



Second Quarter of the Fiscal Year Ending March 31, 2018 Results Briefing Materials

internet infinity INC.

Securities code: 6545

November 22, 2017

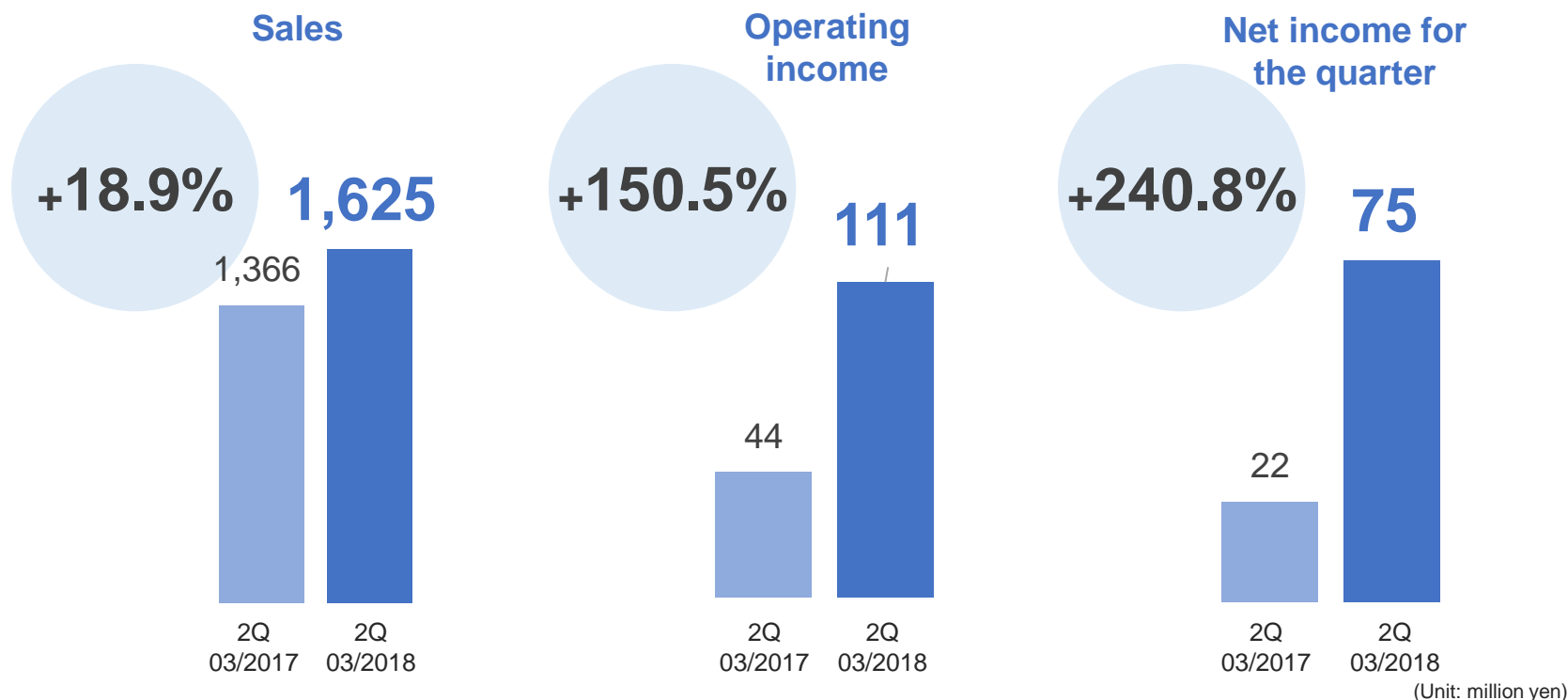


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Supplementary information

**Second quarter of the fiscal year
ending March 31, 2018
Summary of business results**

Sales and earnings increased strongly compared with the year-earlier period



Main factors driving financial results

- Growth driven by Record Book Business (sales up 37.7% compared with the year-earlier period)
- Number of "Record book" care centers up by 16 franchise care centers and 3 directly operated care centers
- Web Solution Business posting steady growth with contributions to financial results

Company outline

Established	May 7, 2001
Capital	211,170,300 yen (as of September 30, 2017)
Head office location	Hamarikyu Parkside Place 15F, 5-6-10 Tsukiji, Chuo-ku, Tokyo, 104-0045

Representative	Representative director	Keiichi Beck
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Corporate officers (as of September 30, 2017)

Executive director	Takashi Fujisawa
Director	Kenji Hoshino
Director (external director)	Tatsuo Watanabe
Executive officer	Yohei Nakao
Executive officer	Koso Nakajima
Executive officer	Junpei Ogura
Executive officer	Yasuhiko Ueno
Corporate auditor	Shinya Kinugawa
Corporate auditor	Kazuo Goto
Corporate auditor	Masahiko Sato

Number of employees (as of September 30, 2017)	281 (regular employees)
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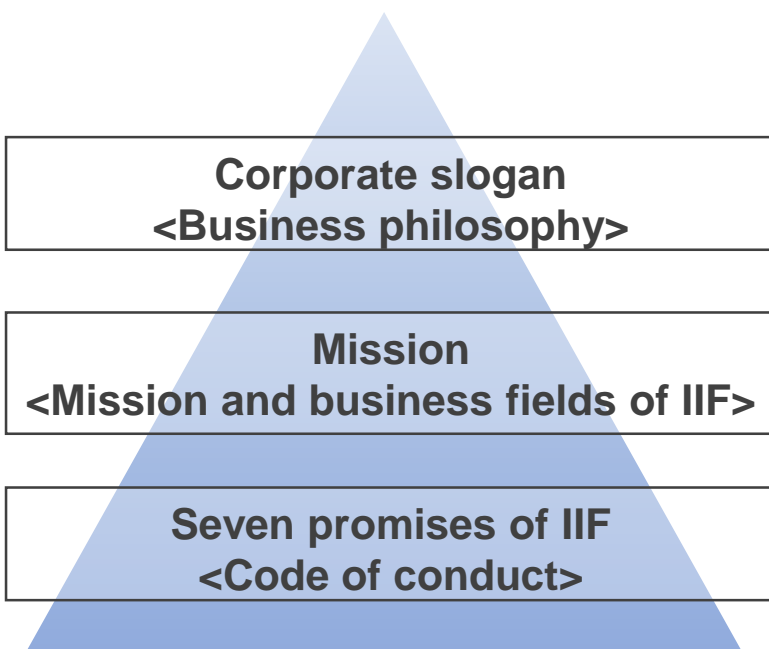
ISMS certification acquisition



In January 2016, the Company passed the examination of the Information Security Management System (ISMS) conformity assessment scheme of the Japan Information Processing and Development Center (JIPDEC) and was registered as certified by JIPDEC.

- Certification Registration No. JP16/080384
- Certification registration scope
 1. Marketing support for the senior consumer market
 2. Support in reconciling employment duties and eldercare requirements
 3. Member customer-satisfaction enhancement support

For a **"longer life in health"** through our services.



Corporate slogan
<Business philosophy>

Mission
<Mission and business fields of IIF>

Seven promises of IIF
<Code of conduct>

Mission of internet infinity
"Resolving the problems of super-aged communities through creative innovation and proactive endeavor"

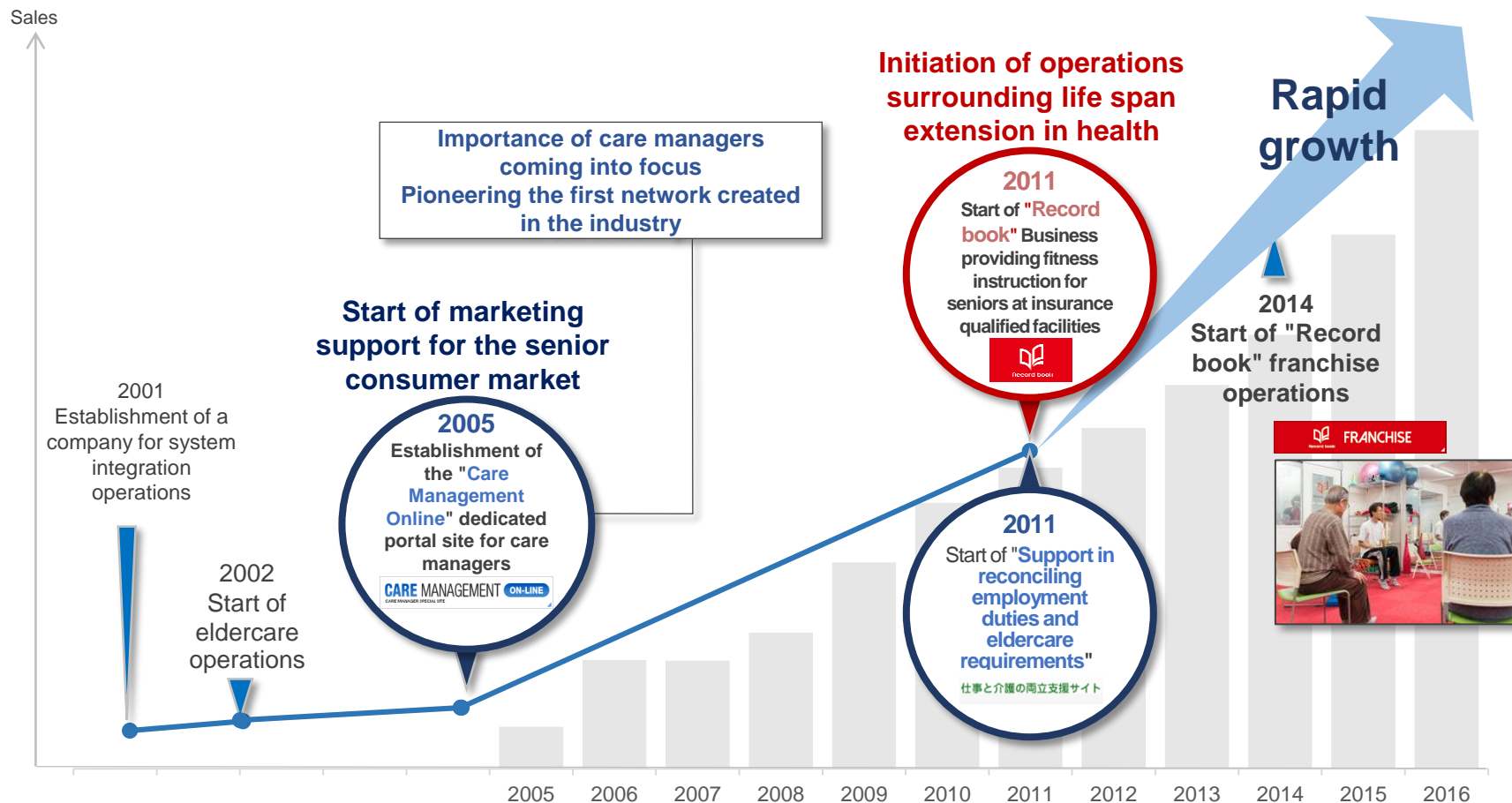
Healthful Future

Resolving the problems of super-aged communities through creative innovation and proactive endeavor

1. We value smiles, greetings, and communication
2. We strictly observe discipline and punctuality
3. We enjoy our work
4. We take pride and responsibility in our work
5. We always act in a just and fair manner
6. We value good manners
7. We do not forget gratitude

Note: IIF is the short form of our company name "internet infinity"

Roll-out of new healthcare services through on-site and online operations



Business lines

Business activities in two segments comprised of Healthcare Solution Business and Home-Centered Service Business operations

■ Healthcare Solution Business

Launch of business operations pivoted on the care manager member base of the "Care Management Online" portal site

■ Record Book Business

- ✓ The Record Book Business offer 3-hour rehabilitation day care services specializing on instruction in physical exercises

■ Web Solution Business

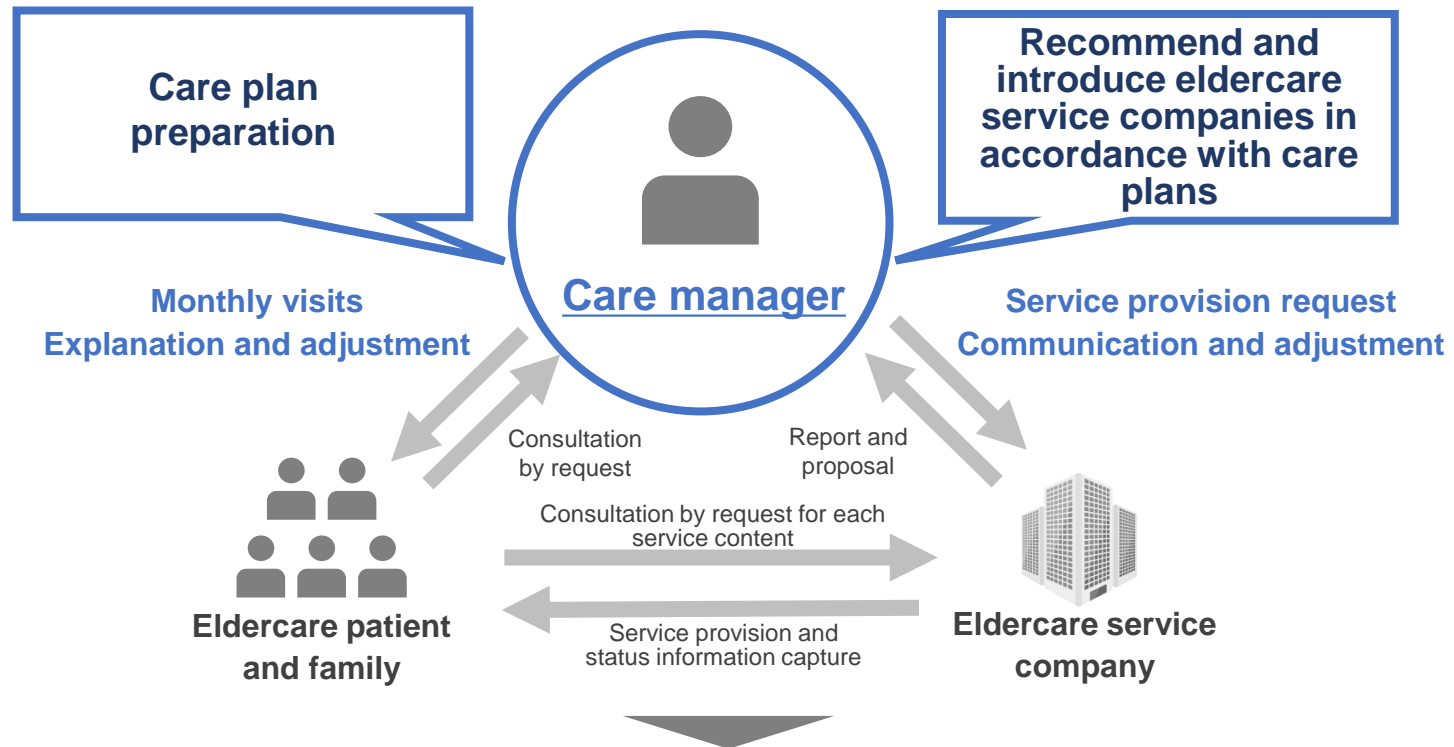
- Marketing support for the senior consumer market
- Support in reconciling employment duties and eldercare requirements

- Care supplies business (leasing and sales of eldercare utensils)

■ Home-Centered Service Business

- In-home eldercare support services
- Visit based eldercare services
- Ambulant eldercare services

Care managers, who prepare the care plans, have significant power to influence decisions on eldercare services



The care manager is the key person in the long-term care insurance system

Care Management Online

Registration free of charge



Running Japan's largest care manager operations support portal site

Total number of care managers in Japan

Number of
registered
care
managers

Around

60% (around 87,000)

Number of
registered
site users

Around

140 thousand

* As of March 2017 care managers in Japan totaled around 150,000 persons

Care Management Online has established itself as an irreplaceable tool for care managers' duties

Main duties of care managers

Preparation of care plans and documents required for long-term care insurance coverage applications

- Preparation of care plans
- Agency for long-term care insurance coverage applications
- Preparation of contract documents, etc.

Resources available for download comprise various forms, sample documents, and manuals

Available for one-stop downloads are sample documents and manuals, etc., necessary for the performance of care managers' duties such as various types of contracts, service diaries, important explanations, and statements of agreements. All documentations are provided for individual service categories such as in-home eldercare, visit based eldercare, bathing service, and daycare service

Legal and administrative Capture of latest information

- Acquisition of latest legal information including the Long-Term Care Insurance Act

Dissemination of latest long-term care insurance information and administrative information such as revisions of the Long-Term Care Insurance Act

Regular postings of information that care managers need to know such as law revisions and administrative information

Eldercare consultation

- Monthly visits and miscellaneous consultations

Japan-wide eldercare service company information and other latest information on eldercare

Web-based search for eldercare service companies and facilities in the vicinity of eldercare patients.
Dissemination of eldercare related questionnaire survey results, etc.
Consultations, questions, and other information exchanges among care managers are also possible.

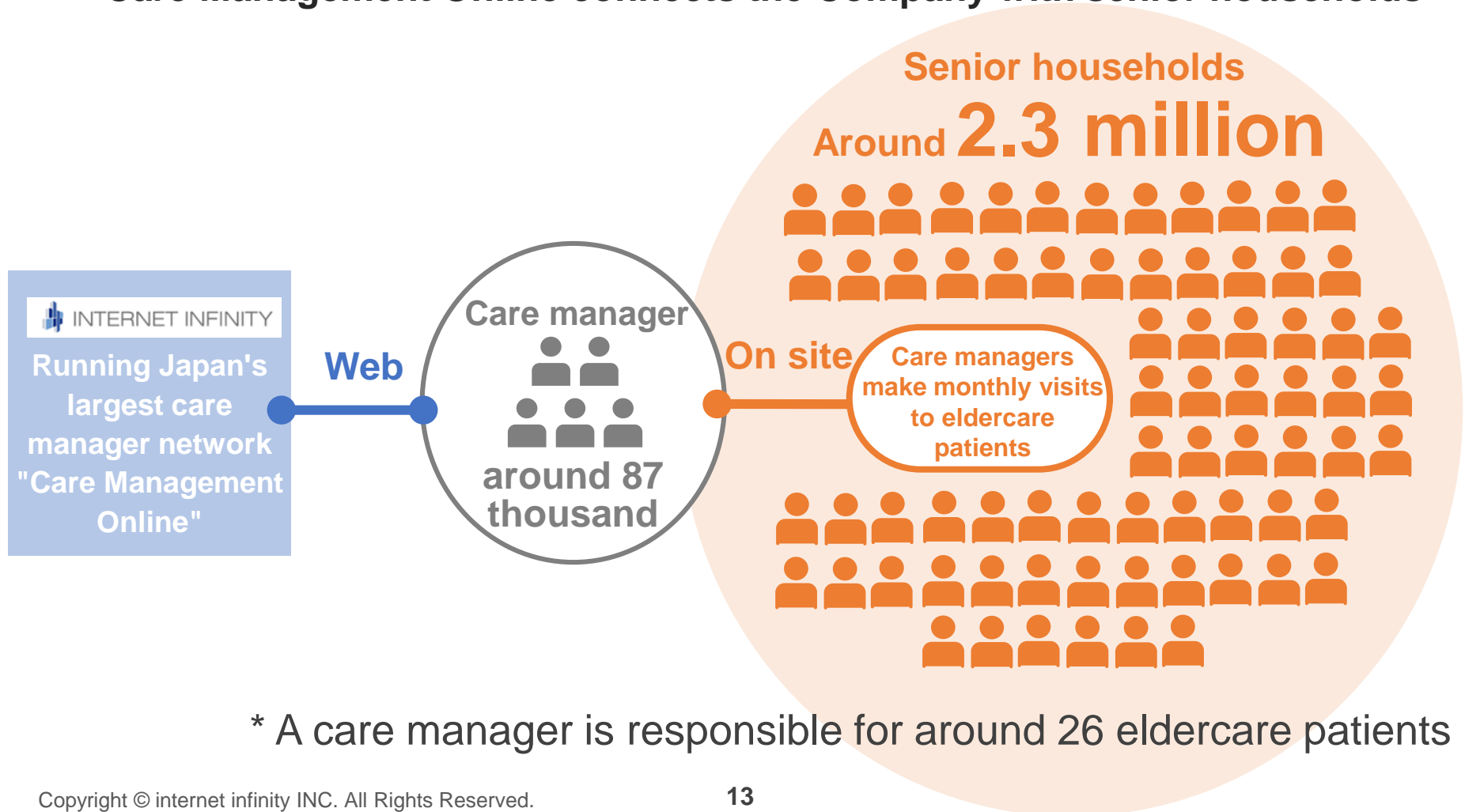
Capture of eldercare industry news

Posting of articles authored by the Welfare and Medical Service Agency, the Ministry of Health, Labour and Welfare, eldercare related organization, and corporate releases concerning eldercare related products and services

Posting of releases of government ministries and agencies, organizations, and business corporations and dissemination of latest eldercare industry news

Japan's largest care manager network capable of reaching senior households

Care Management Online connects the Company with senior households



The Record Book Business offer 3-hour rehabilitation day care services specializing on instruction in physical exercises

(Scope of application: Certified eldercare patients up to eldercare level 2)

Feature 1

High subscriber retention ratio

(1) Creation of environments for eldercare patients enabling ease of use of facilities

Exercise guidance provided by experts

Interiors designed to avoid an eldercare atmosphere

Hospitality



Maximum class size: 18 persons per class (morning and afternoon)

Number of sessions: 1.5 - 2.0 session per week

(2) Proactive participation by users who want to "stay healthy"

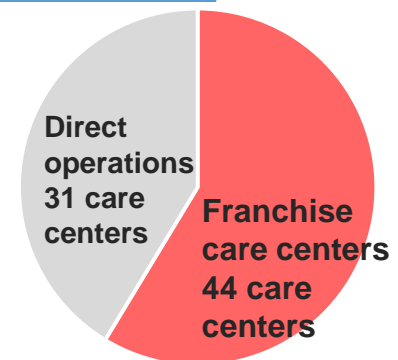
Feature 2

Growing number of franchise care centers

(1) Payback period of franchise investments somewhat over 2 years

- High customer attraction power and user retention ratios through combined Web-based and on-site operations enable comparatively short payback periods
- Support systems emphasizing wellbeing and fulfillment

(2) Inquiries for franchises from potential franchisees increased after the stock listing

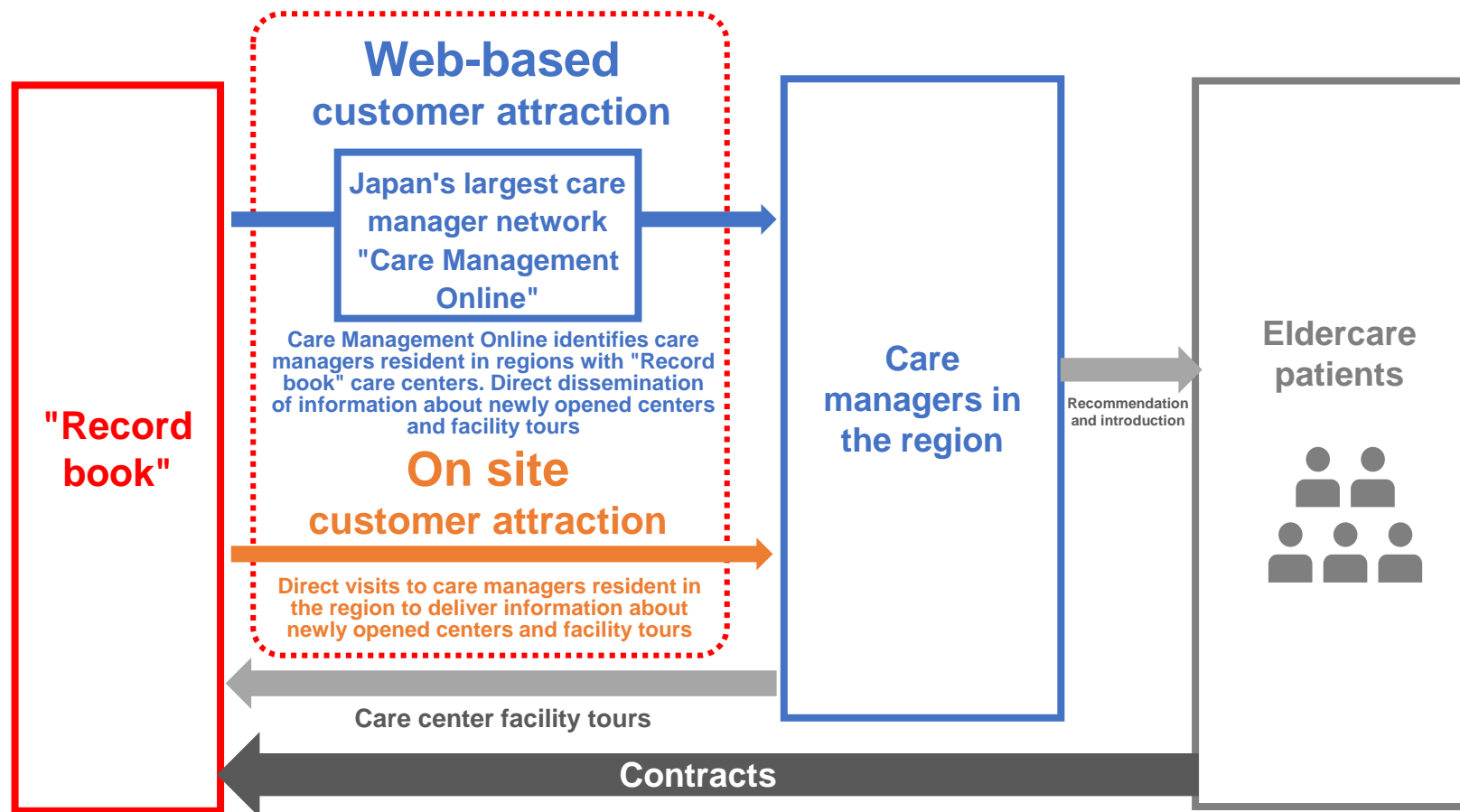


As of September 30, 2017

Feature
3

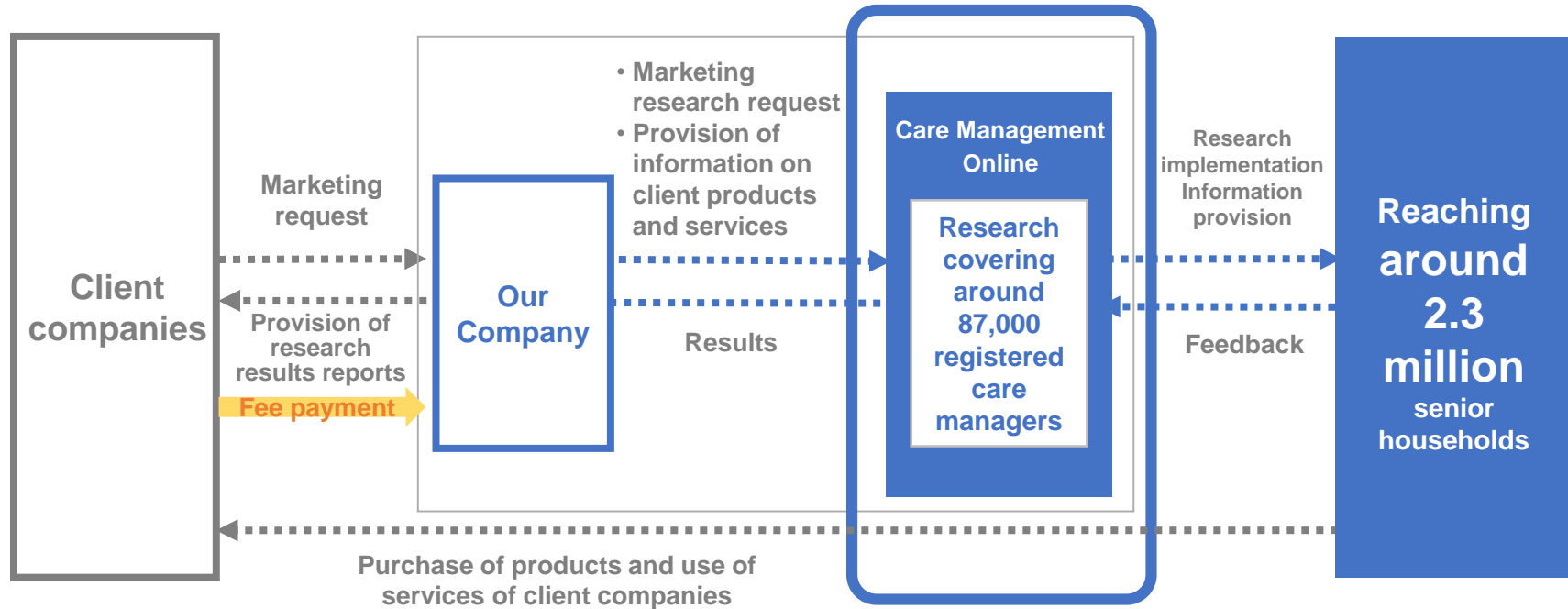
Customer attraction power of Web-based and on-site operations

through the efficient use of Japan's largest care manager network



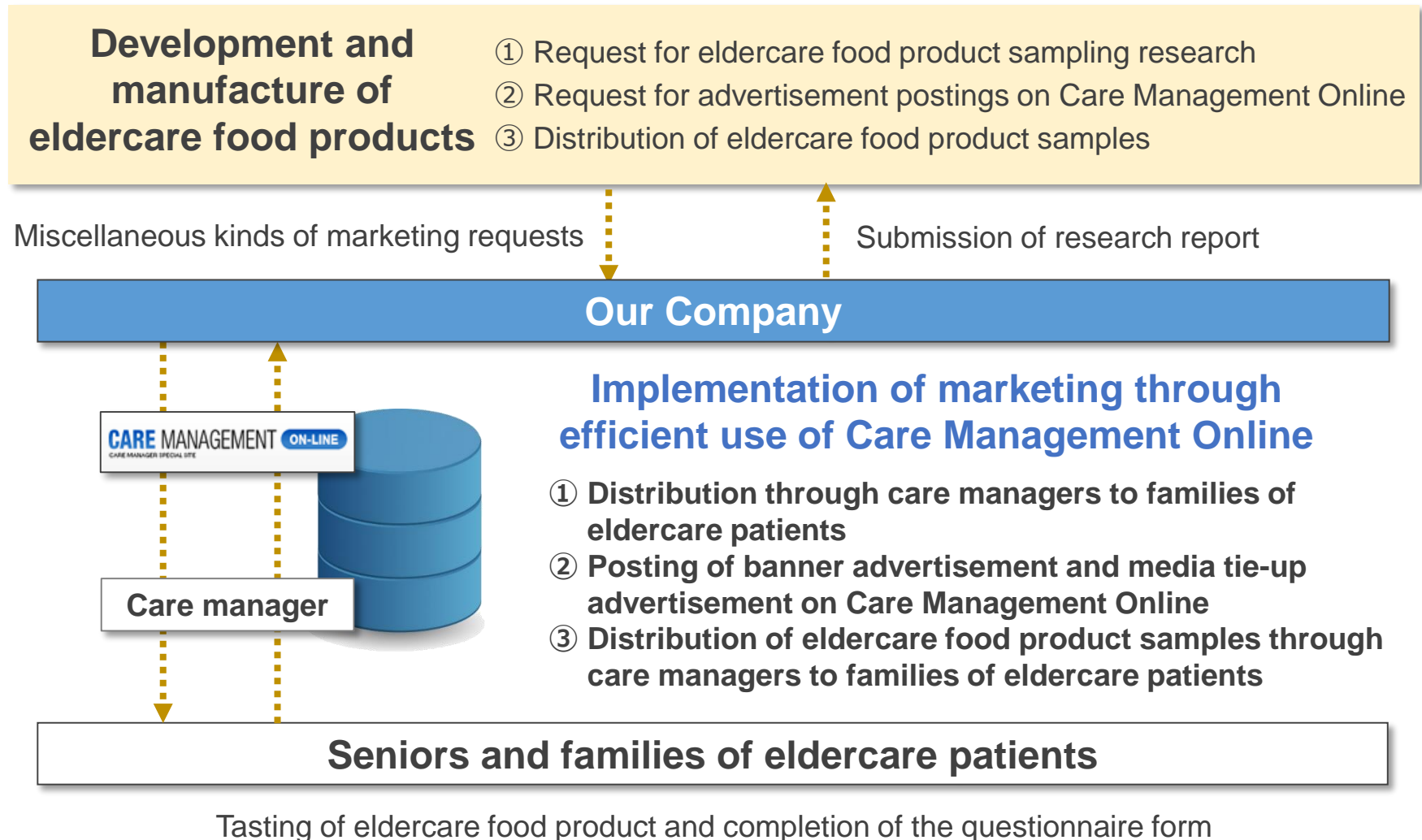
Marketing support through Japan's largest care manager network capable of reaching around 2.3 million senior households

Japan's largest care manager network



Major food manufacturer

Marketing support for eldercare food product development and manufacture

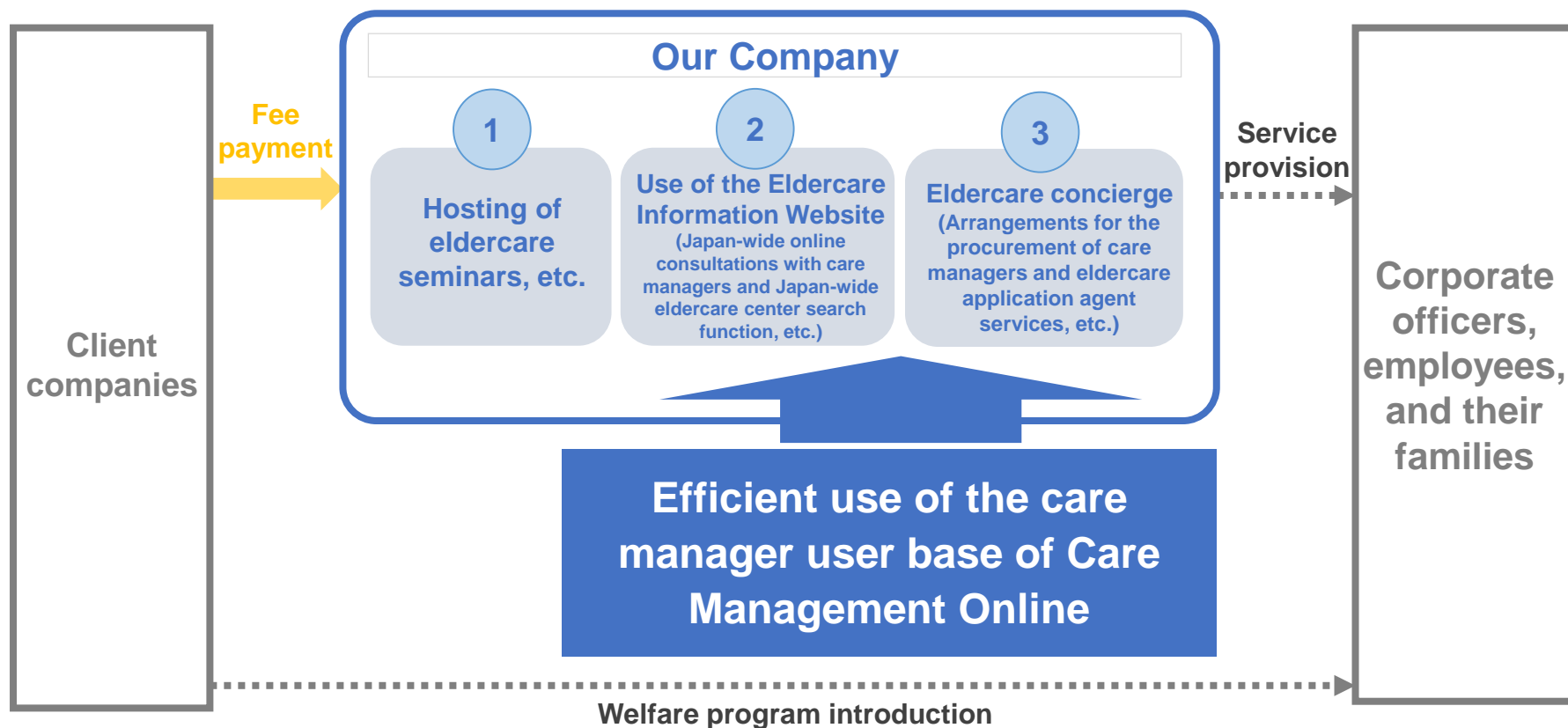


Adopted by over 50 companies with 1.2 million users

Adoption mainly as part of corporate welfare programs

Support in reconciling employment duties and eldercare requirements delivered over the Internet, etc., to users at subscriber companies

Delivering high added-value solutions at a low cost through the efficient use of care manager network



**Second quarter of the fiscal year
ending March 31, 2018
Financial summary**

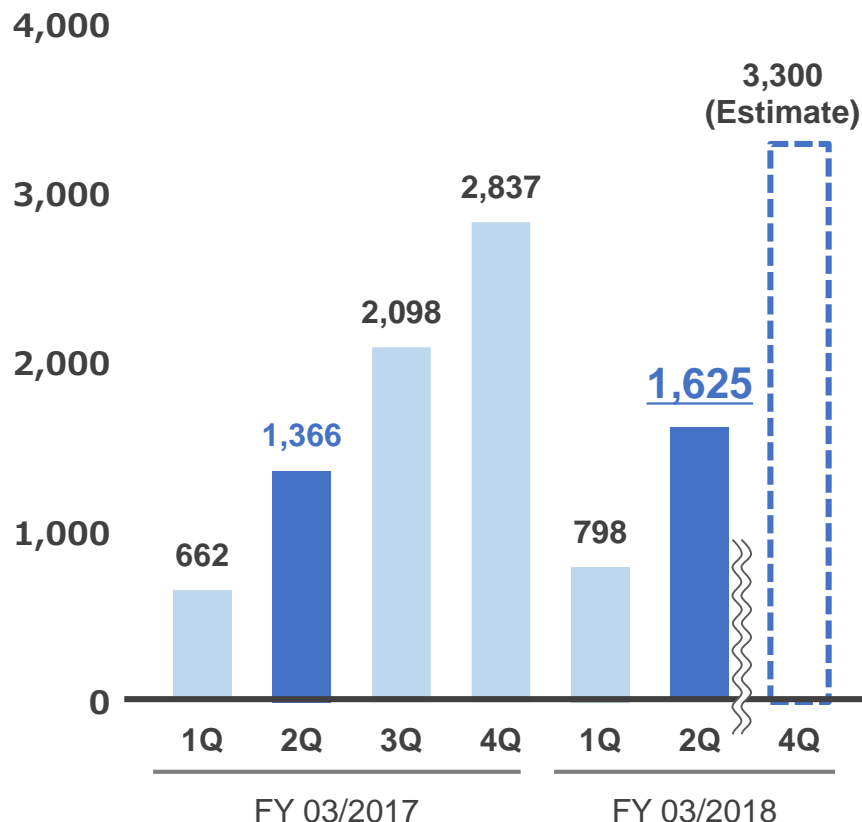
Favorable financial results development leading to revised up second-quarter financial results forecasts

(Unit: million yen)	2Q FY03/2017	2Q FY03/2018 Original forecast (Released May 15, 2017)	2Q FY03/2018 Actual results	Rate of change compared with the year-earlier period	Rate of change compared with financial results forecast
Net sales	1,366	1,579	1,625	+18.9%	+2.9%
Operating income (Operating income margin)	44 (3.3%)	83 (5.3%)	111 (6.9%)	+150.5%	+33.7%
Ordinary income (Ordinary income margin)	37 (2.7%)	79 (5.0%)	108 (6.7%)	+189.7%	+36.7%
Net income for the quarter (Net income margin)	22 (1.6%)	52 (3.3%)	75 (4.7%)	+240.8%	+44.2%

Operating income margin strongly improved on favorable performance of Record Book Business

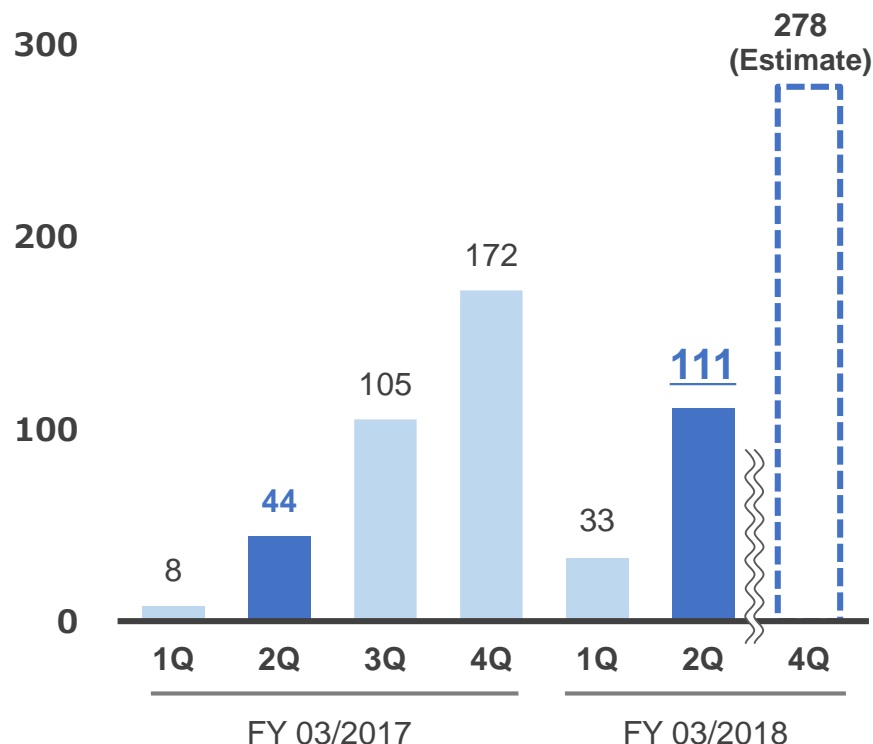
Net sales
Compared with the year-earlier period: **+18.9%**

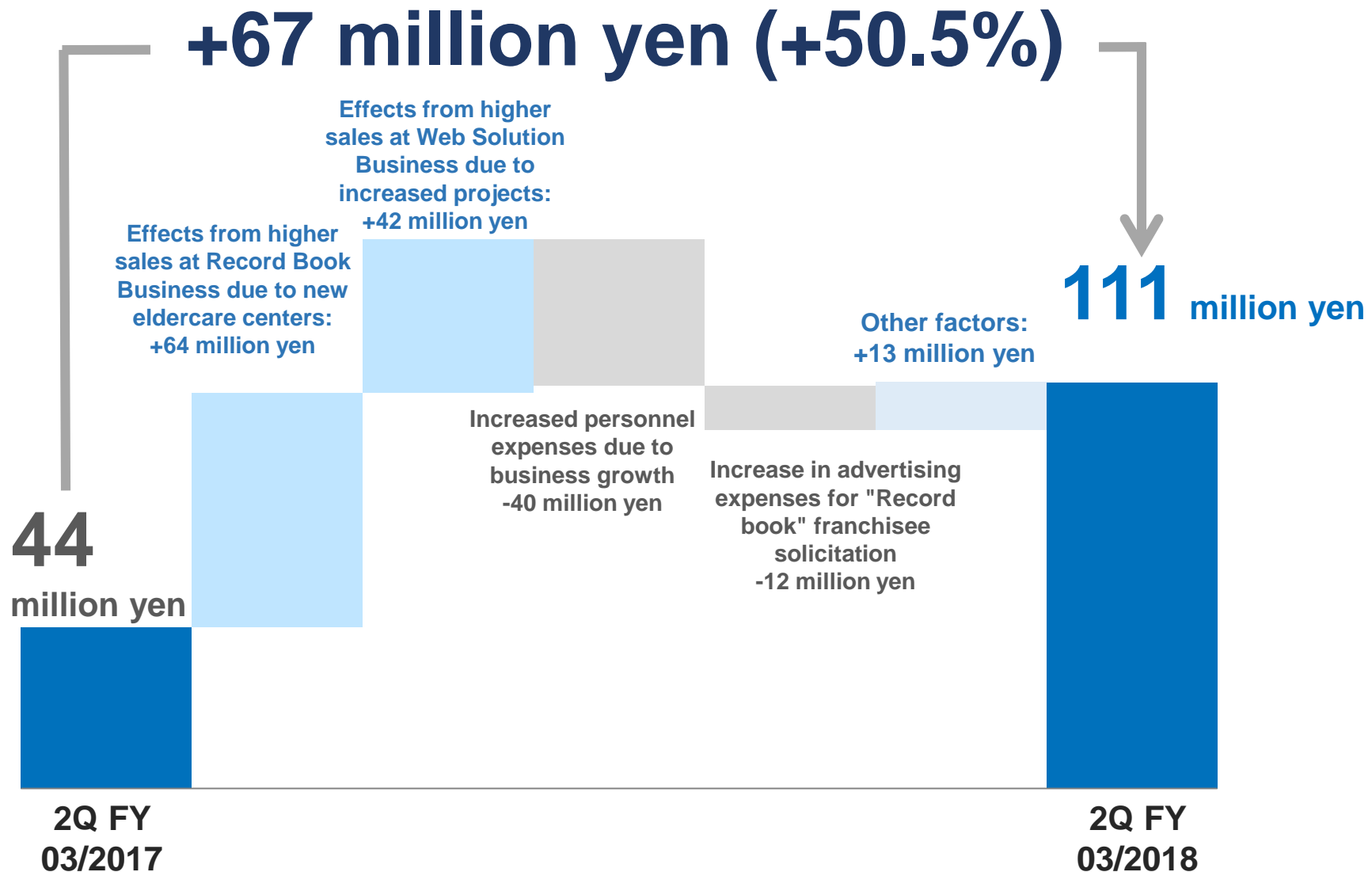
(Unit: million yen)



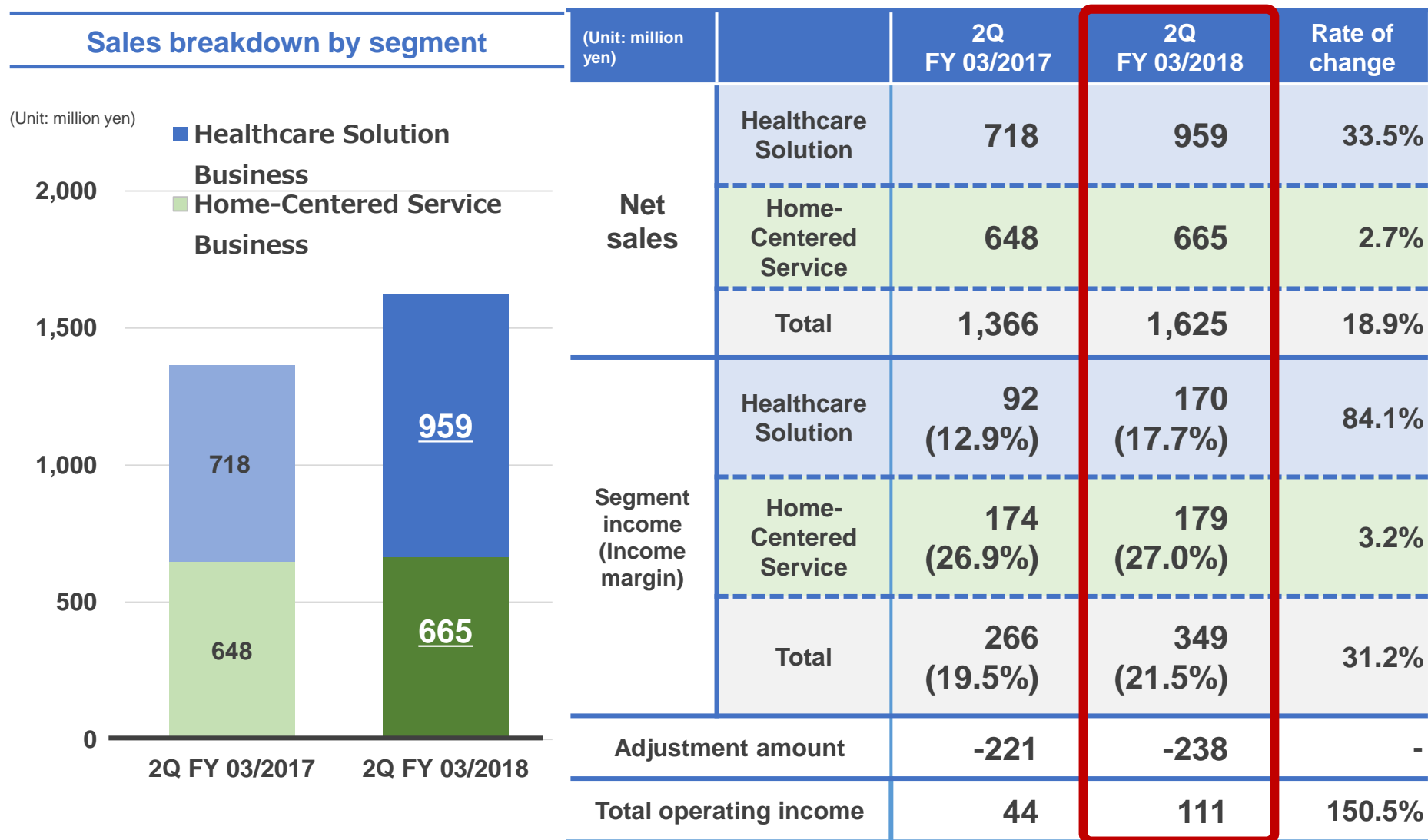
Operating income
Compared with the year-earlier period: **+150.5%**

(Unit: million yen)





Healthcare Solution Business posted strong growth

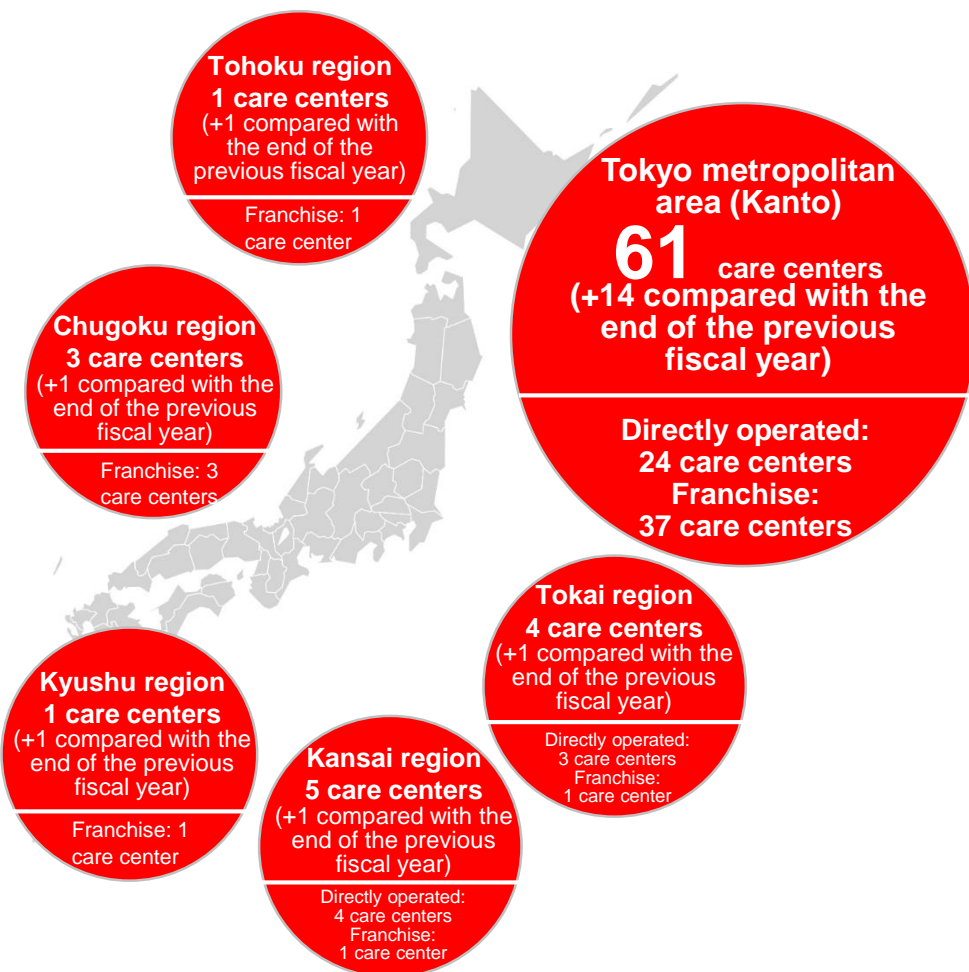


Financial results overall were driven by Record Book Business +33.5% compared with the year-earlier period

(Unit: million yen)

	Second quarter of the fiscal year ended March 31, 2017		Second quarter of the fiscal year ending March 31, 2018		Compared with the year-earlier period	
	Net sales	Composition ratio	Net sales	Composition ratio	Change in amount	Rate of change
Record Book	501	69.7%	689	71.9%	188	37.7%
Web Solution	112	15.6%	170	17.8%	58	52.1%
(Breakdown) Marketing support for the senior consumer market	71	9.9%	117	12.2%	46	65.5%
Support in reconciling employment duties and eldercare requirements	40	5.7%	53	5.6%	12	30.6%
Other (Care supplies business / new business operations)	105	14.7%	99	10.3%	-6	-6.1%
Healthcare Solution Business - Total	718	100%	959	100%	258	33.5%

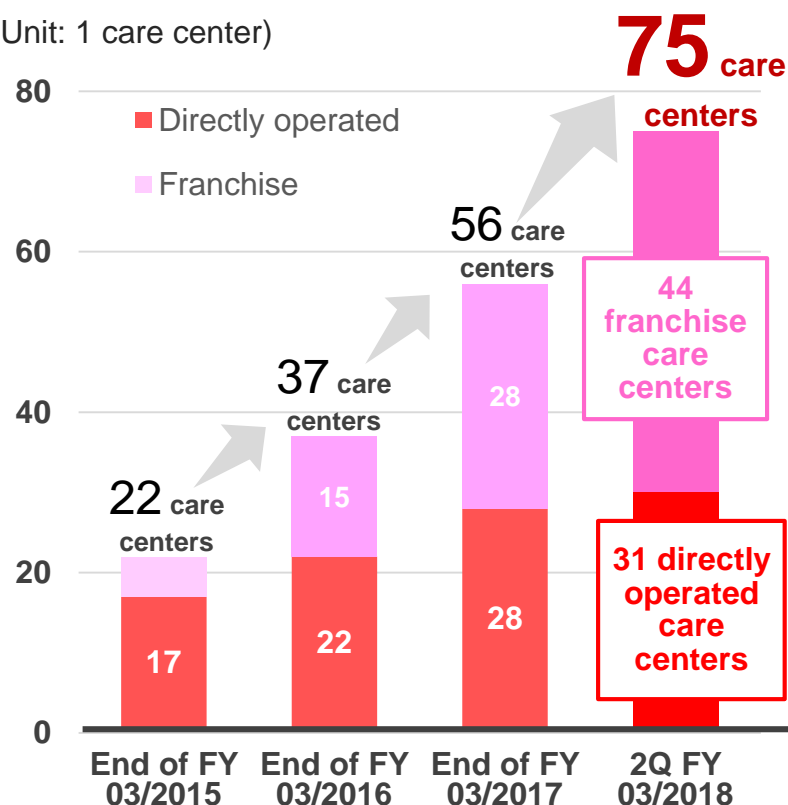
Number of care centers increasing at a steady pace centered on franchises



(As of September 30, 2017)

Transition of the number of "Record book" care centers

(Unit: 1 care center)



"Record book" care center openings increasing also at the regional level Existing franchisees have been steadily increasing new openings on the merits of favorable care center operating ratio and customer attraction power

<Franchise care centers>

October 2 Care centers of existing franchisees

Date of establishment	Prefecture	Name
April 3	Setagaya ward, Tokyo	"Record book" Kyodo
April 3	Ota ward, Tokyo	"Record book" Senzokuike
May 1	Sakyo ward, Kyoto city, Kyoto	"Record book" Kyoto Takaragaike
May 1	Komae city, Tokyo	"Record book" Komae
May 1	Koto ward, Tokyo	"Record book" Kameido
June 1	Urawa ward, Saitama city, Saitama	"Record book" Urawa Kamikizaki
June 1	Konan ward, Yokohama city, Kanagawa	"Record book" Konan Serigaya
June 8	Kohoku ward, Yokohama city, Kanagawa	"Record book" Shin-Yokohama
July 3	Naka ward, Hamamatsu city, Shizuoka	"Record book" Hamamatsu Tenma-cho
July 3	Naka ward, Hiroshima city, Hiroshima	"Record book" Hiroshima Sumiyoshi-cho
July 3	Mito city, Ibaraki	"Record book" Mito Migawa
August 1	Nishi ward, Fukuoka city, Fukuoka	"Record book" Meinohama
August 1	Tsuchiura city, Ibaraki	"Record book" Tsuchiura Ekimae

Date of establishment	Prefecture	Name
August 1	Yamato city, Kanagawa	"Record book" Yamato Fukamidai
August 1	Takatsu ward, Kawasaki city, Kanagawa	"Record book" Kawasaki Chitose
September 1	Tachikawa city, Tokyo	"Record book" Tachikawa Minami
September 15	Akita city, Akita	"Record book" Akita Yabase
October 2	Funabashi city, Chiba	"Record book" Funabashi Miyamoto
October 2	Izumi ward, Yokohama city, Kanagawa	"Record book" Totsuka
October 2	Yokohama city, Kanagawa Kanagawa ward	"Record book" Oguchi
October 2	Adachi ward, Tokyo	"Record book" Kita-Ayase

<Directly operated care centers>

Date of establishment	Prefecture	Name
April 3	Setagaya ward, Tokyo	K-fit Yoga
June 1	Hodogaya ward, Yokohama city, Kanagawa	"Record book" Hodogaya

Full fiscal year ending March 31, 2018 Financial results projections

- ✓ **Sales and earnings are poised to mark new historical highs based on the accelerated pace of new "Record book" care center openings and customer growth at Web Solution Business**
- ✓ **With a steady earnings base being built, operating income is forecast to rise by over 60% compared with the previous fiscal year**

(Unit: million yen)

	FY 03/2017	FY 03/2018 (forecast)	Year-on-year (rate of change)
Net sales	2,837	3,300	+16.3%
Operating income (Operating income margin)	172 (6.1%)	278 (8.4%)	+61.5% (+2.3P)
Ordinary income (Ordinary income margin)	146 (5.2%)	270 (8.2%)	+84.6% (+3.0P)
Net income for the period attributable to shareholders of the parent company (Net income margin)	104 (3.7%)	171 (5.2%)	+65.1% (+1.5P)

Healthcare Solution

Growing number of "Record book" care centers

- Priority areas : Kinki, Hiroshima, Fukuoka, Sendai (primarily franchise roll-out areas)

Making effective use of the Meitetsu brand, launch of Meitetsu "Record book" care centers in Aichi, Gifu, and Mie prefectures

Home-Centered Service

Delivering steady financial results as a stable earnings base

(Unit: million yen)

	FY 03/2017		FY 03/2018 forecast	
	Net sales	Year-on-year (rate of change)	Net sales	Year-on-year (rate of change)
Healthcare Solution Business	1,556	+32.3%	2,008	+29.0%
Record Book	1,106	+37.9%	1,525	+37.8%
Web Solution	249	+35.7%	272	+9.3%
Other (Care supplies and new business operations)	200	+5.5%	210	+4.7%
Home-Centered Service Business	1,280	+2.4%	1,292	+1.0%

Topics

Support in reconciling employment duties
and eldercare requirements

Collaboration with Lawson, Inc.

Deployment of "Eldercare Consultation
Centers" in convenience stores



 INTERNET INFINITY



Opening of an "Eldercare Consultation Center" for face-to-face eldercare consultation in the Lawson Higashinarashino store.



<Consultation center exterior illustration>

<About the "Eldercare Consultation Center">

- Service started in July 2017
- Facilities for face-to-face eldercare consultation
- Currently available in 8 locations centered on the Tokyo metropolitan area (Chuo and Edogawa ward in Tokyo, Narashino, Funabashi, Nagareyama, Ichikawa city and Higashinarashino in Chiba, and Tenjinbashi in Osaka) and scheduled to be gradually expanded

In addition to consultation by
phone call and e-mail,

Now also with **face-to-face consultation!**





Service expansion of support in reconciling employment duties and eldercare requirements

Start of "Understanding Dementia" service



1 out of 4 persons aged 65 years or higher*

is said to suffer from dementia in the form of mild cognitive impairment (MCI), which is at the focus of support provided by this specialized consultation service

- Symptoms and types, treatment, prevention, and introduction of support systems such as emergency call services, etc.
- Consultation regarding all aspects of dementia
- Helping adopter companies of "Understanding Eldercare Biz" to reduce the number of personnel retiring from providing eldercare

* Source: Ministry of Health, Labour and Welfare, "Comprehensive Strategy for Promoting Dementia Measures"

Meitetsu Life Support Co., Ltd. established as a joint-venture company with Nagoya Railroad Co., Ltd. In operation since October 2017



June 2017

Nagoya Railroad Co., Ltd. and internet infinity enter into a collaborative agreement and establish joint-venture company Meitetsu Life Support Co., Ltd.

October 2017

Meitetsu Life Support takes first Meitetsu "Record book" care center into operation

<Meitetsu "Record book" Jingumae>



It is planned to successively open further Meitetsu "Record book" care centers in Aichi prefecture

Easy physical exercises by "Record book" care center trainers also for home use!

Smartphone app for 5-minutes/daily exercise program to prevent locomotive syndrome

A health improvement app based on exercise programs actually in use at "Record book" care centers customized for "5-minute daily exercise" sessions that can be easily performed at home

The best-suited exercise program is automatically recommended after users have answered questions on health concerns such as exercise frequency and painful locations

* Locomotive syndrome

A condition of reduced mobility due to impairment of locomotive organs. Deterioration increases the likelihood that eldercare will become necessary



New function additions to "Care Management Online" "CMO Answer" app for conversations among care managers



Collective knowledge enhances the quality of care management

- A new service to enable enhanced care management by sharing the collective knowledge of the 87,000 care managers who have registered on the site.
- Usage is restricted to care managers who have registered and whose qualification and identity have been verified. An environment reserved for the exclusive use by care managers permits the safe and convenient exchange of opinions, consultations, and discussions.

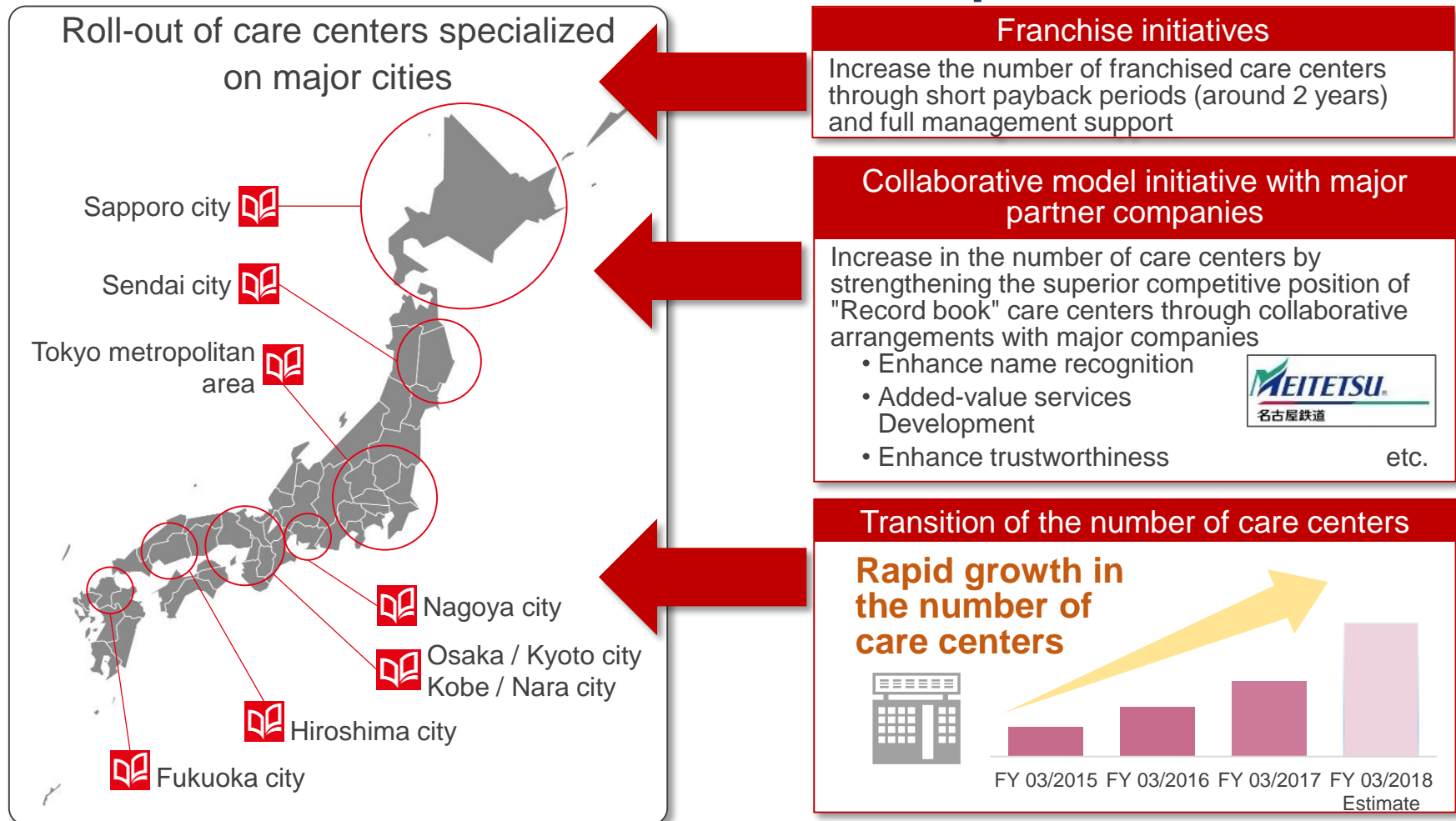
* A PC version was released ahead

Growth strategies

- (1) Expansion of the Record Book Business**
- (2) Expansion of target strata**
- (3) Strengthening of the Web Solution Business**

Dominant strategies for major cities

Increase the number of care centers based on collaborative models between franchise initiatives and partners



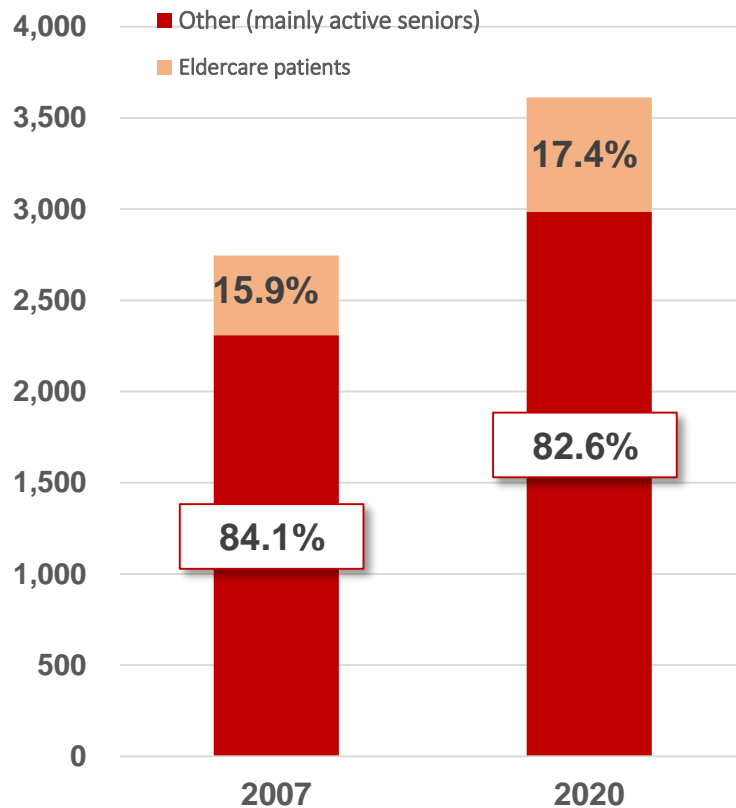
Growth strategy (2): Expansion of target strata

Business area expansion by inclusion of the **volume zones** of super-aged communities

Start of non-insurance business geared at active seniors

Transition of the active senior population

(Unit: 10,000 persons)



**Active seniors in 2020
seen around
30 million**

Non-insurance long-term care

Approximately 80% of seniors are active and in good health

Expansion of target strata

||

**Growing needs surrounding
the extension of health life
expectancy**

Source: Ministry of Internal Affairs and Communications "ICT Super Aging Society Conference Report" (from Mizuho Bank Industry Research Division "Mizuho Industrial Focus Vol. 39 Medium-Term Prospects of the Japanese Industry" (May 2012)) * Figures for 2020 are estimates

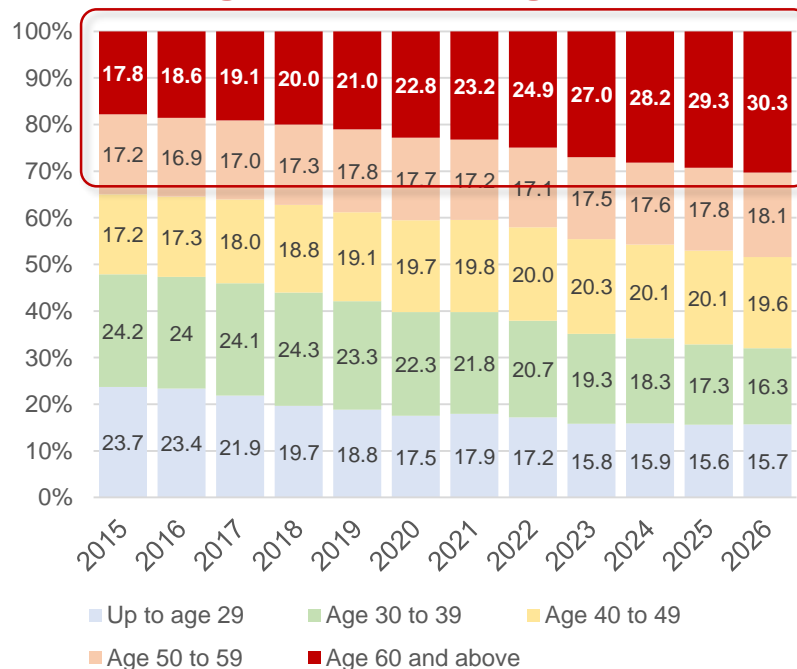
Start of "Smart Times" fitness business +α for active seniors



Rising health consciousness among seniors

Transition of the age range composition ratio of fitness club members

Rising percentage of members aged 60 and higher



Source: Industry activity analysis of the Ministry of Economy, Trade and Industry (Retrospectively for 2012)

Provision of +α services by our Company



Fitness



α = Provision of community space

Culture club



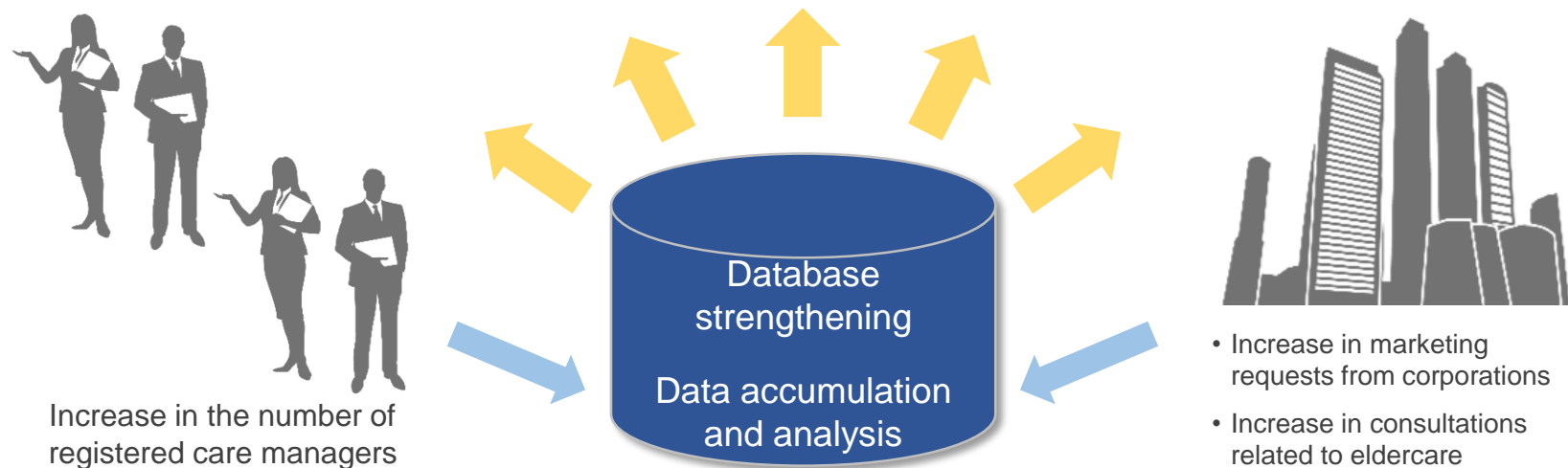
Seminars



Travel



Business growth through **intense sourcing** of **projects** by **capitalizing** on **tailwinds** in the **industry environment**, and through **new order acquisition**



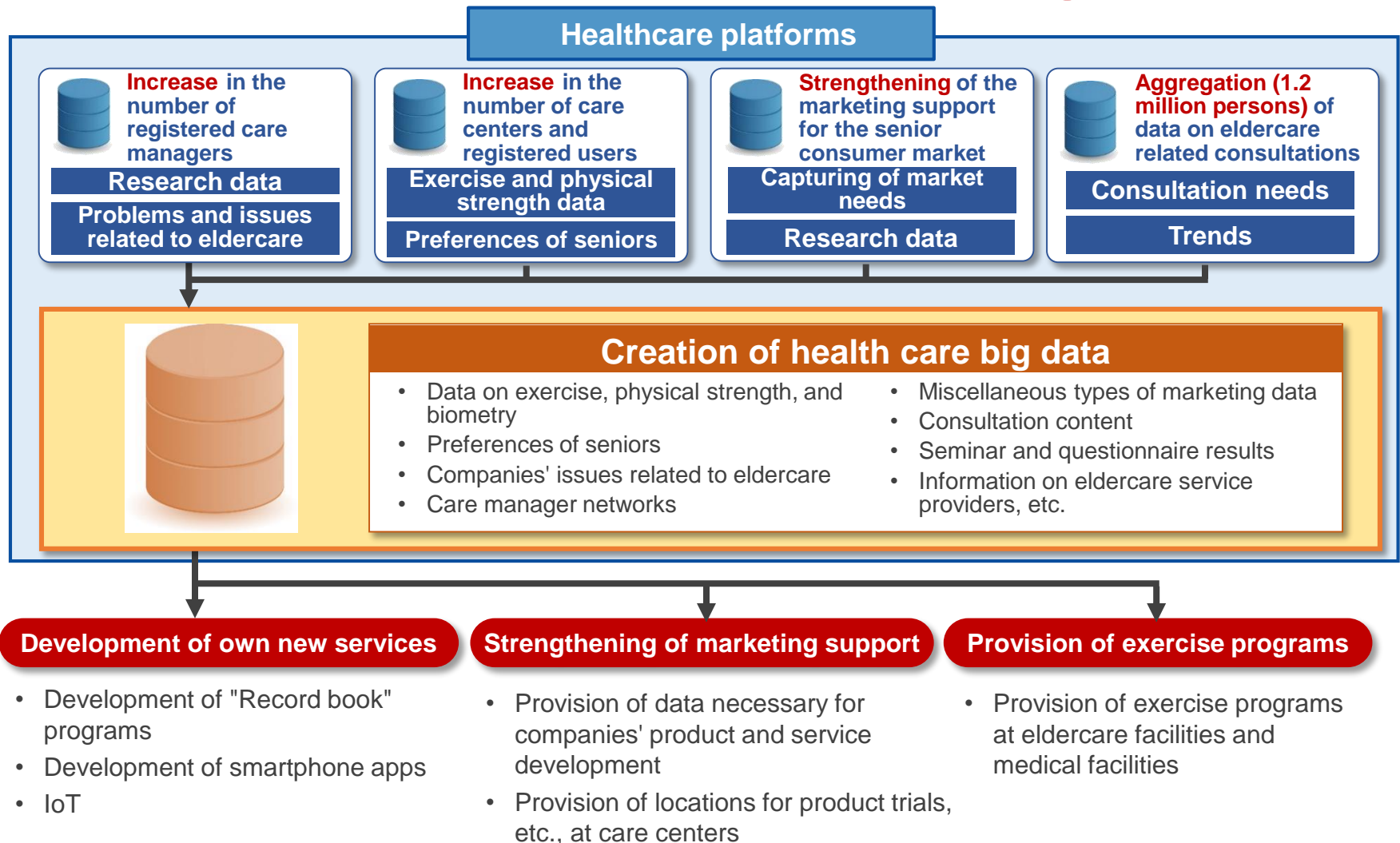
**Marketing support
for the senior
consumer market**

Aim for the No. 1 spot in marketing support for the senior consumer market by establishing a care manager network unrivaled by competitors accompanied by data accumulation and analysis

**Support in reconciling
employment duties and
eldercare requirements**

Intensive sourcing of projects by capitalizing on transaction records with large customers (over 50 companies) and case examples of effective use by 1.2 million users

Initiatives surrounding new services and businesses by combining healthcare platforms and big data



Aim to expand target strata and raise enterprise value by strengthening healthcare platforms

3 Expansion of target strata

Roll-out of fitness business (non-insurance) for active seniors, forecast to reach around 30 million persons by 2020.

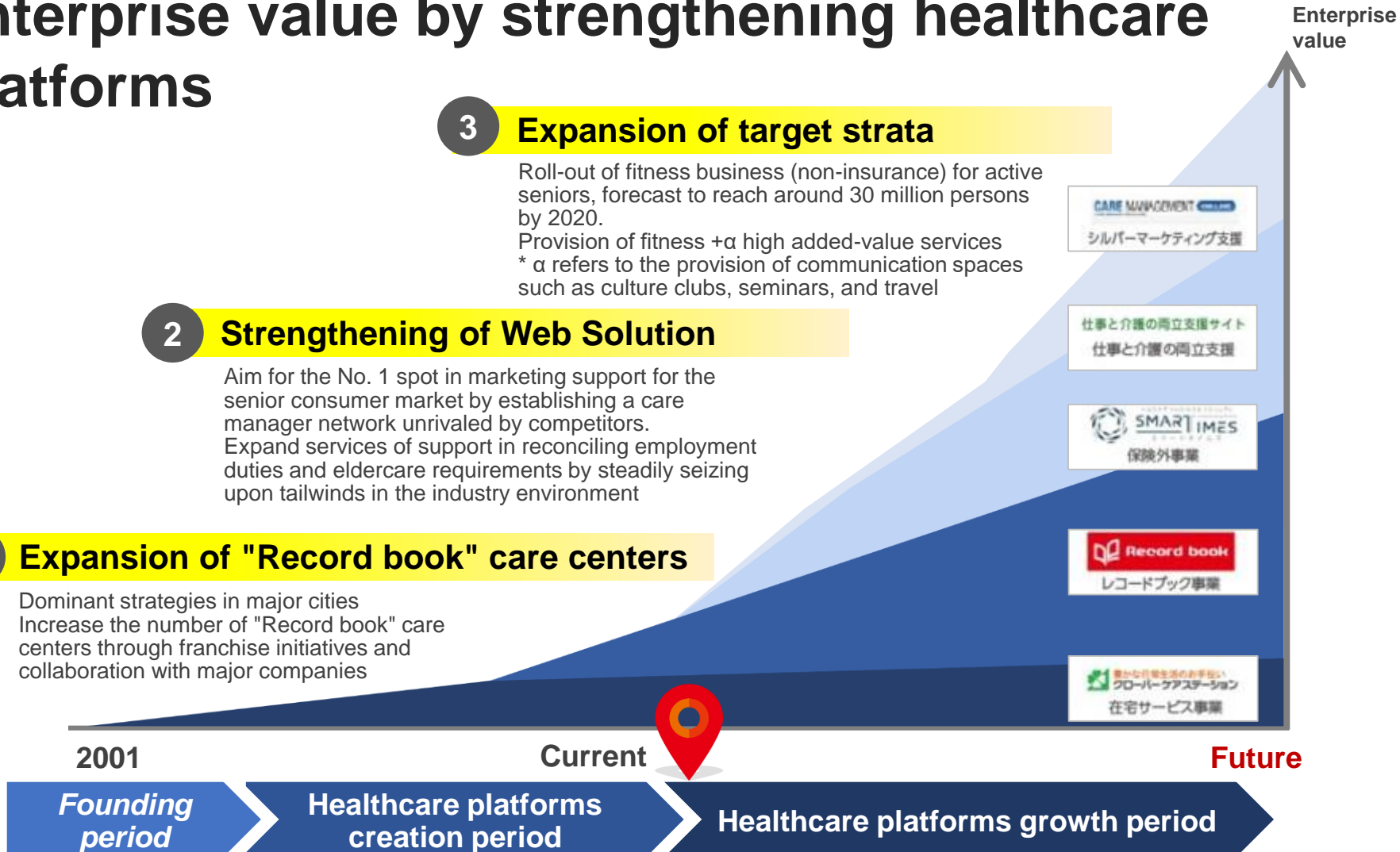
Provision of fitness +α high added-value services
* α refers to the provision of communication spaces such as culture clubs, seminars, and travel

2 Strengthening of Web Solution

Aim for the No. 1 spot in marketing support for the senior consumer market by establishing a care manager network unrivaled by competitors.
Expand services of support in reconciling employment duties and eldercare requirements by steadily seizing upon tailwinds in the industry environment

1 Expansion of "Record book" care centers

Dominant strategies in major cities
Increase the number of "Record book" care centers through franchise initiatives and collaboration with major companies



Supplementary information

Second quarter of the fiscal year ended March 31, 2017 - Balance sheet

(Unit: million yen)

	FY 03/2017	2Q FY 03/2018	Change in amount
Current assets	1,031	975	-55
Cash and deposits	442	310	-132
Notes and accounts receivable-trade	518	567	+49
Other current assets	69	98	+28
Non-current assets	434	582	+148
Property, plant and equipment	295	352	① +56
Intangible assets	19	28	+8
Investments and other assets	118	201	+83
Total assets	1,465	1,558	+92

- ① Property, plant and equipment: Increase due to expansion of "Record book" care centers
- ② Short-term and long-term loans payable: Shift from short-term to long-term loans with a view to maintaining financial stability

	FY 03/2017	2Q FY 03/2018	Change in amount
Current liabilities	807	651	-155
Short-term loans payable	350	90	② -260
Current portion of long- term loans payable	91	154	+62
Income taxes payable	71	60	-11
Provision for bonuses	17	38	+20
Other current liabilities	276	308	+32
Non-current liabilities	171	344	+172
Bonds payable	5	-	-
Long-term loans payable	66	253	② +187
Asset retirement obligations	27	30	+2
Other non-current liabilities	72	60	-11
Total net assets	486	561	+75
Capital	211	211	-
Capital surplus	196	196	-
Retained earnings	78	154	+75
Total liabilities and net assets	1,465	1,558	+92

Second quarter of the fiscal year ended March 31, 2017 - Cash flows

(Unit: million yen)

	Second quarter of the fiscal year ended March 31, 2017	Second quarter of the fiscal year ending March 31, 2018	Compared with the year-earlier period (change in amount)
Cash flows from operating activities	7	107	+100
Cash flows from investing activities	-11	-196	-184
Cash flows from financing activities	-9	-44	-35
Change in cash and cash equivalents	-13	-132	-119
Balance of cash and cash equivalents at the beginning of the period	155	441	+285
Balance of cash and cash equivalents at the end of the period	142	308	+166

The numerical business results projections stated in these materials are based on judgments and expectations derived from the information available at the time. The materials have been prepared based on numerous assumptions and perceptions obtained from information that includes risks and uncertainties. Readers of these materials are reminded that actual financial results can materially differ from financial results projections due to a variety of factors. Factors that have the potential to affect actual business results include, without limitation, deterioration in the business environment or economic conditions, trends surrounding laws, regulations, and related rules, and unfavorable rulings in litigation.

Contact for inquiries:
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Corporate Planning Division
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