,193	1,250	1,309	1,392
(Previous disclosure)	1,365	1,421	1,470	1,519	-
DX Solution Business	342	1,181	1,681	1,931	2,224
(Previous disclosure)	318	345	376	402	-
Home-Centered Service Business	1,607	1,703	1,937	2,214	2,246
(Previous disclosure)	1,642	1,896	2,152	2,175	-
Operating profit	401	530	727	1,015	1,275
(Previous disclosure)	355	530	727	980	-
Healthcare Solution Business	525	721	922	1,203	1,464
Record Book Business	382	503	573	708	805
(Previous disclosure)	433	540	647	809	-
Active Life Business	71	124	147	169	197
(Previous disclosure)	100	124	144	161	-
DX Solution Business	71	93	200	325	461
(Previous disclosure)	66	89	110	132	-
Home-Centered Service Business	338	411	420	435	442
(Previous disclosure)	359	412	411	410	-
Adjustment amount	-463	-601	-615	-622	-631
Profit attributable to owners of parent	255	310	431	605	750
(Previous disclosure)	204	309	426	574	-
ROE	16.8%	17.2%	23.1%	25.4%	24.5%
(Previous disclosure)	13.8%	17.7%	20.2%	22.0%	-
Operating profit margin	7.8%	8.8%	10.6%	13.5%	15.8%
(Previous disclosure)	7.0%	9.0%	10.7%	13.3%	-
EPS	47	57	79	111	138
(Previous disclosure)	38	58	80	108	-

Note: The Web Solution Business was renamed the DX Solution Business effective from FY3/26. The system solutions business and new businesses conducted by SAINT-WORKS have been reclassified as part of the DX Solution Business effective from the previous disclosure.
Source: Prepared by FISCO from the Company's "Business Plan and Items relating to Growth Potential"

Furthermore, the Company's structural reforms including M&A have culminated in an influx of a diverse range of opportunities in the eldercare domain and DX sector. At present, the Company is concurrently evaluating multiple projects. Looking ahead, it will aim to execute M&As to help provide DX solutions that will contribute to increased productivity of care facility operators with a view to resolving nursing care human resource shortages and labor shortages, which are the challenges presented as the 2040 problem.

Profit targets and growth strategies by segment are described below.

(1) Record Book Business

The FY3/29 targets are for net sales of ¥2,181mn and operating profit of ¥805mn. The Company revised its net sales targets compared to those of the previous disclosure, raising them through FY3/27 while lowering the target for FY3/28. These revisions reflect changes in the outlook for capacity utilization based on recent trends, as well as adjustments in the timing of converting directly-managed stores into franchise operations. Also, the operating profit target was lowered because costs related to the Record Book core system, recognized as adjustments at the time of the previous disclosure, are now being accounted for within the Record Book Business. The Company's strategy for Record Book facility openings involves accelerating the pace of franchise growth by focusing on supporting efforts of franchise members to improve their business results, thereby encouraging them to open second and third locations. Meanwhile, the Company plans to increase the number of Record Book facilities to 351 locations by the end of FY3/29, by addressing property development issues. User numbers are growing steadily and the number of monthly users is currently at a record high. As user numbers grow, the Company plans to stabilize capacity utilization rates at a high level and then improve operational efficiency by gradually changing directly-managed facilities into franchise facilities, increasing the profitability of the business.

(2) Active Life Business

The FY3/29 targets are for net sales of ¥1,392mn and operating profit of ¥197mn. The Company projects a significant decrease in net sales and a slight increase in operating profit, due to reassessment of the business plan reflecting Seikougiken's structural reforms and review of the timeline for expanding collaboration with FULLCARE. It aims to achieve stable net sales and profit growth by focusing on growing its welfare equipment leasing business, which generates recurring revenue. In regard to Seikougiken, the business will shift to a model centered on collaboration with FULLCARE in aiming to gain more home renovation projects and higher unit prices by leveraging synergies.

As a subsidiary that engages in home renovation business, Seikougiken has expanded the Group's business portfolio to services outside the scope of long-term care insurance, as the Company aims to build an earnings base that will not be easily affected by revisions to the long-term care insurance system. The Company will also develop new businesses, including Record Book Cross. Record Book Cross aims to contribute to extending healthy life expectancy and addressing the rising costs of nursing care and medical expenses by allowing Record Book users to utilize welfare equipment leasing services provided by headquarters even during non-visiting hours. Going forward, the Company will continue to pursue service diversification through new business development and M&A.

(3) DX Solution Business

The FY3/29 targets are for net sales of ¥2,224mn and operating profit of ¥461mn. The Company projects substantial increases in net sales and operating profit in the DX Solution Business given that net sales and operating profit associated with system solutions are now recorded with results of the business, but were recognized in "new businesses and initiatives" at the time of the previous disclosure. The Company aims to grow net sales and profit by focusing on expanding the number of companies that introduce its support services for balancing professional and caregiving duties, accompanying revision of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members in April 2025. In senior marketing support, the Company will accelerate growth by shifting from promotion and marketing business to consulting business, building on existing projects. In medical solutions, the Company will continue to work toward enhancing project unit prices and profitability by maintaining involvement from the upstream stage in the value chain. It will also continue initiatives to increase registrations with the Care Management Online portal site in order to strengthen the care manager network that forms its foundation. Specifically, the Company will work to enhance the value of its member network by strengthening its provision of information and tools that are useful for care managers. Such initiatives will include refining its work support tools, forming tie-ups with other companies, and disseminating the latest information about the Long-Term Care Insurance Act.

In addition, the Company is promoting the development of new businesses such as Record Book-derived DX solutions and DX solutions for medium-sized care service providers. For the Record Book-derived DX solutions, it plans to utilize data accumulated at its facilities to automatically generate personalized exercise programs and to sell these exercise programs to care facilities outside the Record Book network. As for the DX solutions for medium-sized care service providers, the Company will provide system integration and consulting services by leveraging the operational know-how, various data, and networks it has accumulated through the operation of care facilities. With its acquisition of SAINT-WORKS in April 2025, the Company plans to achieve earlier commercialization (monetization) of its DX solutions for medium-sized care service providers and to execute these initiatives ahead of the schedule outlined in the previous disclosure, resulting in projected increases in net sales and operating profit.

(4) Home-Centered Service Business

The FY3/29 targets are for net sales of ¥2,246mn and operating profit of ¥442mn. Compared to the forecasts in the previous disclosure, the net sales forecast has been lowered, while the operating profit forecast has been slightly increased. These revisions reflect a change in the capacity utilization outlook based on recent utilization trends, along with a planned increase in the number of services provided upon securing long-term care personnel. The Company aims to achieve gains in net sales and profit by increasing the number of users for its existing services. In seeking to keep in step with diversifying needs, the Company will expand territory covered by its existing services through M&A and other initiatives, while also enhancing its peripheral business.

Returns to shareholders

FY3/26 dividend forecast of ¥15.0 per share, up ¥3.0 YoY

The Company has raised its target consolidated dividend payout ratio to 25% with the aim of enhancing profit returns and improving capital efficiency. Under its basic policy, the Company aims to achieve stable and sustainable growth in dividends per share through profit growth, while implementing shareholder returns primarily through dividends, with due consideration to achieving capital soundness and maintaining a balance with growth investments. The Company increased its dividend for FY3/25 by ¥7.0 YoY to ¥12.0 per share. Also for FY3/26, it plans to raise the dividend by ¥3.0 to ¥15.0 per share in line with forecasts for higher sales and profits.

Furthermore, the Company introduced a new shareholder benefits plan with a record date of March 31, 2025. Shareholders entitled to the benefits are those who are listed or recorded in the shareholder registry as of March 31 each year and hold at least one trading unit (100 shares) of the Company's stock. Shareholders holding shares for less than one year will receive a ¥2,000 QUO card. Shareholders confirmed as having held shares continuously for one year or more will receive a ¥2,000 QUO card plus a one-year subscription to the Wakarukaigo Biz service supporting balance of professional and caregiving duties. The Wakarukaigo Biz service includes access to a dedicated website offering long-term care information and expert consultations, designed to support shareholders balancing caregiving responsibilities with work.

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