COMPANY RESEARCH AND ANALYSIS REPORT

internet infinity INC.

6545

Tokyo Stock Exchange Growth Market

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FISCO Ltd. Analyst
Ryoji Mogi

FISCO Ltd.
https://www.fisco.co.jp

Contents

Summary

Acquisition of SAINT-WORKS drove results, operating profit reached record-high level

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, rehabilitation ambulant care services (daycare services) to increase healthy life expectancy of older adults; 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 services for balancing 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 older adults living at home.

1. Overview of FY3/26 results

In FY3/26, the Company’s net sales increased 14.2% year on year (YoY) to ¥5,892mn, operating profit increased 33.8% to ¥536mn, ordinary profit increased 43.3% to ¥589mn, and profit attributable to owners of parent increased 25.4% to ¥319mn. Its businesses as a whole progressed by and large in line with the plan, with net sales and all profit levels exceeding those of the previous fiscal year. In addition to stable growth in existing businesses, the bolstering of the DX Solution Business through making SAINT-WORKS a subsidiary proved effective. Meanwhile, following a review of future plans, the Company has recognized an impairment loss on goodwill related to Seikougiken Inc. as an extraordinary loss. However, this is a temporary cost incurred in the course of advancing business restructuring, and there has been no significant change in the underlying growth trend of earnings under its main businesses. Going forward, the Company intends to take advantage of SAINT-WORKS’ software targeting care facility operators and accelerate the rollout of DX solutions for medium-sized care facility operators. Amid the progressively aging population and shortage of human resources, the eldercare industry is seeing rising demand for operational streamlining. It is also anticipated this demand will create synergies with existing eldercare service businesses. Overall, FISCO believes that FY3/26 was a year that saw the Company make progress in establishing its business foundation for capturing growth in the eldercare DX market despite incurring short-term cost burdens.

2. FY3/27 results forecasts

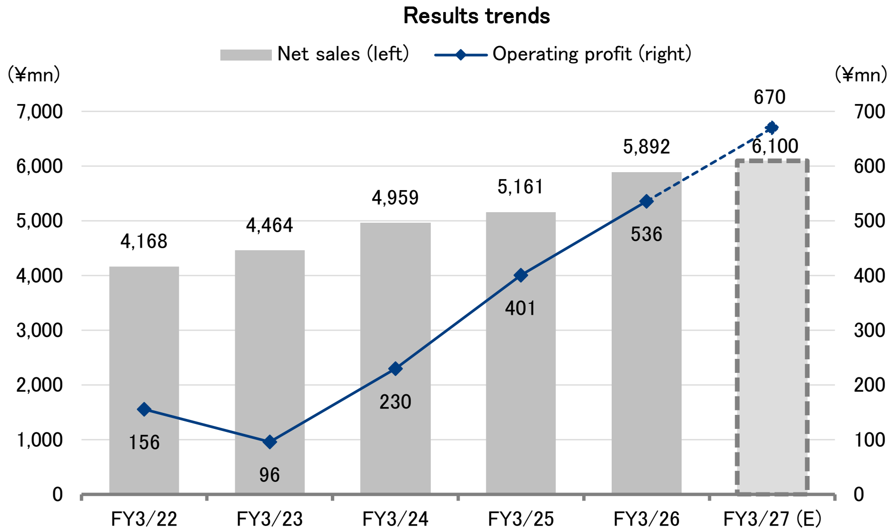
For its FY3/27 consolidated results, the Company forecasts increases of 3.5% YoY in net sales to ¥6,100mn, 25.0% in operating profit to ¥670mn, 15.6% in ordinary profit to ¥680mn, and 34.8% in profit attributable to owners of parent to ¥431mn. In addition to stable growth in its existing businesses, the Company plans to set new record highs for both net sales and profit through the expansion of its DX Solution Business. Against the backdrop of Japan's progressively aging population, steady demand is expected for the Company's existing businesses, including preventive long-term care services, welfare equipment leasing, and home-centered eldercare services. Steady earnings growth is anticipated on the back of increasing user numbers and higher utilization rates at existing locations. In particular, Record Book has a relative advantage in securing personnel that complements its continued aggressive facility openings, and is expected to serve as a medium- to long-term growth driver. Meanwhile, the business that will serve to drive the acceleration of growth going forward is the DX Solution Business. Following the acquisition of SAINT-WORKS, post-merger integration (PMI, integration process after M&A) has been progressing smoothly, and the Company intends to fully step up its rollout of DX solutions, starting with systems for medium-sized care facility operators. In the eldercare industry, the shortage of human resources is becoming increasingly severe, and demand for DX aimed at improvement of productivity is expected to continue expanding in the future. Leveraging its key strength of expertise in operating eldercare businesses, the Company intends to differentiate itself by offering consulting functions in addition to merely providing systems. In FISCO's opinion, the Company can be expected to demonstrate enhanced corporate value over the medium to long term that strikes a balance between stable growth in its existing businesses and investment in the area of DX.

3. Medium-term management policies

As its medium-term management policy, the Company aims to expand its businesses with two pillars of growth: its Preventive Long-Term Care Business centered on the rehabilitation day service Record Book, and its DX Solution Business targeting care facility operators. It continues to experience tailwinds in its business environment. Alongside the progressive aging of Japan's population, the number of individuals requiring support and those requiring light levels of eldercare is increasing. At the same time, the shortage of eldercare and medical care human resources is becoming more severe. Demand for preventive long-term care services and needs for DX aimed at the improvement of productivity at eldercare workplaces are both expected to rise. Viewing such social issues as business opportunities, the Company intends to engineer growth in the two fields of preventive long-term care and eldercare DX. The Company's mainstay Record Book service has expanded to 242 facilities nationwide. In addition to helping to prolong healthy life expectancy among older adults, it provides senior marketing support that leverages the care manager network of approximately 110,000 care managers, and also offers support services for balancing professional and caregiving duties. Going forward, the Company intends to bolster its earnings base by improving utilization rates at existing facilities and expanding franchise facilities while simultaneously building up recurring revenue from the likes of welfare equipment leasing and home-centered services. Furthermore, using SAINT-WORKS, which became a subsidiary in 2025, as the starting point, the Company will promote the expansion of its DX Solution Business targeting care facility operators. Using the introduction of systems for the eldercare industry as a foothold, it intends to expand services that support operational streamlining and the improvement of productivity, and tackle the resolution of the challenges posed by shortages of human resources in the eldercare industry. The Company will aim to enhance corporate value over the medium to long term by striking a balance between stable growth in its existing businesses and expanded DX operations. As a result of these efforts, the Company is targeting, in the final year of the plan period (FY3/30), net sales of ¥8,143mn, operating profit of ¥1,343mn, profit attributable to owners of parent of ¥790mn, ROE of 20.5%, an operating profit margin of 16.5%, and EPS of ¥148.

Key Points

- A healthcare solutions company that provides new healthcare services both in the real world and online
- Net sales grew significantly due to M&A, and operating profit also reached a record high
- Expecting dramatic growth driven by DX solutions centered on SAINT-WORKS



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

Company profile

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 "Healthy Future," its mission is to "address the challenges of an unprecedented super-aged society through creativity, innovation, and bold action," 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.

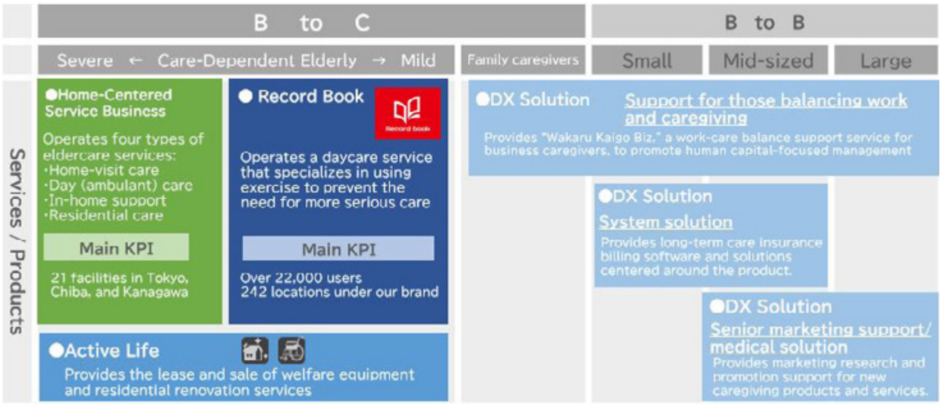
The Company was established by Representative Director Keiichi Beck in May 2001 as internet infinity Ltd. in order to conduct a systems integration business. After around a year had passed from the Company's establishment, it was conducting a business system construction project for a client in the eldercare 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 day services, and then started developing Record Book franchise operations in March 2014. In April 2021, it made FULLCARE CO., LTD., which rents and sells welfare equipment and conducts a home modification business for older adults, a subsidiary. Also, that December, it established Kankeisha Inc. to carry out a company split, including that for 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 older adults (Fleur Garden Ichihara and Fleur Garden Sagamihara). In April 2025, the Company made SAINT-WORKS, which develops and sells systems tailored to the healthcare sector, a wholly owned subsidiary upon the acquisition of its shares. Most recently, in June 2026, FULLCARE absorbed Seikougiken through a merger, furthering its business structure reforms.

Business overview

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 to resolve issues such as ballooning social security costs, medical and care worker shortages, and labor shortages in the two areas of the real world and the online technologies. In the Healthcare Solution Business, the Company conducts the Record Book Business, which manages Record Book short-time, rehabilitation day services to increase healthy life expectancy of older adults; the Active Life Business, which leases and sells welfare equipment and provides home renovation businesses; 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 older adults living at home. In percentages of net sales at the end of FY3/26, the Record Book Business provided 32.1%, the Active Life Business 21.3%, the DX Solution Business 18.4%, and the Home-Centered Service Business 28.2%.

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 a platform comprised of the Record Book facilities network, the care manager network, and eldercare consultation data, etc. to prolong healthy life expectancy, establish living environments for older adults, organize and share information on eldercare workplaces, and support marketing for the senior market, thereby supporting people who both work and provide eldercare.

(1) Record Book Business

Targeting older adults 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 day services. As of the end of FY3/26, the Company had 22 directly-managed facilities and 201 franchise facilities, while Meitetsu Life Support Co., Ltd., a joint venture with Nagoya Railroad Co., Ltd. <9048>, was managing 19 Meitetsu Record Book facilities, mainly in Aichi Prefecture. The total number of facilities was 242, which was 6 more than at the end of FY3/25.

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 day 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 programs that do not use machines and the setting aside tea times, and the continuous membership rate is high.

Data collected through this business is actively utilized in Record Book programs. In April 2022, the Company jointly developed with LiveSmart KK a walking-analysis application that utilizes Record Book data and AI, and is deploying it at Record Book directly-managed facilities. The app takes pictures of TUG tests* and automatically analyzes and evaluates items such as 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, it 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) test is an indicator used worldwide to comprehensively judge walking ability, dynamic balance, agility, and other functions. It is generally adopted as a useful test for older adults who have a high risk of falling.

Record Book targets older adults 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 day service 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 older adults 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

Through its subsidiaries FULLCARE and Kankeisha, the Company provides the lease and sale of welfare equipment, home modification, and home renovation services. These businesses are directly linked to improving the living environment for older adults and have a high degree of compatibility with Japan’s long-term care insurance system, making them a stable and highly socially significant source of revenue. In the welfare equipment leasing and sales business, welfare equipment professional advisors carefully ascertain the needs of older adults and their families to lease and sell equipment that helps maintain and improve daily living functions and reduce the burden of eldercare. Similarly, in the home modification business, professional advisors propose improvements to the living environment based on users’ daily living pathways and physical condition, and associated construction work is carried out. As both of these areas are covered by Japan’s long-term care insurance system, demand based on that system is expected to remain stable. In addition, in the home renovation business, while these services are not covered by Japan’s long-term care insurance system, the Company provides the renovation and remodeling of living spaces for individual users, and is expanding its business areas into the general residential market.

(3) DX Solution Business

a) Senior marketing support business

The Company supports client companies in marketing research, promotion, 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 older adults 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 amended Long-Term Care Insurance Act, as well as tools, manuals, and other items they need for work, and it has become established as an indispensable tool for care managers' work. Ongoing efforts to enhance content have led to a steady increase in membership, with over 110,000 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, the Company started engaging in upstream processes in the value chain in order to raise the added value of the services it provides, and 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 consulting services covering the upstream processes in the value chain to its existing lineup of services, the Company plans to provide customers with wide-ranging support. The Company reaches approximately 3.96 million older adult 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. Amid such circumstances, the Company is providing welfare service packages* to its customer companies' employees to support their ability to continue working while also providing eldercare. The number of companies introducing those services has been expanding steadily, with the number of those companies reaching 294 and the number of members reaching 2.39 million as of the end of FY3/26. Due in part to the impact of amendments to the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members, the number of companies introducing the services is increasing at a faster pace than in the previous year. Interest is rising in companies' initiatives for ESG and SDGs, and in this situation, FISCO thinks 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 amended 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 caregiving duties. Accordingly, all companies are obligated to inform their employees about support systems for balancing professional and caregiving duties 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 that legal amendment.

* 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 prescription 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 educational content on Care Management Online. 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. Under 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, regulations on online advertising have been tightened. As the Company's business model allows it to approach real-world assets—care managers registered on Care Management Online—the relative superiority of its service is expected to increase. In a similar approach to senior marketing support, it is focusing on improving unit prices and profitability by engaging in the upstream processes in the value chains.

d) System solutions

Through its subsidiary SAINT-WORKS, the Company develops and sells systems primarily targeting small and medium-sized care facility operators. Such systems include SuisuiRemon long-term care billing software that facilitates revenue and accounts receivable tracking and the 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 the sales and leasing of IT device solutions for operating eldercare business offices. While also advancing collaboration with other companies' software, the Company comprehensively offers operational streamlining and management support for eldercare service providers, functioning as a service that goes beyond simple system sales and development to support overall business operation. This is its defining characteristic.

It also offers work-life balance consulting services that facilitate the creation of corporate cultures that provide job satisfaction and a supportive atmosphere through training programs, instructor dispatch, and other such solutions. In the eldercare industry, labor shortages and increasing workloads are posing structural issues, resulting in strong demand for IT solutions that contribute to improvement of productivity. By combining systems and management support, the Company offers a value proposition that links directly to customer-side management improvements, tying this into long-term relationship-building.

2. Home-Centered Service Business

Targeting older adults 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. The Company leverages the expertise related to eldercare that it has cultivated over more than 20 years since its founding to engineer differentiation from competing companies.

(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 FY3/26, the Company was managing eight business offices for these services.

(2) Home-visit eldercare services

Specialist home-visit care workers (home helpers) visit the homes of older adults 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. At the end of FY3/26, the Company was managing five business offices for these services.

(3) Ambulant care services (Day services)

Targeting older adults 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 services that help older adults become more independent, including functional training and recreation activities. At the end of FY3/26, the Company was managing six business offices for these services.

(4) Residential care services

In December 2022, consolidated subsidiary Kankeisha acquired residential-type fee-charging homes for older adults and other operations by business transfer to move into the residential care business. As a result, it can provide services that help users at every stage of eldercare extend their healthy life expectancy. At the end of FY3/26, Kankeisha was operating two facilities for these services.

3. DX solution concept centered on SAINT-WORKS

FISCO believes that the Company's 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 the addition of SAINT-WORKS through an M&A 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 the strain on social security costs associated with Japan's rising late-stage older adult population. Going forward, however, Japan's 2040 problem of care worker shortages and the improvement of productivity will take on greater seriousness.

Viewing this problem as both a medium- to long-term management risk and a new growth opportunity, the Company has positioned its DX Solution Business, which focuses on operational streamlining through DX for medium-sized care facility operators and especially on the reduction of non-core operations, as a core element of its medium-term management plan. Streamlining non-core operations is an effective means of significantly improving on-site management and simultaneously achieving the mitigation of the burden at eldercare workplaces and the ensuring of service quality.

Japan's 2040 problem is recognized as a structural issue in which the population aged 65 and over will reach its peak, resulting in a further increase in demand for eldercare and medical services, while the working-age population will shrink, leading to care worker shortage. In eldercare workplaces, securing personnel is already difficult, creating increased workloads per employee. It is expected that more facility operators will find it challenging to maintain their service provision systems going forward. What is required in such an environment is the securing of human resources plus operational streamlining for maintaining services with a limited workforce. In particular, the reduction of non-core operations is crucial. While current measures lean towards core areas such as physical care and functional training, in reality, the burden of non-core operations, including document preparation, user management, and billing processing, is what truly tends to impact the quality of operations overall. Based on the Company's own experience in eldercare facility operation, there is a strong recognition that streamlining non-core operations links directly to the resolution of on-site issues.

In eldercare workplaces, although numerous systems have been introduced, each system is in a fragmented state, and data linkage is insufficient, resulting in complex operations. The Company determined that it would be the most efficient to use highly adopted "billing software" that handles the core of operations as the starting point for integration. In particular, medium-sized care facility operators face structural challenges given that they need to manage multiple locations and services, but are unable to secure sufficient full-time staff, creating a situation where the proliferation of SaaS solutions ends up increasing the operational burden rather than the other way around. For that reason, this area can be called the one where the effects of operational improvements through DX are the greatest, and where needs on the facility operator side are high as well.

In this context, the reason the Company acquired SAINT-WORKS lies in the existence of SuisuiRemon, billing software that has strong advantages for medium-sized care facility operators. SuisuiRemon is equipped with functions that include managing information and figures, accounts receivable, and performance across multiple locations. It offers a high degree of compatibility as a core system in the Company's DX solutions concept. In addition, SAINT-WORKS has a customer base among medium-sized care facility operators and meets the requirements necessary for the DX solutions that the Company is aiming for, namely, being billing software and having advantages for medium-sized care facility operators. This will enable the fusion of the Company Group's know-how in eldercare facility operation and its systems, and is expected to achieve the improvement of productivity by greatly reducing non-core operations.

The overall vision for its DX Solution Business that the Company is aiming for is moving towards integrating a system group centered on SuisuiRemon with various external services in order to reduce non-core operations through the utilization of AI agents and the standardization of operations. Currently, DX in the eldercare industry is lagging behind general companies, and API integration with various SaaS has not sufficiently progressed either. Therefore, the Company's policy is to first bolster API integration with various SaaS, including that for accounting, human resources, and work attendance management, and engineer operational automation and streamlining in areas where possible.

On the other hand, for operations that are difficult to fully automate with APIs, the Company will adopt a strategy of comprehensively supplementing them with BPaaS, thereby establishing a system that mitigates the on-site burden from multiple perspectives. This will enable eldercare workplaces to shift to an environment where they can focus on core operations that lead to the improvement of quality, including user support. In the future, the Company plans on building a comprehensive management support platform for medium-sized care facility operators, with SuisuiRemon as the starting point, through M&A and expansion of service areas. Its system integration strategy based on the dual axes of API integration and BPaaS is expected to serve as the foundation of that plan.

Furthermore, with an eye on the year 2040, the Company expects to expand the revenue scale under its DX Solution Business. Its policy will be to enhance the diverse range of solutions it provides, including system development, equipment sales, maintenance services, consulting, and even BPO for non-core operations. The Company has presented a vision to grow this business into a mainstay business of the Group over the long term in order to contribute to solving Japan's 2040 problem while simultaneously linking these efforts to the sustainable enhancement of corporate value.

Results trends

Net sales grew significantly due to M&A, and operating profit also reached a record high

1. Overview of FY3/26 results

In FY3/26, the Company's results came in with increases in both sales and profit. Net sales increased 14.2% YoY to ¥5,892mn, operating profit increased 33.8% to ¥536mn, ordinary profit increased 43.3% to ¥589mn, and profit attributable to owners of parent increased 25.4% to ¥319mn. A notable characteristic of FY3/26 is that, in April 2025, the Company made SAINT-WORKS, which develops and sells software for medium-sized care facility operators, a wholly owned subsidiary, and added it to the scope of consolidation. Although it incurred temporary burdens that included the amortization of goodwill associated with M&A and PMI-related expenses, its businesses as a whole progressed by and large according to plan, with net sales and all profit levels exceeding those of the previous fiscal year. Meanwhile, for the purpose of consolidating management resources in the Active Life Business and bolstering profitability, the Company made the decision to merge its consolidated subsidiaries FULLCARE and Seikougiken. In line with this, following a review of its future plans, the Company recorded an impairment loss on goodwill related to Seikougiken under extraordinary losses. Although the Company recognized a temporary loss in the course of pursuing the optimization of its business portfolio, the underlying growth trend of earnings under its main businesses has been maintained.

Going forward, using SAINT-WORKS' software for care facility operators as the starting point, the Company intends to reinforce the provision of DX solutions for medium-sized care facility operators. Amid the care worker shortage and the progressively aging population, demand for operational streamlining looks to continue growing in the future. FISCO takes the view that it is anticipated this demand will create synergies with existing eldercare service businesses. Overall, FY3/26 was a year in which stable growth in existing businesses, plus the reinforcement of the area of DX through the acquisition of SAINT-WORKS, contributed to growth in results. While the Company incurred burdens accompanying the amortization of goodwill and business restructuring in the short term, FISCO recognizes FY3/26 as a year in which it made progress in establishing its business foundation for capturing growth in the eldercare DX market over the medium to long term.

FY3/26 consolidated results

(¥mn)

	FY3/25		FY3/26		YoY	
	Result	Composition ratios and profit margins	Result	Composition ratios and profit margins	Change amount	% change
Net sales	5,161	-	5,892	-	730	14.2%
Healthcare Solution Business	3,554	68.9%	4,232	71.8%	678	19.1%
Record Book Business	1,848	35.8%	1,888	32.1%	39	2.2%
Directly-managed facilities	1,046	20.3%	1,056	17.9%	10	1.0%
Franchise facilities	802	15.5%	831	14.1%	29	3.6%
Active Life Business	1,362	26.4%	1,257	21.3%	-105	-7.7%
DX Solution Business	342	6.6%	1,086	18.4%	744	217.5%
Senior marketing	133	2.6%	113	1.9%	-19	-15.0%
Support for those balancing their professional and caregiving duties	145	2.8%	167	2.8%	21	15.2%
Medical solutions	63	1.2%	95	1.6%	31	50.8%
System solutions	-	-	709	12.0%	709	-
Home-Centered Service Business	1,607	31.1%	1,659	28.2%	52	3.3%
Ambulant care	485	9.4%	493	8.4%	7	1.6%
Home-visit eldercare	498	9.7%	573	9.7%	75	15.1%
In-home eldercare support	358	7.0%	343	5.8%	-15	-4.2%
Residential care	264	5.1%	248	4.2%	-15	-6.1%
Gross profit	2,043	39.6%	2,440	41.4%	396	19.4%
Operating profit	401	7.8%	536	9.1%	135	33.8%
Healthcare Solution Business	525	14.8%	686	16.2%	160	30.6%
Record Book Business	382	20.7%	465	24.6%	82	21.7%
Directly-managed facilities	234	22.4%	268	25.4%	33	14.5%
Franchise facilities	147	18.3%	196	23.6%	48	33.3%
Active Life Business	71	5.2%	78	6.2%	7	9.9%
DX Solution Business	71	20.8%	142	13.1%	71	100.0%
Senior marketing	-	-	-	-	-	-
Support for those balancing their professional and caregiving duties	-	-	-	-	-	-
Medical solutions	-	-	-	-	-	-
System solutions	-	-	-	-	-	-
Home-Centered Service Business	338	21.1%	399	24.1%	60	17.9%
Ambulant care	113	23.3%	132	26.8%	18	16.8%
Home-visit eldercare	132	26.5%	184	32.1%	51	39.4%
In-home eldercare support	89	24.9%	89	25.9%	0	0.0%
Residential care	3	1.1%	-6	-2.4%	-10	-
Adjustment amount	-463	-	-549	-	-85	-
Ordinary profit	411	8.0%	589	10.0%	177	43.3%
Profit attributable to owners of parent	255	4.9%	319	5.4%	64	25.4%

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

The results by segment are described below.

(1) Healthcare Solution Business

In the Healthcare Solution Business, net sales increased 19.1% YoY to ¥4,232mn and operating profit increased 30.6% to ¥686mn. In addition to steady growth in the Record Book Business, the expansion of the DX Solution Business through the consolidation of SAINT-WORKS drove higher sales and profit.

a) Record Book Business

In the Record Book Business, net sales increased 2.2% YoY to ¥1,888mn and operating profit increased 21.7% to ¥465mn. During FY3/26, expansion of the facility network for Record Book short-time, rehabilitation ambulant care services continued, with the number of directly-managed facilities increasing by 1 and franchise facilities by 8. Meanwhile, 2 directly-managed facilities were transferred to franchise members. Consequently, at the end of FY3/26, there were 22 directly-managed facilities and 201 franchise facilities. Additionally, the total number of facilities under the Record Book brand, including 19 Meitetsu Record Book locations operated by Meitetsu Life Support, reached 242, which was 6 more than at the end of FY3/25. In terms of results, utilization rates at existing facilities increased against a backdrop of growth in the number of older adults requiring support or light levels of eldercare and rising demand for preventive long-term care. The average utilization rate at directly-managed facilities improved to a level exceeding 80%, with an increase in the number of users supporting sales growth. Also, in addition to growth in royalty income accompanying the increase in the number of franchise facilities, completion of the replacement of the operations management system eliminated redundant costs that had been incurred during the migration period. Profitability also improved as a result. At certain franchisee members, changes in contract configuration that accompany the expiration of equipment rental agreements arose. Although net sales associated with the rent expenses on land and buildings and depreciation previously recorded by the Company decreased, this decrease was offset by improved utilization rates at existing facilities and an increase in the number of users. Regarding the competitive environment, while senior-oriented fitness services have been increasing in recent years, because Record Book falls under long-term care insurance services, it differs clearly from general senior-oriented fitness in terms of the target age and institutional aspects. The monthly number of users exceeded 23,000 in April 2026. As the Company is planning around 22 new facility openings in FY3/27, the Record Book Business is expected to continue driving the Company's growth.

b) Active Life Business

In the Active Life Business, net sales decreased 7.7% YoY to ¥1,257mn and operating profit increased 9.9% to ¥78mn. The welfare equipment leasing business operated by FULLCARE and Kankeisha has remained steady, maintaining stable growth on the back of expanding demand for welfare equipment driven by the aging of Japan's population. Meanwhile, Seikougiken has continued structural reforms intended to improve profit margins. As a result, despite a decline in net sales, the business as a whole secured growth in profit, owing to the contribution of the effects of cost reductions. The Company claims to have been affected to some degree by the impact of surging materials prices and other factors, saying that cost increases have continued since around FY3/24.

Additionally, for the purpose of consolidating management resources in its Active Life Business and bolstering profitability, the Company carried out an absorption-type merger of Seikougiken by FULLCARE in June 2026. Based on the review of its business plan that it conducted in association with this, the Company recorded an impairment loss on goodwill of ¥12mn related to Seikougiken. Going forward, further improvements in profitability are expected through the reduction of overlapping functions and the improvement of operational efficiency through business integration.

c) DX Solution Business

In the DX Solution Business, net sales increased 217.5% YoY to ¥1,086mn and operating profit doubled to ¥142mn. Due to the addition of SAINT-WORKS to the Company's scope of consolidation as of FY3/26, the software business targeting care facility operators newly contributed to results, and sales volume grew by a considerable margin. Despite incurring the amortization of goodwill and PMI-related expenses, among other burdens, the Company is successfully realizing a high rate of growth. Corporate demand expanded for support services for balancing professional and caregiving duties, with the amendment to the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members that entered into force in April 2025 providing a tailwind. In FY3/26, the Company began providing services to 29 companies, more than double the number of the previous fiscal year. Both the number of companies introducing services and the number of covered members have grown. Furthermore, in the medical solutions field, progress in the acquisition of large-scale projects drove considerable increases in both net sales and profit. Looking ahead, the provision of DX solutions for the eldercare industry is expected to expand through the linkage between software for care facility operators owned by SAINT-WORKS and the eldercare service operations of the Company Group.

(2) Home-Centered Service Business

In the Home-Centered Service Business, net sales increased 3.3% YoY to ¥1,659mn and operating profit increased 17.9% to ¥399mn. In this business, Kankeisha has been promoting personnel system reforms intended to strengthen the hiring of qualified personnel, which had been a challenge for Kankeisha. The hiring environment improved as a result of these efforts. In turn, provision frequency for each service exhibited signs of recovery, and the business as a whole achieved increases in both sales and profit. By service, the ambulant care business remained solid, with both net sales and profit growing on the back of increased service provision frequency.

Regarding the home-visit eldercare business, in 4Q, there were temporary factors contributing negatively to sales that arose largely from the number of business days. However, for the full fiscal year the number of services provided increased, and both net sales and profit posted significant growth compared to the previous fiscal year. Meanwhile, in the in-home eldercare support business, while the number of care managers is on a recovery trend, net sales declined due to the Company being unable to claim certain additional payments it had been eligible to receive in the previous fiscal year. At the same time, with improvements to the Company's personnel structure in progress, there remains room for earnings to recover going forward. With the ability to secure human resources posing a priority management challenge across the eldercare industry, strengthening hiring through personnel system reforms and enhancing the ability to provide services have led to improved results, and the fact that profit growth is managing to outpace sales growth is highly commendable.

2. Financial position and management indicators

At the end of FY3/26, total assets increased ¥218mn from the end of the previous fiscal year to ¥4,546mn. Current assets decreased ¥225mn from the end of the previous fiscal year to ¥3,081mn. This was mainly due to a decrease of ¥343mn in cash and deposits and an increase of ¥100mn in accounts receivable - trade. While the decrease in cash is believed to include M&A-related expenditures, purchases of treasury shares, and other cash outflows, the increase in accounts receivable - trade reflects a buildup of trade receivables associated with the expansion of business scale. Non-current assets increased ¥443mn from the end of the previous fiscal year to ¥1,465mn. This was mainly due to an increase in intangible assets associated with making SAINT-WORKS a subsidiary, as well as to increases in property, plant and equipment. The expansion in asset scale resulted from growth investments through M&A. Total liabilities increased ¥76mn from the end of the previous fiscal year to ¥2,758mn. Current liabilities increased ¥114mn to ¥2,080mn, mainly due to increases in income taxes payable and deposits received. Meanwhile, non-current liabilities decreased ¥37mn to ¥678mn. While long-term borrowings decreased ¥105mn, ¥58mn in retirement benefit liability was newly recorded following an increase in consolidated subsidiaries. Net assets increased ¥141mn from the end of the previous fiscal year to ¥1,788mn. This was mainly due to an increase of ¥192mn in retained earnings, which offset a decrease of ¥51mn from the purchase of treasury shares. Profit growth has accelerated the accumulation of shareholders' equity, and the Company's financial base is currently being maintained even as it implements M&A and business restructuring.

Outlook

Expects record highs for both net sales and profit at all levels driven by the expansion of the DX Solution Business

● **FY3/27 results forecasts**

For its FY3/27 consolidated results, the Company forecasts increases of 3.5% YoY in net sales to ¥6,100mn, 25.0% in operating profit to ¥670mn, 15.6% in ordinary profit to ¥680mn, and 34.8% in profit attributable to owners of parent to ¥431mn. Backed by the expansion of its DX Solution Business in addition to steady growth in its existing businesses, the Company plans to set new record highs for both net sales and profit at all levels. FY3/27 is positioned as the fiscal year in which the results of revenue expansion in the Company's mainstay businesses and optimization of its business portfolio are expected to fully materialize. With tailwinds in the form of increasing demand for eldercare due to Japan's progressively aging population and rising DX needs among care facility operators, the Company is anticipating stable growth in each of its business segments. At the same time, the Company also intends to continue investments aimed at future growth as it strives to enhance corporate value while striking a balance between profit growth in existing businesses and growth investments.

In the Record Book Business, the Company is expecting steady profit growth backed by improved utilization rates at existing facilities and an expanded facility network. The average utilization rate of directly-managed facilities has already reached a high level. Still, there remains substantial room to increase the number of users, and expanded earnings opportunities through new facility openings are anticipated as well. In FY3/27, the Company plans on opening approximately 22 new facilities. This expansion of its facility network is expected to contribute to results growth. While the environment for securing properties is still severe, the Company is currently strengthening initiatives geared towards achieving its plan by augmenting personnel involved in facility development and proactively searching for properties. Additionally, from the standpoint of securing human resources, Record Book users are primarily individuals requiring relatively light levels of eldercare. As such, specialized caregiving skills or care-related qualifications are not a requirement. It is therefore possible to secure personnel specialized in exercise instruction through hiring new graduates and career changers from other business categories. This flexible hiring structure is also one of the factors supporting the rollout of franchise facilities for Record Book, under which the Company has established a business model that is relatively less susceptible to the impact of the human resource shortages affecting the eldercare industry as a whole. Also, the Record Book Business's limited reliance on expensive recruitment agency fees can be positively viewed as another of its competitive advantages.

In the Active Life Business, the effects of consolidating management resources through the absorption-type merger of Seikougiken by FULLCARE are anticipated. While net sales will partially decline due to the downsizing of Seikougiken's business scale, profitability is expected to improve through the elimination of overlapping functions and operational streamlining. Moreover, in addition to conventional home renovation and services not covered by long-term care insurance, the Company intends on providing existing FULLCARE customers with home modification services that utilize long-term care insurance while also working to acquire more home renovation projects not covered by long-term care insurance.

In the DX Solution Business, the Company's policy is to pursue full-scale business expansion centered on SAINT-WORKS. Regarding the status of PMI, defensive areas, which include back-office and administrative functions, are largely complete, and the Company is currently working on offensive PMI that includes building its sales structure. It claims progress is generally on track with the plan it formulated at the time of acquiring SAINT-WORKS. Meanwhile, the market environment is also undergoing a shift. In July 2026, WISEMAN CO., LTD., a major provider of systems for eldercare and medical care services and competitor of the Company, was acquired by M3, Inc. <2413>, and other such developments were also visible. The Company intends to pursue a strategy that goes beyond simply providing SaaS to leverage DX services in peripheral areas and synergies with its existing businesses. Leveraging its deep expertise in eldercare businesses, which constitutes its greatest strength, the Company intends to differentiate itself by offering consulting services in addition to DX solutions from a perspective of deep familiarity with eldercare workplaces.

In the Home-Centered Service Business, the Company's service delivery network is expected to expand, backed by the results of stronger hiring efforts and personnel system reforms. The Company anticipates growth in the number of users, particularly those of home-visit eldercare and ambulant care services, and is targeting stable increases in sales and profit. In eldercare businesses, amid a deepening shortage of caregivers, there are a growing number of cases where it is difficult to continue operations due to an inability to secure the necessary personnel despite the existence of user demand. In particular, the business environment surrounding small and medium-sized enterprises is becoming increasingly challenging, with human resource shortages now threatening business continuity itself. The Company is by no means an exception where difficulties in securing human resources are concerned. However, by virtue of stronger hiring and personnel system reforms, it is currently managing to meet its staffing needs. The Company also recognizes the burden of placement fees when hiring through recruitment agencies as a significant challenge. For that reason, it promotes hiring activities that minimize reliance on recruitment agencies. At the same time, it acknowledges that in order to secure the necessary human resources, there are cases where it has no choice but to incur a certain level of hiring costs. On the other hand, such shifts in the industry environment also have the potential to present growth opportunities for the Company. Amid the ongoing deterioration in the operating environment of small and medium-sized care facility operators, the Company takes the view that business succession and M&A cases may increase going forward, and sees such trends in market restructuring as one of its growth strategies. FISCO believes there is considerable room for the Company to capture opportunities to expand the scale of its businesses by leveraging its M&A track record up to this point and expertise in operating eldercare businesses.

FY3/27 consolidated results forecasts

(¥mn)

	FY3/26		FY3/27		YoY	
	Result	Composition ratios and profit margins	Forecast	Composition ratios and profit margins	Change amount	% change
Net sales	5,892	-	6,100	-	207	3.5%
Healthcare Solution Business	4,232	71.8%	4,343	71.2%	111	2.6%
Record Book Business	1,888	32.1%	1,996	32.7%	108	5.7%
Directly-managed facilities	1,056	17.9%	1,081	17.7%	24	2.4%
Franchise facilities	831	14.1%	915	15.0%	83	10.1%
Active Life Business	1,257	21.3%	1,177	19.3%	-79	-6.4%
DX Solution Business	1,086	18.4%	1,168	19.2%	82	7.6%
Senior marketing	113	1.9%	183	3.0%	69	61.9%
Support for those balancing their professional and caregiving duties	167	2.8%	181	3.0%	14	8.4%
Medical solutions	95	1.6%	50	0.8%	-45	-47.4%
System solutions	709	12.0%	753	12.4%	43	6.2%
Home-Centered Service Business	1,659	28.2%	1,756	28.8%	96	5.8%
Ambulant care	493	8.4%	524	8.6%	30	6.3%
Home-visit eldercare	573	9.7%	614	10.1%	40	7.2%
In-home eldercare support	343	5.8%	360	5.9%	16	5.0%
Residential care	248	4.2%	257	4.2%	8	3.6%
Operating profit	536	9.1%	670	11.0%	133	25.0%
Healthcare Solution Business	686	16.2%	870	20.0%	183	26.7%
Record Book Business	465	24.6%	587	29.4%	122	26.2%
Directly-managed facilities	268	25.4%	316	29.2%	47	17.9%
Franchise facilities	196	23.6%	271	29.6%	75	38.3%
Active Life Business	78	6.2%	131	11.1%	53	67.9%
DX Solution Business	142	13.1%	150	12.8%	7	5.6%
Senior marketing	-	-	-	-	-	-
Support for those balancing their professional and caregiving duties	-	-	-	-	-	-
Medical solutions	-	-	-	-	-	-
System solutions	-	-	-	-	-	-
Home-Centered Service Business	399	24.1%	423	24.1%	23	5.8%
Ambulant care	132	26.8%	145	27.7%	13	9.8%
Home-visit eldercare	184	32.1%	195	31.8%	10	6.0%
In-home eldercare support	89	25.9%	78	21.7%	-11	-12.4%
Residential care	-6	-2.4%	3	1.2%	10	-
Adjustment amount	-549	-	-623	-	-74	-
Ordinary profit	589	10.0%	680	11.1%	90	15.6%
Profit attributable to owners of parent	319	5.4%	431	7.1%	111	34.8%

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

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 2026 with the inclusion of FY3/30 results forecasts, taking into account factors such as prevailing results trends. As its medium-term management policy, the Company aims to grow by developing its Preventive Long-Term Care Business centered on the rehabilitation day service Record Book as well as by combining its DX Solution Business targeting care facility operators with other eldercare-related services. In the immediate term, the Company is promoting the expansion of DX solutions for the eldercare industry to complement the steady growth of its existing businesses, using the consolidation of SAINT-WORKS as a catalyst, as it endeavors to expand its business scale over the medium to long term. The business environment surrounding the Company is favorable. As the aging of Japan's population advances, its older adults population, chiefly individuals requiring support and those requiring light levels of eldercare, continues to increase. Moreover, as increases in social security costs, including medical care and long-term care expenses, have become a social issue, demand for preventive long-term care and the extension of healthy life expectancy is rising further. Meanwhile, the shortages of eldercare and medical care human resources associated with the decline in the working population are becoming more acute. Demand for greater efficiency and DX in eldercare services is also expanding. Such environmental shifts are highly likely to link to expanded business opportunities for the Company, which offers both preventive long-term care services and DX in eldercare. On the business front, the Company supports extending healthy life expectancy among older adults predominantly through Record Book, a rehabilitation day service that has expanded to 242 facilities nationwide. Additionally, the Company offers the likes of senior marketing support that leverages the care manager network of approximately 110,000 care managers as well as support services for balancing professional and caregiving duties. A distinguishing characteristic of the Company is its broad customer base, which includes not only older adults themselves, but also their families and care facility operators. As its growth strategy, the Company's policy is to first achieve stable growth in net sales and profit through the expansion of its existing businesses, starting with Record Book. It intends to bolster its earnings base by improving utilization rates at existing facilities and expanding franchise facilities while simultaneously building up recurring revenue from the likes of welfare equipment leasing and its Home-Centered Service Business. Furthermore, with stable earnings earned through its existing businesses serving as the foundation, the Company is focusing on its DX Solution Business leveraging software for care facility operators. Using the introduction of systems for care facility operators offered by SAINT-WORKS as the starting point, it intends to expand various DX services that support operational streamlining and the improvement of productivity, and tackle the resolution of challenges in the eldercare industry. Amid intensifying human resource shortages in the eldercare industry, demand for such solutions to the improvement of productivity is very likely to continue expanding going forward, and is expected to be a new growth driver for the Company. As a result of these efforts, the Company is targeting, in the final year of the plan period (FY3/30), net sales of ¥8,143mn, operating profit of ¥1,343mn, profit attributable to owners of parent of ¥790mn, ROE of 20.5%, an operating profit margin of 16.5%, and EPS of ¥148.

Profit targets

(¥mn)

	FY3/26 result	FY3/27 forecast	FY3/28 target	FY3/29 target	FY3/30 target
Net sales	5,892	6,100	6,993	7,696	8,143
(Previous disclosure)	6,007	6,863	7,549	8,045	-
Healthcare Solution Business	4,232	4,343	4,962	5,391	5,829
Record Book Business	1,888	1,996	2,106	2,221	2,372
(Previous disclosure)	1,928	1,994	2,094	2,181	-
Active Life Business	1,257	1,177	1,263	1,334	1,387
(Previous disclosure)	1,193	1,250	1,309	1,392	-
DX Solution Business	1,086	1,168	1,592	1,836	2,069
(Previous disclosure)	1,181	1,681	1,931	2,224	-
Home-Centered Service Business	1,659	1,756	2,030	2,304	2,315
(Previous disclosure)	1,703	1,937	2,214	2,246	-
Operating profit	536	670	893	1,110	1,343
(Previous disclosure)	530	727	1,015	1,275	-
Healthcare Solution Business	686	870	1,099	1,316	1,569
Record Book Business	465	587	720	802	929
(Previous disclosure)	503	573	708	805	-
Active Life Business	78	131	158	174	181
(Previous disclosure)	124	147	169	197	-
DX Solution Business	142	150	221	339	459
(Previous disclosure)	93	200	325	461	-
Home-Centered Service Business	399	423	467	476	465
(Previous disclosure)	411	420	435	442	-
Adjustment amount	-549	-623	-674	-682	-691
Profit attributable to owners of parent	319	431	550	697	790
(Previous disclosure)	310	431	605	750	-
ROE	18.6%	21.5%	22.1%	22.4%	20.5%
(Previous disclosure)	17.2%	23.1%	25.4%	24.5%	-
Operating profit margin	9.1%	11.0%	12.8%	14.4%	16.5%
(Previous disclosure)	8.8%	10.6%	13.5%	15.8%	-
EPS (¥)	60	80	103	130	148
(Previous disclosure)	57	79	111	138	-

Source: Prepared by FISCO from the Company's "Business Plan and Items relating to Growth Potential"

Profit targets and growth strategies by segment are described below.

(1) Record Book Business

In the Record Book Business, the targets for FY3/30 are net sales of ¥2,372mn and operating profit of ¥929mn. The Company is advancing a growth strategy based on the dual pillars of improving utilization rates at existing facilities and proactively expanding its facility network. As a result of reviewing its business plan in light of the latest trends surrounding utilization rates, the Company now expects that net sales will exceed its previously disclosed plan. The Company anticipates that the number of users will continue to increase steadily going forward. Across all facilities, it is looking to expand that number to 26,154 by the end of FY3/28, 29,107 by the end of FY3/29, and 32,331 by the end of FY3/30. Against the backdrop of the progressively aging population and rising demand for preventive long-term care, the user base is expected to continue expanding, and will likely serve as a key driver of business growth. With regard to utilization rates, as the number of new facility openings increases, across all facilities, the Company is looking for rates to track at 67.0% by the end of FY3/28, 65.0% by the end of FY3/29, and 63.9% by the end of FY3/30. Meanwhile, on an existing facility basis, the Company is expecting utilization rates to rise to 73.9% by the end of FY3/28, 76.5% by the end of FY3/29, and 79.1% by the end of FY3/30, and is assuming that the earnings power of existing facilities will continue to improve. Its strategy is to enhance profitability by increasing the number of users at mature facilities even as it factors in a temporary dilution of utilization rates that accompanies new facility openings. With regard to facility development, the Company aims to accelerate the pace of new facility openings by advancing efforts to resolve challenges in property development while simultaneously reinforcing operational support for existing franchise members in order to encourage them to open their second and third locations. The Company is looking to expand its number of facilities to 300 by the end of FY3/28, 342 by the end of FY3/29, and 382 by the end of FY3/30, and is expecting continued strong growth in facility openings. Also, as a new initiative, the Company is moving forward with the rollout of Record Book X, which provides welfare equipment leasing and sales services at Record Book facilities. It intends to engineer the enhancement of the value proposition to users and the expansion of revenue opportunities while leveraging affinity with existing services, and is successively expanding the participating facility network. Furthermore, with respect to directly-managed facilities, the Company is continuing its policy of gradually transferring them to franchise members. It intends to engineer business efficiency gains by mitigating the human and capital burdens associated with operating directly-managed facilities as well as by pushing forward with a shift to a revenue structure centered on royalty income.

(2) Active Life Business

In the Active Life Business, the targets for FY3/30 are net sales of ¥1,387mn and operating profit of ¥181mn. The Company positions the expansion of recurring revenue centered on its welfare equipment leasing business as the core of its growth strategy. Amid expectations of increasing demand for welfare equipment due to the progressive aging of Japan's population, its policy is to strive for stable net sales and profit growth through a steady accumulation of users. The Company is targeting the following numbers of users of its welfare equipment leasing services: 7,374 by the end of FY3/28, 7,612 by the end of FY3/29, and 7,792 by the end of FY3/30. It is anticipating an ongoing expansion of its customer base. The welfare equipment leasing business is a recurring revenue model that generates continuous earnings over the contract period. An increase in the number of users would likely lead to a stronger earnings base over the medium to long term. In the immediate term, the welfare equipment leasing business operated by FULLCARE and Kankeisha has remained steady. Meanwhile, in the home renovation business handled by Seikougiken, progress in structural reforms fell short of initial expectations. The impact of this caused profit to fall short of target despite net sales tracking according to plan. In light of this situation, the Company carried out the absorption-type merger of Seikougiken by FULLCARE in June 2026. Its policy for the future will be to integrate the management resources of both companies in order to enhance the efficiency of sales activities for home modification (renovation) projects. The welfare equipment leasing business and the home modification business share many commonalities in their customer bases and sales channels. Proposing the two services as a unified offering is expected to yield greater cross-selling opportunities as well. Meanwhile, in the Company's medium-term management plan, as a result of reviewing its business plan following the integration of FULLCARE and Seikougiken, the outlook for net sales and operating profit has been revised downward compared with the previous plan. This reflects a policy of shifting from prioritizing the expansion of business scale to business operations that emphasize profitability. With this business going forward, the Company intends to strive for sustainable growth by facilitating higher average revenue per customer through stronger collaboration with the home modification business while focusing on building up stable earnings from the welfare equipment leasing business. In particular, creating synergies from the absorption-type merger and progress in efforts to enhance sales efficiency will likely be key to improving earnings over the medium to long term.

(3) DX Solution Business

In the DX Solution Business, the targets for FY3/30 are net sales of ¥2,069mn and operating profit of ¥459mn. Against the backdrop of rising demand for digital utilization in the eldercare industry and the senior market, the Company is working on expanding this business, positioning support services for balancing professional and caregiving duties, senior marketing support, and system solutions as growth drivers. With respect to support services for balancing professional and caregiving duties, the Company aims to increase the number of companies introducing these services, with the amendment to the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members that entered into force in April 2025 providing a tailwind. Amid rising interest among companies in preventing caregiving-related resignations and providing employee support, the Company intends to leverage its expertise on eldercare consultation and specialist network that it has built up thus far in order to engineer growth in net sales and profit through the expansion of the number of client companies introducing its services. In the senior marketing support field, while leveraging its business base with existing customers, the Company is pushing forward with a shift from a traditional business model centered on promotion and sales-promotion support to consulting services with more added value. It intends to strive for gains in profitability by leveraging insights and data on the senior market to assist client companies with devising business strategies and enhancing their marketing measures. In the system solutions field, the Company is promoting the expanded introduction of SuisuiRemon, a cloud service for care facility operators offered by SAINT-WORKS. Using this service as an entry point, it intends to roll out DX solutions for billing, labor management, various administrative procedures, and other peripheral operations faced by care facility operators as it endeavors to expand transactions per client. In the eldercare industry, with human resource shortages and operational streamlining needs intensifying, the market of DX solutions for medium-sized care facility operators is believed to have significant room for growth. Additionally, the Company has set forth a policy of pursuing the expansion of its DX Solution Business while aggressively applying M&A. Following its acquisition of SAINT-WORKS, the Company aims to expand its areas of business and accelerate growth by reinforcing integration with software and DX-related services.

With regard to results in the immediate term, net sales and profit grew due to the contributions of orders received for large projects in the medical solutions field and a rise in the number of companies introducing support services for balancing professional and caregiving duties. On the other hand, while the Company anticipates increased orders received for senior marketing support and support services for balancing professional and caregiving duties as well as a full-scale rollout of DX solutions for medium-sized care facility operators under its medium-term management plan, after reviewing its business plan in light of business conditions and trends in deals in the immediate term, the Company revised its net sales and profit outlook downward compared with the previous plan. That said, in addition to growing needs for support services for balancing professional and caregiving duties amid legislative amendments, demand for DX in the eldercare industry is expected to expand over the medium to long term. One of the Company's key strengths lies in its possession of multiple business platforms in the form of senior marketing support, DX solutions for care facility operators, and support services for balancing professional and caregiving duties. Going forward, its policy will be to expand its areas of business and bolster its earnings base while also applying M&A.

(4) Home-Centered Service Business

In the Home-Centered Service Business, the targets for FY3/30 are net sales of ¥2,315mn and operating profit of ¥465mn. The Company aims to achieve stable growth in net sales and profit by expanding the number of users of its existing services. With demand for home-centered eldercare expected to increase alongside the progressively aging population, the policy of the Company will be to strengthen its provision network for home-visit eldercare, ambulant care, in-home eldercare support, and other existing services, and to engineer growth in the user base for those services. In this business, the Company positions improving its service provision capability and expanding its service area as key growth strategies. In particular, the Company intends to expand the regions where it offers its existing services while applying M&A, and is also considering making forays into peripheral businesses as it pursues the formation of a business platform that addresses the needs of community-based integrated care. Meanwhile, in the business environment in the immediate term, securing human resources is posing a significant management challenge. In the in-home eldercare support business in particular, securing care managers is proving difficult, and constraints on the Company's service provision network contributed negatively to net sales and profit. Amid a worsening shortage of qualified personnel across the eldercare industry, strengthening hiring and retention measures has become a vital topic for the Company as well. Its medium-term management plan reflects a revision to its business outlook based on the most recent operating conditions as well as a shift in the timing of M&A implementation and other factors. As a result, while the Company now expects net sales for FY3/28 to fall short of its previous plan, from FY3/29 onward, it anticipates net sales will increase due to the effects of growth in the number of users and expansion of the service area. Additionally, with regard to operating profit, the Company is expecting growth that exceeds its previous plan, backed by improvements in its service provision network and progress in enhancing operational efficiency. While the Home-Centered Service Business is one in which securing human resources is a prerequisite for growth, demand for home care itself looks to expand in the medium to long term. Going forward, the Company intends to work towards strengthening its earnings base by pursuing the expansion of its business scale through M&A and moving into peripheral areas of business in addition to increasing the number of users of its existing services. In particular, boosting hiring capability and expanding service provision capability will likely be vital elements that determine growth over the medium to long term.

Shareholder return policy

FY3/27 dividend forecast of ¥25.0 per share, up ¥7.0 YoY

The policy of the Company is to implement shareholder returns mainly through dividends while giving due consideration to achieving capital soundness and maintaining a balance with growth investments. The Company aims to achieve stable and sustainable growth in dividends per share through profit growth, and targets a dividend payout ratio of 30%. Since commencing dividends in FY3/24, the Company has increased them on a continuous basis. In FY3/27, supported by an outlook for higher profit, it plans a year-end dividend of ¥25.0 per share. This represents a dividend increase of ¥7.0 from the previous fiscal year's dividend of ¥18.0. If realized, it would mark the Company's fourth consecutive fiscal year of dividend increases. The Company has clearly demonstrated its commitment to engineering greater profit through growth in its eldercare service business and DX Solution Business while simultaneously returning the outcomes of those efforts to shareholders. If sustained profit growth continues to be achieved going forward, both stable dividends and dividend increases will be anticipated.

Additionally, the Company introduced a shareholder benefits plan in which 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, and is intended to support shareholders who are balancing work with caregiving duties.

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■ For inquiries, please contact: ■
FISCO Ltd.
5-13-3 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062
Phone: 03-5774-2443 (IR Consulting Business Division)
Email: support@fisco.co.jp