



**Summary of Financial Results for the Fiscal
Year Ended March 31, 2019
[Japan GAAP] (Non-Consolidated)**

May 15, 2019

Name of listed company internet infinity INC. Stock exchange listing Tokyo Stock Exchange

Code number 6545 URL <http://iif.jp>

Representative (Position) Representative director (Name) Keiichi Beck

Person in charge of contact (Position) Managing director (Name) Kenji Hoshino (Phone) +813-6779-4777

Scheduled date of ordinary general meeting of shareholders June 27, 2019 Scheduled date of commencing dividend payment

Scheduled date of submission of securities report June 28, 2019

Supplementary materials for financial results : Yes

Financial result briefing : Yes (For institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Business results for the fiscal year ended March 2019 (from April 1, 2018, to March 31, 2019)

(1) Operating results (The percentage figures indicate year-over-year percentage change)

	Sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY 2019/03	3,363	2.2	92	Down 61.7	103	Down 62.8	64	Down 65.3
FY 2018/03	3,289	15.9	241	40.1	278	90.3	185	78.5

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income ratio
	yen	yen	%	%	%
FY 2019/03	12.12	11.64	8.7	5.7	2.8
FY 2018/03	37.04	33.15	32.1	17.4	7.4

(Refere Share of profit or nce) loss of entities accounted for using equity method

FY 2019/03 -million yen

FY 2018/03 -million yen

(Note) The Company executed a 4-for-1 common stock split on October 1, 2017. Net income per share and diluted net income per share are based on the assumption that the stock split was executed at the beginning of the fiscal year ended March 2018.

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
FY 2019/03	1,906	816	42.8	150.79
FY 2018/03	1,733	672	38.8	133.95

(Refere Equity capital nce) FY 2019/03 816million yen

FY 2018/03 672million yen

(Note) The Company executed a 4-for-1 common stock split on October 1, 2017. Net assets per share are based on the assumption that the stock split was executed at the beginning of the fiscal year ended March 2018.

(3) Cash flows

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financial activities	Balance of cash and cash equivalents at the end of the period
	million yen	million yen	million yen	million yen
FY 2019/03	153	Down 167	38	429
FY 2018/03	321	Down 248	Down 109	405

2. Dividend

	Annual dividend					Total dividend (Total)	Payout ratio	Dividend on equity ratio
	At the end of 1Q	At the end of 2Q	At the end of 3Q	At the end of period	Total			
FY 2018/03	yen	yen	yen	yen	yen	million yen	%	%
FY 2019/03	-	0.00	-	0.00	0.00	-	-	-
FY 2020/03 (Prospects)	-	0.00	-	0.00	0.00		-	

3. Earnings forecast for the fiscal year ending March 2020 (from April 1, 2019 to March 31, 2020)

(The percentage figures indicate year-over-year percentage changes)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full-year	3,502	4.2	170	84.4	186	79.4	120	87.2	22.33

*Notes

(1) Changes in accounting policies, changes in accounting estimates, and restatements

- (i) Changes in accounting policies arising from revisions of accounting standards : No
- (ii) Changes in accounting policies other than (i) : No
- (iii) Changes in accounting estimates : No
- (iv) Restatements : No

(2) Number of shares outstanding (common stock)

(i) Number of shares outstanding at the end of period (including treasury shares)

FY 2019/03	5,413,371	sha res	FY 2018/03	5,017,600	sha res
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(ii) Number of treasury shares at the end of period

FY 2019/03	20	sha res	FY 2018/03	20	sha res
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(iii) Average number of shares during the period

FY 2019/03	5,326,463	sha res	FY 2018/03	5,017,594	sha res
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(Note) The Company executed a 4-for-1 common stock split on October 1, 2017. Number of shares outstanding (common stock) is based on the assumption that the stock split was executed at the beginning of the fiscal year ended March 2018.

* The summary of financial statements is outside the scope of audit by certified public accountants or audit corporation.

* Explanation on appropriate use of earnings forecast and other special notes

(Caution to forward-looking statements)

Forward-looking statements such as earnings forecast herein are based on the information we obtain now and the certain assumptions we think reasonable, and we give no guarantee on achievement of these statements. In addition, actual business results could differ from the earnings forecast due to a variety of factors. For conditions constituting assumptions of earnings forecasts and matters to be noted in using earnings forecasts, please see 1 "Overview of operating results," (4) "Prospects" on page 4 of the attached materials.

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1. Overview of operating results

(1) Overview of operating results for the current period

For the current fiscal year, the Japanese economy enjoyed a continued gradual recovery, such as an increase in capital investment and a recovery in consumer spending backed by improvements in the employment environment and income level, while the global economy has a downside risk caused by deteriorated trade conflicts between the US and China, a slowdown in the Chinese economy, and Brexit. Economic prospects remain uncertain.

The market related to an aging society, which the Company is engaged in as a business, tends to expand along with an increase in aged persons year by year. Demand for healthcare services is greater than ever. In addition, extension of a healthy life expectancy and control of increasing social security expenses are recognized as emergent problems. It is expected that demand will be greater for short time rehabilitation ambulatory care services (day services) focusing on maintaining and improving the health of aged persons. On the other hand, the revision to the allowance for nursing care, which is conducted every three years, was effective from April 2018. In the FY 2018 revision to allowance for nursing care, the allowance was generally revised upward. For some services, the allowance was substantially reduced. The efforts have been made to maintain the nursing care insurance stably.

Under this environment, the Company sets “Resolve issues in super-aging society through imagination and innovation and challenge” as the corporate principle (mission) under the slogan “Healthy future,” focused on expanding the network of stores of “Record Book,” the short time rehabilitation ambulatory nursing care service (day service), and expanding the services through the network of registered members of “Care Management Online,” the dedicated web site with the aim of supporting services of care managers, and tested the business outside the coverage of nursing-care Insurance for active seniors in order to expand the target group. To steady accelerate national expansion of Record Book Business and future business expansion, the Company established the training center to maintain and improve the quality of services and proactively made efforts to ensure excellent humane resources by promoting the Workstyle Reform of employees. These up-front investment increased expenses, personnel expenses in particular, on YoY basis.

As a result of the above, sales amounted to 3,363,158,000 yen (up 2.2% YoY) with operating income of 92,552,000 yen (down 61.7%), ordinary income of 103,729,000 yen (down 62.8%) and 64,550,000 yen (down 65.3%).

Overview of business results by segment is as follows.

(Healthcare Solution Business)

Record Book Business increased 44 franchised stores of Record Book, short-time rehabilitation ambulatory nursing care service (day service) for the current fiscal year. Consequently, the company-operated stores and franchised stores were 27 and 117, respectively. We note that the company-operated stores include stores of JR Shikoku Record Book operated in the Shikoku region as a joint pilot business with the Shikoku Railway Company.

Additionally, Meitetsu Record Book, which is operated mainly in Aichi prefecture by Meitetsu Life Support Co., Ltd., a joint venture with Nagoya Railroad Co., Ltd., has 13 stores, including one our company-operated stores, transferred during the current fiscal year.

Consequently, Record Book brand stores totaled 157.

As a result of this, the Record Book Business generally increased sales though average sales by customers were slightly reduced by revisions to the allowance for nursing care effective from April 2018.

On the other hand, the Web Solution Business reduced sales because it failed to win large deals of marketing support for the senior consumer market, which contributed to sales and income growth, as estimated.

As a result of this, sales amounted to 2,102,274,000 yen (up 5.7% YoY) and operating income amounted to 255,841,000 yen (down 32.0%).

(Home-Centered Service Business)

The business experienced a slight decline in average sales per customer following revisions to the allowance for nursing care effective from April 2018, but it has operated offices stably by continuously focusing on sales activities to obtain new customers and increase the utilization rate.

As a result of this, sales amounted to 1,260,883,000 yen (down 3.0% YoY) and operating income amounted to 349,806,000 yen (up 3.5%).

(2) Overview of financial position for the current period

(Assets)

Current assets amounted to 1,112,313,000 yen at the end of current fiscal year, up 68,269,000 yen YoY. This is mainly because accounts receivable-trade, cash and deposits, and prepaid expenses increased by 29,542,000 yen, 24,687,000 yen and 16,705,000 yen, respectively.

Non-current assets amounted to 794,314,000 yen, up 105,284,000 yen from the end of previous fiscal year. This is mainly because building (net) and guarantee deposits increased 76,921,000 yen and 20,650,000 yen, respectively, as a result of an increase in stores of Record Book.

As a result of this, total assets amounted to 1,906,628,000 yen at the end of current fiscal year, up 173,553,000 yen YoY.

(Liabilities)

Current liabilities amounted to 853,357,000 yen at the end of current fiscal year, up 142,366,000 yen YoY. This is because income taxes payable declined 83,686,000 yen and deposits payable and short-term loans payable increased 109,944,000 yen and 90,000,000 yen, respectively.

Non-current liabilities amounted to 236,989,000 yen, down 113,008,000 yen from the end of previous fiscal year. This is mainly because long-term loans payable declined 109,714,000 yen.

As a result of this, total liabilities amounted to 1,090,347,000 yen at the end of current fiscal year, up 29,358,000 yen YoY.

(Net assets)

Net assets amounted to 816,281,000 yen at the end of current fiscal year, up 144,194,000 yen YoY. This is because capital and capital surplus increased 39,821,000 yen, respectively, as a result of the exercise of share acquisition rights and the issuance of the shares with restrictions on transfer, and retained earnings increased 64,550,000 yen due to the recording of net income.

(3) Overview of cash flows for the current period

The balance of cash and cash equivalents (hereinafter called the “cash”) amounted to 429,944,000 yen at the end of current fiscal year, up 24,687,000 yen YoY.

Cash flows and their factors for the current fiscal year are as follows.

(Cash flow from operating activities)

For the current fiscal year, net cash provided by operating activities amounted to 153,675,000 yen (321,044,000 yen for the previous fiscal year). This is mainly because cash increases, which were mainly due to increased deposits payable of 109,944,000 yen, net income before taxes of 93,269,000 yen, and depreciation of 81,498,000 yen, exceeded cash declines, which were mainly due to income taxes paid of 140,874,000 yen and increased notes and accounts receivables-trade of 29,542,000 yen.

(Cash flow from investment activities)

For the current fiscal year, net cash used in investment activities amounted to 167,930,000 yen (248,144,000 yen for the previous fiscal year). This is mainly because cash increases, which were mainly due to proceeds from the transfer of business of 24,588,000 yen, were below cash declines, which were mainly due to the purchase of property, plant and equipment of 180,554,000 yen and the payment for guaranty deposits of 22,521,000 yen.

(Cash flow from financial activities)

For the current fiscal year, net cash provided by financial activities amounted to 38,941,000 yen (109,066,000 yen for the previous fiscal year). This is mainly because cash increases, which were mainly due to proceeds from long-term loans payable of 100,000,000 yen, net changes in short-term loans payable of 90,000,000 yen, and proceeds from the issuance of shares of 71,344,000 yen, exceeded cash declines, which were mainly due to payments of long-term loans payable of 199,569,000 yen.

(Reference) Developments in indicators related with cash flows

	FY 2016/03	FY 2017/03	FY 2018/03	FY 2019/03
Equity ratio (%)	16.3%	33.2%	38.8%	42.8%
Ratio of interest-bearing debts to cash flows (annual basis)	5.9	4.7	1.5	3.1
Interest coverage ratio (multiple)	6.3	9.2	36.5	16.0

Equity ratio: Equity capital/Total assets

Ratio of interest-bearing debts to cash flows: Interest-bearing debts/Cash flows

Interest coverage ratio: Cash flows/Interest payments

(Note 1) Cash flows represent cash flow from operating activities.

(Note 2) Interest-bearing debts represent all interest payment debts among debts recorded on the balance sheet.

(4) Prospects

At the market related to an aging society, which the Company is engaged in as business, the population aging rate increases year over year, and demand for healthcare services are greater than ever. The Company's Record Book Business and support in reconciling employment duties and eldercare requirements will enjoy greater demand for services because of attention to the extension of a healthy life expectancy and movement toward no case of leaving the workplace for nursing care.

Given this situation, we will further accelerate the opening of stores, mainly franchised stores, of Record Book in the Healthcare Solution Business and operate Record Book nationwide. In addition, we will proactively operate the support in reconciling employment duties and eldercare requirements following the government's efforts toward no cases of leaving the workplace for nursing care. We will launch new services to fully operate the business in the medical solution area of marketing support for the senior consumer market, which has been developed since the previous fiscal year.

The Home-Centered Service Business will support our business base by continuously ensuring a certain level of profit by limiting new investments at a minimum, such as repair of offices, because the competition environment is expected to be fierce, including a potential rise in recruitment costs resulting from the emergent problem of the shortage of nursing care persons, which becomes a social problem. On the other hand, we will continuously execute Workstyle Reforms and other reforms of employees, which have been conducted since the previous fiscal year, to ensure human resources, including a reduction in the turnover rate.

As a result of the above, the Company can expect sales of 3,502 million yen (up 4.2% YoY), operating income of 170 million yen (up 84.4%), ordinary income of 186 million yen (up 79.4%), and net income of 120 million yen (up 87.2%) for the next fiscal year. Values in the earnings forecast are based on the information available as of now, and actual business results could differ from the earnings forecast due to a variety of factors.

2. Basic view on selection of accounting standards

The Company intends to prepare the financial statements according Japanese GAAP at the moment, taking into account the comparability between financial statements over time and among companies. We appropriately apply IFRS (International Financial Reporting Standards), taking into account domestic and overseas conditions.

3. Financial statements and major notes

(1) Balance sheet

(Unit: thousand yen)

	Previous fiscal year (March 31, 2018)	Current fiscal year (March 31, 2019)
Assets		
Current assets		
Cash and deposits	405,257	429,944
Accounts receivable-trade	552,261	581,804
Supplies	20,589	15,575
Prepaid expenses	57,096	73,801
Other	9,477	12,441
Allowance for doubtful accounts	(637)	(1,254)
Total current assets	1,044,044	1,112,313
Non-current assets		
Property, plant and equipment		
Buildings	481,137	627,284
Accumulated depreciation and impairment losses	(117,833)	(187,059)
Buildings (net)	363,303	440,225
Structures	263	263
Accumulated depreciation and impairment losses	(219)	(228)
Structures (net)	43	34
Vehicles	5,228	5,228
Accumulated depreciation and impairment losses	(3,910)	(4,817)
Vehicles (net)	1,318	410
Tool, furniture and fixtures	59,680	66,658
Accumulated depreciation and impairment losses	(26,088)	(30,828)
Tool, furniture and fixtures (net)	33,591	35,830
Leased assets	49,116	49,116
Accumulated depreciation and impairment losses	(15,931)	(20,671)
Leased assets (net)	33,185	28,444
Total property, plant and equipment	431,443	504,945
Intangible assets		
Goodwill	3,388	681
Software	15,703	21,406
Other	5,941	1,564
Total intangible assets	25,033	23,651
Investment and other assets		
Investment in capital	10	10
Investment securities	10,000	10,000
Long-term prepaid expenses	18,392	15,097
Guarantee deposits	153,976	174,626
Deferred tax assets	43,426	61,102
Other	6,748	4,879
Total investment and other assets	232,554	265,716
Total non-current assets	689,030	794,314
Total assets	1,733,075	1,906,628

(Unit: thousand yen)

	Previous fiscal year (March 31, 2018)	Current fiscal year (March 31, 2019)
Liabilities		
Current liabilities		
Accounts payable-trade	10,332	9,916
Short-term loans payable	40,000	130,000
Current portion of long-term loans payable	162,480	172,625
Current portion of bonds to be redeemed within one year	5,000	-
Lease obligations	5,228	5,334
Accounts payable-other	86,546	77,680
Accrued expense	85,560	85,456
Income taxes payable	87,674	3,987
Accrued consumption taxes	11,236	10,924
Advance received	23,413	33,038
Deposits payable	127,679	237,624
Unearned revenue	10,199	13,154
Reserve for bonuses	55,641	72,754
Asset retirement obligations	-	858
Total current liabilities	710,990	853,357
Non-current liabilities		
Long-term loans payable	250,825	141,111
Lease obligations	33,201	27,866
Asset retirement obligations	38,544	39,372
Long-term unearned revenue	22,172	27,249
Other	5,254	1,390
Total non-current liabilities	349,997	236,989
Total liabilities	1,060,988	1,090,347
Net assets		
Shareholders' equity		
Capital	211,170	250,992
Capital surplus		
Capital reserve	196,170	235,992
Total capital surplus	196,170	235,992
Retained earnings		
Other retained earnings		
Retained earnings carried forward	264,809	329,360
Total retained earnings	264,809	329,360
Treasury shares	(63)	(63)
Total shareholders' equity	672,086	816,281
Total net assets	672,086	816,281
Total liabilities and net assets	1,733,075	1,906,628

(2) Statement of income

(Unit: thousand yen)

	Previous fiscal year (from April 1, 2017 to March 31, 2018)	Current fiscal year (from April 1, 2018 to March 31, 2019)
Sales	3,289,415	3,363,158
Cost of sales	2,229,593	2,288,838
Gross margin	1,059,821	1,074,319
Selling, general and administrative expenses		
Officers' compensation	51,425	56,850
Salaries, allowances and bonuses	340,207	456,694
Provision for bonuses	6,941	22,199
Legal welfare expenses	53,227	76,031
Welfare expenses	11,289	8,245
Advertising expense	58,035	46,302
Recruiting and training expenses	50,586	49,472
Depreciation	10,212	7,214
Provision for doubtful accounts	1,120	1,258
Other	234,863	257,498
Total selling, general and administrative expenses	817,908	981,767
Operating income	241,913	92,552
Non-operating revenues		
Interest income	3	3
Gain on transfer of business	44,616	12,438
Cash surrender value	-	3,810
Subsidy income	-	2,647
Other	2,499	2,427
Total non-operating revenues	47,119	21,327
Non-operating expenses		
Interest expense	8,712	9,576
Bond interest expense	95	7
Commission paid	1,477	7
Other	131	559
Total non-operating expenses	10,416	10,150
Ordinary income	278,616	103,729
Extraordinary gain		
Gains on negative goodwill	6,798	-
Total extraordinary gain	6,798	-
Extraordinary loss		
Impairment loss	7,268	10,460
Head office relocation expenses	9,938	-
Total extraordinary loss	17,207	10,460
Net income before income taxes	268,208	93,269
Income taxes-current	107,383	46,394
Income taxes-deferred	(25,007)	(17,675)
Total income taxes	82,376	28,718
Net income	185,832	64,550

[Detailed statements of the cost of sales]

		Previous fiscal year (from April 1, 2017 to March 31, 2018)		Current fiscal year (from April 1, 2018 to March 31, 2019)	
Division	Note numb er	Amount (in thousands of yen)	Composition ratio (%)	Amount (in thousands of yen)	Composition ratio (%)
I Material cost	*	196,476	8.8	185,955	8.1
II Labor cost		1,382,977	62.0	1,336,468	58.4
III Expenses		650,139	29.2	766,414	33.5
Cost of sales for the current period		2,229,593	100.0	2,288,838	100.0

(Note) *The details of major expenses are as follows.

Items	Previous fiscal year (from April 1, 2017 to March 31, 2018)	Current fiscal year (from April 1, 2018 to March 31, 2019)
Rent (in thousands of yen)	249,881	325,711
Depreciation (in thousands of yen)	54,172	74,283
Lease fee (in thousands of yen)	60,594	57,680

(3) Statement of changes in net assets

Previous fiscal year (from April 1, 2017 to March 31, 2018)

(Unit: thousand yen)

	Shareholders' equity							Total net assets
	Capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity	
		Capital reserve	Total capital surplus	Other retained earnings	Total retained earnings			
				Retained earnings carried forward				
Balance at the beginning of the current period	211,170	196,170	196,170	78,977	78,977	-	486,318	486,318
Changes of items during the period								
Net income				185,832	185,832		185,832	185,832
Acquisition of Treasury Shares						(63)	(63)	(63)
Total changes of items during the period	-	-	-	185,832	185,832	(63)	185,768	185,768
Balance at the end of current period	211,170	196,170	196,170	264,809	264,809	(63)	672,086	672,086

Current fiscal year (from April 1, 2018 to March 31, 2019)

(Unit: thousand yen)

	Shareholders' equity							Total net assets
	Capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity	
		Capital reserve	Total capital surplus	Other retained earnings	Total retained earnings			
				Retained earnings carried forward				
Balance at the beginning of current period	211,170	196,170	196,170	264,809	264,809	(63)	672,086	672,086
Changes of items during the period								
Issuance of new shares (exercise of share acquisition rights)	35,672	35,672	35,672				71,344	71,344
Restricted stock compensation	4,149	4,149	4,149				8,299	8,299
Net income				64,550	64,550		64,550	64,550
Total changes of items during the period	39,821	39,821	39,821	64,550	64,550	-	144,194	144,194
Balance at the end of current period	250,992	235,992	235,992	329,360	329,360	(63)	816,281	816,281

(4) Statements of cash flows

(Unit: thousand yen)

	Previous fiscal year (from April 1, 2017 to March 31, 2018)	Current fiscal year (from April 1, 2018 to March 31, 2019)
(Cash flow from operating activities)		
Net income before income taxes	268,208	93,269
Depreciation	64,385	81,498
Impairment loss	7,268	10,460
Amortization of goodwill	1,081	605
Gains on negative goodwill	(6,798)	-
Loss (gain) on transfer of business	(44,616)	(12,438)
Increase (decrease) in allowance for doubtful accounts	(788)	616
Increase (decrease) in reserve for bonuses	37,871	17,113
Interest and dividend income	(3)	(3)
Cash surrender value	-	(3,810)
Commission paid	1,477	7
Interest and bond interest expenses	8,807	9,583
Loss (gain) on sales of property, plant and equipment	(162)	-
Decrease (increase) in notes and accounts receivable-trade	(34,109)	(29,542)
Decrease (increase) in inventories	(17,951)	5,013
Increase (decrease) in notes and accounts payable-trade	(934)	(416)
Increase (decrease) in deposits payable	76,735	109,944
Increase (decrease) in accounts payable-other	8,984	(2,327)
Increase (decrease) in accrued expense	34,840	(103)
Increase (decrease) in advance received	3,252	3,550
Increase (decrease) in unearned revenue	10,262	8,031
Increase (decrease) in accrued consumption taxes	19,538	11,733
Other	(20,233)	1,418
Sub-total	417,112	304,205
Interest and dividend income received	3	3
Interest paid	(8,587)	(9,658)
Income taxes paid	(87,484)	(140,874)
Cash flow from operating activities	321,044	153,675
Cash flow from investment activities		
Proceeds from withdrawal of time deposits	1,560	-
Proceeds from cancellation of insurance funds	-	13,098
Proceeds from transfer of business	71,789	24,588
Payments for transfer of business	(32,442)	-
Purchase of property, plant and equipment	(198,032)	(180,554)
Proceeds from sales of property, plant and equipment	-	6,074
Purchase of intangible assets	(13,086)	(9,721)
Purchase of investment securities	(10,000)	-
Payments for guarantee deposits	(84,099)	(22,521)
Proceeds from collection of guarantee deposits	23,167	1,106
Payments for asset retirement obligations	(6,999)	-
Cash flow from investment activities	(248,144)	(167,930)

(Unit: thousand yen)

	Previous fiscal year (from April 1, 2017 to March 31, 2018)	Current fiscal year (from April 1, 2018 to March 31, 2019)
(Cash flow from financial activities)		
Net increase (decrease) in short-term loans payable	(310,000)	90,000
Proceeds from long-term loans payable	400,000	100,000
Payments of long-term loans payable	(144,563)	(199,569)
Redemption of bonds	(15,000)	(5,000)
Repayments of installment payables	(24,121)	(12,605)
Repayments of lease obligations	(5,123)	(5,228)
Proceeds from issuance of shares	-	71,344
Payments for stock exchange listing--related expenses	(10,194)	-
Purchase of treasury shares	(63)	-
Cash flow from financial activities	(109,066)	38,941
Increase (decrease) in cash and cash equivalents	(36,166)	24,687
Balance of cash and cash equivalents at the beginning of the period	441,424	405,257
Balance of cash and cash equivalents at the end of the period	405,257	429,944

(5)Notes to financial statements

(Notes on going concern assumption)

Not applicable

(Changes in presentation methods)

(Changes related to application of the Partial Amendments to Accounting Standards for Tax Effect Accounting)

The Company has applied the Partial Amendments to Accounting Standards for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) since the beginning of current fiscal year to present deferred tax assets in investment and other assets and deferred tax liabilities in non-current liabilities, respectively.

As a result of this, deferred tax assets of 30,427,000 yen in current assets for the previous fiscal year were included in deferred tax assets of 43,426,000 yen in investment and other assets.

(Balance sheet)

Long-term accounts payable-other of 5,254,000 yen in non-current liabilities for the previous fiscal year were included into other in non-current liabilities since the current fiscal year because they became insignificant in terms of amount. The financial statements for the previous fiscal year were reclassified to reflect the changes in the presentation method.

As a result of this, long-term accounts payable-other of 5,254,000 yen of non-current liabilities in the balance sheet for the previous fiscal year has been reclassified to other.

(Segment information)

[Segment information]

1. Overview of reportable segments

Our reportable segments are those where financial information is available in terms of our structural unit and are periodically examined for determination of allocation of management resources and evaluation of business results conducted by the board of directors.

The Company establishes business divisions at the headquarters, and the divisions prepare the comprehensive strategy for their services to operate businesses.

Therefore, we are composed of segments within the organization based on divisions and have two reportable segments: Healthcare Solution Business and Home-Centered Service Business.

The Healthcare Solution Business operates Care Management Online, the dedicated website to offer short-term rehabilitation ambulatory nursing care services (day care services) for the extension of a healthy life expectancy of aged persons and to provide information related to nursing care, offers support in reconciling employment duties and eldercare requirements. The Home-Centered Service Business offers in-house eldercare support services, visiting nursing care, and ambulatory nursing care services (day services).

2. Calculation methods for sales, profit or loss, assets, liabilities and amount of other items by reportable segment

The accounting methods of reportable segments comply with accounting policies adopted for preparation of financial statements. Income of reportable segments is based on operating income.

3. Information on sales, profit or loss, assets, liabilities and amount of other items by reportable segments

Previous fiscal year (from April 1, 2017 to March 31, 2018)

(Unit: thousand yen)

	Reportable segments			Adjustments (Notes 1 and 2)	Amount on balance sheet (Note 4)
	Healthcare Solution Business	Home-Centered Service Business	Total		
Sales					
Sales to external customers	1,989,414	1,300,000	3,289,415	-	3,289,415
Inter-segment sales and transfers	-	-	-	-	-
Total	1,989,414	1,300,000	3,289,415	-	3,289,415
Segment income	375,987	337,917	713,904	(471,990)	241,913
Other items					
Depreciation	48,986	5,984	54,971	9,413	64,385

(Note 1) Adjustments in segment income of (471,990,000 yen) represent corporate expenses not allocated to reportable segments and mainly include general and administrative expenses not attributable to reportable segments.

2. Adjustments in depreciation of 9,413,000 yen mainly include depreciation related to administrative division not attributable to reportable segments.

3. Assets and liabilities of segments are not described because they are not related to determination of allocation of management resources and evaluation of business results.

4. Segment income was reconciled with operating income on the balance sheet.

Current fiscal year (from April 1, 2018 to March 31, 2019)

(Unit: thousand yen)

	Reportable segments			Adjustments (Notes 1 and 2)	Amount on balance sheet (Note 4)
	Healthcare Solution Business	Home-Centered Service Business	Total		
Sales					
Sales to external customers	2,102,274	1,260,883	3,363,158	-	3,363,158
Inter-segment sales and transfers	-	-	-	-	-
Total	2,102,274	1,260,883	3,363,158	-	3,363,158
Segment income	255,841	349,806	605,647	(513,094)	92,552
Other items					
Depreciation	69,519	6,230	75,750	5,748	81,498

(Note) 1. Adjustments in segment income of (513,094,000 yen) represent corporate expenses not allocated to reportable segments and mainly include general and administrative expenses not attributable to reportable segments.

2. Adjustments in depreciation of (5,748,000 yen) mainly include depreciation related to administrative division not attributable to reportable segments.

3. Assets and liabilities of segments are not described because they are not related to determination of allocation of management resources and evaluation of business results.

4. Segment income was reconciled with operating income on the balance sheet.

[Related information]

Previous fiscal year (from April 1, 2017 to March 31, 2018)

1. Information by product and service

The description is omitted because the same information is disclosed in the segment information.

2. Information by region

(1) Sales

Not applicable because of no sales to external customers other than in Japan

(2) Property, plant and equipment

Not applicable because of no property, plant and equipment in regions other than Japan.

3. Information by main customer

The information is not described because of no counterparty accounting for 10% or more of sales on the statements of income among sales to external customers.

Current fiscal year (from April 1, 2018 to March 31, 2019)

1. Information by product and service

The description is omitted because the same information is disclosed in the segment information.

2. Information by region

(1) Sales

Not applicable because of no sales to external customers other than in Japan

(2) Property, plant and equipment

Not applicable because of no property, plant and equipment in regions other than Japan.

3. Information by main customer

The information is not described because of no counterparty accounting for 10% or more of sales on the statements of income among sales to external customers.

[Information on impairment loss of non-current assets by repeatable segment]

Previous fiscal year (from April 1, 2017 to March 31, 2018)

(Unit: thousand yen)

	Healthcare Solution Business	Home-Centered Service Business	Corporate or elimination	Total
Impairment loss	7,268	-	-	7,268

Current fiscal year (from April 1, 2018 to March 31, 2019)

(Unit: thousand yen)

	Healthcare Solution Business	Home-Centered Service Business	Corporate or elimination	Total
Impairment loss	10,460	-	-	10,460

[Information on amortization of goodwill and unamortized balance by reportable segment]

Previous fiscal year (from April 1, 2017 to March 31, 2018)

(Unit: thousand yen)

	Healthcare Solution Business	Home-Centered Service Business	Corporate or elimination	Total
Amortization for the current period	1,081	-	-	1,081
Balance at the end of current period	3,388	-	-	3,388

Current fiscal year (from April 1, 2018 to March 31, 2019)

(Unit: thousand yen)

	Healthcare Solution Business	Home-Centered Service Business	Corporate or elimination	Total
Amortization for the current period	605	—	—	605
Balance at the end of current period	681	—	—	681

[Information on gains on negative goodwill by reportable segment]

Previous fiscal year (from April 1, 2017 to March 31, 2018)

We recorded gains on negative goodwill of 6,798,000 yen as a result of the transfer of business in the Healthcare Solution Business.

Current fiscal year (from April 1, 2018 to March 31, 2019)

Not applicable

(Profit or loss under the equity method)

Not applicable

(Per share information)

	Previous fiscal year (from April 1, 2017 to March 31, 2018)	Current fiscal year (from April 1, 2018 to March 31, 2019)
Net assets per share	133.95 yen	150.79 yen
Net income per share	37.04 yen	12.12 yen
Diluted net income per share	33.15 yen	11.64 yen

(Note) 1. The Company executed a 4-for-1 common stock split on October 1, 2017. Net assets per share, net income per share, and diluted net income per share are based on the assumption that the stock split was executed at the beginning of the previous fiscal year.

2. The basis for calculation of net income per share and diluted net income per share is as follows.

	Previous fiscal year (from April 1, 2017 to March 31, 2018)	Current fiscal year (from April 1, 2018 to March 31, 2019)
Net income per share		
Net income (in thousands of yen)	185,832	64,550
Amount not attributable to common shareholders (in thousands of yen)	—	—
Net income applicable to common stock (in thousands of yen)	185,832	64,550
Average number of shares during the period (shares)	5,017,594	5,326,463
Diluted net income per share		
Net income adjustments (in thousands of yen)	—	—
(of which, interest expense (after deducting the amount equal to taxes) (in thousands of yen))	—	—
Number of increased common shares (shares)	587,884	217,728
(of which, convertible bonds (shares))	—	—
(of which, share acquisition rights (shares))	587,884	217,728
Summary of dilutive shares not included in calculating diluted net income per share because of no dilutive effect.	—	—

(Significant subsequent event)

The Company has adopted a resolution on the acquisition of treasury shares at the board of directors' meeting held on May 15, 2019, as follows.

(i) Reason for acquisition of treasury shares: The acquisition is designed to flexibly execute capital policy and return to shareholders.

(II) Class of stock to be acquired: Our common stock

(iii) Total number of shares to be acquired: 130,000 shares (at a maximum)

(iv) Total acquisition cost of shares: 100,000,000 yen (at a maximum)

(iv) Acquisition period: From May 16, 2019 to June 26, 2019 (scheduled)

(vi) Acquisition method: Acquired at the market