

Solvvy Inc.

7320

Tokyo Stock Exchange Growth Market

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FISCO Ltd. Analyst

Masanobu Mizuta



FISCO Ltd.

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

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■ Summary

Significant increases in sales and profit expected for FY6/26, with record-high results forecast maintained

Solvvy Inc. <7320> (hereafter, also “the Company”) changed its trade name from its former name, Japan Living Warranty Inc., in conjunction with making MEDIA SEEK Inc. a wholly owned subsidiary on November 1, 2024, and started operations as a consulting firm that proposes new ways to solve issues that companies cannot handle with their own ideas and resources alone.

1. Provides recurring revenue business consulting grounded in after-sales services

The Company provides recurring revenue business consulting grounded in after-sales services. It combines warranties and various solutions to support companies until they achieve continuous revenue generation through a recurring revenue business. The Company’s reporting segments are: the Homeworth Tech (hereafter “HWT”) Business, which provides various after-sales service solutions such as extended warranties for the housing area; the ExtendTech (hereafter “EXT”) Business, which leverages the knowledge and expertise of the HWT Business in non-housing areas such as renewable energy, GIGA, and new areas; the LifeTech (hereafter “LFT”) Business, which focuses on SI project commissions, etc. undertaken by MEDIA SEEK; and the FinTech (hereafter “FNT”) / Others Business, which covers various financial services. Another feature is that the Company can make proactive growth investments and conduct asset management by leveraging the ample cash reserve generated through recurring revenue business consulting.

2. Despite an operating profit decrease, ordinary profit and net profit increased in 1H FY6/26

In the 1H FY6/26 consolidated results, net sales increased 9.9% year on year (YoY) to ¥3,276mn, operating profit decreased 16.6% to ¥557mn, ordinary profit increased 21.9% to ¥1,044mn, and profit attributable to owners of parent increased 132.3% to ¥698mn. Regarding operating profit, although the HWT Business expanded steadily, profit decreased due to factors such as delays in operating activities in the EXT Business in 1Q, caused by the impact of initiatives to normalize operations for GIGA School-related warranties. Ordinary profit and profit attributable to owners of parent increased due to an increase in gains on asset management leveraging ample cash reserve. The ordinary profit margin increased 3.1 percentage points (pp) to 31.9%. As main KPIs, the amount of new contract acquisitions in the HWT Business, which contributes to future earnings, increased 15.2% to ¥2,660mn, and the balance of unearned revenue and long-term unearned revenue at the end of the period increased 20.0% to ¥15,304mn.

Summary

3. Significant increases in sales and profit expected for FY6/26, with record-high results forecast maintained

For the FY6/26 consolidated results, the initial plan is maintained, and net sales are expected to increase 22.3% YoY to ¥8,200mn, operating profit to increase 29.6% to ¥2,100mn, ordinary profit to increase 26.4% to ¥2,500mn, and profit attributable to owners of parent to be ¥1,625mn (¥628mn loss in the previous fiscal year). It expects to set new record highs based on significant sales and profit growth (with profit attributable to owners of parent returning to profitability due to the end of the extraordinary loss recorded in the previous fiscal year). Growth in the HWT Business is expected to drive results. Factors that will contribute to this include a decrease in low-profit-margin real services' share of the sales mix, full-year consolidation of MEDIA SEEK's results, the synergy effect of business integration, improved operational efficiency due to DX, and the end of costs related to revamping the corporate website and changing the company name in the previous fiscal year. The progress rate for 1H falls below 50% for both net sales and each profit item; however, the HWT Business has an earnings structure in which revenue accumulates toward the end of the fiscal year. Furthermore, the EXT Business, which was weak in 1Q, has shown a recovery trend since 2Q as initiatives to normalize operations for GIGA School-related warranties have run their course. Considering these factors, FISCO believes that the Company can achieve its full-year forecasts.

4. Aims to balance continuous, dramatic corporate growth and shareholder returns

In August 2025, the Company formulated a new medium-term management plan (FY6/26–FY6/28). As targets, the Company has set net sales of ¥13,700mn, operating profit of ¥4,200mn, and ordinary profit of ¥5,000mn for FY6/28, the final year of the plan.

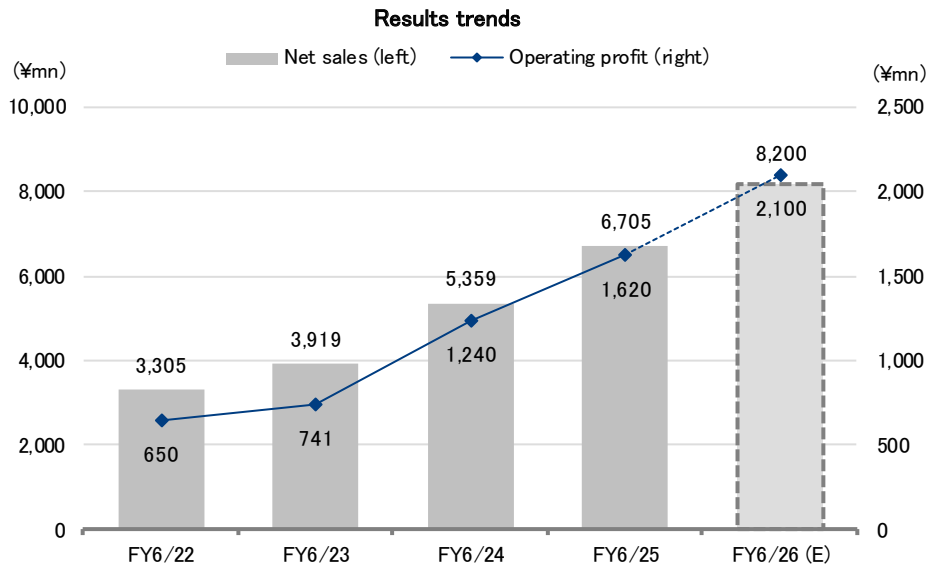
In addition, as its business model and growth strategy, the Company aims to further deepen recurring revenue business consulting and build a membership-based business that maximizes LTV by shifting away from one-off sales. The Company's recurring revenue business consulting enhances the value of clients' assets and activates and monetizes those assets. Leveraging its proprietary engagement platform (membership-based business OS), the Company provides a wide range of hands-on support solutions to support the formation of clients' own business areas.

Going forward, the Company aims to balance continuous, dramatic corporate growth and shareholder returns by moving beyond traditional warranty services and developing database marketing into a new core earnings pillar. Regarding shareholder returns, the Company changed its basic policy in FY6/25 and has introduced a progressive dividend policy with a target consolidated dividend payout ratio of 30%.

Key Points

- Provides recurring revenue business consulting grounded in after-sales services
- Despite an operating profit decrease, ordinary profit and net profit increased in 1H FY6/26
- Significant increases in sales and profit expected for FY6/26, with record-high results forecast maintained
- Aims to balance continuous, dramatic corporate growth and shareholder returns

Summary



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

Company profile

“Consulting firm” that proposes new forms of solutions

1. Company profile

The Company changed its trade name from its former name, Japan Living Warranty Inc., in conjunction with making MEDIA SEEK a wholly owned subsidiary on November 1, 2024, and started operations as a consulting firm that proposes new ways to solve various issues that companies cannot handle with their own ideas and resources alone. The trade name “Solvvy” is derived from the word “solve” with the addition of an extra “v.” Together, these two “v” letters represent a “w,” expressing the concept of “with you,” meaning “together with partners.” With this, the Company has changed its corporate philosophy to “Solve with idea, Solve with you.” The corporate identity has been articulated with a Purpose: “Providing answers the world has never seen before, together,” a Vision: “A co-creation B for B company,” and a Mission: “Provide leading stock business consulting.”

At the end of 1H FY6/26, the Company has its head office in Shinjuku Ward, Tokyo, and branch offices in Osaka (Chuo Ward, Osaka City), Fukuoka (Hakata Ward, Fukuoka City), and Sendai (Aoba Ward, Sendai City). The Group consists of six companies: the Company, its consolidated subsidiaries Living Point Inc., Living Finance Inc., and MEDIA SEEK, and MEDIA SEEK’s subsidiaries START MEDIA JAPAN Co., Ltd. and MEDIASEEK CAPITAL Co., Ltd. On a consolidated basis, total assets are ¥31,327mn, net assets are ¥4,993mn, the equity ratio is 15.9%, and the number of issued shares is 11,997,254 (including 727,660 treasury shares). In addition, for purposes such as enhancing the liquidity of its shares and further expanding its investor base, the Company conducted a two-for-one stock split on July 1, 2025.

Company profile

2. History

The Company was established in March 2009 as a provider of extended warranty services for housing equipment, and in September 2009, it began providing Housing Equipment Anshin Support (housing equipment maintenance warranty). Since then, it has advanced strategies to diversify its services and expand its business areas, including starting warranty services for solar power generation equipment manufacturers in 2010, establishing Living Point Inc. as a subsidiary in August 2012, and establishing Living Finance Inc. as a subsidiary in April 2021. It made MEDIA SEEK a wholly owned subsidiary in November 2024. In regard to shares, it listed on the Tokyo Stock Exchange (hereafter, "TSE") Mothers Market in March 2018, then moved to the Growth Market in conjunction with the TSE's market reclassification in April 2022.

History

Date	History
March 2009	Established Japan Living Warranty Inc.
September 2009	Launched Housing Equipment Anshin Support (housing equipment maintenance warranty)
August 2012	Established Living Point Inc. (wholly owned subsidiary)
November 2015	Obtained PrivacyMark (P-Mark) certification
June 2016	Launched Housing Equipment Anshin Support Premium (housing equipment maintenance warranty combined with Ouchi Points)
April 2017	Launched Purchase and Sale Anshin Support (inspection and warranty services when buying and selling used housing)
August 2017	Launched Long-term Maintenance System (total aftercare support plan)
March 2018	Listed on the TSE Growth Market (formerly known as the Mothers Market)
July 2019	Opened Osaka Branch Office
August 2019	Started accepting applications for Ucimo Keeping, a total housing support service for homeowners
March 2020	Opened Fukuoka Branch Office
April 2020	Started providing warranties on PCs and tablets for the GIGA School initiative
July 2020	Began full-scale development of a 20-year warranty back-up service for buildings (extended building warranties)
January 2021	Released Aftermize Platform, a digital platform for warranty service applications
April 2021	Established Living Finance Inc. (wholly owned subsidiary)
September 2021	Launched warranties of up to 20 years for capacitors
October 2021	Launched Ouchi Manager
July 2022	Launched Earthquake Anshin Support
November 2022	Launched EV Charger Warranty, an extended warranty service for electric vehicle (EV) charging equipment
September 2023	Launched ESS Warranty System, a warranty service for industrial-use and grid-use large-scale storage batteries
December 2023	Launched Ouchi bot, which supports housing companies with customer service operations
July 2024	Opened Sendai Branch Office Started handling ground compensation
August 2024	Launched KROX, a new service combining SaaS and Fintech
November 2024	Made MEDIA SEEK Inc. a wholly owned subsidiary Changed trade name to Solvvy Inc.
May 2025	Signed partnership agreement with Accenture plc
July 2025	Began providing Lead Make AI, an advanced AI agent service specialized in housing maintenance

Source: Prepared by FISCO from the Company's annual securities report and press releases

Business overview

Provides recurring revenue business consulting grounded in after-sales services

1. Business overview

(1) Business model, characteristics, and strengths

The Company provides recurring revenue business consulting grounded in after-sales services. It combines warranties and various solutions to support companies until they achieve continuous revenue generation through a recurring revenue business. Specifically, in coordination with its proprietary engagement platform, the Company supports the development of systems necessary for creating recurring revenue businesses, centered on the structuring of after-sales services and the introduction of SaaS products. In addition, the Company's business model is to combine various solutions such as the DX of after-sales services through proprietary applications, digital marketing, and embedded finance to support companies in approaching end users and to provide hands-on support for activation and monetization.



Source: The Company's results briefing materials

The Company's reporting segments (which changed in 1H FY6/25 in conjunction with the business integration with MEDIA SEEK) are: the HWT Business, which provides various after-sales service solutions such as extended warranties for the housing area; the EXT Business, which leverages the knowledge and expertise of the HWT Business in non-housing areas such as renewable energy, GIGA, and new areas; the LFT Business, which focuses on SI project commissions, etc. undertaken by MEDIA SEEK; and the FNT / Others Business, which covers various financial services. The Company provides recurring revenue business consulting that combines various solutions grounded in after-sales services to support companies until they achieve continuous revenue generation through a recurring revenue business.

Business overview

The core earnings pillars are the HWT Business and the EXT Business, which offer recurring revenue business consulting to client companies engaged in areas such as residential buildings including detached housing and condominiums, housing equipment including water-related equipment, solar power generation and storage equipment, educational PCs and tablets, EVs, and household appliances. They support these companies by combining various solutions, such as warranties, digital marketing, system development, business operations, and embedded finance, with a focus on providing extended warranty services for equipment, undertaking contracted inspections and repair work, offering SaaS products that support efforts to improve operational efficiency, etc.

The business models for the HWT Business and the EXT Business are basically the same. They provide various after-sales solutions focused on warranty services and SaaS products to client companies that manufacture and sell various products and services. When a client company concludes a sales agreement with an end user and receives payment, the payment includes the warranty fee payable to the Company if the Company's optional extended warranty service is added. If trouble such as failures or breakages occurs on equipment under warranty, the Company will arrange for a maintenance company (such as a collaborating contractor) to carry out work such as inspections, repairs, or replacements on behalf of the client company based on a request from the client company or end user. Warranty fees and fees related to after-sales services are paid by the client company to the Company. For the end user, the extended warranty provides the benefit of peace of mind, while for the client company, the use of the Company's services provides benefits such as promoting sales through long-term engagement with end users, without having to bear the operational costs associated with extended warranties.

The operation of warranty systems involves specialized processes such as the conclusion and management of backup non-life insurance and related operations, and therefore requires a high level of expertise, and the Company's strength lies in its ability to address these requirements. The Company has highly-experienced personnel in each area, including insurance, operations, and finance, and for client companies considering introducing a warranty system, it can provide initial warranty period extension services paid for by the client company or extended warranty services paid for by the end-users in coordination with major non-life insurance companies. It can also provide comprehensive solutions that include expertise in designing and building a warranty system that appropriately meets the client company's needs, as well as arranging and supporting the operational side. Its core market since its establishment has been the housing market, and in this market, it has provided a wide range of solutions to a cumulative total of over 4,000 companies, including major housing companies, condominium developers, and regional building contractors.

(2) Main services and products

In the HWT Business, the Company provides various after-sales service solutions focused on warranty services and SaaS products to clients in the housing area, including major housing companies, condominium developers, and regional building contractors. Its main products and services are equipment warranty services for newly built properties, which include Housing Equipment Anshin Support, Building 20-Year Warranty Backup Service, and Earthquake Anshin Support, and equipment warranty services for used housing, which include Housing Equipment Anshin Support 5, Building Anshin Support, Sales Anshin Support, and Anshin Support for Existing Equipment. It also provides contracting services for after-sales operations such as Long-term Maintenance System and Maintenance Support Desk, as well as Ouchi Point System, a dedicated points saving and settlement system for housing companies, Ouchi Manager, an app that encourages the use of this points system, and the real-time remote support app Genba Assist, among others.

Business overview

As its basic strategy in the HWT Business, the Company is pursuing strategies to make its services more varied and expand the business areas it covers, with the aim of building up its balance of warranty service agreements. Recently, in July 2024, it began offering ground compensation through a business alliance with Jibannet Co., Ltd., a subsidiary of Jibannet Holdings <6072>, and in August 2024, it began offering KROX, a new service for renovation businesses combining SaaS and Fintech that is equipped with DX and finance functions. In July 2025, it began offering Lead Make AI, a cutting-edge AI agent service specializing in housing maintenance, to housing companies.

In the EXT Business, the Company provides various after-sales service solutions focused on warranty services and SaaS products to clients in non-housing areas. Its main products and services are warranty services for solar power generation and storage system equipment, warranty services for wind power generation equipment, warranty services for ICT equipment (PCs, tablets, etc.) in the education field, and warranty services for the home appliance field.

The basic strategy in the EXT Business is to focus on strategies for expanding the business areas that are covered and making services more varied. Recently, in April 2024, the Company formed a business alliance with Kokusai Kogyo Co., Ltd. and began offering Japan's first economic effect simulation warranties as part of the Enegaeru series of economic effect simulation services for solar power generation and storage systems provided to renewable energy business operators by Kokusai Kogyo. In October 2024, it began offering Tsuyoshikun, an anti-theft support system for solar power generation system cables.

In the LFT Business, MEDIA SEEK has established a portfolio of four business areas: (1) corporate DX, including system consulting services for corporations; (2) image analysis and AI, including the development and sale of barcode and registered trademark scanning applications and AI technologies; (3) lifestyle DX, including the provision of online services in fields such as education, healthcare, and entertainment; and (4) BrainTech and DTx, including the research and development of therapeutic applications and the consumer application of BrainTech.

Living Point Inc., a subsidiary, issues Ouchi Point as an issuer of prepaid payment instruments (third-party type) under the Payment Services Act. This service can be used to settle small-sum transactions in the same way as conventional digital currency and as points remain valid for 15 years, they can also be saved up to cover the cost of future large-scale repair work. Living Point also maintains unused points as a guarantee deposit (under the Payment Services Act, it is only obligated to maintain deposits equivalent to half of the balance), and as of the end of 1H FY6/26, the balance of unused points was worth ¥2,740mn. Living Finance Inc., a subsidiary, is engaged in factoring and escrow businesses.

In addition, new products launched in 1H FY6/26 include, on the B2B side, PhishDetectAI, an AI-driven next-generation email security service (in partnership with AironWorks Co., Ltd.), and on the B2C side, Smart Secure AI, a next-generation home security subscription service utilizing AI camera technology (in partnership with Alam.com Holdings Inc., U.S.).

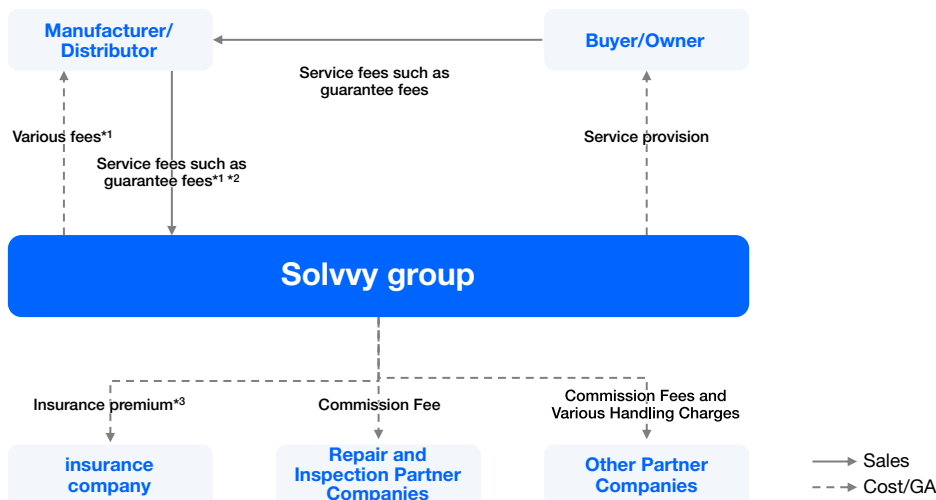
Proactive growth investments and asset management leveraging ample cash reserve

2. Earnings characteristics

Net sales comprise fees received from client companies for the use of the Company's services (warranty fees, fees associated with inspections, repairs, and replacements, etc.). Cost of sales largely consists of non-life insurance premiums paid to non-life insurance companies, fees paid to companies cooperating with repairs and inspections, fees and sales commissions paid to other contractors, and various sales commissions paid to client companies.

Although the sales and cost of sales of extended warranty agreements in the HWT Business are prorated, SG&A expenses are recorded as a lump sum in the relevant fiscal year, and during periods of business expansion, SG&A expenses put downward pressure on profit. However, as net sales increase with the accumulation of warranty contracts each fiscal year, SG&A expenses are absorbed as the business matures (i.e., as the balance of warranty contracts increases), resulting in a transition to a long-term stable earnings structure. Also, the recognition of sales and cost of sales is prorated under the accounting treatment, but the warranty fees from client companies are received as a lump sum when they take out a warranty, which generates an ample cash reserve. The Company uses the ample funds created by extended warranty agreements to make proactive growth investments and to practice asset management (rent income from rental condominiums, etc.). The Company is also characterized by its ability to make proactive growth investments and conduct asset management, leveraging ample cash reserve generated through recurring revenue business consulting.

Business description and earnings structure: Ability to make proactive growth investments and conduct asset management, leveraging ample cash reserve



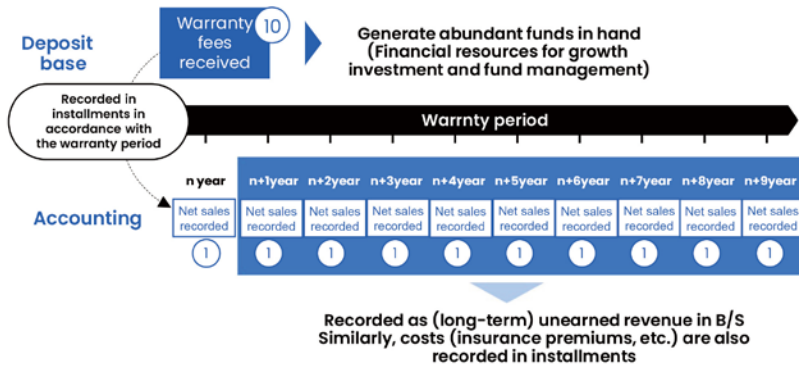
*1. The sales and cost of sales of extended warranty agreements in the HWT Business are prorated based on the warranty period, but SG&A expenses are recorded as a lump sum in the relevant fiscal year, so they put pressure on profit during periods of business expansion. However, as the business matures (the balance of warranty agreements increases), it will transition to a structure for generating long-term, stable earnings.
 *2. Of warranty fee income, the portion not yet recognized as net sales is recorded on the balance sheet as unearned revenue and long-term unearned revenue, and this balance is progressively recognized as net sales, thereby underpinning future earnings.
 *3. In the EXT Business, there are many cases where the holders of non-life insurance policies are manufacturers and sellers, and the non-life insurance premium portion is recorded as deposits received.
 Source: The Company's "Items Concerning Business Plans and Growth Potential"

Business overview

In the HWT Business, under its accounting treatment structure, revenue from long-term warranty services is recognized on a prorated basis over the warranty period. Of warranty fee income, the portion not yet recognized as net sales is recorded on the balance sheet as unearned revenue (warranty fees expected to be recognized as net sales within one year) and long-term unearned revenue (warranty fees expected to be recognized as net sales after more than one year), and the unearned revenue balance (the sum of unearned revenue and long-term unearned revenue) represents future net sales. The balance of unearned revenue is trending upwards as the number of contracts increases: it was ¥6,534mn at the end of FY6/21, ¥7,811mn at the end of FY6/22, ¥9,480mn at the end of FY6/23, ¥11,746mn at the end of FY6/24, ¥14,203mn at the end of FY6/25, and ¥15,304mn at the end of 1H FY6/26.

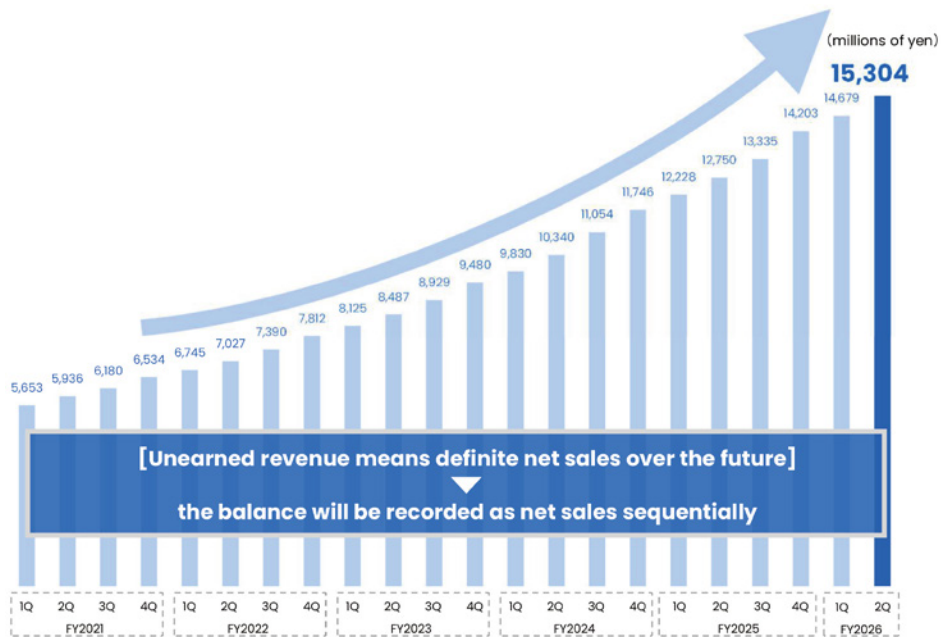
Accounting treatment structure of long-term warranty contracts (HWT Business)

(Example) the case where warranty fees for the 10-year equipment warranty are received en bloc in the n year.



Source: The Company's results briefing materials

Unearned revenue (HWT Business)



Source: The Company's results briefing materials

Promoting retention and strengthening of competitive advantage

3. Risk factors, challenges, and countermeasures

General risk factors include changes in the business environment, such as a downturn in the housing and real estate market or changes in demand for renewable energy-related equipment, a decrease in earnings due to increased competition, changes in agreements or working relationships with non-life insurance companies, the occurrence of regulatory violations or other risks related to laws and regulations, systems failures, and natural disasters. To counter these risks, the Company is working to make its services more varied, leverage its strength in providing operational support through DX to develop and deliver new services, expand into new business areas, and reflect increases in insurance premiums in its prices, among other measures. In this way, it is maintaining and strengthening its competitive edge, adapting to changes in the business environment, and further enhancing profitability.

Results trends

Despite an operating profit decrease, ordinary profit and net profit increased in 1H FY6/26

1. Overview of 1H FY6/26 consolidated results

In the 1H FY6/26 consolidated results, net sales increased 9.9% YoY to ¥3,276mn, operating profit decreased 16.6% to ¥557mn, ordinary profit increased 21.9% to ¥1,044mn, and profit attributable to owners of parent increased 132.3% to ¥698mn. Regarding operating profit, although the HWT Business expanded steadily, profit decreased due to factors such as delays in operating activities in the EXT Business in 1Q, caused by the impact of initiatives to normalize operations for GIGA School-related warranties. Ordinary profit and profit attributable to owners of parent increased due to an increase in gains on asset management recorded as non-operating income. Compared with the initial plan (net sales of ¥3,600mn, operating profit of ¥810mn, ordinary profit of ¥1,040mn, and profit attributable to owners of parent of ¥695mn), net sales and operating profit fell short of the plan by ¥323mn and ¥252mn, respectively, while ordinary profit and profit attributable to owners of parent exceeded the plan by ¥4mn and ¥3mn, respectively.

Results trends

Overview of 1H FY6/26 consolidated results

	1H FY6/25		1H FY6/26		YoY		vs forecast		
	Results	Ratio to net sales	Forecast	Results	Ratio to net sales	Change	Change rate	Change	Change rate
Net sales	2,980	100.0%	3,600	3,276	100.0%	295	9.9%	-323	-9.0%
Gross profit	2,133	71.6%	-	2,326	71.0%	193	9.1%	-	-
SG&A expenses	1,464	49.1%	-	1,768	54.0%	304	20.8%	-	-
Operating profit	668	22.4%	810	557	17.0%	-111	-16.6%	-252	-31.2%
Non-operating income	309	10.4%	-	594	18.1%	285	92.2%	-	-
Gain on sale of securities	28	1.0%	-	105	3.2%	77	271.1%	-	-
Rental income from investment property	158	5.3%	-	154	4.7%	-3	-2.2%	-	-
Gain on sale of investment property	67	2.3%	-	157	4.8%	90	133.1%	-	-
Non-operating expenses	120	4.1%	-	107	3.3%	-13	-11.1%	-	-
Expenses associated with renting investment properties	86	2.9%	-	88	2.7%	1	1.6%	-	-
Ordinary profit	857	28.8%	1,040	1,044	31.9%	187	21.9%	4	0.5%
Loss on guarantees	393	-	-	-	-	-	-	-	-
Profit attributable to owners of parent	300	10.1%	695	698	21.3%	397	132.3%	3	0.5%

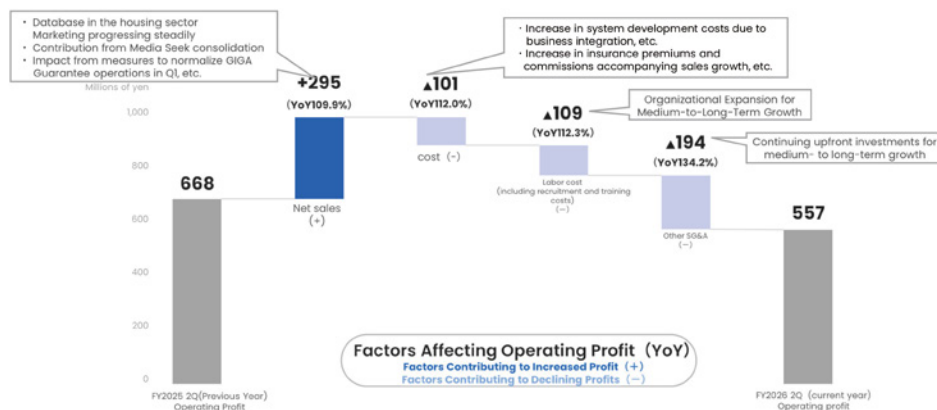
Note 1. MEDIA SEEK was consolidated from November 2024.

Note 2. The forecasts are based on the initial projections announced on August 13, 2025.

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

Gross profit increased 9.1% YoY, although the gross profit margin fell 0.6pp to 71.0%. SG&A expenses increased 20.8%, and the SG&A expense ratio rose 4.9pp to 54.0%. As a result, the operating profit margin fell 5.4pp to 17.0%. Operating profit decreased ¥111mn. This was driven by a ¥295mn increase from higher net sales, a ¥101mn decrease due to higher cost of sales (including increased system development costs associated with the business integration and higher insurance premiums and commissions accompanying sales growth), a ¥109mn decrease due to higher personnel expenses (including hiring and training costs), and a ¥194mn decrease due to higher SG&A expenses (including upfront investments for medium- to long-term growth). Ordinary profit and profit attributable to owners of parent increased, driven by higher gains from asset management leveraging ample cash reserve (gain on sale of securities increased ¥77mn to ¥105mn, rental income from investment properties decreased ¥3mn to ¥154mn, and gain on sale of investment properties increased ¥90mn to ¥157mn). The ordinary profit margin increased 3.1pp to 31.9%.

Operating profit analysis



Source: The Company's results briefing materials

The HWT Business recorded increases in net sales and profit, while the EXT Business recorded decreases in net sales and profit but has shown a recovery trend since 2Q

2. Trends by segment

In the HWT Business, net sales increased 13.5% YoY to ¥1,961mn, and operating profit (before adjustment for corporate expenses, etc.) increased 27.5% to ¥778mn. Breaking down net sales, sales of warranty services increased 22.2% to ¥1,720mn, sales of inspection and repair services decreased 30.0% to ¥154mn, and other sales fell 13.4% to ¥84mn. Although net sales and operating profit fell slightly short of plan, net sales and operating profit increased, supported by the progressive recognition of warranty fee income (unearned revenue) from prior periods. Newly launched warranty products for used housing are also performing well. As main KPIs, the amount of new contract acquisitions increased 15.2% to ¥2,660mn, and the balance of unearned revenue and long-term unearned revenue at the end of the period increased 20.0% to ¥15,304mn. The cumulative number of companies introducing digital money issuance services increased 23.0% to 166 companies, with the unused balance at the end of the period climbing 9.4% to ¥2,740mn.

In the EXT Business, net sales decreased 12.2% YoY to ¥988mn, and operating profit decreased 23.6% to ¥631mn. Breaking down net sales by field, sales in the renewable energy field decreased 11.2% to ¥727mn and sales in the household appliances and other fields decreased 14.8% to ¥260mn, resulting in decreases in net sales and profit. These decreases were driven by delays in operating activities in 1Q due to the impact of initiatives to normalize operations for GIGA School-related warranties, as well as upfront investments for growth. However, net sales in 2Q showed a recovery trend (net sales were ¥420mn in 1Q and ¥567mn in 2Q).

In the LFT Business (MEDIA SEEK has been consolidated since November 2024; therefore, the previous corresponding period includes two months), net sales increased 185.4% YoY to ¥308mn, and operating profit increased 905.3% to ¥99mn. Breaking down net sales, sales in corporate DX increased 253.3% to ¥106mn, and sales in lifestyle DX increased 161.0% to ¥201mn, with system integration remaining firm. In the FNT / Others Business, net sales decreased 7.4% to ¥17mn, and operating profit was ¥5mn (operating loss of ¥3mn in the same period of the previous fiscal year).

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Results trends

1H FY6/26 segment results

	1H FY6/25		1H FY6/26			YoY		vs forecast	
	Results	Ratio to net sales	Forecast	Results	Ratio to net sales	Change	Change rate	Change	Change rate
Consolidated net sales	2,980	100.0%	3,600	3,276	100.0%	295	9.9%	-323	-9.0%
HWT Business	1,727	58.0%	1,991	1,961	59.9%	233	13.5%	-29	-1.5%
Warranty services	1,408	47.2%	-	1,720	52.5%	312	22.2%	-	-
Inspection and repair services	220	7.4%	-	154	4.7%	-66	-30.0%	-	-
Others	97	3.3%	-	84	2.6%	-13	-13.4%	-	-
EXT Business	1,126	37.8%	1,261	988	30.2%	-137	-12.2%	-272	-21.6%
Renewable energy	819	27.5%	-	727	22.2%	-92	-11.2%	-	-
Household appliances and other	305	10.2%	-	260	7.9%	-45	-14.8%	-	-
LFT Business	108	3.6%	347	308	9.4%	200	185.4%	-38	-11.1%
Corporate DX	30	1.0%	-	106	3.2%	76	253.3%	-	-
Lifestyle DX	77	2.6%	-	201	6.1%	124	161.0%	-	-
FNT Business / Others	18	0.6%	1	17	0.5%	-1	-7.4%	16	1601.6%
Consolidated operating profit	668	22.4%	810	557	17.0%	-111	-16.6%	-252	-31.2%
HWT Business	610	35.4%	825	778	39.7%	167	27.5%	-46	-5.6%
EXT Business	826	73.3%	924	631	63.8%	-194	-23.6%	-292	-31.7%
LFT Business	9	9.2%	110	99	32.3%	89	905.3%	-10	-9.5%
FNT Business / Others	-3	-	-35	5	34.8%	9	-	40	-
Total for reporting segments	1,443	-	1,823	1,515	-	71	5.0%	-307	-
Adjustments (corporate expenses)	-774	-	-1,013	-957	-	-	-	-	-

Notes 1. Segment net sales represent net sales to external customers.

Notes 2. Ratio to net sales for segment operating profit is the ratio of operating profit relative to the corresponding net sales.

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

1H FY6/26 main KPIs

Main KPIs	1H FY6/25	1H FY6/26	YoY	
	Results	Results	Change	Change rate
HWT Business				
Amount of new contract acquisitions	2,309	2,660	351	15.2%
Balance of unearned revenue and long-term unearned revenue	12,750	15,304	2,554	20.0%
Digital money				
Number of companies introducing digital money	135	166	31	23.0%
Unused balance	2,504	2,740	236	9.4%

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

Underlying financial soundness is strong

3. Financial position

Looking at the Company's financial condition, total assets at the end of 1H FY6/26 increased ¥1,707mn YoY to ¥31,327mn. This was mainly due to a ¥371mn increase in accounts receivable, a ¥394mn increase in advances paid, a ¥579mn increase in investment securities, and a ¥357mn increase in long-term prepaid expenses. Total liabilities increased ¥905mn to ¥26,333mn. This was mainly due to a ¥787mn decrease in provision for loss on guarantees, while income taxes payable increased ¥360mn, long-term unearned revenue increased ¥910mn, and long-term deposits received increased ¥212mn. The total balance of short- and long-term borrowings decreased ¥77mn to ¥2,195mn. Total net assets increased ¥802mn to ¥4,993mn. Treasury shares (deduction) increased ¥388mn, while retained earnings increased ¥537mn and valuation difference on available-for-sale securities increased ¥653mn. As a result, the equity ratio increased 1.8pp to 15.9%.

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Results trends

The equity ratio of 15.9% is low, but this is because it has a business model in which warranty fees are received before services are provided. In the HWT Business, sales and cost of sales are prorated. Accordingly, the portion of sales not yet recognized is recorded as liabilities as unearned revenue (warranty fees expected to be recognized as net sales within one year) or long-term unearned revenue (warranty fees expected to be recognized as net sales after more than one year), sales commissions paid to distributors and agents are recorded as assets as prepaid expenses or long-term prepaid expenses, and non-life insurance premiums paid to insurance companies and the unused balance of digital money are recorded as liabilities as deposits received or long-term deposits received. As a result, the balance sheet is swollen. However, the total balance of short- and long-term borrowings remains at ¥2,195mn. Breaking down liabilities, unearned revenue and long-term unearned revenue, which are sources of future profit, make up 61.0%, deposits received and long-term deposits received (mainly cash and deposits) 21.9%, and interest-bearing debt 8.4%. There are also no causes for concern in the cash flow statement, so FISCO judges that the Company's underlying financial soundness is strong.

Balance sheet and cash flow statement (simplified)

	End of FY6/22	End of FY6/23	End of FY6/24	End of FY6/25	End of 1H FY6/26	Change
(¥mn)						
Total assets	16,219	20,103	24,593	29,619	31,327	1,707
Current assets	6,231	7,493	8,587	9,694	10,352	658
Cash and deposits	3,399	4,175	2,626	3,298	3,397	98
Prepaid expenses	460	550	684	908	930	21
Advances paid	1,694	1,929	3,515	2,274	2,669	394
Non-current assets	9,987	12,609	16,005	19,924	20,974	1,049
Investment securities	1,097	1,585	3,509	6,207	6,786	579
Long-term prepaid expenses	2,337	3,049	3,821	4,382	4,740	357
Investment property, net	3,956	5,130	5,940	7,015	6,994	-21
Total liabilities	14,975	18,157	21,588	25,428	26,333	905
Current liabilities	2,675	3,266	4,012	5,597	4,833	-764
Unearned revenue	1,496	1,830	2,146	2,429	2,547	118
Deposits received	498	631	638	511	495	-16
Non-current liabilities	12,300	14,891	17,576	19,830	21,500	1,669
Long-term unearned revenue	7,071	8,518	10,508	12,612	13,523	910
Long-term deposits received	3,798	4,127	4,572	5,062	5,275	212
Total net assets	1,243	1,946	3,005	4,190	4,993	802
Shareholders' equity	1,172	1,871	2,818	4,174	4,322	148
Equity ratio	7.7%	9.7%	12.2%	14.1%	15.9%	1.8pp

	FY6/22	FY6/23	FY6/24	FY6/25	1H FY6/26
Cash flows from operating activities	292	1,861	922	2,099	279
Cash flows from investing activities	-3,169	-1,902	-2,086	-1,342	380
Cash flows from financing activities	748	783	167	-549	-629
Cash and cash equivalents at the end of the (interim) period	3,058	3,799	2,804	3,413	3,456

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

■ Outlook

Increases in profit expected for FY6/26, with record-high results forecast maintained

● Overview of FY6/26 consolidated forecasts

For the FY6/26 consolidated results, the initial plan is maintained, and net sales are expected to increase 22.3% YoY to ¥8,200mn, operating profit to increase 29.6% to ¥2,100mn, ordinary profit to increase 26.4% to ¥2,500mn, and profit attributable to owners of parent to be ¥1,625mn (¥628mn loss in the previous fiscal year). It expects to set new record highs based on significant sales and profit growth (with profit attributable to owners of parent returning to profitability due to the end of the extraordinary loss recorded in the previous fiscal year). Growth in the HWT Business is expected to drive results. Factors that will contribute to this include a decrease in low-profit-margin real services' share of the sales mix, full-year consolidation of MEDIA SEEK's results, the synergy effect of business integration, improved operational efficiency due to DX, and the end of costs related to revamping the corporate website and changing the company name in the previous fiscal year.

By segment, the Company forecasts, for the HWT Business, net sales to increase 19.0% YoY to ¥4,491mn and operating profit (before adjustment for corporate expenses, etc.) to increase 39.8% to ¥2,062mn; for the EXT Business, net sales to increase 13.8% to ¥2,777mn and operating profit to increase 11.8% to ¥1,923mn; for the LFT Business, net sales to increase 103.3% to ¥929mn and operating profit to increase 83.7% to ¥248mn; and for the FNT / Others Business, net sales to decrease 93.3% to ¥2mn and operating loss to be ¥72mn (compared with a loss of ¥26mn in the previous fiscal year).

The 1H progress rates were 40.0% for net sales, 26.5% for operating profit, 41.8% for ordinary profit, and 43.0% for profit attributable to owners of parent, all below 50%. However, the HWT Business has an earnings structure in which revenue accumulates toward the end of the fiscal year, and the EXT Business, which was weak in 1Q, has shown a recovery trend since 2Q as initiatives to normalize operations for GIGA School-related warranties have run their course. Considering these factors, FISCO believes that the Company can achieve its full-year forecasts.

Outlook

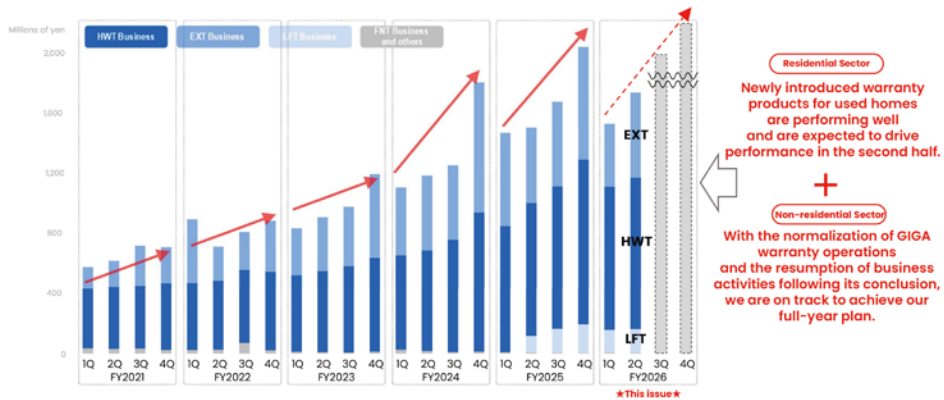
Overview of FY6/26 consolidated forecasts

(¥mn)

	FY6/25		FY6/26		YoY		1H FY6/26	
	Results	Ratio to net sales	Forecast	Ratio to net sales	Change	Change rate	Results	Progress rate
Net sales	6,705	100.0%	8,200	100.0%	1,495	22.3%	3,276	40.0%
Operating profit	1,620	24.2%	2,100	25.6%	480	29.6%	557	26.5%
Ordinary profit	1,977	29.5%	2,500	30.5%	523	26.4%	1,044	41.8%
Profit attributable to owners of parent	-628	-	1,625	19.8%	2,253	-	698	43.0%
Net sales by segment								
HWT Business	3,775	56.3%	4,491	54.8%	716	19.0%	1,961	43.7%
EXT Business	2,441	36.4%	2,777	33.9%	336	13.8%	988	35.6%
LFT Business	457	6.8%	929	11.3%	472	103.3%	308	33.2%
FNT Business / Others	30	0.5%	2	0.0%	-28	-93.3%	17	750.0%
Operating profit by segment								
HWT Business	1,475	39.1%	2,062	45.9%	587	39.8%	778	37.7%
EXT Business	1,720	70.4%	1,923	69.2%	203	11.8%	631	32.8%
LFT Business	135	29.7%	248	26.7%	113	83.7%	99	39.9%
FNT Business / Others	-26	-	-72	-	-46	-	5	-
Total for reporting segments	3,305	-	4,161	-	856	25.9%	1,515	36.4%
Adjustments (corporate expenses)	-1,684	-	-2,061	-	-	-	-957	-

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

Quarterly net sales trends



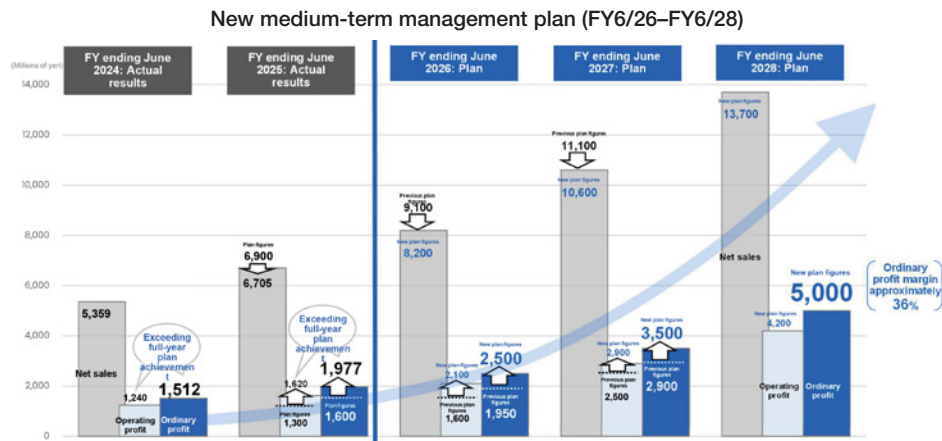
Source: The Company's results briefing materials

Growth strategy

Aims to balance continuous, dramatic corporate growth and shareholder returns

1. New medium-term management plan (FY6/26–FY6/28)

In August 2025, the Company formulated a new medium-term management plan (FY6/26–FY6/28). The targets for FY6/26 are net sales of ¥8,200mn, operating profit of ¥2,100mn, and ordinary profit of ¥2,500mn. For FY6/27, they are net sales of ¥10,600mn, operating profit of ¥2,900mn, and ordinary profit of ¥3,500mn. For FY6/28, the plan's final year, they are net sales of ¥13,700mn, operating profit of ¥4,200mn, and ordinary profit of ¥5,000mn. In terms of priority measures for achieving the plan, it will promote enhancing SaaS products, ramping up recurring revenue business consulting, executing strategic M&A deals, continuously enhancing asset management, and continuously leveraging human capital (stable, long-term organizational expansion by shifting to planned recruitment focused on hiring new graduates).

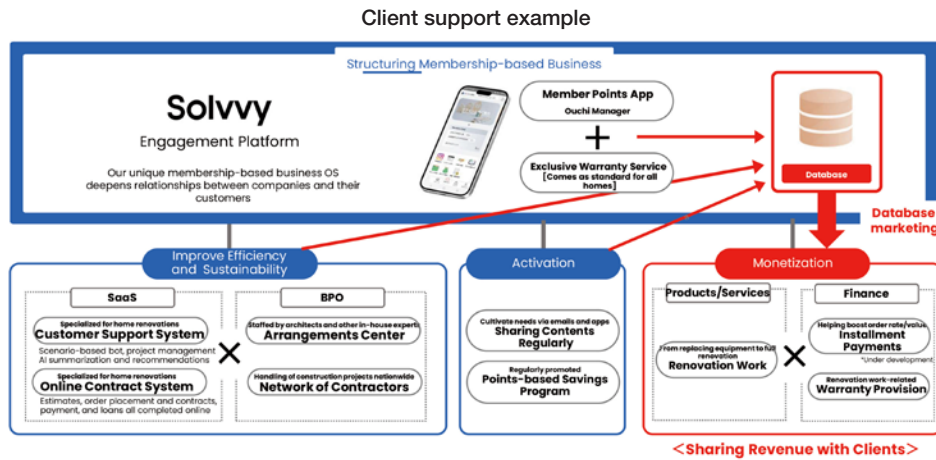


Source: The Company's results briefing materials

In addition, as its future business model and growth strategy, the Company aims to further deepen recurring revenue business consulting and build a membership-based business that maximizes LTV by shifting away from one-off sales. The Company's recurring revenue business consulting enhances the value of clients' assets and activates and monetizes those assets. Leveraging its proprietary engagement platform (membership-based business OS), the Company provides a wide range of hands-on support solutions to support the formation of clients' own business areas.

Going forward, the Company aims to balance continuous, dramatic corporate growth and shareholder returns by moving beyond traditional warranty services and developing database marketing into a new core earnings pillar. As a recent example, the Company supports the operation of an owners' club and renovation business for a major condominium developer, and intends to promote horizontal deployment to other major operators as well as broader rollout to small and medium-sized operators.

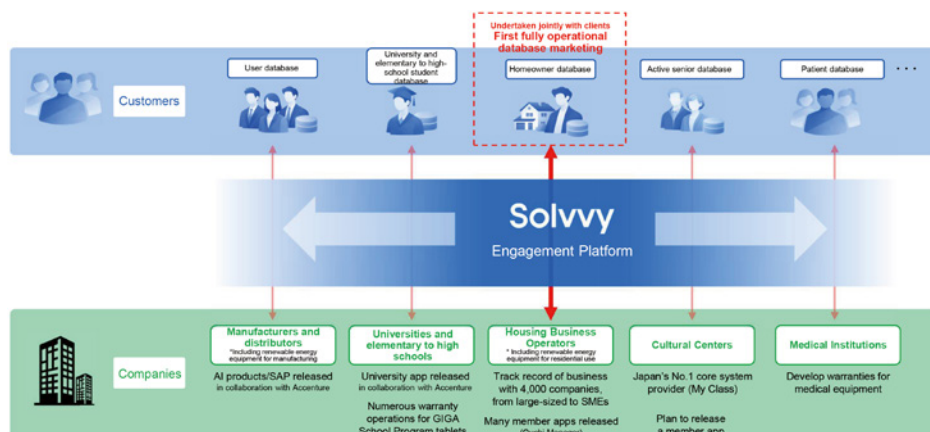
Growth strategy



Source: The Company's results briefing materials

In terms of business areas, the Company aims to expand broadly into a wide range of industries based on its successful model in the housing area. In its core housing-related area (including household renewable energy equipment), the Company already has transactions with 4,000 companies, ranging from large enterprises to small and medium-sized enterprises, and also provides a membership application (Ouchi Manager). As for expansion beyond housing-related businesses, in the manufacturing and distributor areas (including industrial renewable energy equipment), the Company will develop AI solutions and SAP-related offerings in collaboration with Accenture Corporation (entered into a sales agent partner agreement in June 2025 and renewed the agreement in October of the same year to include software licensing). In the areas for university corporations, and elementary, junior high, and high schools, the Company has already undertaken numerous warranty operations for GIGA School terminals, and going forward will strengthen the rollout of university applications in collaboration with Accenture Corporation. In the culture center area, My Class provided by MEDIA SEEK has achieved a high share in core systems for culture schools, and going forward, the Company will strengthen the rollout of membership applications. In the medical field, which remains an untapped area, the Company will develop warranty services related to medical devices.

Future business development: Aiming to access a broad customer database



Source: The Company's results briefing materials

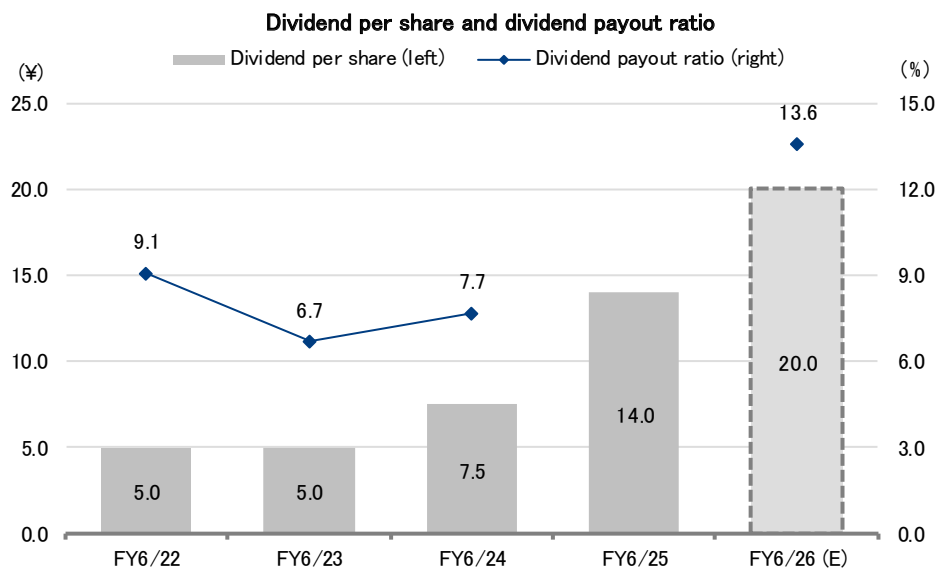
Growth strategy

The Company's earnings structure is determined by increases in the number of clients and the customer data stock, driven by the expansion of both B2B and B2C offerings. In the first revenue layer (consulting-based B2B business), the Company promotes the shared use of customer data held by client companies through a B2B business centered on warranty and SaaS offerings. In the second revenue layer (profit-sharing B2C business), it strengthens initiatives that leverage customer data acquired from client companies. As the business matures, the Company aims to achieve accelerated business growth through an increase in the customer data stock.

Introduction of progressive dividend policy for shareholder returns, with target consolidated dividend payout ratio of 30%

2. Shareholder return policy

The Company changed its basic policy on shareholder returns in FY6/25, introducing a progressive dividend policy with a consolidated dividend payout ratio target of 30%, while making it a priority to enhance its management structure and make investments for the future. Based on this policy, following retroactive application of the two-for-one stock split conducted on July 1, 2025, the Company plans for the FY6/26 dividend to be ¥20.0 (year-end only; ordinary dividend of ¥20.0). This is an increase of ¥6.0 compared to the previous fiscal year's dividend of ¥14.0 (ordinary dividend of ¥11.5 + commemorative dividend of ¥2.5). The forecast dividend payout ratio is 13.6%. The Company also repurchased 250,000 treasury shares during the period from August 14, 2025 to December 5, 2025. In addition, on February 13, 2026, the Company announced a new share buyback (up to 220,000 shares or ¥300mn, with the acquisition period from February 16, 2026 to May 31, 2026). FISCO believes that shareholder returns are likely to be further enhanced in line with earnings growth going forward.



Notes 1. For the dividend amounts prior to FY6/25, the two-for-one stock split conducted on July 1, 2025, is retroactively applied.

Notes 2. The dividend amount for FY6/25 (following retroactive application of the two-for-one stock split) is an ordinary dividend of ¥11.50 + commemorative dividend of ¥2.50.

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

Growth strategy

3. Sustainability management

Regarding sustainability matters, at present, the Company has not set any indicators or targets, but it will strengthen its sustainability management efforts in the future. As for human capital matters, it has set the ratio of women in management positions, the average rate of paid leave uptake, and the rate of return to work from childcare leave as indicators, and it is working to foster an environment that will enable it to achieve its target of exceeding the Ministry of Health, Labour and Welfare's average for Japanese companies for each indicator.

Possibility of entering new growth stage

4. FISCO's view

By providing recurring revenue business consulting grounded in after-sales services and conducting asset management that leverages the ample cash obtained from its warranty services, the Company has achieved continuous high growth and maintained a high profit margin. FISCO views this positively. Although operating profit decreased in 1H FY6/26 due to one-off factors, in the medium to long term there is a significant scope for expansion of its business areas, including the creation of synergies from the business integration with MEDIA SEEK and the generation of revenue from database marketing through its proprietary engagement platform. Accordingly, the Company has the potential to enter a new growth stage while maintaining a high profit margin with warranty services as a stable earnings base, and FISCO believes this could lead to further enhancement of shareholder returns.



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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