



internet infinity Inc.

Q2 Financial Results Briefing for the Fiscal Year Ending March 2020

November 20, 2019

Event Summary

[Company Name]	internet infinity Inc.	
[Event Type]	Earnings Announcement	
[Event Name]	Q2 Financial Results Briefing for the Fiscal Year Ending March 2020	
[Fiscal Period]	FY2019 Q2	
[Date]	November 20, 2019	
[Number of Pages]	25	
[Time]	15:30 – 15:59 (Total: 29 minutes, Presentation: 25 minutes, Q&A: 4 minutes)	
[Venue]	Nikkei Kayabacho Bekkan B1 2-6-1 Kayabacho Nihonbashi, Chuo-ku, Tokyo 103-0025 (Hosted by The Securities Analysts Association of Japan)	
[Venue Size]	238 m ²	
[Participants]	40	
[Number of Speakers]	2	
	Keiichi Beck	Representative Director
	Kenji Hoshino	Managing Director

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasia.com



Presentation

Moderator: Now, we are going to start the briefing on internet infinity Inc.'s financial results for the first half of the fiscal year ending March 31, 2020.

First of all, I would like to introduce two people from the Company. Keiichi Beck, President and Representative Director.

Beck: Thank you very much.

Moderator: Kenji Hoshino, Managing Director.

Hoshino: Thanks.

Moderator: Mr. Beck, President and Chief Executive Officer, will explain today. After the explanation, we will take time to answer questions. In addition, the questionnaire is included in your materials. Please fill out this questionnaire when it is convenient for you. Now, please begin.

Beck: Hello. I am Beck of internet infinity. We would like to thank you for visiting our financial results briefing today.

Today, I would like to explain this in line with the schedule.

2020年3月期 第2四半期 業績サマリー

第2四半期累計で過去最高の売上、利益を更新

前年同四半期比

売上高	:	1,783百万円	▲	+144百万円
営業利益	:	127百万円	▲	+152百万円
四半期純利益	:	83百万円	▲	+107百万円

業績の主な要因

- ・ レコードブック事業のフランチャイズ店舗増加に伴う増収増益が大きく貢献
- ・ Webソリューション事業は新たにメディカル分野での受注により増収

➡ 第2四半期までに売上・利益とも通期業績予想の過半の進捗率で推移するも現時点での営業状況や見通しを踏まえ、期初の業績予想は据え置き

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

First, I would like to explain the Company's financial results for the second quarter of the fiscal year ending March 31, 2020.

We achieved record-high sales and profits in the first half of the fiscal year under review. Net sales amounted to 1.783 billion yen. Operating income was 127 million yen. The net income for the quarter was 83 million yen.

The main reason for this performance was an increase in sales and profits due to an increase in the number of franchise stores in the Record Book Business. In addition, in the Web Solution Business, we have begun to receive orders in the medical field, and this has contributed to the increase in sales.

However, as indicated by the arrows below, sales and profits were in line with the majority of the full-year forecasts by the end of the first half of the fiscal year under review. However, as we will explain in detail later, in light of the current operating conditions and outlook, we have left the initial forecasts unchanged.

2020年3月期 第2四半期 業績ハイライト

前年同四半期比 増収増益、利益率も大きく改善

(単位：百万円)	2019/3期 2Q	2020/3期 2Q	増減額
売上高	1,639	1,783	+144
営業利益	▲25	127	+152
(営業利益率)	(▲1.5%)	(7.1%)	(+8.6P)
経常利益	▲25	129	+154
(経常利益率)	(▲1.5%)	(7.2%)	(+8.7P)
四半期純利益	▲23	83	+107
(純利益率)	(▲1.4%)	(4.7%)	(+6.1P)

Copyright© internet infinity Inc. All Rights Reserved.

5

INTERNET INFINITY

Next, I would like to explain the financial results for the first half of the fiscal year ending March 31, 2020.

Both sales and profits increased, and the profit margin improved significantly compared with the same period of the previous fiscal year. As I explained earlier, operating income was 127 million yen in terms of profit margin. Compared to the same quarter of the previous year, it is an improvement of 8.6 percentage points.

Ordinary income was 129 million yen. The profit margin improved by 8.7 percentage points compared with the same period of the previous year. Profit for the period was 83 million yen, which is an improvement of 6.1 percentage points compared to the same quarter of the previous year.

Support

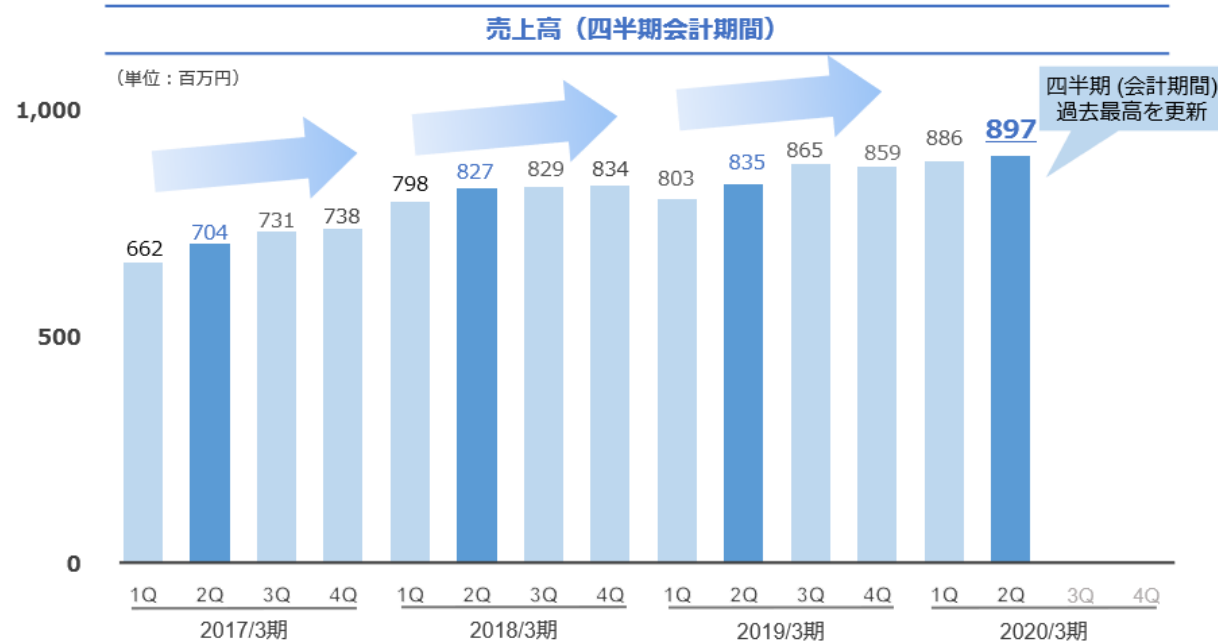
Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

 **SCRIPTS**
Asia's Meetings, Globally

売上高推移

- ✓ レコードブックのフランチャイズ店舗数は前年同四半期末比+41店舗
⇒ロイヤルティ等の積上げ効果により増加傾向続く
- ✓ Webソリューション事業では新たにメディカル分野での売上を計上
- ✓ 在宅サービス事業は介護人材の確保が困難なため有資格者が減りやや減少



Copyright© internet infinity Inc. All Rights Reserved.

6

INTERNET INFINITY

I would like to explain the changes in net sales. The number of franchised stores in the Record Book Business increased by 41 from the end of the same quarter of the previous year. This trend continues due to the effects of accumulated royalties, etc.

In addition, in the Web Solution Business, we have started to record sales in the medical field. In the Home-Centered Service Business, the number of qualified staff has declined slightly due to difficulties in securing human resources for long-term care. The quarterly accounting period marked a new record high.

Support

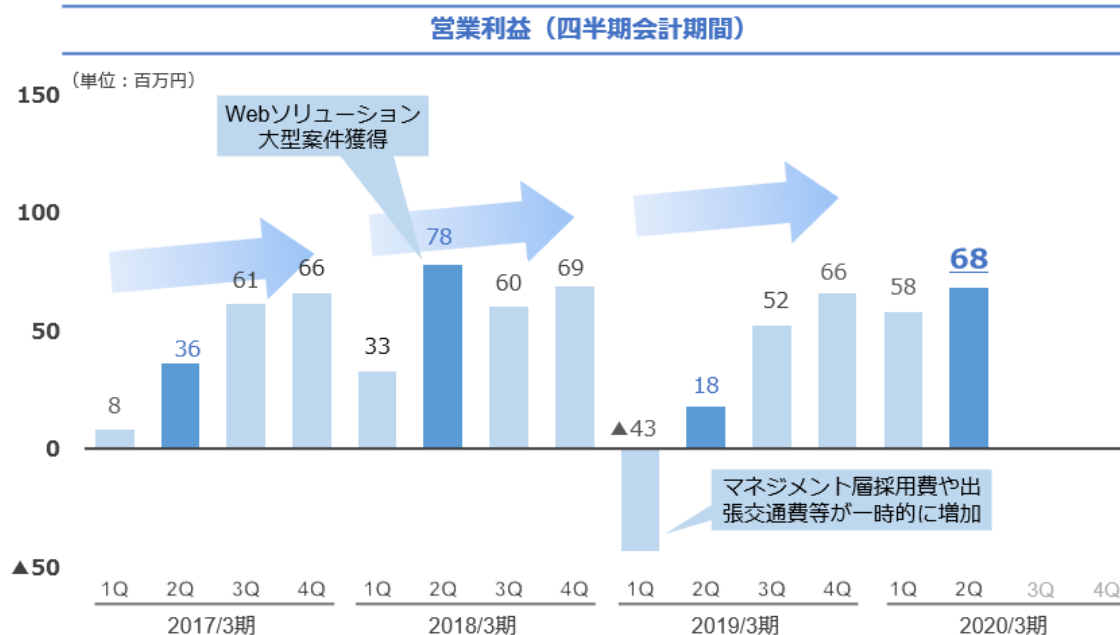
Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasiasia.com

SCRIPTS
Asia's Meetings, Globally

営業利益推移

- ✓ レコードブック事業はフランチャイズ店の売上増加の影響に加え前期の先行投資の成果により本部機能強化、効率化が進み費用を削減
- ✓ Webソリューション事業は医療分野で売上増も収益への影響は軽微
- ✓ 在宅サービス事業は売上減少も前年同四半期と同水準の利益を確保



Copyright© internet infinity Inc. All Rights Reserved.

7

INTERNET INFINITY

Next, I would like to talk about changes in operating income. In addition to the impact of increased sales at franchised stores, upfront investment in the previous fiscal year helped to strengthen headquarters functions and improve efficiency, which led to lower expenses in the Record Book Business.

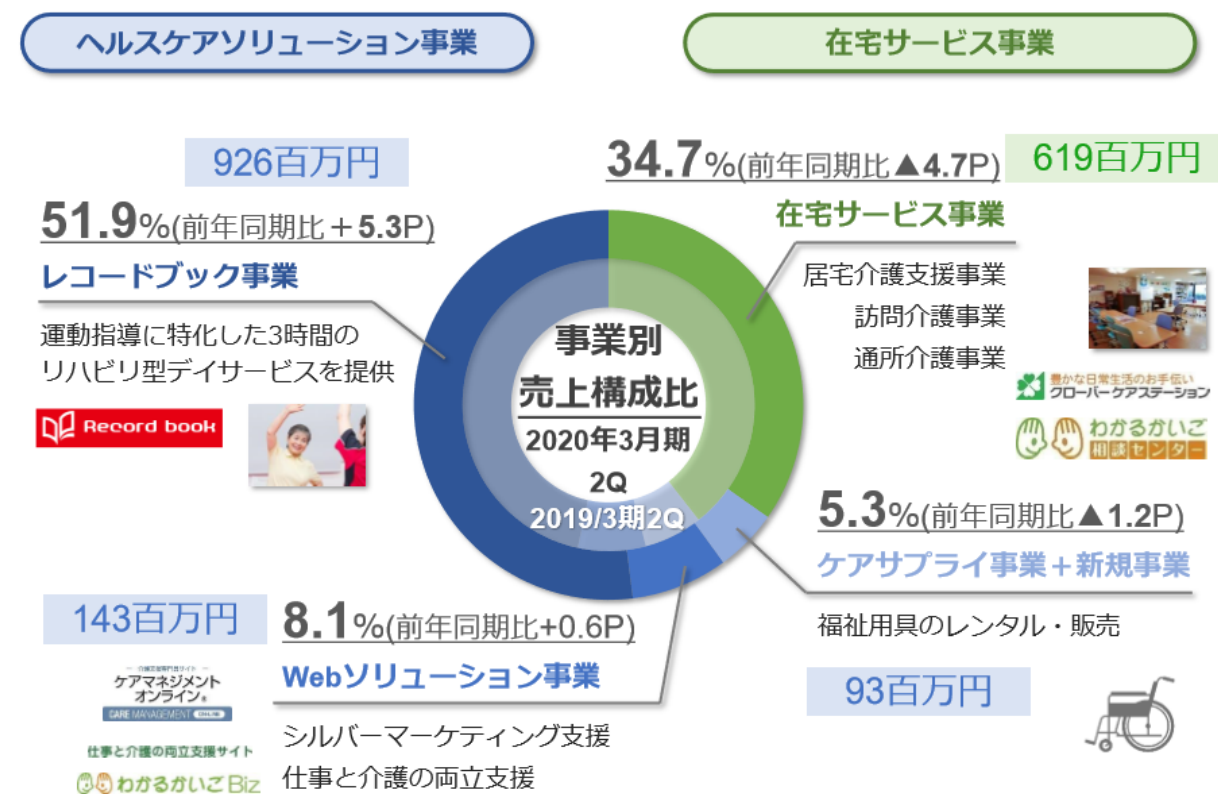
In the Web Solution Business, although sales increased in the medical field, the cost increased due to upfront investments, and the impact on earnings was minimal. In the Home-Centered Service Business, sales declined slightly, but profits remained at the same level as the same period of the previous fiscal year. The result is 68 million yen.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

SCRIPTS
Asia's Meetings, Globally



Copyright© internet infinity Inc. All Rights Reserved.

8

INTERNET INFINITY

Next, I would like to explain the sales by business. As shown in the table below, the Record Book Business within the Healthcare Solution Business accounted for 51.9% of the total sales.

Web Solution segment was 8.1%. Welfare equipment, care supplies, and new businesses were 5.3% here. The Home-Centered Service Business accounted for 34.7% of the total.

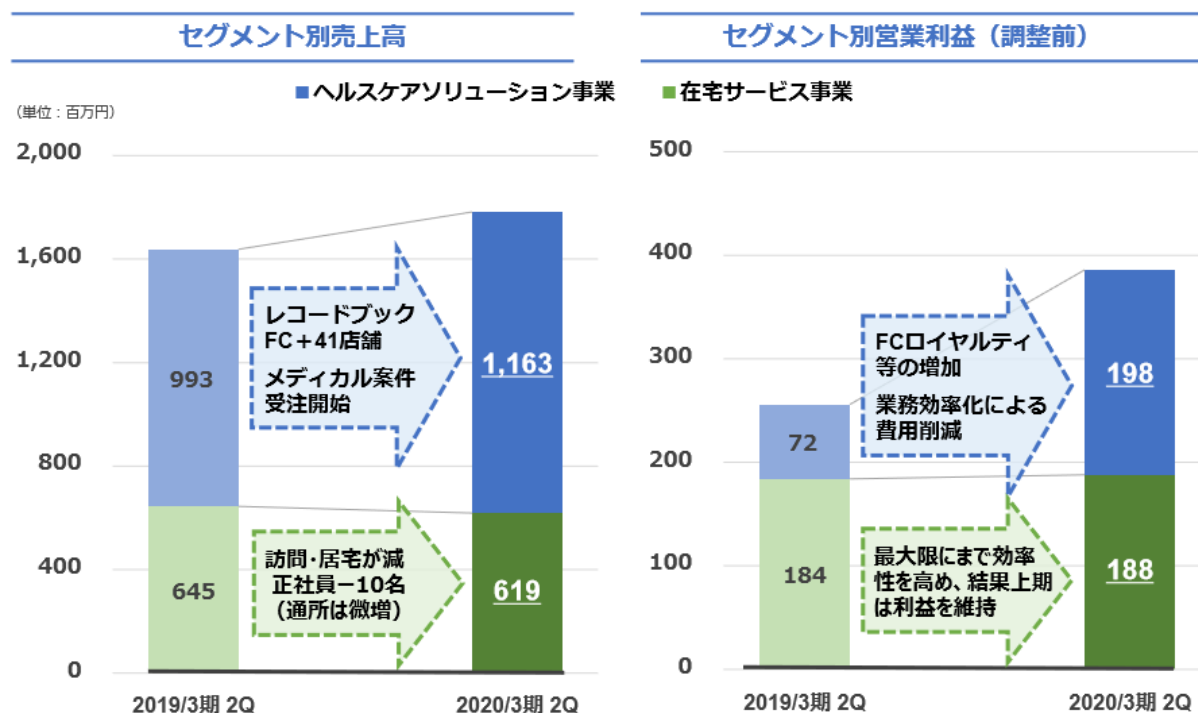
Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

SCRIPTS
Asia's Meetings, Globally

ヘルスケアソリューション事業が増収、大幅増益



Copyright© internet infinity Inc. All Rights Reserved.

9

INTERNET INFINITY

Next, I would like to explain the business results by segment for the second quarter.

Looking at net sales by segment compared with the same period of the previous fiscal year, the Healthcare Solution Business posted net sales of 1.163 billion yen. In the Home-Centered Service Business, sales were 619 million yen. Those in the Home-Centered Service Business mainly consist of visits, home care, and care managers, but the number of permanent employees was reduced by about 10, so sales are declining.

In the Healthcare Solution Business, the number of Record Book stores and orders for CMO Care Management Online medical projects are increasing, so we are seeing a significant increase in orders.

The table on the right shows operating income by segment. In this case, the Healthcare Solution Business recorded a substantial increase in profits, and the amount before adjustment was 198 million yen due to an increase in franchise royalties and other factors, as well as cost reductions resulting from improvements in operational efficiency.

In the Home-Centered Service Business, although sales declined, there was a slight increase in profits, which amounted to 188 million. As a result of enhancing efficiency to the maximum extent possible, we were able to maintain profits in the first half of the fiscal year.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

SCRIPTS
Asia's Meetings, Globally

レコードブックFC店の伸びが成長をけん引

(単位：百万円)	2019/3期 2Q			2020/3期 2Q			増減額 (増減率)	
	売上高	構成比	営業利益	売上高	構成比	営業利益	売上高	営業利益
ヘルスケアソリューション事業 計	993	60.6%	72	1,163	65.3%	198	+170 (+17.1%)	+126 (+174.5%)
レコードブック	763	46.6%	43	926	51.9%	154	+162 (+21.3%)	+110 (+257.1%)
直営店	468	28.6%	52	500	28.1%	80	+32	+27
FC店	295	18.0%	▲9	425	23.8%	74	+129	+83
Webソリューション	123	7.6%	21	143	8.1%	26	+20 (+16.2%)	+4 (+21.9%)
シルバーマーケティング	57	3.5%		47	2.7%		▲10	
仕事と介護の両立支援	66	4.1%		64	3.6%		▲2	
メディカル	—	—		31	1.8%		+31	
その他 (ケアサプライ+新規事業)	106	6.4%	7	93	5.3%	18	▲12 (▲11.6%)	+10 (+138.3%)
在宅サービス事業 計	645	39.4%	184	619	34.7%	188	▲25 (▲4.0%)	+4 (+2.2%)
調整額	—	—	▲281	—	—	▲259	— (—)	+22 (—)
合計	1,639	100%	▲25	1,783	100%	127	+144 (+8.8%)	+152 (—)

Copyright© internet infinity Inc. All Rights Reserved.

10

INTERNET INFINITY

Further details of sub-segments are provided. In the second quarter of the fiscal year ending March 31, 2020, sales in the Healthcare Solution Business amounted to 1.163 billion yen, and we will explain the breakdown in more detail.

First, Record Book sales were 926 million yen, an increase of 21.3% compared to the same quarter of the previous year.

Regarding the sales and profits of the Record Book, the Company discloses the segments of Directly Operated and Franchised Business. In addition, Web Solution posted net sales of 143 million yen, an increase of 16.2% compared with the same period of the previous year.

In the Home-Centered Service Business, net sales were 619 million yen, 4% below the level of the same period of the previous fiscal year and amounted to 1.783 billion yen in the second quarter.

Support

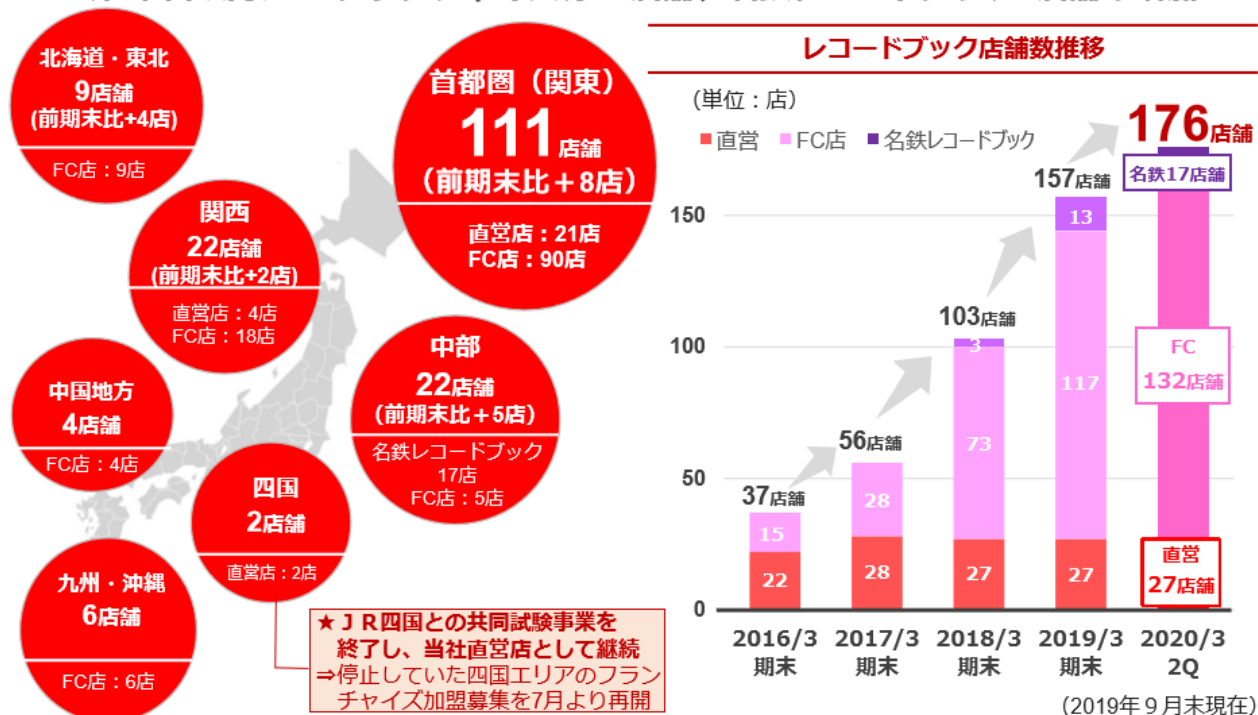
Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasias.com

 **SCRIPTS**
Asia's Meetings, Globally

レコードブック・ブランド全体で176店舗に成長

⇒第2四半期までにフランチャイズは15店舗、名鉄レコードブック4店舗の増加



Copyright© internet infinity Inc. All Rights Reserved.

11

INTERNET INFINITY

This is an explanation of the changes in the number of stores in the Record Book. By the second quarter, the number of franchisees has increased by 15, and the number of Meitetsu Record Book stores in Aichi Prefecture has increased by four. As of the end of this second quarter, we have 176 stores nationwide.

As noted below, in the Shikoku area, we have completed the joint test project with the Shikoku Railway Company, and we continue to operate two directly managed stores in Kagawa Prefecture. In conjunction with this, we resumed recruitment for franchise membership in the Shikoku area from July.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

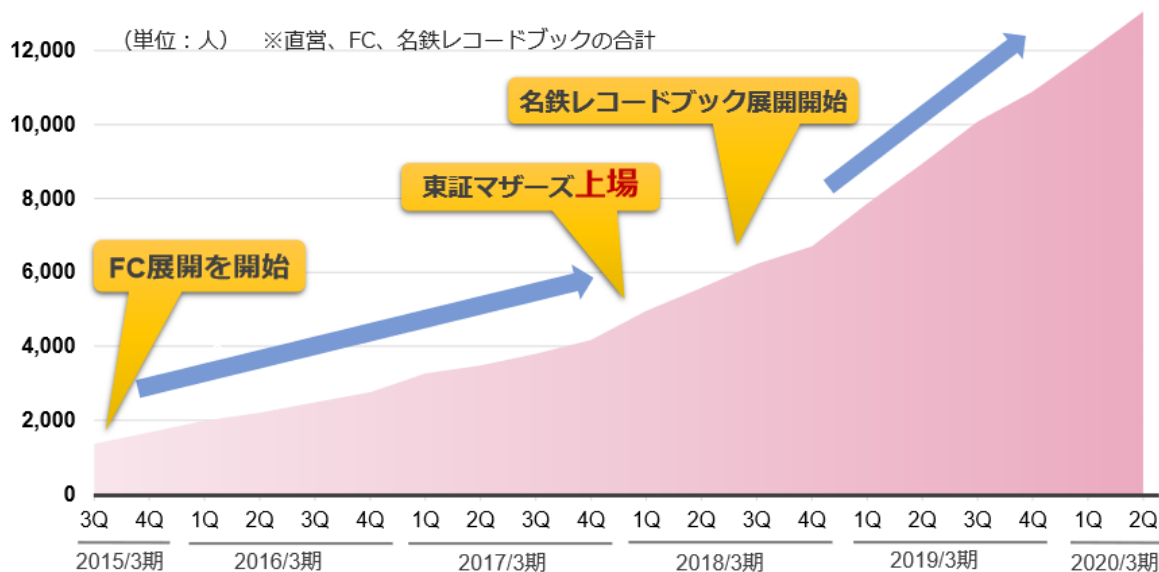
North America 1.800.674.8375
Email Support support@scriptsasia.com

SCRIPTS
Asia's Meetings, Globally

2019年9月末現在、月間利用者数※は約13,000人、 四半期毎に約1,000人ずつのペースで増加中！

※月に1回以上ご利用いただいているアクティブユーザー数

レコードブック 月間利用者数推移



Copyright© internet infinity Inc. All Rights Reserved.

12

INTERNET INFINITY

As of the end of September 2019, there were approximately 13,000 monthly users, active users. This is steadily increasing. The number of customers has grown at a rate of about 1,000 per quarter with net growth every quarter. We are seeing an increase in the number of customers.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasia.com

SCRIPTS
Asia's Meetings, Globally

レコードブック事業

- ✓ フランチャイズ店舗数は、前年同四半期末比41店舗の増加
⇒ロイヤルティ収入等が店舗数の増加に比例して主な増収増益の要因に
- ✓ 第2四半期以降出店計画の遅れが発生
⇒出店数は前年同四半期比3店舗減（直営・名鉄レコードブック含む）
⇒加盟店からの加盟金や初期費用による収入分はやや減少
- ✓ 前年同四半期までに大きな影響を受けていた介護報酬改定による単価減少は、前期下期から新たな加算の取得を始めたこと等により回復へ

Webソリューション事業

- ✓ シルバーマーケティング支援は顧客層の拡大に苦戦し減収
- ✓ メディカルソリューション分野は本格的に受注を開始
⇒追加のサービス開発等により原価も増加、利益貢献は軽微

在宅サービス事業

- ✓ 介護人材の採用難等の影響により有資格者が前年同四半期比で減員、サービス提供量の減少によって売上減少へ
⇒既存の人員で効率的な運営を行い、前年同水準の利益を確保

I would like to explain the factors behind the change in results. First, in the Record Book Business, the number of franchised stores increased by 41 compared with the end of the same period of the previous fiscal year. As a result, royalty income and other revenues rose in proportion to the increase in the number of stores.

Store opening plans have been delayed since the second quarter, and the number of opening stores has been negative by three compared with the same quarter of the previous year, which includes the Meitetsu Record Book. Membership fees and initial fee revenues from the franchisees declined slightly, and the franchise's initial fee revenues declined slightly.

In addition, there was a decline in the unit price due to the revision of nursing care fees, which had been greatly affected up to the same quarter of the previous fiscal year. However, as a result of the acquisition of new additional amount from the second half of the previous fiscal year, the unit price is now recovering. Specifically, we have added an additional amount for the enhancement of oral functioning, and the situation is currently recovering.

Next, in the Web Solution Business, sales of silver marketing support declined due to difficulty in expanding the customer base. In the medical solutions field, we have begun receiving full-fledged orders. The cost of sales increased due to the additional service development and other factors, and the contribution to profits was negligible.

Finally, in the Home-Centered Service Business, the number of qualified staff declined compared with the same period in the previous year due to difficulties in recruiting care workers and other factors. This is because

Support

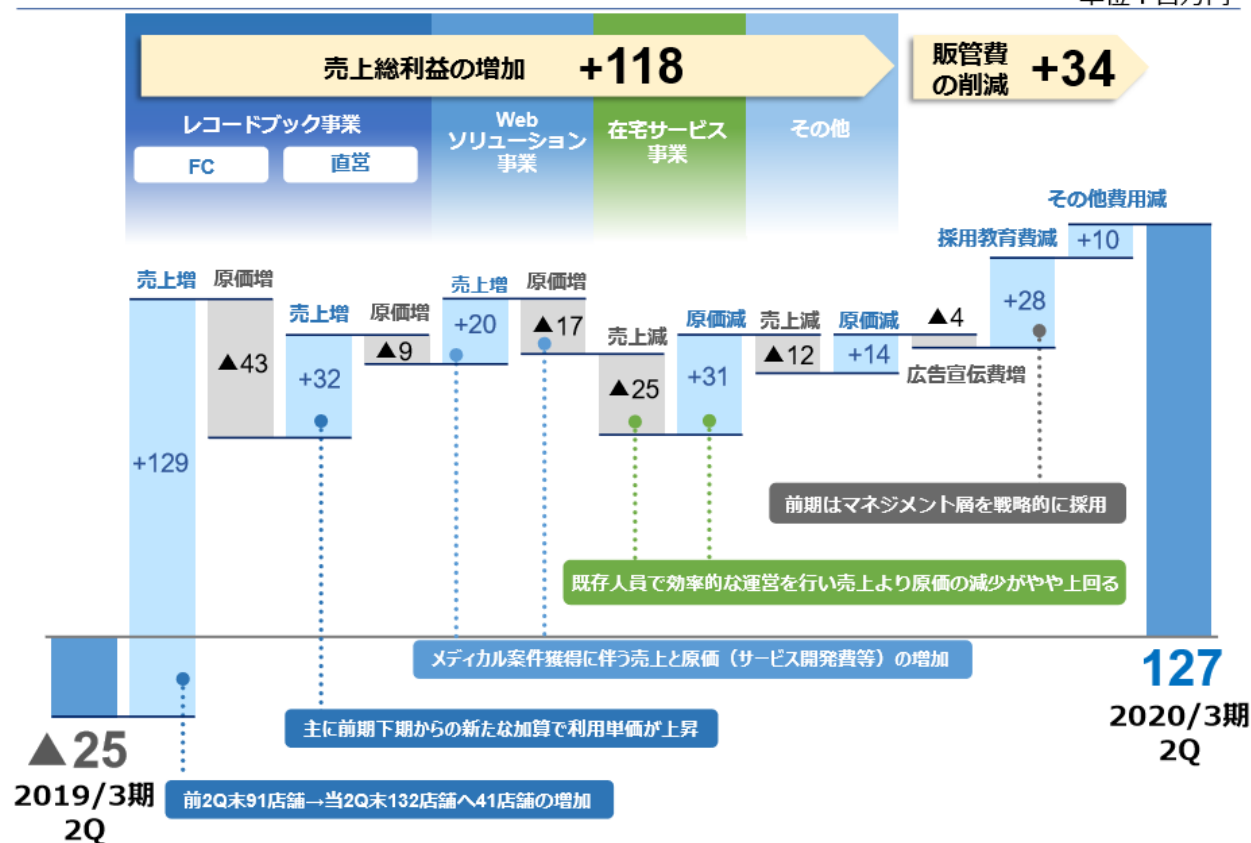
Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasias.com

sales decreased due to a decrease in the volume of services provided. We managed to secure profits at the same level as the previous year through efficient management with existing personnel.

営業利益増減分析

単位：百万円



Copyright© internet infinity Inc. All Rights Reserved.

14

INTERNET INFINITY

This is an analysis of changes in operating income. From the left side, sales have increased by 129 million yen. Due to the increase in sales, the cost of sales has increased. In terms of topics, the fifth from the left, sales in the Web Solution Business are increasing.

The number of new medical solution projects is increasing a little, but the cost is also increasing, so the profit contribution is slight. Compared to the same quarter of the previous year, the difference is greatly reduced SG&A expenses. The reduction of 34 million yen, the third bar graph from the right, is mostly due to the reduction of recruitment and education expenses. In the previous fiscal year and the same quarter of the previous fiscal year, the strategic recruitment of management led to considerable costs in hiring. However, this fiscal year, we did not undertake such measures, and as a result, operating income for the second quarter of the fiscal year ending March 31, 2020, was 127 million yen.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

SCRIPTS
Asia's Meetings, Globally

2020年3月期 第2四半期貸借対照表

2019/3期		2020/3期 2Q		2019/3期		2020/3期 2Q	
流動資産	1,112	流動資産	1,084	流動負債	853	流動負債	976
現金・預金	429	現金・預金	360	短期借入金	130	短期借入金	210
売掛金	581	売掛金	611	預り金	237	預り金	303
固定資産	794	固定資産	846	固定負債	236	固定負債	147
有形固定資産	502	有形固定資産	544	純資産	816	純資産	807
無形固定資産	23	無形固定資産	23	利益剰余金	329	利益剰余金	412
投資その他資産	265	投資その他資産	278				
資産合計	1,906	負債純資産合計	1,930				

2019/3期		2020/3期 2Q		2019/3期		2020/3期 2Q	
流動資産	1,112	流動負債	853	流動資産	1,084	流動負債	976
現金・預金	429	短期借入金	130	現金・預金	360	短期借入金	210
売掛金	581	預り金	237	売掛金	611	預り金	303
その他	100	その他	485	その他	112	その他	462
固定資産	794	固定負債	236	固定負債	147	固定負債	147
有形固定資産	504	長期借入金	141	有形固定資産	544	長期借入金	57
無形固定資産	23	その他	95	無形固定資産	23	その他	89
投資その他資産	265	純資産合計	816	投資その他資産	278	純資産合計	807
資産合計	1,906	資本金	250	資産合計	1,930	資本金	250
		資本剰余金	235			資本剰余金	235
		利益剰余金	329			利益剰余金	412
		自己株式	▲0			自己株式	▲92
		負債純資産合計	1,906			負債純資産合計	1,930

増減額

▲28

▲69

+29

+12

+52

+39

—

+13

+24

+122

+80

+65

▲22

▲89

▲83

▲6

▲9

—

—

+83

▲92

▲92

+24

① ② 主にレコードブック フランチャイズ店舗増店により増加

③ 2019年5～6月に市場買付により取得
7月に一部を処分し譲渡制限付株式報酬として割当

Copyright© internet infinity Inc. All Rights Reserved.

15

INTERNET INFINITY

Next, I would like to explain the balance sheet. Let me explain only the main points.

Firstly, the number ①, property, plant, and equipment in fixed assets. The number of Record Book franchise stores increased. There are a number of plans, and in a plan mainly called B plan, we have assets and lend them to franchise owners, and receive payments from them in installments. We are seeing an increase in the number of new stores in this plan, so we are seeing an increase in our fixed assets ①.

The number ②, the increase and decrease in the amount of deposits is 65 million yen, and the amount of deposits has been increasing. As the number of Record Book franchise stores has increased, we are in the form of an increase in deposits, since we have first received deposits from national health insurance for the sales of franchise membership stores, using the open account method, and then transfer the deposits to franchise membership store members. This is the form ②.

The number ③. As we acquired our own shares through a market purchase from May to June 2019, we have indicated a negative figure of 92 million yen.

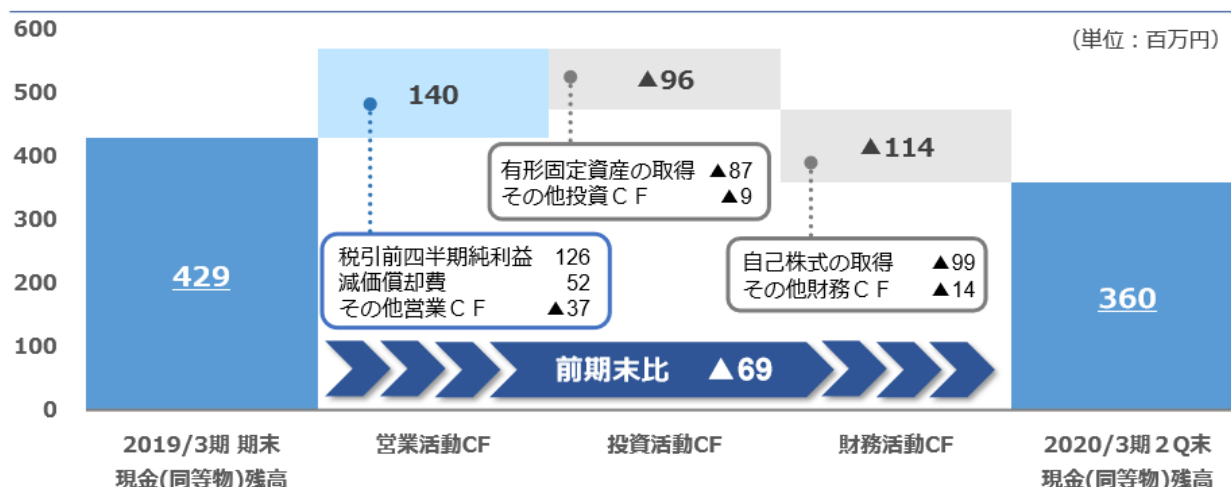
Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

SCRIPTS
Asia's Meetings, Globally

2020年3月期 第2四半期キャッシュ・フロー



	2019/3期 2Q	2020/3期 2Q	前期比 (増減額)
営業活動C F	▲7	140	+147
投資活動C F	▲127	▲96	+31
財務活動C F	80	▲114	▲195
現金及び現金同等物の増減額 (▲は減少)	▲54	▲69	▲14
現金及び現金同等物の期首残高	405	429	+24
現金及び現金同等物の期末残高	350	360	+9

Copyright© internet infinity Inc. All Rights Reserved.

16

INTERNET INFINITY

Next, I would like to explain our cash flow. As shown in the table, net cash used in financing activities amounted to 114 million yen, due to the repurchase of treasury stock in the first half of the fiscal year under review.

Cash flow from operating activities was positive 140 million yen, so I think that you will be able to see that our cash flow is steady.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

SCRIPTS
Asia's Meetings, Globally

2019年5月15日公表の通期業績予想を据え置き

(単位：百万円)	2019/3期 通期実績	2020/3期 通期予想	前期比 増減率	2020/3期 2Q実績	進捗率
ヘルスケアソリューション事業	2,102	2,427	+15.5%	1,163	47.9%
レコードブック	1,624	1,955	+20.4%	926	47.4%
Webソリューション	275	279	+1.3%	143	51.6%
その他(ケアサプライ+新規事業)	202	193	▲4.4%	93	48.6%
在宅サービス事業	1,260	1,074	▲14.8%	619	57.6%
売上高 計	3,363	3,502	+4.2%	1,783	50.9%
営業利益 (営業利益率)	92 (2.8%)	170 (4.9%)	+84.4%	127	74.6%
経常利益 (経常利益率)	103 (3.1%)	186 (5.3%)	+79.4%	129	69.4%
当期純利益 (純利益率)	64 (1.9%)	120 (3.5%)	+87.2%	83	69.4%

Copyright© internet infinity Inc. All Rights Reserved.

18

INTERNET INFINITY

I would like to explain our financial forecasts for the fiscal year ending March 31, 2020.

As I mentioned at the beginning, we have left the full-year earnings forecasts announced on May 15, 2019, unchanged. Net sales will be 3.520 billion yen, operating income will be 170 million yen, ordinary income will be 186 million yen, and net income will be 120 million yen.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasia.com

 **SCRIPTS**
Asia's Meetings, Globally

全体として第2四半期までに通期業績予想の過半の進捗率で推移するも主に以下の理由により業績予想は据え置く判断

レコードブック事業

- ✓ **FC既存店のロイヤルティ等積上げ部分は下期も順調に推移**
- ✓ **一方で、新規契約が遅れ年間50店舗超の開業目標に未達の見通し**
 - ・ **新規開業数は40店舗前後で着地の見込み**
⇒ **加盟金や初期費用などの売上、利益が期初予想よりも減少**
 - ・ **翌期を見据えた動きを加速**
⇒ **出店数確保のため加盟店募集に係る広告等を積極的に展開**

Webソリューション事業

- ✓ **案件ベースのシルバーマーケティング支援やメディカルについて**
上期は前期末に獲得した案件の納品等もあり一定の成果
⇒ **下期は受注が遅れ、通期目標の達成は未だ不透明な状況**

在宅サービス事業

- ✓ **当期の方針通り、新たな投資を抑えつつも利益を確保**
⇒ **今後の有資格者の人員動向により、売上利益ともに減少の見込み**

Regarding the performance outlook, as a whole, the progress rate of the full-year forecast has remained at the majority of the target by the end of the second quarter. However, we have decided to leave the forecast unchanged mainly for these reasons.

First of all, in the Record Book Business, we think that the portion of the base profit, the loyalty of existing franchises, and other stacking areas will continue to increase steadily in the second half.

On the other hand, new agreements, which are franchise agreements, have been delayed slightly behind schedule, and we have set an annual opening target of more than 50 stores this fiscal year. At this stage, it is anticipated that this will not be achieved. We expect the number of new openings to reach around 40 stores.

If that's the case, membership fees or initial fees will decrease. We can record sales when a new franchisee opens a new store, but our sales and profits decrease as the number of new stores falls below our initial forecast.

Furthermore, in order to secure the number of new store openings, we are actively developing advertisements related to the recruitment of franchisees, which is currently accelerating in anticipation of the next fiscal year. This involves a lead time of approximately six to eight months from the time a franchise contract is signed to the time it opens. Marketing and sales activities in the second half will affect the number of stores opened in the first half of the next fiscal year, and in the second half of the fiscal year under review, the Group aggressively developed advertisements to secure new store openings.

Sales will be booked next fiscal year, but expenses will be booked in this fiscal year, so it will be a hit to profits.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

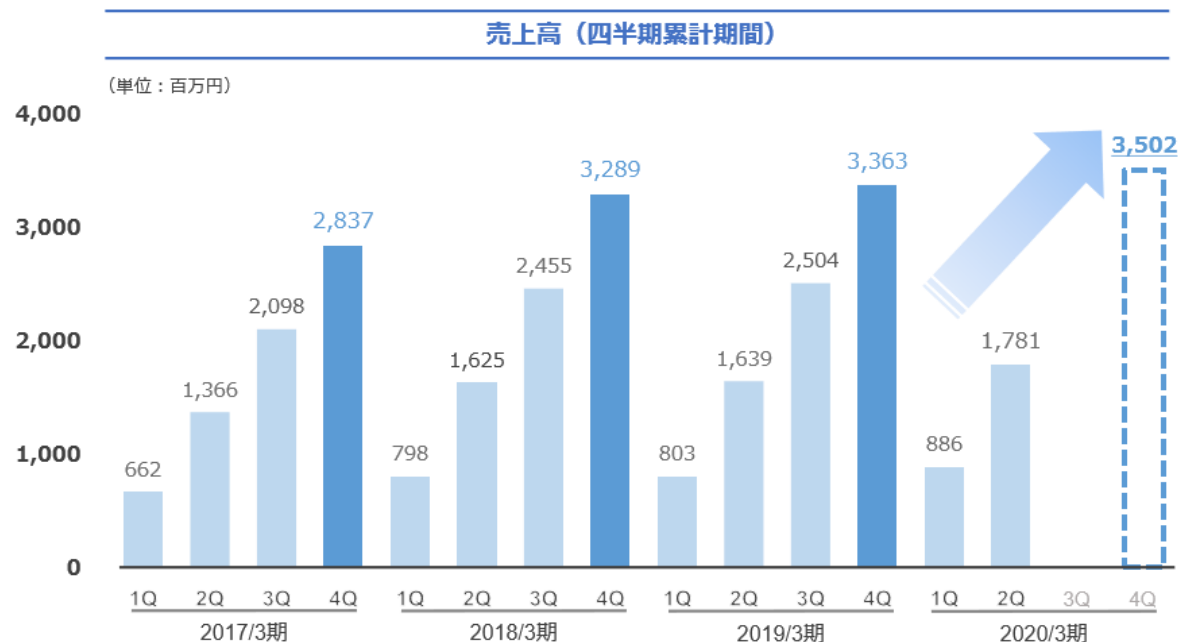
North America 1.800.674.8375
Email Support support@scriptsasias.com

Next is the Web Solution Business. In terms of project-based silver marketing support and medical solutions, in the first half of the fiscal year under review, we delivered projects that were acquired at the end of the previous fiscal year and achieved certain results. However, orders received were slightly behind schedule in the second half of the fiscal year, and the achievement of the full-year targets is still uncertain.

In the Home-Centered Service Business, we are working to secure profits while restraining new investments in line with our policy for the fiscal year under review. Both sales and profits are expected to decrease due to the trend in the number of qualified personnel in the future. This is because the number of qualified personnel puts a cap on the number of customers, so if qualified personnel retire and if we are unable to hire a successor, we will have to leave the customers to other companies, and sales will decline. There is a possibility that this will happen.

売上高見通し

- ✓ レコードブックのフランチャイズロイヤルティ等積上げ部分の増加が
出店数減少による初期費用などの減収の影響を上回る
- ✓ 在宅サービス事業は前期からは減収傾向も期初予想は上回る見通し
⇒ 全体では期初の予想通り過去最高の売上高を達成する見込み



Copyright© internet infinity Inc. All Rights Reserved.

20

INTERNET INFINITY

As we expect, the increase in the accumulated portion, such as franchise royalties from the Record Book, will exceed the effect of the decrease in sales, such as the initial cost due to the decrease in the number of new stores.

In addition, although sales in the Home-Centered Service Business are on a downward trend from the previous fiscal year, we expect sales to slightly exceed the initial forecast. Overall, we expect to achieve record-high net sales in line with our initial forecast.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

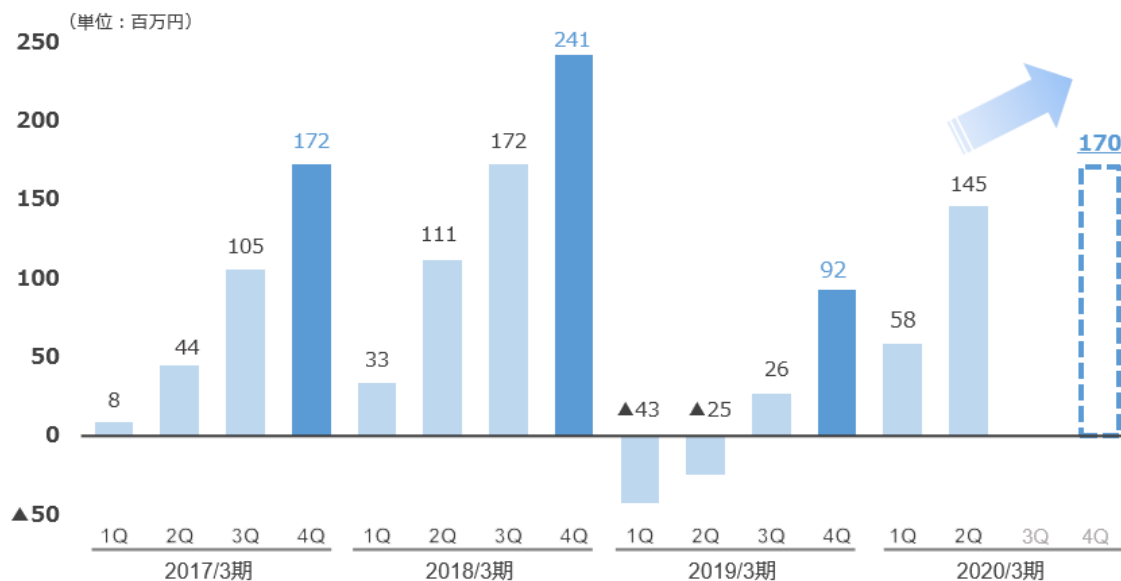
North America 1.800.674.8375
Email Support support@scriptsasias.com

SCRIPTS
Asia's Meetings, Globally

営業利益見通し

- ✓ 下期のレコードブック開業予定、Webソリューション事業や在宅サービス事業の見通し等を鑑み、前期までと比較して下期の利益幅は縮小する見込み
- ✓ 翌期に成長を続けるため、フランチャイズ募集や体制の強化、サービス領域拡大のための新たな施策検討のための追加投資などを実施

営業利益（四半期累計期間）



Copyright© internet infinity Inc. All Rights Reserved.

21

INTERNET INFINITY

Regarding the operating income outlook, we are planning to open Record Book stores in the second half. In addition, considering the outlook for the Web Solution Business and the Home-Centered Service Business, we expect the profit margin in the second half to decrease compared to the previous fiscal year.

We will also strengthen our franchise recruitment and structure to ensure continued growth in the next fiscal year. By making additional investments to consider new measures aimed at expanding our service domains, we are more or less concentrated in the second half of the fiscal year when we look at profits on a quarterly basis. As the number of stores has continued to increase and is still increasing at present, thus far we have been concentrated in the second half of the year. However, we expect the increase in the second half of the fiscal year to be more gradual.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

SCRIPTS
Asia's Meetings, Globally

■レコードブック事業

▶フランチャイズ店舗の拡大加速

出店数の確保に向けて…

既存オーナー向けの増店提案を強化

大阪に続く地方拠点整備を検討

開業工程管理は概ね安定化へ

⇒新規加盟店募集に係る

マーケティング施策を追加で実施

年間50店舗超の増店へ再チャレンジ

⇒契約、開業件数とも未達となる見込み

⇒第2四半期までの出店数 **17店舗**（閉店数 2店舗）

⇒2019年4月 北海道、7月 石川県、8月 三重県に初出店

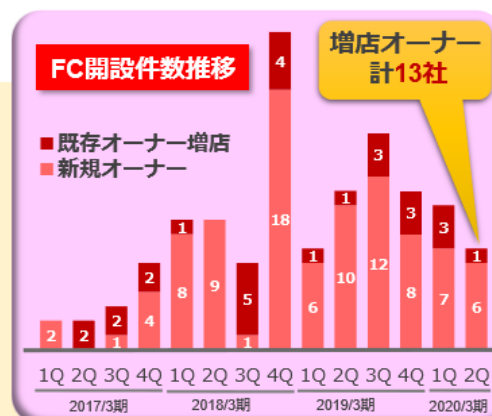
全国 1都1道2府25県で展開（名鉄レコードブックを含む）

▶新たな加算の取得による単価上昇をFC全店舗にまで拡大

⇒第2四半期までにFC全店の **8割超**の店舗で取得へ

▶利用者満足度の更なる向上から収益性の向上へ

⇒前年同四半期比でレコードブック事業の営業利益率は**大きく上昇**



I would like to explain the progress of the priority policies for the fiscal year ending March 31, 2020. First, the Record Book Business. While we are accelerating the expansion of franchise stores, we are first strengthening proposals for increasing the number of stores for existing owners in order to secure the number of new stores. We have already received many requests from existing owners, and we are seeing a significant increase in the number of projects in which existing owners, who opened last year or two years ago, are now preparing for their second store.

In the previous fiscal year, we opened an office in Osaka. We have worked to develop regional franchisees and improve the efficiency of sales. As inquiries for Record Book stores is increasing in regions other than Osaka, we are currently considering establishing a local base that will follow Osaka.

Also, as I have explained that this is an issue in the past, we have increased the number of members and slightly changed the system for managing the start-up process, so this is generally stable. Recently, there have been very few delays in the opening of new businesses.

We are implementing additional marketing measures related to the recruitment of new franchisees. Currently, the number of inquiries for new franchisees is increasing in regional areas, so we are now implementing a number of additional marketing measures.

We are taking on the challenge of increasing our stores by more than 50 stores a year, but we expect that both the number of contracts and the number of openings will not be reached. The number of stores opened up to the second quarter was 17. In addition, two stores were closed.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

We opened our first stores in Hokkaido in April 2019, in Ishikawa Prefecture in July, and in Mie Prefecture in August 2019. As a result, it is being developed in 29 prefectures nationwide, including Tokyo, Hokkaido, Osaka, and Kyoto. Including Meitetsu Record Book, we are currently expanding in such areas.

In addition, unit prices rose due to the acquisition of the new additional amount. This is the additional amount for improving the oral function that I explained earlier. Starting from the second half of the previous fiscal year, we began to adopt a system in which all directly operated stores can take additional amounts during the previous fiscal year. In the first half of the fiscal year, we began to offer this system to franchisees. By the end of the second quarter of the fiscal year under review, we have completed initiatives to increase the unit price, which will allow us to take additional amounts to more than 80% of all franchise stores.

Moreover, the operating income margin of the Record Book Business increased substantially compared with the same period of the previous fiscal year due to the improvement in profitability from the further improvement in user satisfaction. This is because the unit price has risen, the number of franchise stores has increased, and the occupancy rate at existing stores has risen, which have resulted in an increase in royalty income and base profit.

2020年3月期 重点方針 進捗状況

■ Webソリューション事業

仕事と介護の両立支援

- ▶ **新顧客獲得スキームを確立、新規獲得件数年間25社を目標**
⇒ 第2四半期までに伊藤忠商事株式会社、株式会社フジクラなどの大手に提供を開始、一方で新規獲得件数の目標には未達の見通し
- ▶ **サイトのコンテンツを充実**
⇒ 2019年6月にサイトのリニューアルを実施
- **シルバーマーケティング支援**
- ▶ **メディカルソリューション分野の本格展開へ向け、新サービスを投入**
⇒ 第2四半期までに **5社** から案件獲得、受注拡大へ向け営業強化

■ 新規事業

- ▶ **介護保険適用外のアクティブシニア対象「スマートタイムズ」旗の台店を閉店**
⇒ 集客の面でケアマネジャー経由が前提のレコードブックと異なり苦戦
⇒ 2019年10月末で今回の検証を終了、将来的な再参入も視野に課題を整理
- ▶ **レコードブックの店舗網を活用した新たな介護保険外サービスの確立へ**
⇒ 介護保険制度の改定に左右されない持続的な成長を目指し、ヘルスケア関連商品の販売等によるサービス領域の拡大を検討
⇒ 当期中にレコードブックの一部店舗にて検証スタート

Copyright© internet infinity Inc. All Rights Reserved.

23

 INTERNET INFINITY

Next, in the Web Solution Business, we have established a scheme to acquire new customers to support a balance between work and nursing care. In the fiscal year under review, we have started with the goal of acquiring 25 new customer companies a year.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

 **SCRIPTS**
Asia's Meetings, Globally

Until the second quarter, we have begun offering services to major companies, such as ITOCHU Corporation and Fujikura Ltd. On the other hand, we expect to miss our target of 25 new customers. We have also upgraded the content of the website and renewed it in June 2019.

In the silver marketing support business, we launched new services for the full-fledged development of the medical solutions field and commenced full-fledged sales from this fiscal year. By the second quarter, we had won orders from five companies, and we are currently strengthening our sales activities to expand orders.

Lastly, regarding the new business, we have closed our flagship store of the SMART TIMES business for active seniors who are not covered by nursing care insurance. In terms of attracting customers, unlike the Record Book, which is on the premise of going through care managers, we were struggling to attract customers and we have completed the review at the end of last month, October 2019.

Currently, we have tested this business at two stores, formerly included Meguro. As a result, we are currently analyzing data and taking into account the possibility of re-entry into the market in the future.

In addition, we are aiming to establish a new non-insurance nursing care service utilizing the Record Book store network as a new business. Aiming for sustainable growth that is not affected by the revision of the long-term care insurance system, we are considering expanding the scope of our services through sales of healthcare-related products. We are currently working on this plan during the second half of the fiscal year under review.

During the year, we have a plan to start verifying some of our directly managed stores of Record Book.

This brings me to the end of today's explanation. We would like to thank you all for your attention and time.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasia.com



Question & Answer

Moderator: Thanks. Now, we will move on to the question-and-answer session. If you raise your hand, the staff will bring you the microphone. We plan to complete and publish the full text of this IR meeting, including the question-and-answer section. Accordingly, the company name and your name will be disclosed to the public as you state them. If you wish to be anonymous, please omit your name.

Are there any questions? This is a rare opportunity, so if you have any questions, please don't hesitate to ask. There seems to be nothing in particular. Just in case, would you have any additional information from your company?

Beck: Then, here's a little more. In my earlier explanation of the number of Record Book franchise stores, I have explained that this fiscal year, the Company is taking on the challenge of opening 50 new stores annually, and at this stage, it is unlikely that it will achieve its targets. So far, it is likely that the number of stores will reach around 40. I would like to inform you and explain why this situation is and how to deal with this issue.

First of all, the cause is as follows. There are contracts for those who want to join a franchise, in short franchise membership contracts. Although the contract for an increase in the number of existing owners has been successful, what is delayed from the plan is a new franchise membership contract.

The main reason is that the number of franchise membership contracts has not been enough in the first place. In particular, the metropolitan area has been filled considerably, and in order to increase the number of stores owned by existing owners, we are adopting a policy of keeping their areas a little, so it will naturally spread to rural areas.

If we go to rural areas, we are still short of the name recognition of our Company and Record Book. In the Tokyo metropolitan area and in Osaka, Kyushu, and Fukuoka, we have mainly conducted marketing using the internet. However, even if we go to the rural areas in the same way, it is difficult for us to make it in the market. We are keenly aware of this situation this fiscal year, and we are currently studying it.

First of all, there is a lack of name recognition, and we are unable to obtain contracts in rural areas. In addition, the Tokyo metropolitan area and the Kansai and Kyushu areas are still unoccupied. Although they are unoccupied, we are not going to attract customers there in order to increase the number of stores of existing owners.

This is why the number of areas in which we can open is decreasing considerably, but in response to this, our sales staff once again communicates to existing owners who have passed a certain period of time and confirms the intention of increasing the number of stores for all owners. If they will not open another store at this time, we ask them to open more areas for us, and we are working to expanding the area now.

In that case, if there are vacated areas where we had not been able to attract before, we will be able to attract new owners to those areas, so this will be a good area. The Company is working to resolve the situation where there is no vacancy in good areas such as the Tokyo metropolitan area, which has caused a bottleneck and delayed the number of stores. We are trying to solve the problem with these two measures.

Moderator: Is that all? Thanks.

Now, I will close the briefing today. Thank you very much.

[END]

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

 **SCRIPTS**
Asia's Meetings, Globally

Document Notes

1. *Portions of the document where the audio is unclear are marked as follows: [Inaudible].*
2. *This document has been translated by SCRIPTS Asia.*

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasia.com



Disclaimer

SCRIPTS Asia reserves the right to edit or modify, at its sole discretion and at any time, the contents of this document and any related materials, and in such case SCRIPTS Asia shall have no obligation to provide notification of such edits or modifications to any party. This event transcript is based on sources SCRIPTS Asia believes to be reliable, but the accuracy of this transcript is not guaranteed by us and this transcript does not purport to be a complete or error-free statement or summary of the available data. Accordingly, SCRIPTS Asia does not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information contained in this event transcript. This event transcript is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal.

In the public meetings and conference calls upon which SCRIPTS Asia's event transcripts are based, companies may make projections or other forward-looking statements regarding a variety of matters. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the applicable company's most recent public securities filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are accurate and reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the anticipated outcome described in any forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE PUBLIC MEETING OR CONFERENCE CALL. ALTHOUGH SCRIPTS ASIA ENDEAVORS TO PROVIDE ACCURATE TRANSCRIPTIONS, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE TRANSCRIPTIONS. IN NO WAY DOES SCRIPTS ASIA OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BY ANY PARTY BASED UPON ANY EVENT TRANSCRIPT OR OTHER CONTENT PROVIDED BY SCRIPTS ASIA. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S PUBLIC SECURITIES FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS. THIS EVENT TRANSCRIPT IS PROVIDED ON AN "AS IS" BASIS. SCRIPTS ASIA DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, AND ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT.

None of SCRIPTS Asia's content (including event transcript content) or any part thereof may be modified, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of SCRIPTS Asia. SCRIPTS Asia's content may not be used for any unlawful or unauthorized purposes.

The content of this document may be edited or revised by SCRIPTS Asia at any time without notice.

Copyright © 2018 SCRIPTS Asia Inc. ("SCRIPTS Asia"), except where explicitly indicated otherwise. All rights reserved.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasia.com

