



Fiscal Year Ended March 31, 2019 Results Briefing Materials

internet infinity INC.

<Securities identification code: 6545>

May 21, 2019



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Supplementary information



Fiscal year ended March 31, 2019

Summary of business results

Sales reached a new high

Income declined mainly due to up-front investment expense

Values in parentheses represent differences from those for the same period of the previous year.

Net Sales:	3,363million yen	(73 million yen	)
Operating income:	92million yen	(149 million yen	)
Net income:	64million yen	(121 million yen	)

Major factors of business results

- On the Record Book business, our franchise stores achieved growth in both revenue and profits, which surpassed drops in revenue due to the transfer of some company-operated stores and the revision of the public nursing care fees.
- The Web Solution business suffered declines in revenue and profits because of no large deals as in the previous fiscal year.
- In addition, personnel costs increased for business growth.

Fiscal year ended March 31, 2019

Financial summary

Healthcare Solution Business

48.3%

1,624 million yen

Record Book Business

Offering 3-hour rehabilitation elderly day care services specializing on instruction in physio-exercises



275 million yen

介護支援専門員サイト
ケアマネジメント
オンライン

CARE MANAGEMENT ONLINE

仕事と介護の両立支援サイト



Web Solution Business

Marketing support for the senior consumer market

Support in reconciling employment duties and eldercare requirements

8.2%

Home-Centered Service Business

37.5%

1,260 million yen

Home-Centered Service Business

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



豊かな日常生活のお手伝い
グローバークアステーション



6.0%

202 million yen

Care supply business and new business

Leasing and sales of eldercare utensils



Composition of sales by business
for FY ended March 2019

Record Book Business drove the growth
On the other hand, up-front investment, a focused policy for the
current fiscal year, reduced profits.

(Unit: million yen)	FY 2018/03	FY 2019/03 Actual results	YoY rate of change	Factors for change / Topics
Net sales	3,289	3,363	+2.2%	<ul style="list-style-type: none"> •Record Book Business: Up 174 million yen YoY (Number of stores: Up 44 stores) •Web Solution Business: Down 55 million yen YoY
Operating income (Operating income margin)	241 (7.4%)	92 (2.8%)	-61.7%	<ul style="list-style-type: none"> •Personnel expenses: Up 115 million yen YoY (Executed review of treatment of employees (such as increased bonuses)) •Revenue declines in high-margin company-operated stores of Record Book and Web Solution
Ordinary income (Ordinary income margin)	278 (8.5%)	103 (3.1%)	-62.8%	<ul style="list-style-type: none"> •Non-operating revenue: Recording of gain on transfer of business of 12 million yen (including a transfer of company-operated stores to Meitetsu Life Support) Down 32 million yen YoY
Net income (Net income margin)	185 (5.7%)	64 (1.9%)	-65.3%	<ul style="list-style-type: none"> •Extraordinary loss: Recording of impairment loss of 10 million yen (Two stores of Record Book in Kansai region) •A decline in income taxes arising from that in income before income taxes

Transition of sales and operating income (Quarterly Accounting Period)

- ✓ In the Record Book Business, the number of new franchised stores was flat to the previous fiscal year, but sales reached a new high on a full year basis partially due to an increase in royalty revenues from existing stores.
- ✓ Operating income increased every quarter, and recovered for the fourth quarter (January-March) to a level similar to that for the same period of the previous fiscal year.

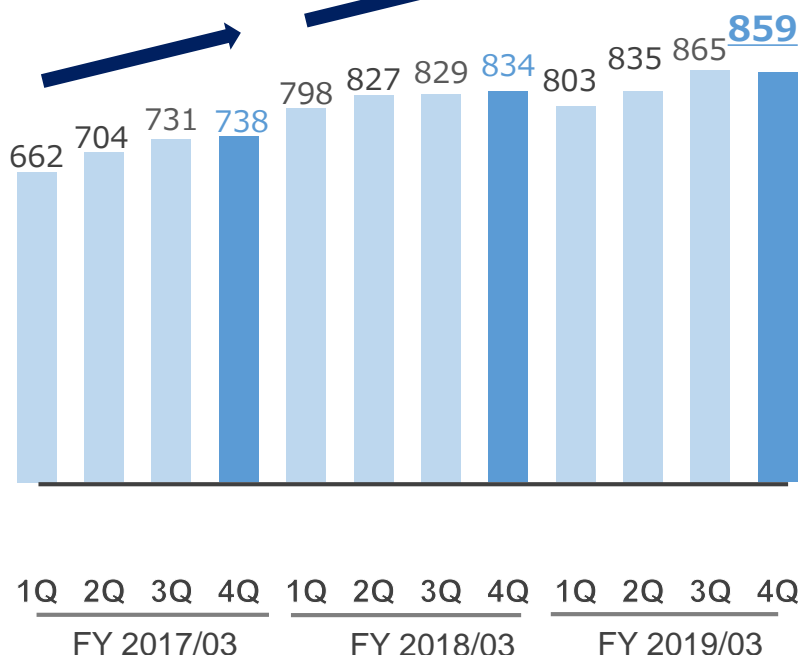
Net sales

(Unit: million yen)

1,000

500

0



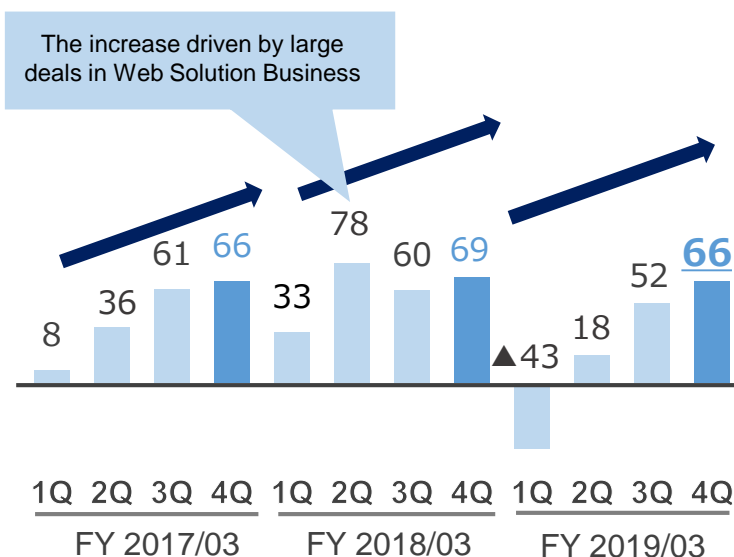
Operating income

(Unit: million yen)

250

100

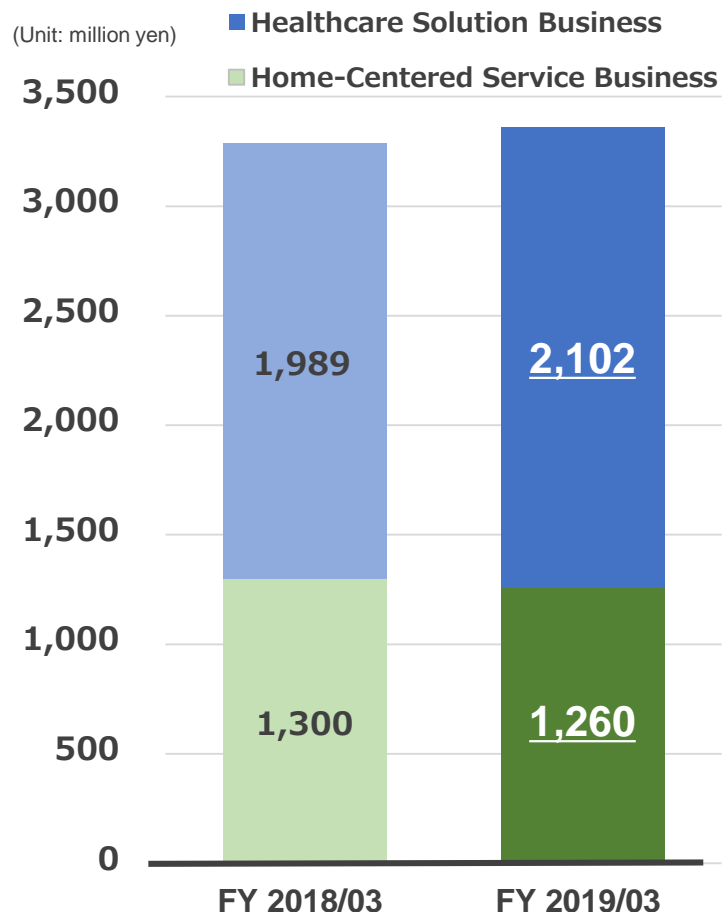
▲50



Revenue growth and profit declines in Healthcare Solution Business

⇒ Revenue declines in high-margin Web Solution Business

Sales by segment



(Unit: million yen)		FY 2018/03	FY 2019/03	Rate of change
Net sales	Healthcare Solution	1,989	2,102	+ 5.7%
	Home-Centered Service	1,300	1,260	- 3.0%
	Total	3,289	3,363	+ 2.2%
Segment income (Income margin)	Healthcare Solution	375 (18.9%)	255 (12.2%)	- 32.0%
	Home-Centered Service	337 (26.0%)	349 (27.7%)	+ 3.5%
	Total	713 (21.7%)	605 (18.0%)	- 15.1%
Adjustments		- 471	- 513	-
Total operating income		241	92	-

Record Book maintained two-digit growth due to an increase in franchised stores.

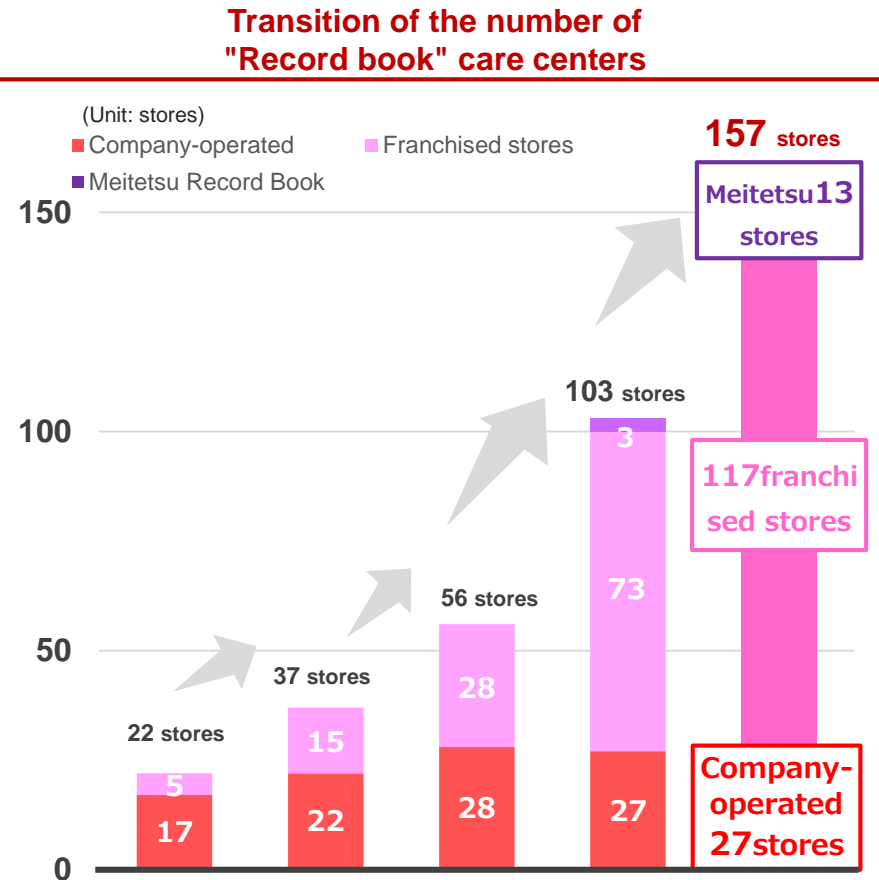
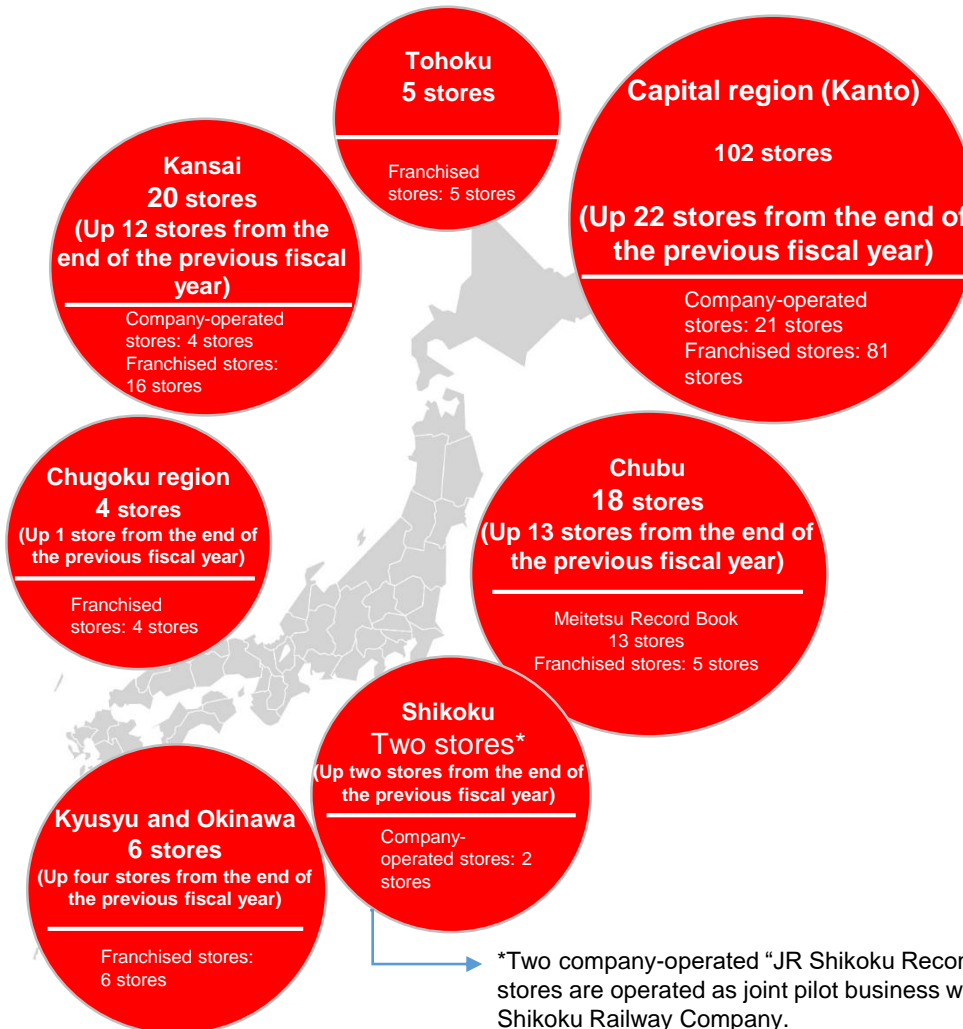
⇒ Healthcare Solution Business absorbed the effect of a transfer of company-operated stores and revenue declines in Web Solution and achieved 5.7% revenue growth.

(Unit: million yen)

	FY 2018/03		FY 2019/03		YoY	
	Net sales	Composition ratio	Net sales	Composition ratio	Change in amount	Rate of change
Record Book	1,450	72.9%	1,624	77.3%	+ 174	+ 12.0%
Web Solution	330	16.6%	275	13.1%	- 55	- 16.6%
(Breakdown) Marketing support for the senior consumer market	213	10.7%	130	6.2%	- 83	- 39.0%
Support in reconciling employment duties and eldercare requirements	116	5.9%	145	6.9%	- 28	+ 24.1%
Other (Care supply + new businesses)	208	10.5%	202	9.6%	- 6	- 3.0%
Total in Healthcare Solution Business	1,989	100%	2,102	100%	- 113	- 5.7%

The number of stores increased to more than 150 in the Record Book brand as a whole.

⇒ New 44 franchised stores and 10 stores in Meitetsu Record Book during the current fiscal year



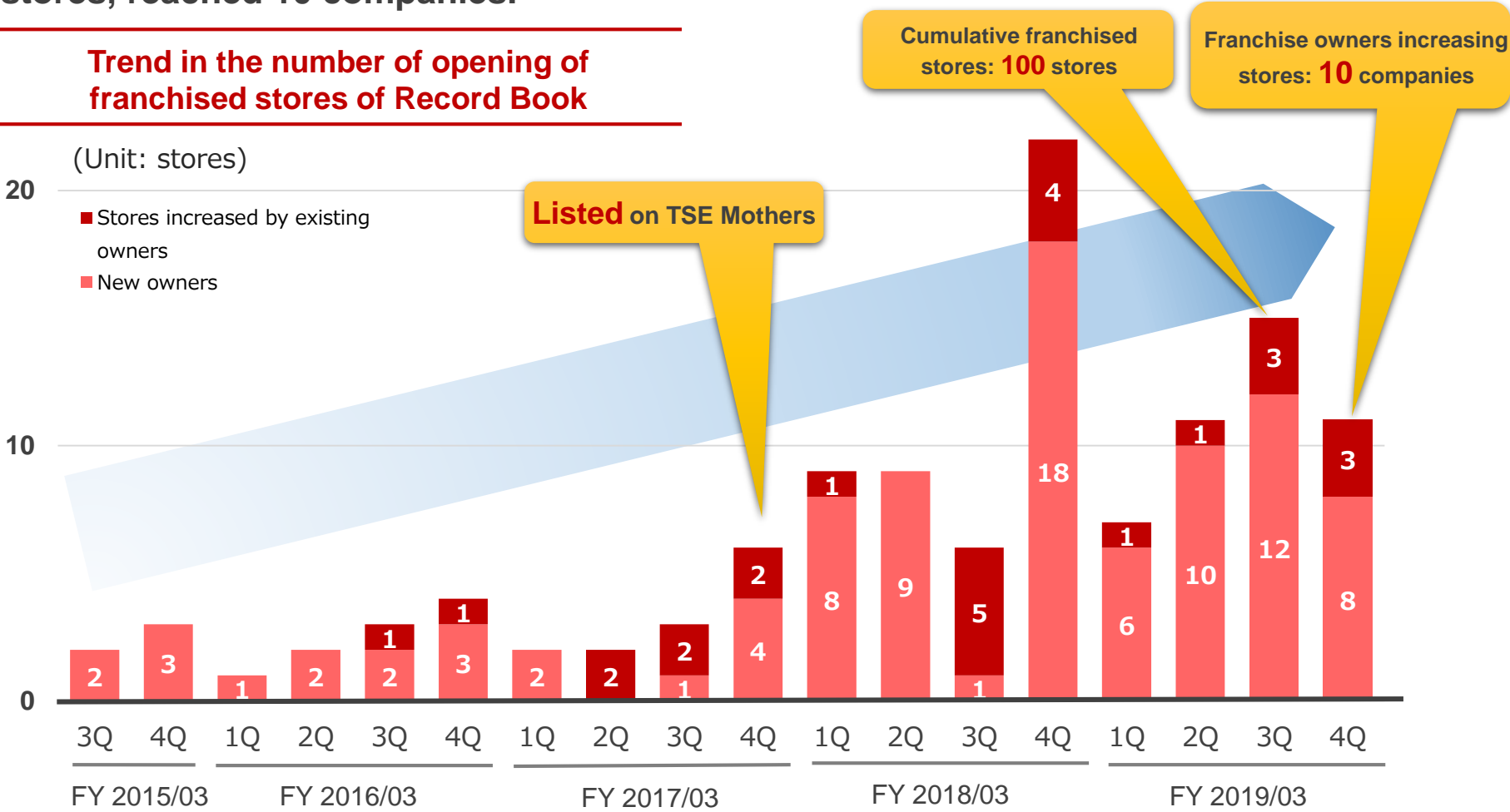
End of FY 2015/03 End of FY 2016/03 End of FY 2017/03 End of FY 2018/03 End of FY 2019/03

(As of end of March 2019)

Trend in the number of opening of franchised stores of Record Book

The number of franchise stores increased partially due to the additional openings by existing franchise owners.

At the end of the fiscal year, the number of franchisees, which had expanded their stores, reached 10 companies.

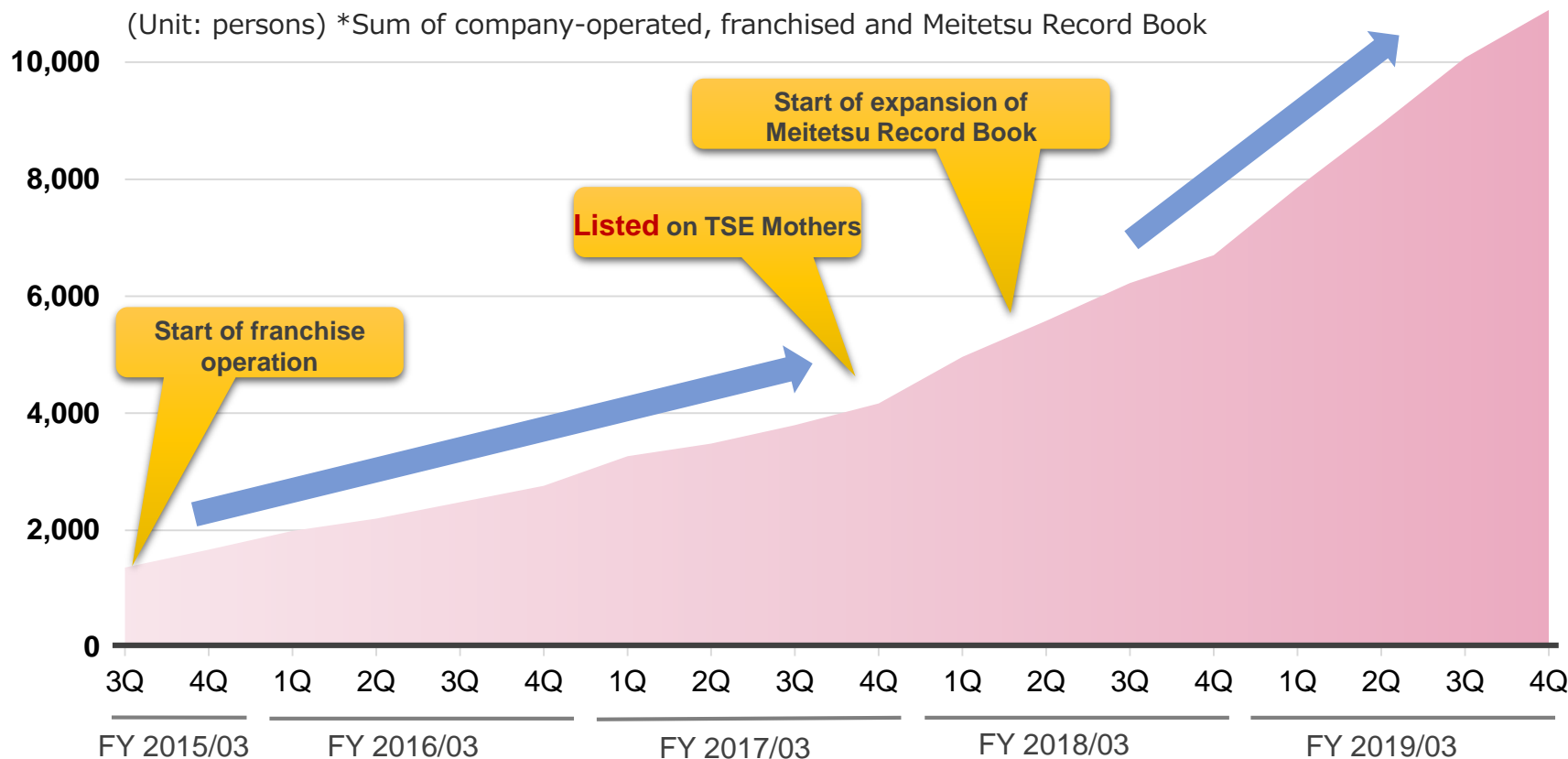


Monthly users* exceeded 10,000 persons for the first time in our history.

*Number of active users using Record Book once or more per month

The total number of users amounted to about 620,000 for the fiscal year!

Trend in the number of monthly users of Record Book

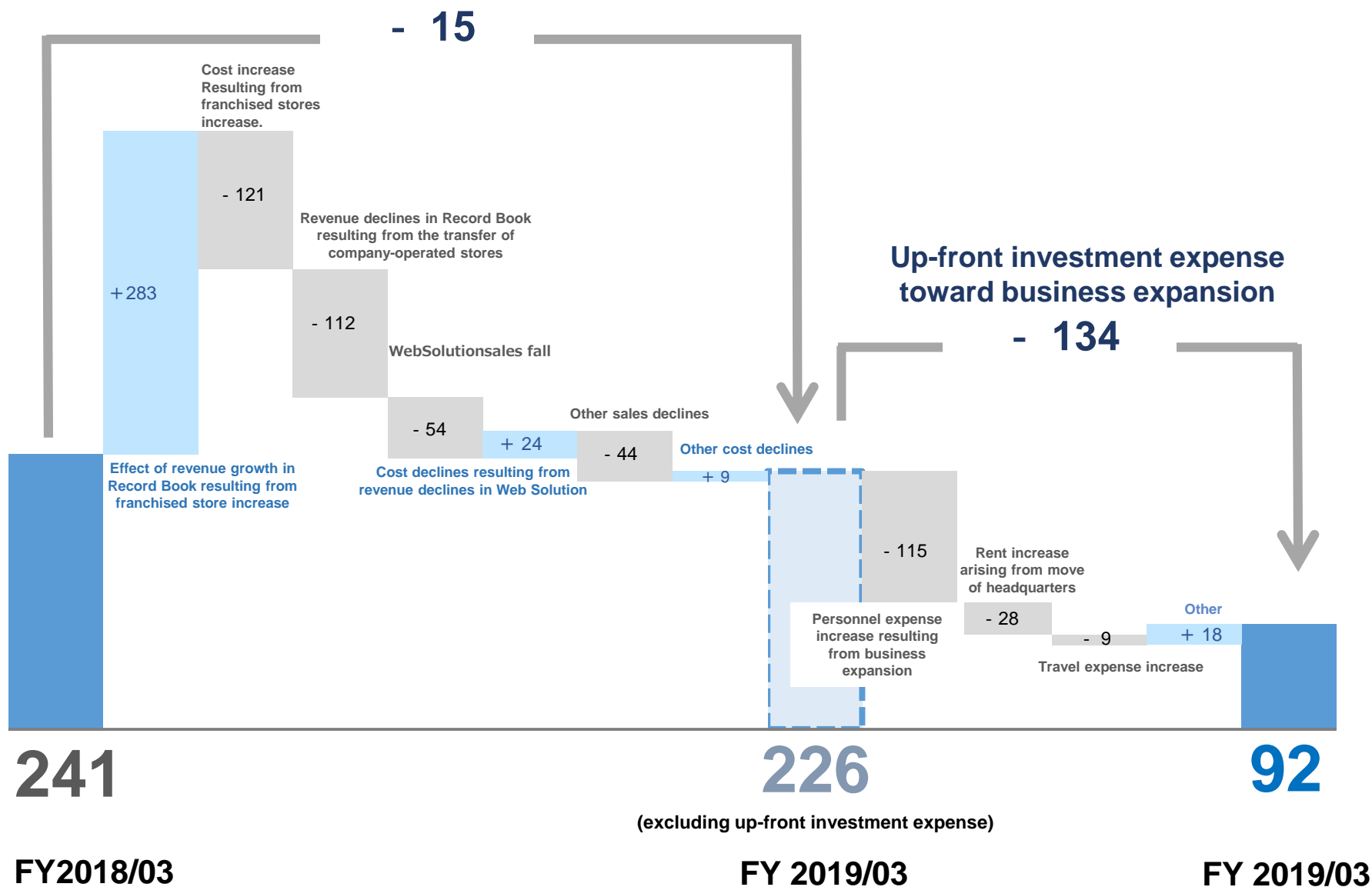


Record Book Business

- ✓ Up 44 franchise stores from the end of the previous fiscal year
Down 2.5 company-operated stores on average during the period as a result of the conversion to franchise stores due to the transfer
⇒ Number of franchise stores increasing in the current fiscal year was below the initial plan.
⇒ Although revenues from franchise stores became a positive factor for the business, the revenue growth rate from the previous fiscal year went down because of revenue drops arising from declines in company-operated stores.
- ✓ Declines in unit prices affected by the revision of the public nursing care fees in April 2018.
⇒ However, in the second half, company-operated stores started obtaining new additions on the public nursing care because of service improvement. We had not expected to get the additions on the initial plan. Those gainings increased the unit prices.
⇒ At the end of the current fiscal year, the unit prices almost bounced back to a level before the revision.

Web Solution Business

- ✓ On marketing support for the silver market, we failed to land such large deals that contributed to sales and income growth for the previous fiscal year, and this had effect on the profit decline.
⇒ The number of incoming orders was on an upward trend toward the second half year.
⇒ We developed new services on medical-solution area and started receiving orders.



Fiscal year ended March 31, 2019 - Balance sheet

(Unit: million yen)

	FY 2018/03*	FY 2019/03	Change in amount
Current assets	1,044	1,112	+ 68
Cash and deposits	405	429	+ 24
Notes and accounts receivable	552	581	+ 29
Other	86	100	+ 14
Non-current assets	689	794	+ 105
Property, plant and equipment	431	504	① + 73
Intangible assets	25	23	- 2
Investment and other assets	232	265	+ 33
Total assets	1,733	1,906	+ 173

- ① Property, plant and equipment: The increase was due to an increase in stores of Record Book and JR Shikoku Record Book.
- ② Deposits payable: The increase was due to an increase in franchised stores of Record Book
- ③ Capital and capital surplus: The increase was due to exercise of share acquisition rights and new shares issued to directors as stock-based remuneration to directors with restriction on transfer.

*The presentation of deferred tax assets has been changed as a result of application of the Partial Amendments to Accounting Standard for Tax Effect Accounting.

	FY 2018/03	FY 2019/03	Change in amount
Current liabilities	710	853	+ 142
Short-term loans payable	40	130	+ 90
Current portion of long-term loans payable	162	172	+ 10
Income taxes payable	87	3	- 83
Reserve for bonuses	55	72	+ 17
Deposits payable	127	237	② + 109
Other	237	236	- 2
Non-current liabilities	349	236	- 113
Long-term loans payable	250	141	- 109
Other	99	95	- 3
Total net assets	672	816	+ 144
Capital	211	250	③ + 39
Capital surplus	196	235	+ 39
Retained earnings	264	329	+ 64
Treasury shares	- 0	- 0	-
Total liabilities and net assets	1,733	1,906	+ 173

Fiscal year ended March 31, 2019 - Cash flows

(Unit: million yen)

	FY 2018/03	FY 2019/03	YoY(change in amount)
Cash flow from operating activities	321	153	- 168
Cash flow from investment activities	- 248	- 167	+ 81
Cash flow from financial activities	- 109	38	+ 147
Changes in cash and cash equivalents	- 36	24	+ 60
Balance of cash and cash equivalents at the beginning of the period	441	405	- 36
Balance of cash and cash equivalents at the end of the period	405	429	+ 24

Fiscal year ending March 31, 2020

Financial results projections

- ✓ **To retry opening of more than 50 franchised stores per year in Record Book**
- ✓ **To fully operate medical area in Web Solution Business**
- ✓ **To make concentrated investments in strengthening of the system and construction of the structure to accelerate the above actions**

(Unit: million yen)	FY 2019/03 Actual results	FY 2020/03 Forecast	YoY rate of change
Net sales	3,363	3,502	+ 4.2%
Operating income (Operating income margin)	92 (2.8%)	170 (4.9%)	+ 84.4%
Ordinary income (Ordinary income margin)	103 (3.1%)	186 (5.3%)	+ 79.4%
Net income (Net income margin)	64 (1.9%)	120 (3.5%)	+ 87.2%

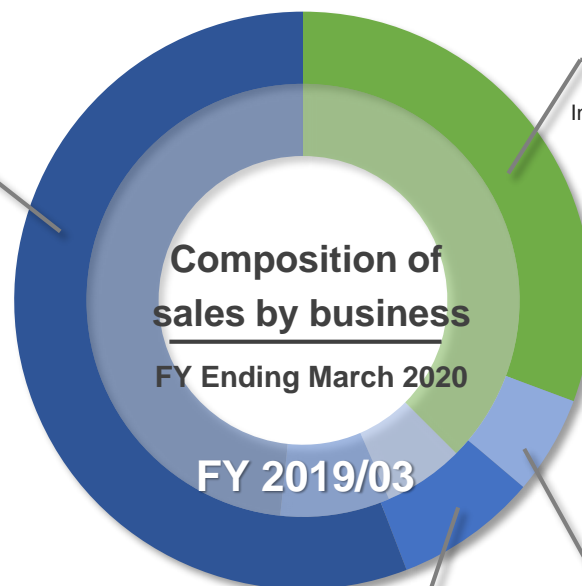
Healthcare Solution Business

1,955 million yen

55.8% (+ 7.5 P YoY)

Record Book Business

Offering 3-hour rehabilitation elderly day care services specializing on instruction in physio-exercises



Home-Centered Service Business

30.7% (- 6.8 P YoY)

1,074 million yen

Home-Centered Service Business

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



豊かな日常生活のお手伝い
クローバーケアステーション

わかるがいご
相談センター

5.5% (- 0.5 P YoY)

Care supply business and new business

Leasing and sales of eldercare utensils

193 million yen



8.0% (- 0.2 P YoY)

Web Solution Business

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

介護支援専門員サイト
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わかるがいご Biz

Healthcare Solution

Record Book

- Expected to reach a record high in the number of franchise contracts and the number of opening for a year

Web Solution

- To focus on an increase in orders received in existing business and commercialization of new medical area

Home-Centered Service

To ensure a certain level of income with new investment minimally restricted

(Unit: million yen)

FY 2019/03			FY 2020/03 (forecast)	
	Sales	YoY (rate of change)	Sales	YoY (rate of change)
Healthcare Solution Business	2,102	+ 5.7%	2,427	+ 15.5%
Record Book	1,624	+ 12.0%	1,955	+ 20.4%
Web Solution	275	- 16.6%	279	+ 1.3%
Other (Care supplies and new business operations)	202	- 3.0%	193	- 4.4%
Home-Centered Service Business	1,260	- 3.0%	1,074	- 14.8%

To intensively devote our managerial resources to our core business, the Healthcare Solution business

Up-front investment in the previous fiscal year to gradually yield results

Record Book Business

FY ended March 2019



FY ending March 2020

- ▶ Opened an office in Osaka as a base for promoting the efficiency of operations and strengthening sales activities
- ▶ Increased employee for the nationwide development of the franchise (25 Full-time employees increased from the end of the previous fiscal year)
- ▶ Suffered the unit price reductions due to the revision of the public nursing care fees
 - ⇒ Increased the unit prices by obtaining new additions on the public nursing care because of service improvement in company-operated stores
- ▶ Established a training center, introduced the web-based conferencing system to all franchise stores and opened a contact center to provide all support for them
 - ⇒ To develop human resources and improve service quality

- ▶ To accelerate franchise store openings
 - ⇒ To increase new openings of the existing franchise owners
 - ⇒ To examine the additional development of local bases
 - ⇒ To review management system and process to avoid the delay of the store opening
 - ⇒ To retry over 50 store increase for a year
(Actual results for FY 2019/03: 44 stores)
- ▶ To expand the unit price increase by obtaining the new additions to all franchise stores
- ▶ To enhance profitability through the further improvement of the user satisfaction

Web Solution Business

FY ended March 2019 **FY ending March 2020**

- ▶ Support in “reconciling employment duties and eldercare requirements”
⇒ Started reviewing marketing methods and gained 19 franchisees for the fiscal year
- ▶ Marketing support for the senior market
⇒ Promoted measures to increase members of “Care Management Online” and developed products in medical-solution area, using the strength of the solid membership base

- ▶ Support in “reconciling employment duties and eldercare requirements”
⇒ To construct schemes to gain new customers and improve contents on the website with the goal of gaining new 25 franchisees for a year
- ▶ Marketing support for the senior consumer market
⇒ To launch new services and strengthen sales activities with the aim of fully operating business in medical solution area

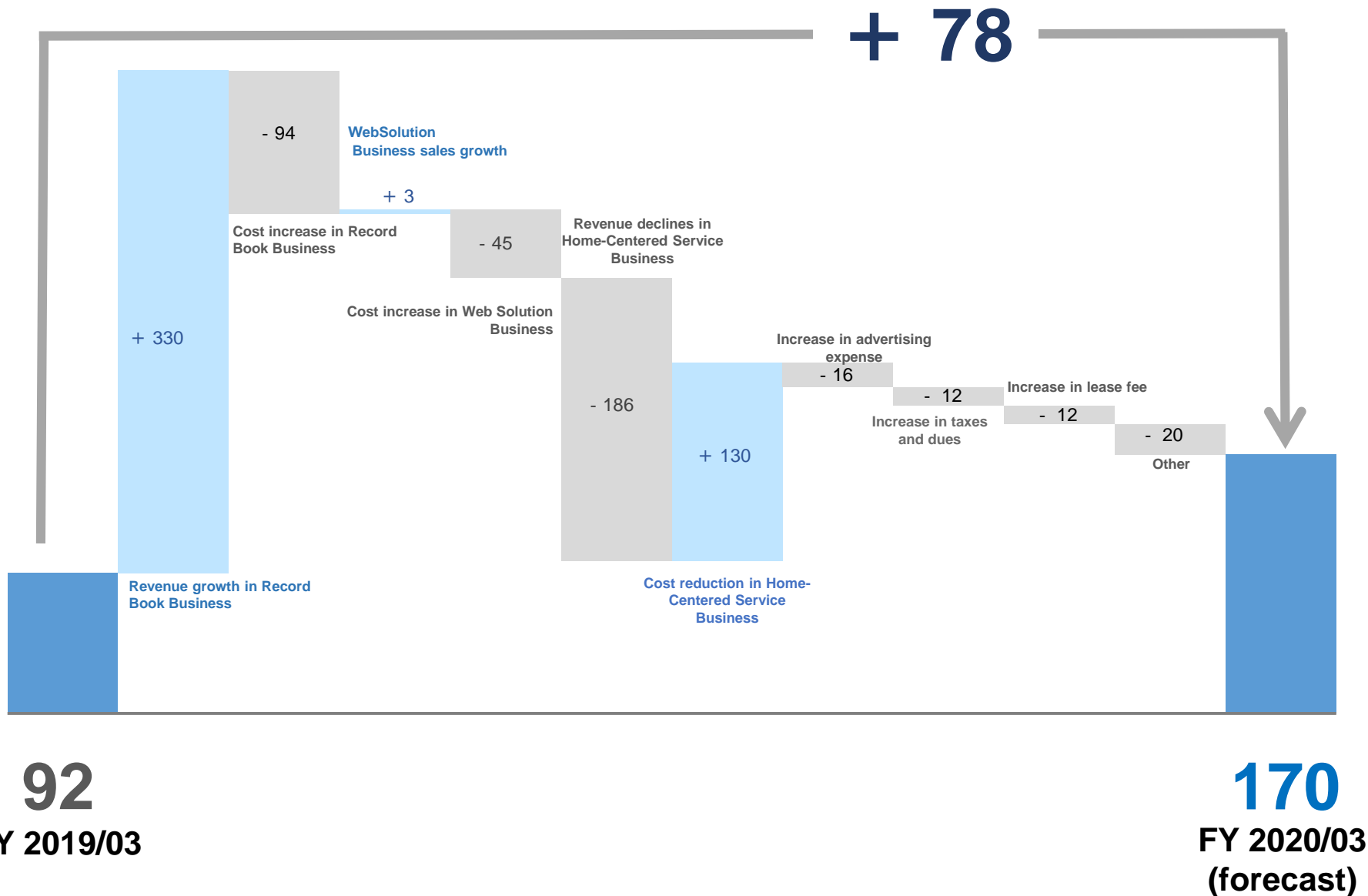
New businesses

- ▶ Experimentally operated SMART TIMES stores which provide active seniors with fitness program services not covered by the public nursing care insurance
- ▶ Examined developing product sales at the stores

- ▶ To review the experimental operation in the previous fiscal year at SMART TIMES stores
- ▶ To examine the form of non-covered services using our managerial resources

Changing Factors of Prospects for Operating Income for FY Ending March 2020

Unit: million yen



Acquired treasury shares to execute a flexible capital policy and returns to shareholders according to changes in business environment

Summary of the acquisition

(details of the resolution of the board of directors dated on May 15, 2019)

Class of stock to be acquired	Our common stock
Total number of shares to be acquired	130,000 shares (at a maximum) (Percentage to total number of shares issued (excluding treasury shares): 2.40%)
Total acquisition cost of shares	100 million yen (at a maximum)
Acquisition period	May 16, 2019-June 26, 2019 (plan)
Acquisition method	Acquired at Tokyo Stock Exchange

(Reference Materials)

Business Activities

Corporate Profile

Established

May 7, 2001

Capital

250,992,286 yen (as of March 31, 2019)

Location of
headquarters

Gate City Ohsaki, East Tower 4F, 11-2, Ohsaki 1-chome, Shinagawa-ku,
Tokyo, 141-0032

Representative

Representative director

Keiichi Beck

Officers

(As of April 1, 2019)

Executive director
Executive director
Director (external director)
Executive officer
Executive officer
Executive officer
Corporate auditor
Corporate auditor
Corporate auditor

Taku Fujisawa
Kenji Hoshino
Tatsuo Watanabe
Mistutoshi Nakajima
Junpei Ogura
Yasuhiko Ueno
Shinya Kinukawa
Kazuo Goto
Masahiko Sato

Number of
employees

(As of March 31, 2019)

292 persons (full-time employees)

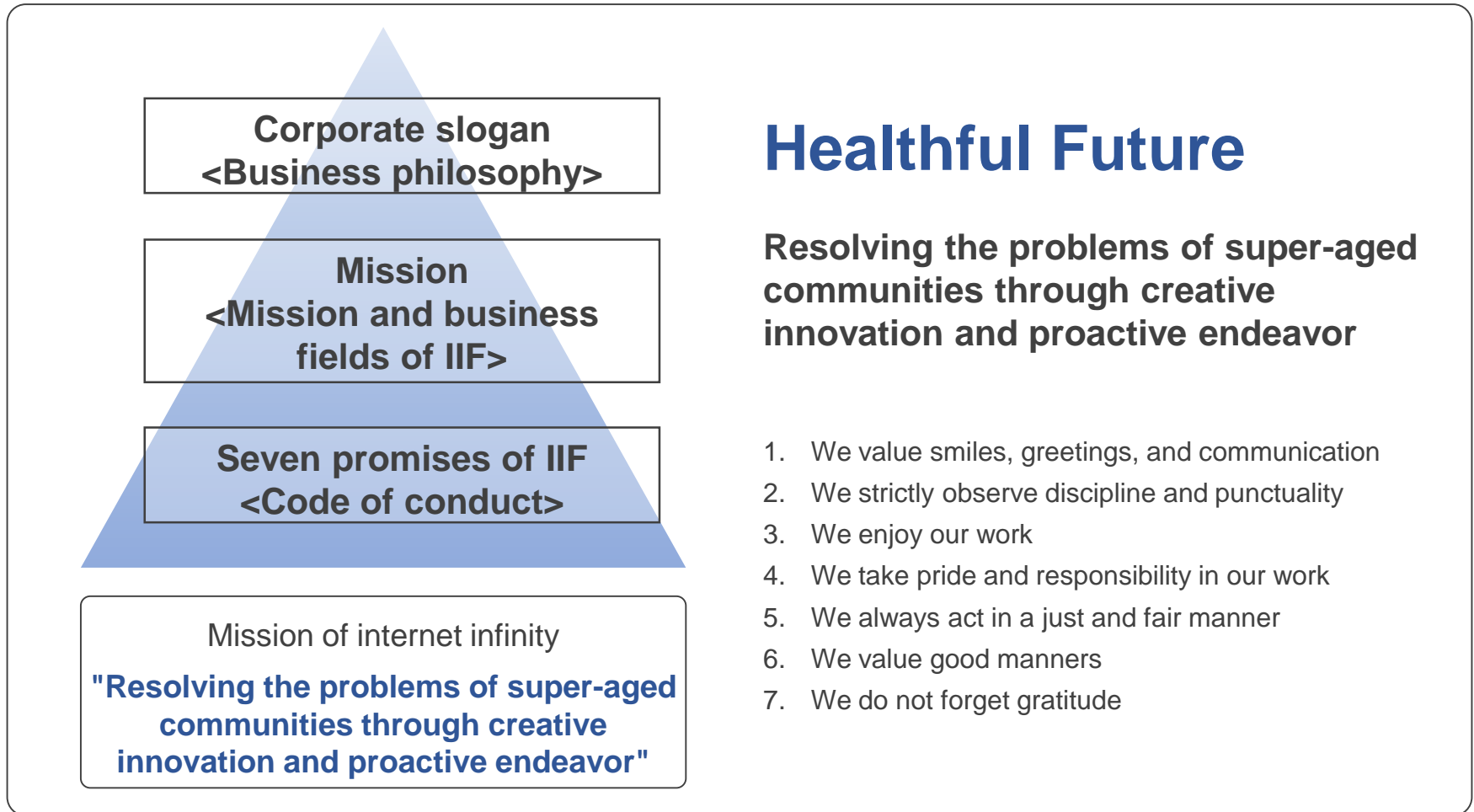
ISMS certification acquisition



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.

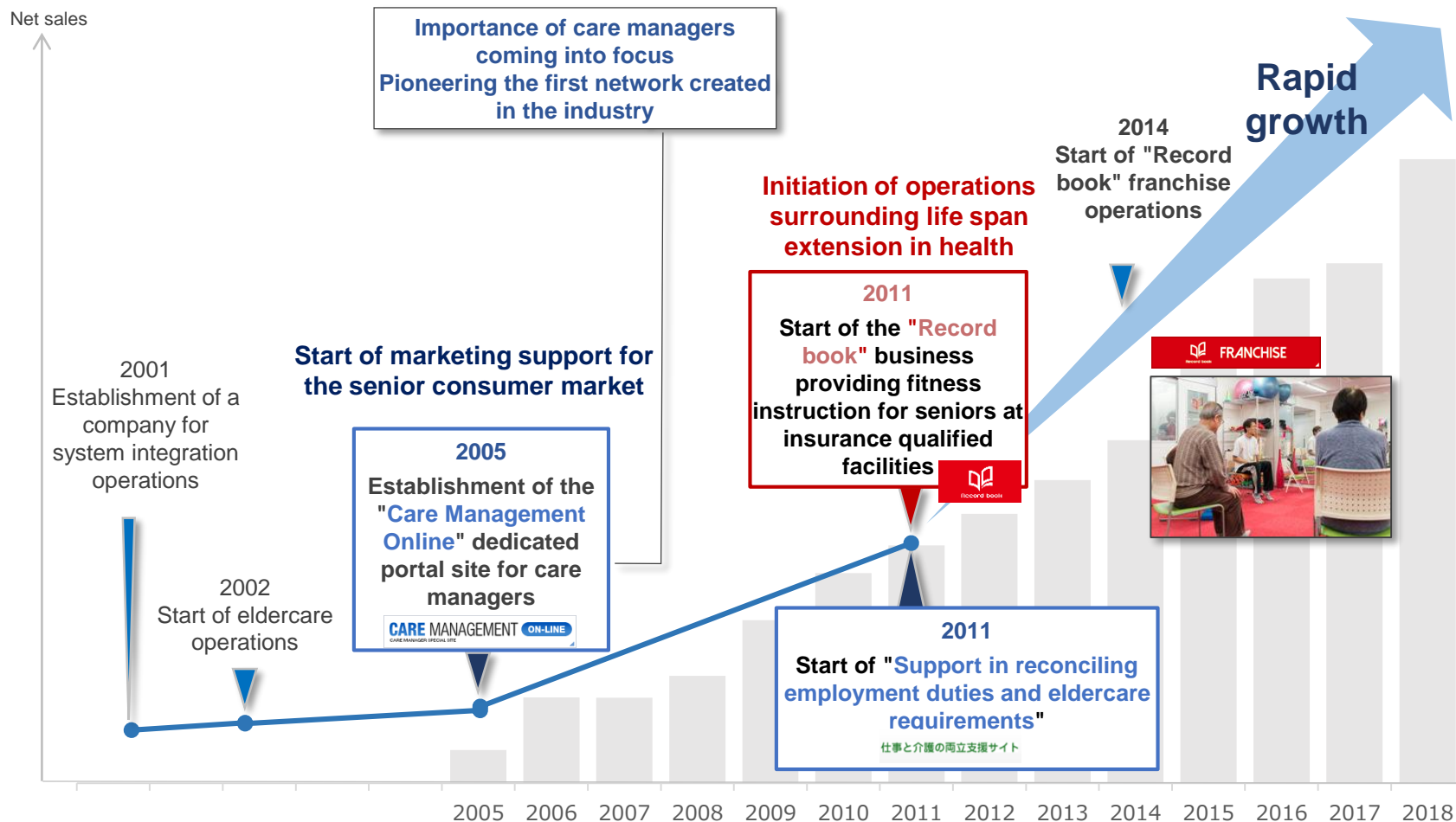
- Certification Registration No. JP16/080384
- Certification registration scope
 1. Marketing support for the senior consumer market
 2. Support in reconciling employment duties and eldercare requirements
 3. Member customer-satisfaction enhancement support

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

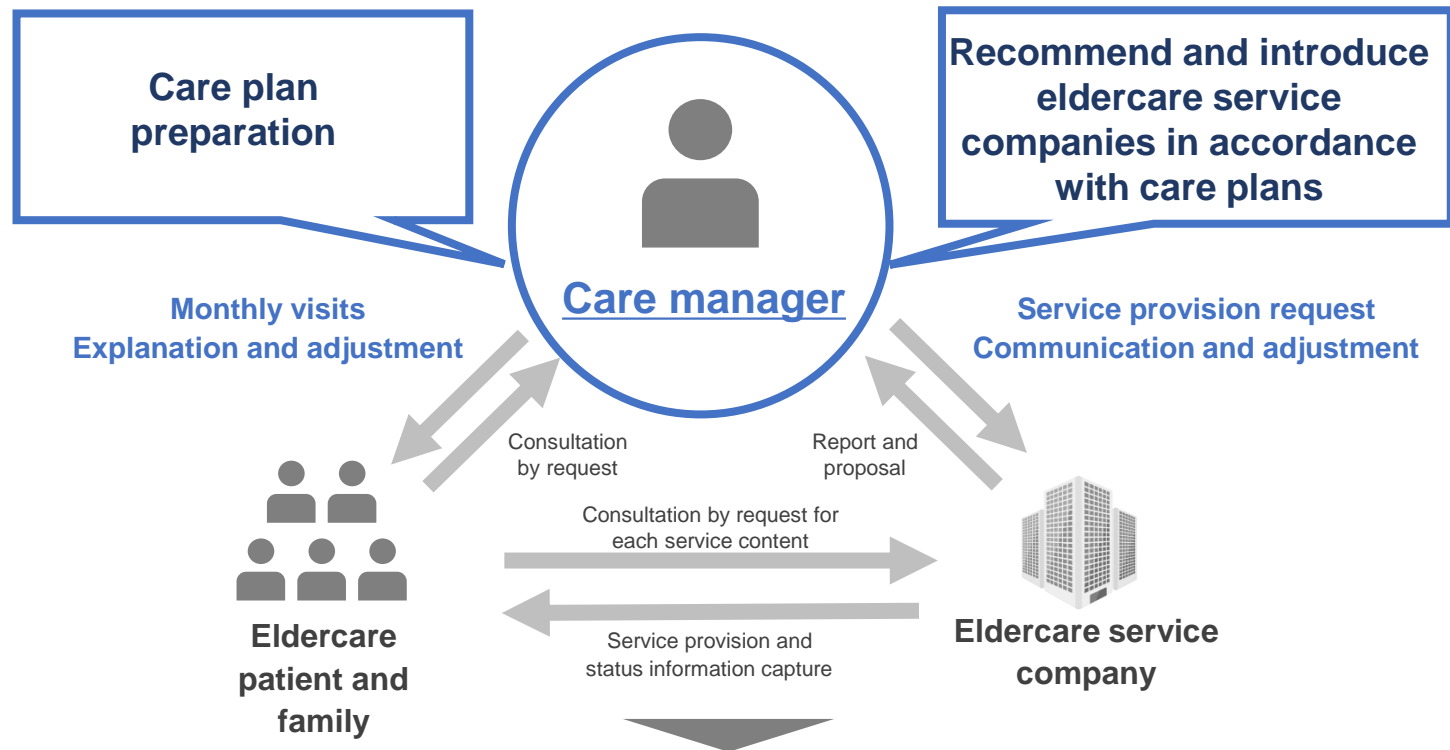


Note: IIF is the short form of our company name "internet infinity"

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



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

Number of
registered
care
managers

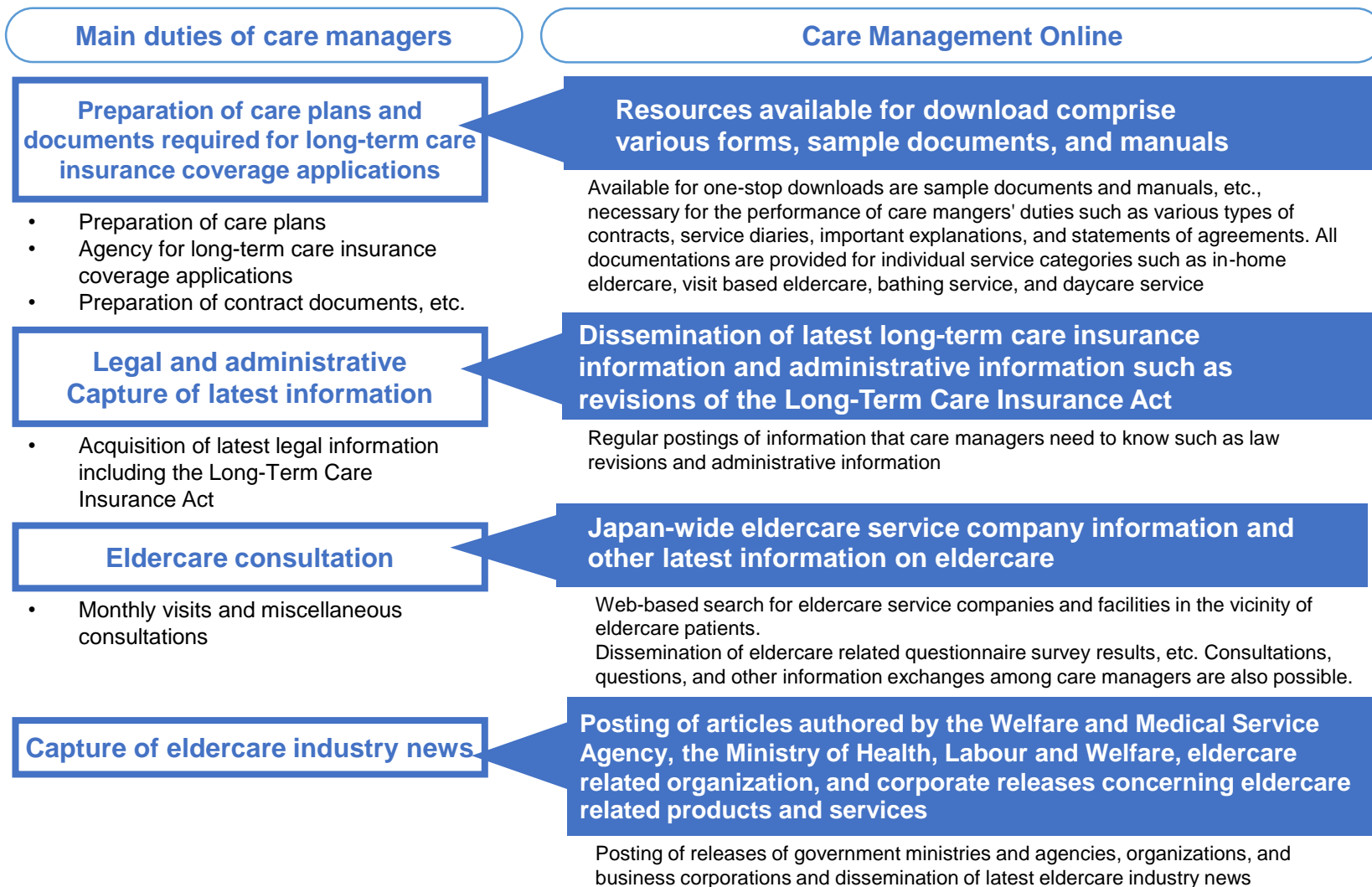
Around **60%**
of total number of care managers in Japan
(approx. 92,000 managers)

Number of
registered
site users

Around **150** thousand
users

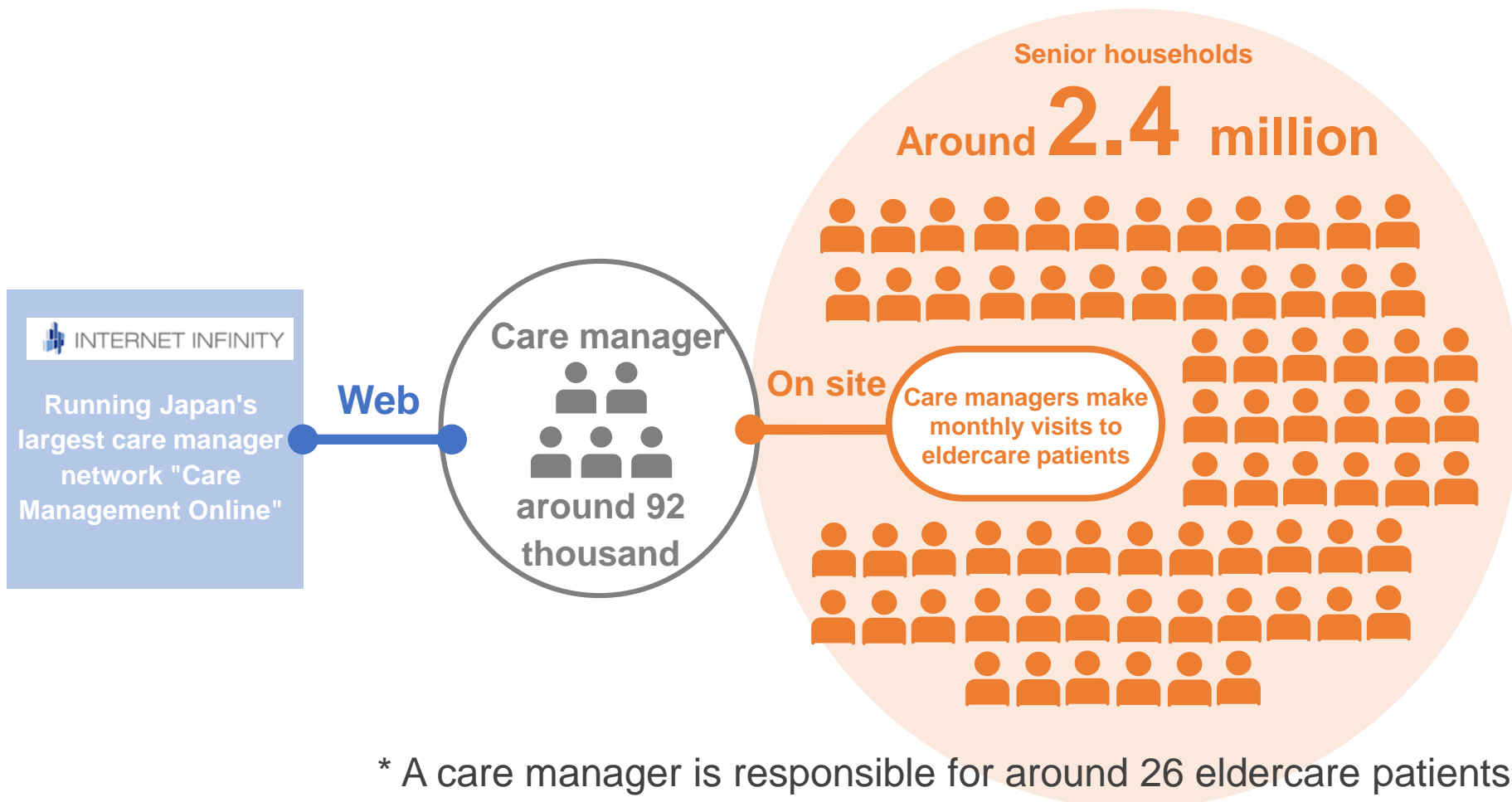
* As of March 2017 care managers in Japan totaled around 150,000 persons

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



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

Care Management Online connects the Company with senior households



The Record Book Business offers 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"

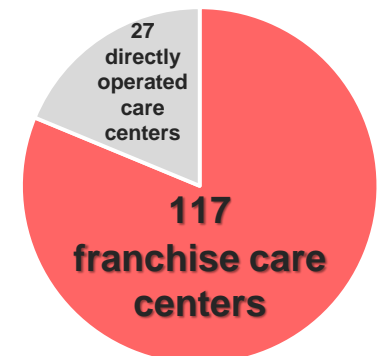
Feature 2

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, 2019

Feature
3

Customer attraction power of Web-based and on-site operations through the efficient use of Japan's largest care manager network

Web-based customer attraction

Care Management Online identifies care managers resident in regions with "Record book" care centers. Direct dissemination of information about newly opened centers and facility tours

On site customer attraction

Direct visits to care managers resident in the region to deliver information about newly opened centers and facility tours

Observe stores

Enter into the contract



Portal site supporting services of care managers
Care Management Online

Local care managers

Eldercare patients

Recommendation Introduction

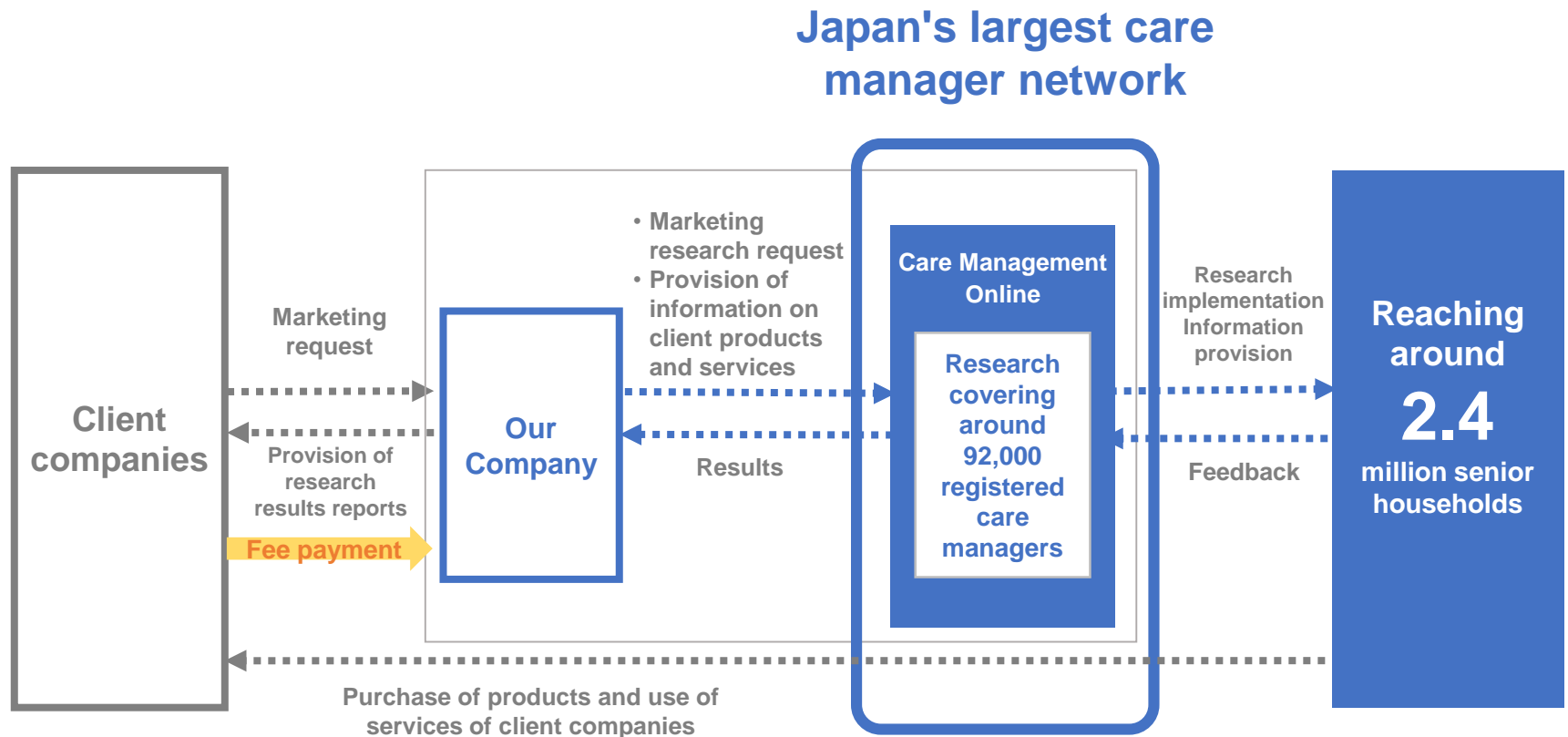
Care managers visit persons requiring long-term care once a month

Record Book



Record book

Marketing support through Japan's largest care manager network capable of reaching around 2.4 million senior households



Marketing support for development and manufacturing of eldercare food products by major food manufacturers

Development and manufacture of eldercare food products

- ① Request for eldercare food product sampling research
- ② Request for advertisement postings on Care Management Online
- ③ Distribution of eldercare food product samples

Miscellaneous kinds of marketing requests

Submission of research report

Our Company



Implementation of marketing through efficient use of Care Management Online

- ① Distribution through care managers to families of eldercare patients
- ② Posting of banner advertisement and media tie-up advertisement on Care Management Online
- ③ Distribution of eldercare food product samples through care managers to families of eldercare patients

Seniors and families of eldercare patients

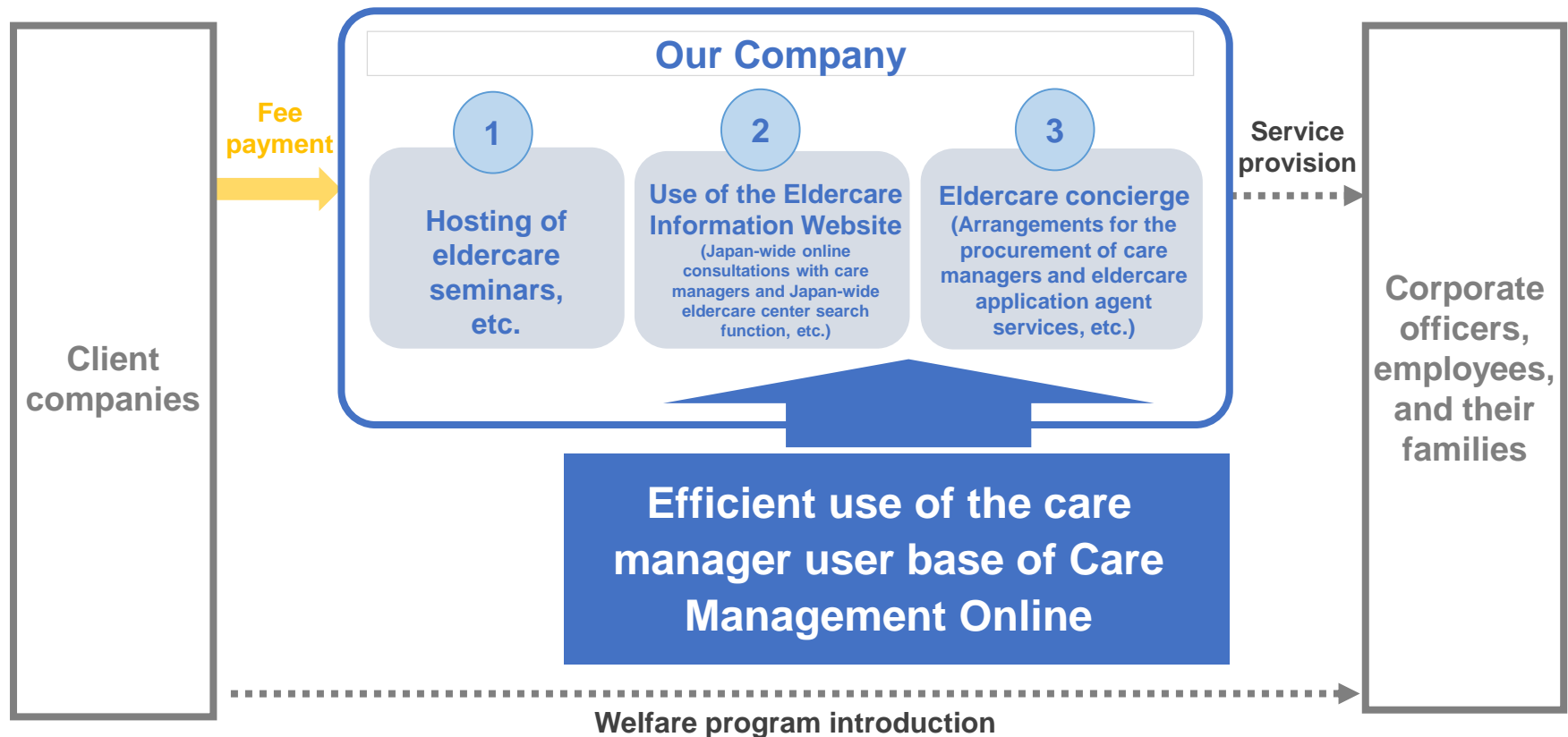
Tasting of eldercare food product and completion of the questionnaire form

More than 160 adopting companies* and more than 1.4 million members Mainly introduced as one of benefit program of companies

*Total of adopting companies

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

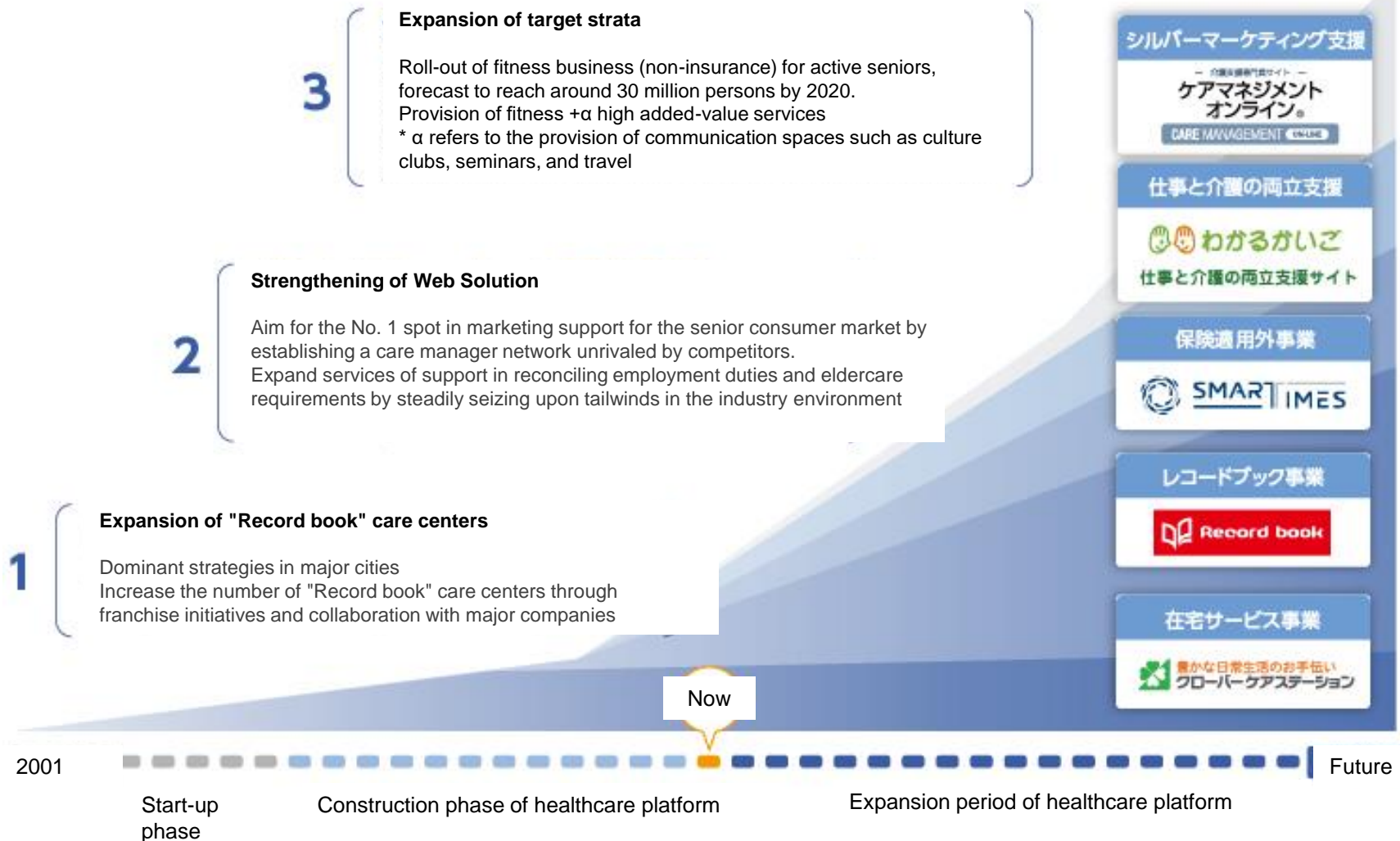
**Delivering high added-value solutions at a low cost
through the efficient use of care manager network**



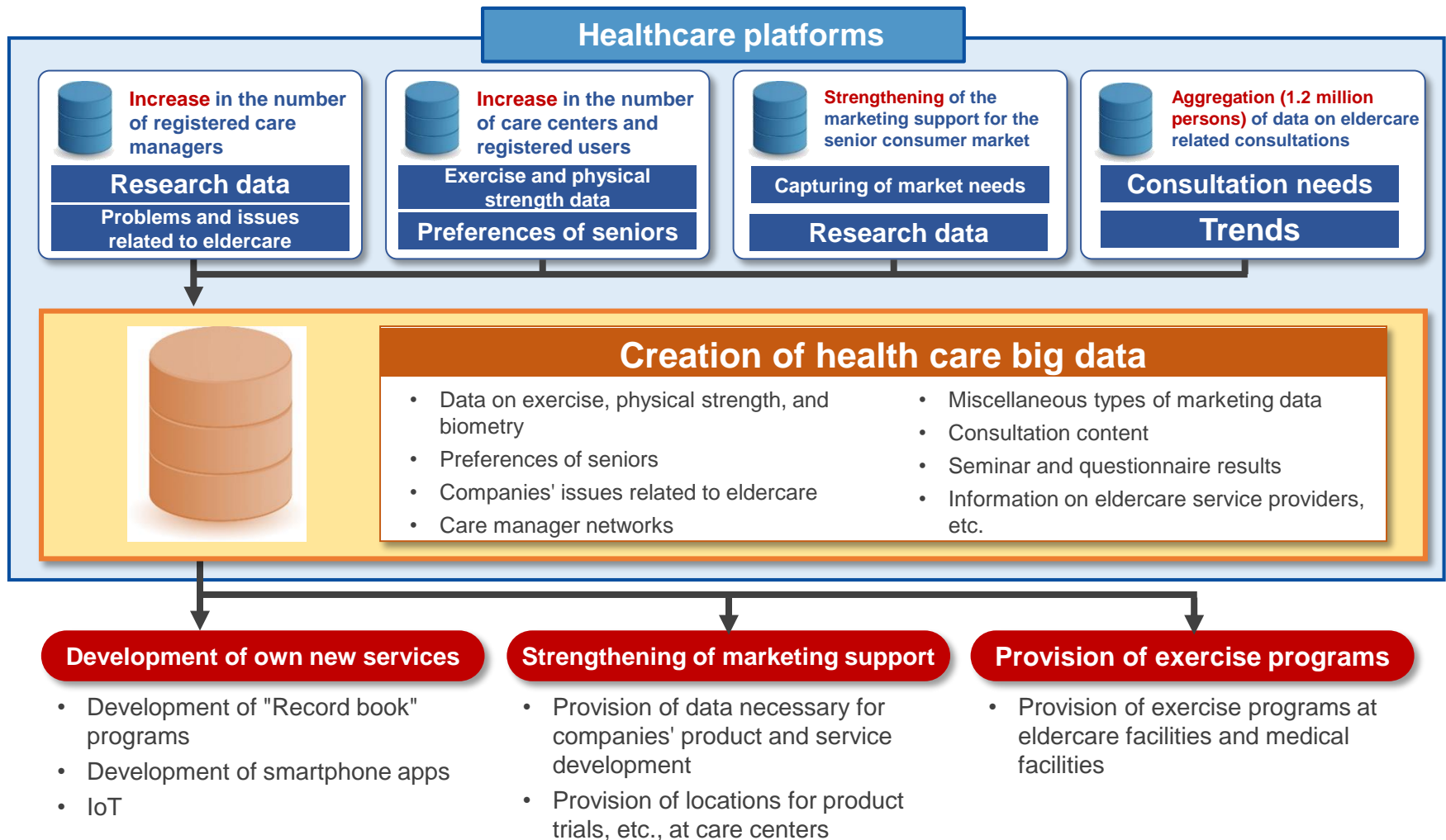
Growth Strategy

Expand targets by strengthening healthcare platform to increase enterprise value

Enterprise value



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



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: Corporate Planning Division
Email: ir@iif.jp