

COMPANY RESEARCH AND ANALYSIS REPORT

Solvvy Inc.

7320

Tokyo Stock Exchange Growth Market

5-Nov.-2025

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Summary

In FY6/26, expects significant sales and profit growth and plans to significantly increase dividends

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

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

The Company’s reporting segments (which changed in 1H FY6/25) are: the Homeworth Tech (hereafter “HWT”) Business, which provides various after-sales service solutions such as extended warranties for the housing area; the ExtendTech (hereafter “EXT”) Business, which leverages the knowledge and expertise of the HWT Business in non-housing areas such as renewable energy, GIGA, and new areas; the LifeTech (hereafter “LFT”) Business, which focuses on SI project commissions, etc. undertaken by MEDIA SEEK; and the FinTech (hereafter “FNT”) / Others Business, which covers various financial services. With the HWT Business and EXT Business as its mainstay businesses, the Company’s features are that it combines various solutions to support client companies in adding the frameworks required to create recurring revenue business and becoming more dynamic and profitable and is able to actively invest in growth and practice asset management using the ample cash reserve generated by recurring revenue business consulting.

2. While net profit decreased due to temporary factors in FY6/25, operating profit and ordinary profit grew significantly

In the FY6/25 consolidated results (MEDIA SEEK was newly consolidated from November 2024), net sales increased 25.1% year on year (YoY) to ¥6,705mn, operating profit increased 30.7% to ¥1,620mn, ordinary profit increased 30.7% to ¥1,977mn, and there was loss attributable to owners of parent of ¥628mn (¥973mn profit in the previous fiscal year). Profit attributable to owners of parent was impacted by recording a temporary extraordinary loss in the educational ICT field in the EXT Business (loss on guarantees of ¥2,797mn), but driven by significant growth in the HWT Business, net sales, operating profit, and ordinary profit all grew considerably, setting new record highs. Operating profit and ordinary profit significantly exceeded the forecasts (initial figures announced on August 9, 2024).

3. Expects significant growth in sales and profit in FY6/26

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

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Summary

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

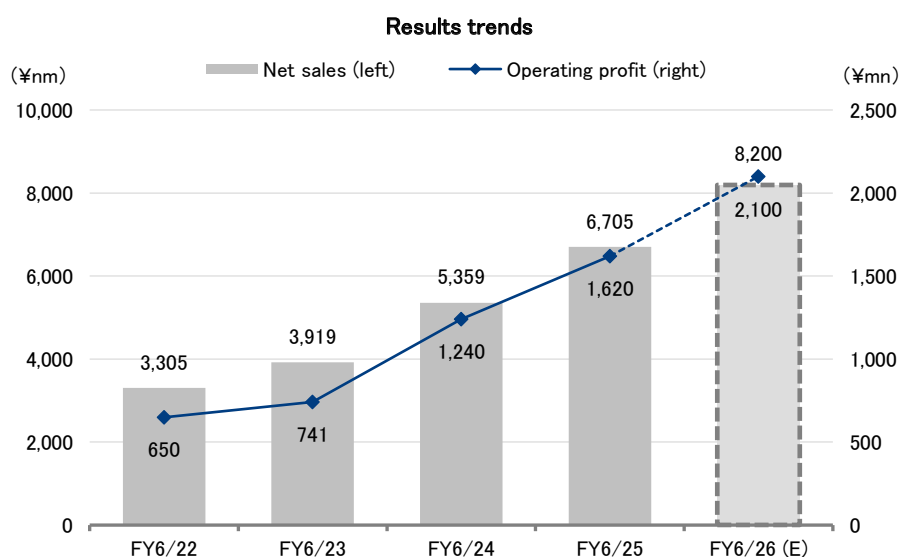
The Company created a new medium-term management plan (FY6/26–FY6/28) in August 2025, which indicated the following targets for FY6/28, which is the final year: net sales of ¥13,700mn, operating profit of ¥4,200mn, and ordinary profit of ¥5,000mn. It has upwardly revised operating profit compared to the previous plan. Its basic policy is to focus on improving profitability and enhancing capital efficiency while maintaining sales growth. In terms of the basic growth strategy, it aims to balance continuous, dramatic corporate growth and shareholder returns by enhancing recurring revenue business consulting.

5. Plans to significantly increase the dividend in FY6/26 based on the introduction of a progressive dividend policy

The Company changed its basic policy on shareholder returns in FY6/25, introducing a progressive dividend policy with 30% as its target consolidated dividend payout ratio. Based on this policy, following retroactive application of the two-for-one stock split conducted on July 1, 2025, the Company plans for the FY6/26 dividend to be ¥20.0 (interim dividend: ¥10.0, year-end dividend: ¥10.0). This is an increase of ¥6.0 compared to the previous fiscal year's dividend of ¥14.0 (ordinary dividend of ¥11.5 + commemorative dividend of ¥2.5). Furthermore, it conducted a share buyback (acquisition period: August 14, 2025, to December 31, 2025).

Key Points

- Provides recurring revenue business consulting grounded in after-sales services
- Achieved significant operating profit and ordinary profit growth in FY6/25
- Expects significant growth in sales and profit in FY6/26
- Aims to balance continuous, dramatic corporate growth and shareholder returns
- Plans to significantly increase the dividend in FY6/26 based on the introduction of a progressive dividend policy for shareholder returns



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

Company profile

The Company's philosophy is "Solve with idea, Solve with you."

1. Company profile

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

At the end of FY6/25, the Company had a head office in Shinjuku Ward, Tokyo, and branch offices in Osaka (Chuo Ward, Osaka City), Fukuoka (Hakata Ward, Fukuoka City), and Sendai (Aoba Ward, Sendai City). It is part of a six-company group, including the Company, its consolidated subsidiaries Livingpoint Inc., Living Finance Inc., and MEDIA SEEK, and MEDIA SEEK's subsidiaries START MEDIA JAPAN Co., Ltd. and MEDIASEEK CAPITAL. It has total consolidated assets of ¥29,619mn, net assets of ¥4,190mn, an equity ratio of 14.1%, and 11,997,254 outstanding shares (including 476,500 shares held as treasury shares). For purposes such as enhancing the liquidity of its shares and further expanding its investor base, the Company conducted a two-to-one stock split on July 1, 2025.

2. History

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

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Company profile

History

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

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

Business overview

Provides recurring revenue business consulting grounded in after-sales services

1. Business overview

(1) Business models, characteristics, and strengths

The Company's reporting segments (which changed in 1H FY6/25 in conjunction with the business integration with MEDIA SEEK) are: the HWT Business, which provides various after-sales service solutions such as extended warranties for the housing area; the EXT Business, which leverages the knowledge and expertise of the HWT Business in non-housing areas such as renewable energy, GIGA, and new areas; the LFT Business, which focuses on SI project commissions, etc. undertaken by MEDIA SEEK; and the FNT / Others Business, which covers various financial services. The HWT Business and EXT Business are the mainstay businesses, which offer recurring revenue business consulting to client companies engaged in areas including residential buildings such as detached housing and condominiums, housing equipment including water-related equipment, solar power generation and storage equipment, educational PCs and tablets, EVs, and household appliances. They support these companies by combining various solutions, such as warranties, digital marketing, system development, business operations, and embedded finance, with a focus on providing extended warranty services for equipment, undertaking contracted inspections and repair work, offering SaaS products that support efforts to improve operational efficiency, etc.

The business models for the mainstay HWT Business and EXT Business are basically the same. They provide various after-sales solutions focused on warranty services and SaaS products to client companies that manufacture and sell various products and services. When a sales agreement is concluded between a client company and end user, the client company receives the payments including the warranty fee to be paid to the Company if the customer has enrolled in the voluntary extended warranty service. If trouble such as failures or breakages occurs on equipment under warranty, the Company will arrange for a maintenance company (such as a collaborating contractor) to carry out work such as inspections, repairs, or replacements on behalf of the client company based on a request from the client company or end user. Warranty fees and user fees related to after-sales services are paid by the client company to the Company.

For the end user, the extended warranty provides the benefit of peace of mind, while for the client company, the use of the Company's services removes the operational costs of offering an extended warranty and it also provides a benefit in terms of sales promotion by extending the period of contact with end users.

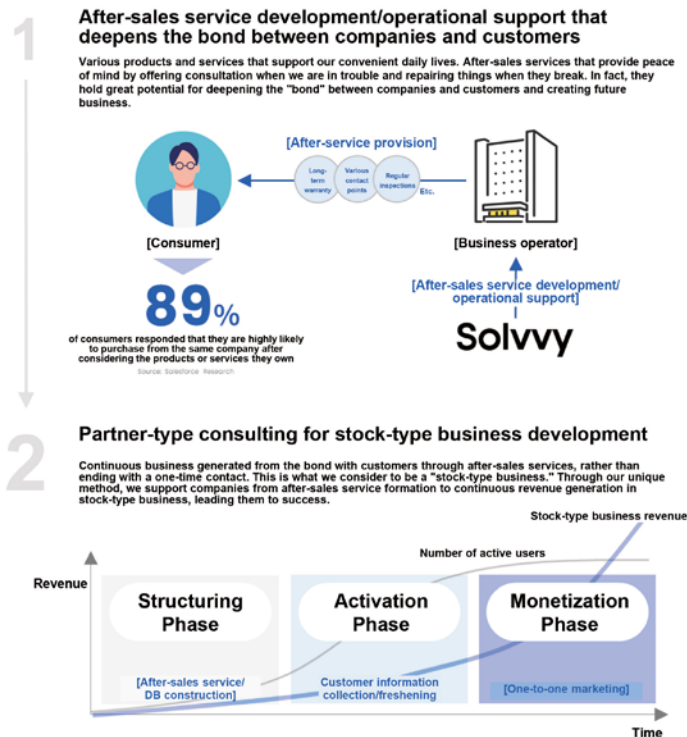
Along with adding the frameworks required to generate recurring revenue business, with a focus on forming after-sales services, introducing SaaS products, etc., the business model helps client companies become more dynamic and profitable through approaching end users by combining various solutions, such as promoting DX of after-sales services via original apps, digital marketing, and embedded finance.

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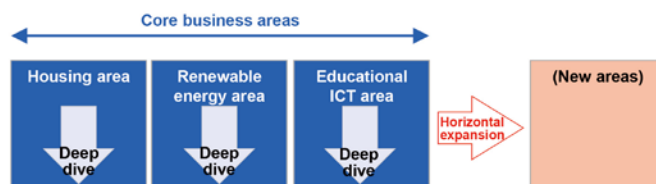
Business overview

Business introduction / business model



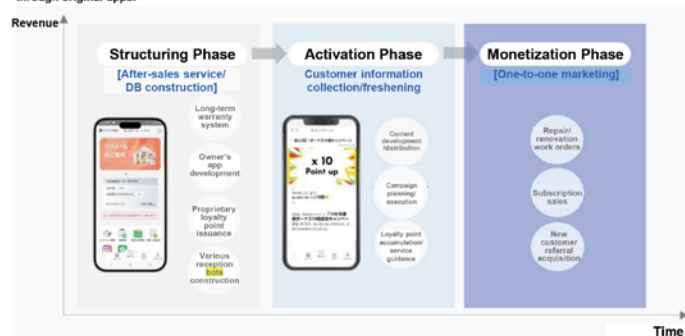
[Business Expansion Areas]

We expand our stock-type business consulting with three core business areas—housing, renewable energy, and educational ICT—while also focusing on initiatives to expand into new business areas.



[Examples of Support in the Housing Area]

We have been expanding our business in the housing area since our founding, with a track record of supporting over 4,000 companies. We contribute to revenue generation by deploying digital transformation of after-sales services and digital marketing through original apps.



Source: The Company's "Items Concerning Business Plans and Growth Potential"

Business overview

Warranty service operations require a high level of expertise regarding the particulars of the business, including expertise in concluding backup non-life insurance agreements and management and operations, and one of the Company's strengths is that it has this expertise. It has highly-experienced personnel in each area, including insurance, operations, and finance, and for client companies considering introducing a warranty system, it can provide initial warranty period extension services paid for by the client company or extended warranty services paid for by the end-users in coordination with major non-life insurance companies. It can also provide comprehensive solutions that include expertise in designing and building a warranty system that appropriately meets the client company's needs, as well as arranging and supporting the operational side. Its core market since its establishment has been the housing market, and in this market, it has provided a wide range of solutions to a cumulative total of over 4,000 companies, including major housing companies, condominium developers, and regional building contractors.

(2) Main services and products

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

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

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

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

Business overview

Subsidiary Livingpoint Inc. issues Ouchi Point as a registered issuer of prepaid payment instruments for third-party business. This service can be used to settle small-sum transaction in the same way as conventional digital currency and as points remain valid for 15 years, they can also be saved up to cover the cost of future large-scale repair work. Livingpoint also maintains unused points as a guarantee deposit (under the Payment Services Act, it is only obligated to maintain deposits equivalent to half of the balance), and as of the end of FY6/25, the balance of unused points was worth ¥2,604mn. Subsidiary Living Finance Inc. is engaged in factoring and escrow operations.

In the LFT Business, MEDIA SEEK has a portfolio comprising four businesses: corporate DX, including system consulting services for corporations; image analysis and AI, including apps for reading barcodes/QR codes and development and sales of AI technologies; lifestyle DX, which provides online services for sectors including education, healthcare, and entertainment; and BrainTech and DTx, which involves R&D on therapeutic apps and private-sector applications of BrainTech.

Active growth investment and asset management using ample cash reserve

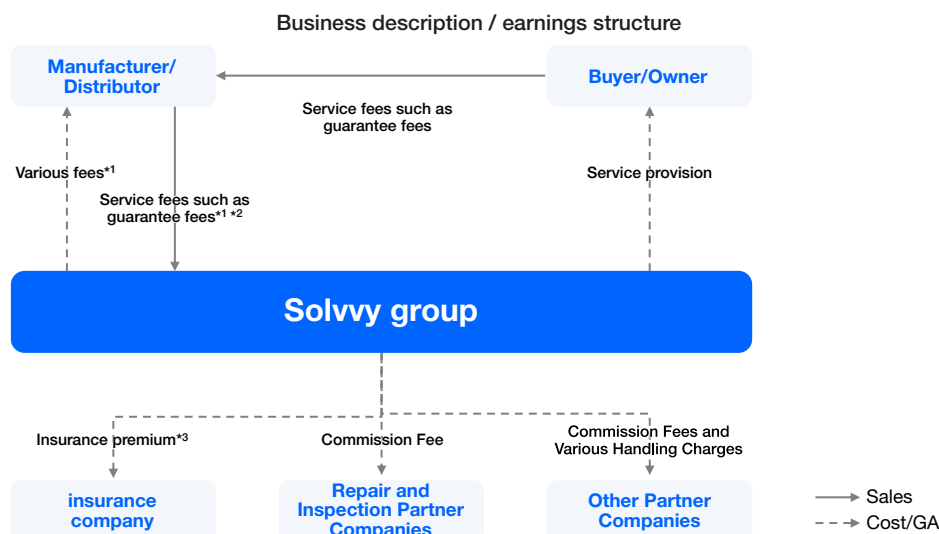
2. Earnings characteristics

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

Although the sales and cost price of extended warranty agreements in the HWT Business are prorated, SG&A expenses are recorded as a lump sum in the relevant fiscal year and during periods of business expansion, SG&A expenses are a downward pressure on profit. However, the increase in sales accompanying the accumulation of warranty agreements each year absorbs the SG&A expenses associated with the maturation of the business (increase in balance of warranty agreements) as it transitions to a structure for generating long-term, stable earnings. Also, the recognition of sales and cost price is prorated under the accounting treatment, but the warranty fees from client companies are received as a lump sum when they take out a warranty, which generates an ample cash reserve. The Company uses the ample funds created by extended warranty agreements to actively invest in growth and to practice asset management (rent income from rental condominiums, etc.).

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Business overview



*1. The sales and cost price of extended warranty agreements in the HWT Business are prorated based on the warranty period, but SG&A expenses are recorded as a lump sum in the relevant fiscal year, so they put pressure on profit during periods of business expansion. However, as the business matures (the balance of warranty agreements increases), it will transition to a structure for generating long-term, stable earnings.

*2. Within the warranty fee income, the portion of sales yet to be recognized is recorded in the balance sheet as unearned revenue and long-term unearned revenue, and the balance of unearned revenue will be progressively recorded as net sales, thereby underpinning future earnings.

*3. In the EXT Business, there are many cases where the holders of non-life insurance policies are manufacturers and sellers, and the non-life insurance premium portion is recorded as deposits received.

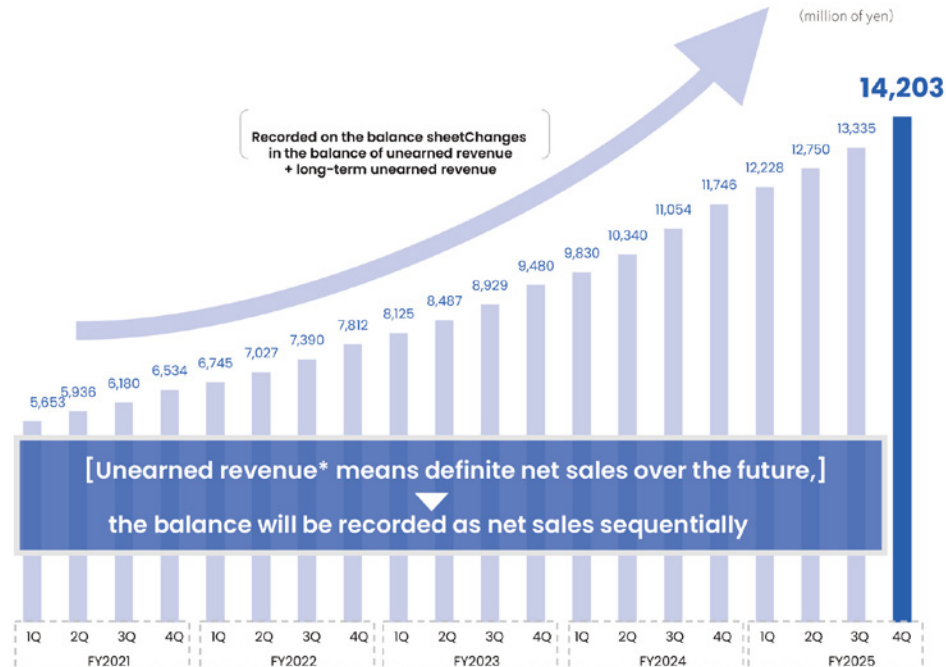
Source: The Company's "Items Concerning Business Plans and Growth Potential"

Additionally, within the warranty fee income received by the HWT Business, the portion of sales yet to be recognized is recorded in the balance sheet as either unearned revenue (warranty fees to be monetized within one year) or long-term unearned revenue (warranty fees to be monetized after at least one year) and the balance of unearned revenue (sum of unearned revenue and long-term unearned revenue) represents future sales. The balance of unearned revenue is trending upwards as the number of contracts increases: it was ¥6,534mn at the end of FY6/21, ¥7,811mn at the end of FY6/22, ¥9,480mn at the end of FY6/23, ¥11,746mn at the end of FY6/24, and ¥14,203mn at the end of FY6/25.

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Business overview

Unearned revenue (HWT Business)



Source: The Company's results briefing materials

Promoting retention and strengthening of competitive advantage

3. Risk factors, challenges, and countermeasures

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

Results trends

Higher sales and significant operating profit and ordinary profit growth in FY6/25. Net profit decreased due to temporary factors

1. Overview of FY6/25 results

In the FY6/25 consolidated results (MEDIA SEEK was newly consolidated from November 2024), net sales increased 25.1% YoY to ¥6,705mn, operating profit increased 30.7% to ¥1,620mn, ordinary profit increased 30.7% to ¥1,977mn, and there was loss attributable to owners of parent of ¥628mn (¥973mn profit in the previous fiscal year). Profit attributable to owners of parent was impacted by recording a temporary extraordinary loss in the educational ICT field in the EXT Business, but driven by significant growth in the HWT Business, net sales, operating profit, and ordinary profit all grew considerably, setting new record highs. Compared to the forecasts (initial figures announced on August 9, 2024: net sales of ¥6,900mn, operating profit of ¥1,300mn, ordinary profit of ¥1,600mn, profit attributable to owners of parent of ¥1,176mn), net sales fell slightly short due to project revisions in real services (paid maintenance, etc. including renovations), but operating profit and ordinary profit significantly exceeded the forecasts.

Overview of FY6/25 consolidated results

	FY6/24		FY6/25		YoY		Forecast	vs forecast	
	Results	Ratio to net sales	Results	Ratio to net sales	Change	Change rate		Excess amount	Achievement rate
Net sales	5,359	100.0%	6,705	100.0%	1,346	25.1%	6,900	-194	97.2%
Gross profit	4,002	74.7%	4,807	71.7%	805	20.1%	-	-	-
SG&A expenses	2,762	51.5%	3,187	47.5%	424	15.4%	-	-	-
Operating profit	1,240	23.1%	1,620	24.2%	380	30.7%	1,300	320	124.7%
Non-operating income	466	8.7%	619	9.2%	152	32.7%	-	-	-
Rental income from investment property	308	5.8%	322	4.8%	14	4.6%	-	-	-
Non-operating expenses	194	3.6%	262	3.9%	67	34.8%	-	-	-
Expenses associated with renting investment properties	164	3.1%	199	3.0%	35	21.6%	-	-	-
Ordinary profit	1,512	28.2%	1,977	29.5%	464	30.7%	1,600	377	123.6%
Loss on guarantees	-	-	2,797	-	-2,797	-	-	-	-
Profit attributable to owners of parent	973	18.2%	-628	-	-1,601	-	1,176	-1,804	-

Notes 1. MEDIA SEEK was newly consolidated from November 2024.

Notes 2. The forecasts are the initial figures announced on August 9, 2024.

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

Results trends

In terms of sales, the HWT Business grew considerably, while steady progress in the EXT Business and the new consolidation of MEDIA SEEK also contributed. With regard to operating profit, system development costs for MEDIA SEEK's SI business increased, and human resources costs and costs related to changing the company name also increased. However, in addition to the profit margin-raising effect of the HWT Business, the effect of increased operational efficiency due to DX and the cost-saving effect of business integration with MEDIA SEEK were greater than expected, which contributed to operating profit. Overall gross profit rose 20.1% YoY, but the gross profit margin dropped 3.0 percentage points (pp) to 71.7% due to the impact of recording MEDIA SEEK's engineer expenses. SG&A expenses rose 15.4%, but the SG&A expense ratio fell 4.0pp to 47.5% due to factors such as the cost-saving effect. As a result, operating profit margin was up 1.1pp to 24.2%. Looking at the factors behind the ¥380mn increase in operating profit, while there was a ¥1,346mn increase due to net sales growth, there was a ¥541mn decrease due to cost increases, ¥100mn decrease due to an increase in human resources costs (including recruitment and training costs), and ¥324mn decrease due to increases in other SG&A expenses (including increased SG&A expenses associated with sales growth and expenses related to revamping the corporate website and changing the company name). Investment real estate rent recorded under non-operating income that leveraged the Company's abundant financial resources contributed to ordinary profit. The ordinary profit margin rose 1.3pp to 29.5%.

The Company recorded ¥2,797mn in losses on guarantees under extraordinary losses. In the educational ICT field in the EXT Business, based on a referral from a non-life insurance company, the Company has been contracted by a tablet vendor since April 2020 to provide extended warranty services for its tablets in the GIGA School initiative. However, the scheme, including the insurance payment limit, was determined beforehand between the non-life insurance company and the tablet vendor and the contract contained warranty risks for the Company. Due to factors such as tablets being carried around by children and students, the malfunction occurrence rate greatly exceeded the typical rate for PCs. At the same time, manufacturer repair costs are steadily increasing. This led to a sharp rise in the number of repairs and repair costs, and the cumulative amount of repair expenses exceeded the insurance payment limit during the fiscal year under review. Therefore, among the applicable warranty agreements signed in FY6/20 and FY6/21 (maximum warranty period of six years), a one-time extraordinary loss totaling ¥2,797mn was recorded for repair expenses for which the receivables and payables relationship had not been finalized at the end of the period, including ¥1,460mn in loss on guarantees (repair costs) that had already occurred in FY6/25 and ¥1,336mn as a reserve (¥1,099mn for FY6/26, ¥213mn for FY6/27, and ¥25mn for FY6/28 and beyond) for anticipated future loss on guarantees (repair costs). It has been confirmed that there have been no cases requiring recording a loss for warranty agreements signed since FY6/22. Furthermore, an ongoing internal investigation is being conducted to prevent the recurrence of similar incidents.

Significant growth of HWT Business

2. Trends by segment

In the HWT Business, net sales increased 26.8% YoY to ¥3,775mn and operating profit grew 118.0% to ¥1,475mn. Breaking down net sales, sales of warranty services increased 36.2% to ¥3,181mn, sales of inspection and repair services decreased 5.4% to ¥406mn, and other sales fell 12.2% to ¥187mn. Sales increased substantially for warranty services as a result of new contract acquisitions, and the profit margin also grew significantly due to factors such as services with high gross profit margins (e.g., building warranty services) making up a larger share of the sales mix and increased operational efficiency based on DX. The amount of new contract acquisitions rose 20.3% to ¥5,421mn, while the outstanding balance of unearned revenue and long-term unearned revenue went up 20.9% to ¥14,203mn. The cumulative number of companies introducing digital money issuance services increased 31.7% to 158 companies, with the unused balance climbing 10.2% to ¥2,604mn.

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Results trends

In the EXT Business, net sales increased 5.4% YoY to ¥2,441mn and operating profit decreased 5.8% to ¥1,720mn. Breaking down net sales by field, sales in the renewable energy field increased 4.8% to ¥1,880mn and sales in the household appliances and other fields rose 7.5% to ¥561mn. Against a backdrop of rising societal needs, sales of residential renewable energy equipment such as energy storage systems have grown, while performance has also been favorable in the educational ICT field due to expansion of contracted operation services. Profit decreased due to the impact of up-front investment in organization expansion, etc. with a view to acquiring a share of the Next GIGA market (large-scale upgrading of educational ICT terminals).

In the LFT Business, net sales were ¥457mn and operating profit was ¥135mn. Breaking down net sales, corporate DX was ¥172mn and lifestyle DX was ¥285mn. Contracted system development progressed steadily. Net sales in the FNT / Others Business fell 52.0% YoY to ¥30mn, and an operating loss of ¥26mn was recorded (¥56mn profit in the previous fiscal year).

FY6/25 segment results and main KPIs

(¥mn)

	FY6/24		FY6/25		YoY	
	Results	Ratio to net sales	Results	Ratio to net sales	Change	Change rate
Consolidated net sales	5,359	100.0%	6,705	100.0%	1,346	25.1%
HWT Business	2,978	55.6%	3,775	56.3%	796	26.8%
Warranty services	2,335	43.6%	3,181	47.4%	846	36.2%
Inspection and repair services	429	8.0%	406	6.1%	-23	-5.4%
Others	213	4.0%	187	2.8%	-26	-12.2%
EXT Business	2,316	43.2%	2,441	36.4%	125	5.4%
Renewable energy	1,794	33.5%	1,880	28.0%	86	4.8%
Household appliances and other	522	9.7%	561	8.4%	39	7.5%
LFT Business	-	-	457	6.8%	457	-
Corporate DX	-	-	172	2.6%	172	-
Lifestyle DX	-	-	285	4.3%	285	-
FNT Business / Others	64	1.2%	30	0.4%	-33	-52.0%
Consolidated operating profit	1,240	23.1%	1,620	24.2%	380	30.7%
HWT Business	676	22.7%	1,475	39.1%	798	118.0%
EXT Business	1,825	78.8%	1,720	70.4%	-104	-5.8%
LFT Business	-	-	135	29.7%	135	-
FNT Business / Others	56	87.8%	-26	-	-82	-
Total for reporting segments	2,558	-	3,305	-	746	29.2%
Adjustments (corporate expenses)	-1,318	-	-1,684	-	-	-

Main KPIs	FY6/24		FY6/25		YoY	
	Results		Results		Change	Change rate
HWT Business						
Amount of new contract acquisitions	4,508		5,421		913	20.3%
Balance of unearned revenue and long-term unearned revenue	11,746		14,203		2,457	20.9%
Digital money						
Cumulative number of companies introducing digital money	120		158		38	31.7%
Unused balance	2,362		2,604		242	10.2%

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

Notes 2. Ratio to net sales for segment operating profit is the ratio of operating profit to the relevant segment's net sales.

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

Highly financially sound in real terms

3. Financial position

Looking at the Company's financial condition, total assets at the end of FY6/25 had grown ¥5,025mn YoY to ¥29,616mn. This was primarily because accounts receivable-trade grew ¥1,326mn, investment securities increased ¥2,697mn, and investment property (net) went up ¥1,074mn, although advances paid decreased ¥1,240mn. Total liabilities increased ¥3,840mn to ¥25,428mn. This mainly reflected increases of ¥1,336mn in provision for loss on guarantees and ¥2,104mn in long-term unearned revenue. Total net assets increased ¥1,185mn to ¥4,190mn. While retained earnings decreased ¥703mn due to recording net loss attributable to owners of parent, capital surplus grew ¥2,572mn due to a share exchange. As a result, the equity ratio rose 1.9pp to 14.1%.

The equity ratio of 14.1% is low, but this is because it has a business model in which warranty fees are received before services are provided. In the HWT Business, sales and cost price are prorated, so the portion of sales yet to be recognized is recorded in liabilities as either unearned revenue (warranty fees to be monetized within one year) or long-term unearned revenue (warranty fees to be monetized after at least one year), sales commissions paid to agents are recorded under assets as either prepaid expenses or long-term prepaid expenses, and non-life insurance premiums paid to non-life insurance companies and the unused balance of digital money are recorded under liabilities as either deposits received or long-term deposits received. As a result, the balance sheet is fairly swollen. However, the balance of total long- and short-term borrowings is only ¥2,273mn (decrease of ¥225mn YoY), and breaking down liabilities, unearned revenue and long-term unearned revenue, which are sources of future profit, make up 59.2%, deposits received and long-term deposits received (mainly cash and deposits) 21.9%, and interest-bearing debt 9.0%. There are also no causes for concern in the cash flow statement, so we at FISCO judge that the Company is highly financially sound in real terms.

Balance sheet and cash flow statement (simplified)

	(¥mn)				
	End of FY6/22	End of FY6/23	End of FY6/24	End of FY6/25	Change
Total assets	16,219	20,103	24,593	29,619	5,025
Current assets	6,231	7,493	8,587	9,694	1,106
Cash and deposits	3,399	4,175	2,626	3,298	672
Prepaid expenses	460	550	684	908	224
Advances paid	1,694	1,929	3,515	2,274	-1,240
Non-current assets	9,987	12,609	16,005	19,924	3,919
Investment securities	1,097	1,585	3,509	6,207	2,697
Long-term prepaid expenses	2,337	3,049	3,821	4,382	561
Investment property, net	3,956	5,130	5,940	7,015	1,074
Total liabilities	14,975	18,157	21,588	25,428	3,840
Current liabilities	2,675	3,266	4,012	5,597	1,585
Unearned revenue	1,496	1,830	2,146	2,429	282
Deposits received	498	631	638	511	-127
Non-current liabilities	12,300	14,891	17,576	19,830	2,254
Long-term unearned revenue	7,071	8,518	10,508	12,612	2,104
Long-term deposits received	3,798	4,127	4,572	5,062	490
Total net assets	1,243	1,946	3,005	4,190	1,185
Shareholders' equity	1,172	1,871	2,818	4,174	1,355
Equity ratio	7.7%	9.7%	12.2%	14.1%	1.9pp
	FY6/22	FY6/23	FY6/24	FY6/25	
Cash flows from operating activities	292	1,861	922	2,099	
Cash flows from investing activities	-3,169	-1,902	-2,086	-1,342	
Cash flows from financing activities	748	783	167	-549	
Cash and cash equivalents at end of period	3,058	3,799	2,804	3,413	

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

■ Outlook

Significant sales and profit growth, setting new record highs, expected in FY6/26

● FY6/26 forecasts

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

On a semi-annual basis, the Company forecasts net sales of ¥3,600mn, operating profit of ¥810mn, ordinary profit of ¥1,040mn, and profit attributable to owners of parent of ¥695mn in 1H and net sales of ¥4,600mn, operating profit of ¥1,290mn, ordinary profit of ¥1,460mn, and profit attributable to owners of parent of ¥930mn in 2H. Due to the earning structure in which the HWT Business accumulates recurring revenue, the results are higher in 2H. With acquisition of new contracts trending upward, we at FISCO believe that favorable results may be expected.

FY6/26 consolidated forecasts

(¥mn)

	FY6/25		FY6/26				YoY	
	Results	Ratio to net sales	Forecast	Ratio to net sales	1H	2H	Change	Change rate
Net sales	6,705	100.0%	8,200	100.0%	3,600	4,600	1,494	22.3%
Operating profit	1,620	24.2%	2,100	25.6%	810	1,290	479	29.6%
Ordinary profit	1,977	29.5%	2,500	30.5%	1,040	1,460	522	26.4%
Profit attributable to owners of parent	-628	-	1,625	19.8%	695	930	2,253	-

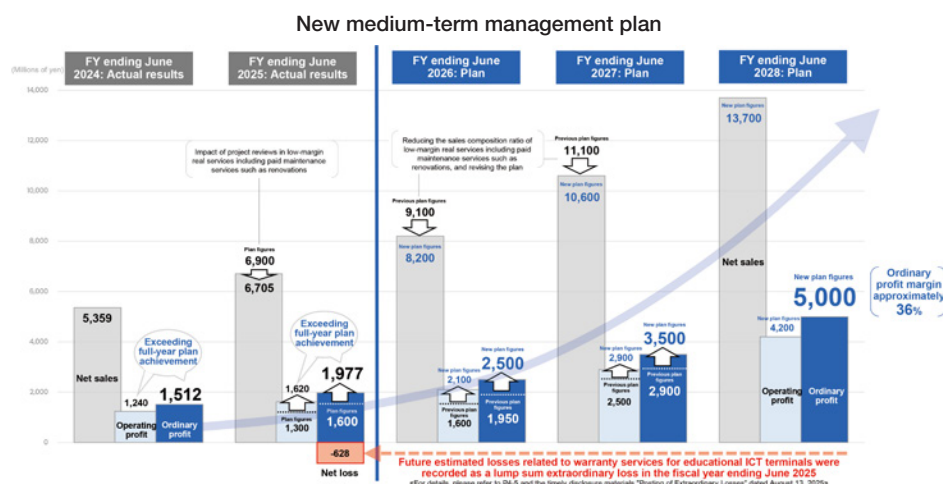
Source: Prepared by FISCO from the Company's financial results

Growth strategy

Aims to balance continuous, dramatic corporate growth and shareholder returns

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

In August 2025, the Company formulated a new medium-term management plan (FY6/26–FY6/28). The targets for FY6/26 are net sales of ¥8,200mn, operating profit of ¥2,100mn, and ordinary profit of ¥2,500mn. For FY6/27, they are net sales of ¥10,600mn, operating profit of ¥2,900mn, and ordinary profit of ¥3,500mn. For FY6/28, the plan's final year, they are net sales of ¥13,700mn, operating profit of ¥4,200mn, and ordinary profit of ¥5,000mn. Its basic policy is to focus on improving profitability and enhancing capital efficiency while maintaining sales growth. While it has downwardly revised the net sales figures compared to the previous medium-term management plan (FY6/25–FY6/27) since it will decrease the share of the sales mix accounted for by low-profit-margin real services, it has upwardly revised operating profit due to revising the sales portfolio, promoting operational DX, and realizing business integration synergies. Furthermore, it has announced ordinary profit figures, which were not disclosed in the previous medium-term management plan.



As its basic growth strategy, the Company aims to balance continuous, dramatic corporate growth and shareholder returns by enhancing recurring revenue business consulting. To comprehensively support the growth of recurring revenue business at client companies, it has outlined its own Smart Assurance as a Service (SAaaS) method. In terms of priority measures for achieving the plan, it will promote enhancing SaaS products, ramping up recurring revenue business consulting, executing strategic M&A deals, continuously enhancing asset management, and continuously leveraging human capital (stable, long-term organizational expansion by shifting to planned recruitment focused on hiring new graduates).

In terms of enhancing SaaS products, the Company has significantly strengthened its IT system development structure due to the business integration with MEDIA SEEK, thereby enabling rapid SaaS development. Going forward, in addition to warranty services, it will develop core BtoB products, while improving profitability by combining its solutions with other companies' products.

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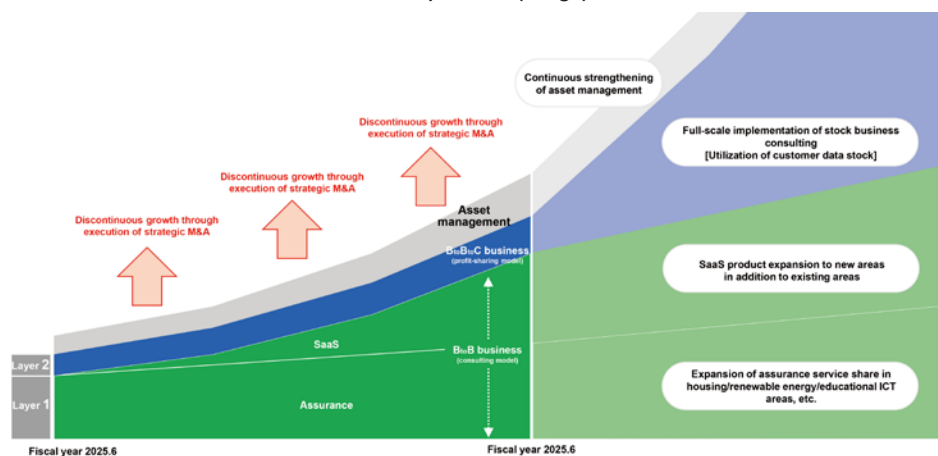
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Growth strategy

With regard to ramping up recurring revenue business consulting, it will begin in earnest to pursue BtoBtoC business efforts aimed at multi-tiered revenue acquisition. In the first revenue tier, the Company will promote shared use of client companies' customer data via BtoB business focused on warranty/SaaS provision. In the second revenue tier, it aims to strengthen efforts aimed at developing profit-sharing businesses that leverage acquired client company customer data and, as the business matures, achieve accelerated business growth by increasing the quantity of customer data. Recurring revenue business consulting is expected to fully contribute to results after the end of the current medium-term management plan. Furthermore, the Company plans to announce a reclassification of its business segments and non-financial KPIs when it announces its 1Q FY6/26 results.

The Company will consider executing strategic M&A deals that will enhance the functions it offers and contribute to discontinuous growth, targeting companies with advanced IT system development functions or strong marketing consulting functions. It will leverage the ample cash generated by the warranty business to continuously enhance asset management, with a focus on real estate investment. In terms of continuously leveraging human capital, it has set a target of 500 employees by FY6/28 (the actual figure in FY6/25 was 370), which is the final year of the medium-term management plan, and it will pursue stable, long-term organizational expansion by shifting to planned recruitment focusing on hiring recent graduates. Furthermore, it will enhance necessary governance and corporate functions with a view to listing on the TSE Prime Market.

Profit portfolio (image)

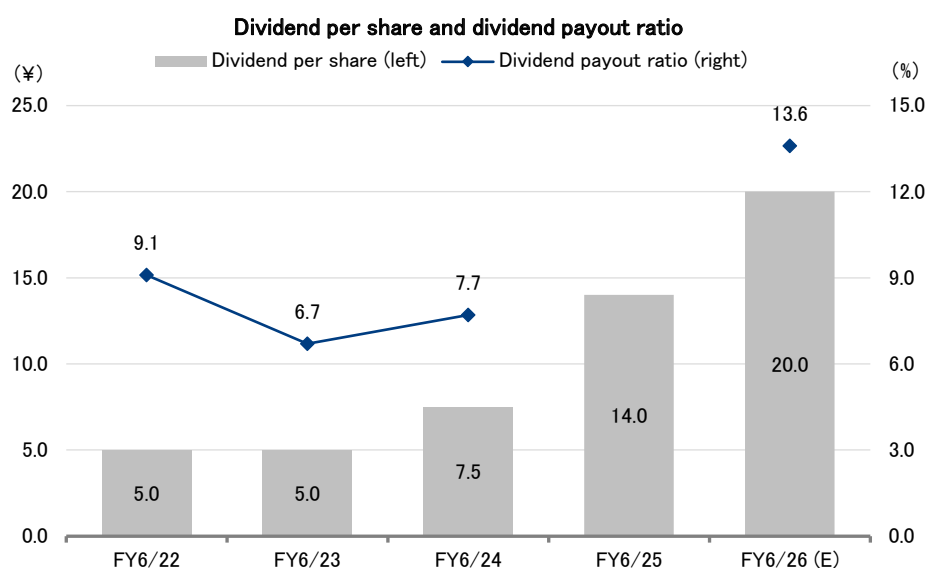


Source: The Company's briefing materials on the new medium-term management plan

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

2. Shareholder return policy

The Company changed its basic policy on shareholder returns in FY6/25, introducing a progressive dividend policy with a consolidated dividend payout ratio target of 30% while making it a priority to enhance its management structure and make investments for the future. Based on this policy, the dividend in FY6/25 was ¥28.0, which was a YoY increase of ¥13.0, including a commemorative dividend of ¥5.0 (ordinary dividend of ¥23.00 + commemorative dividend of ¥5.00; single payment at year end). Following retroactive application of the two-for-one stock split conducted on July 1, 2025, the Company plans for the FY6/26 dividend to be ¥20.0 (interim dividend: ¥10.0, year-end dividend: ¥10.0). This is an increase of ¥6.0 compared to ¥14.0 in the previous fiscal year (ordinary dividend: ¥11.5 + commemorative dividend: ¥2.5). The forecast dividend payout ratio is 13.6%. Furthermore, the Company announced a share buyback on August 13, 2025 (maximum of 250,000 shares or ¥500mn; acquisition period: August 14 to August 31, 2025), then announced on August 26, 2025, that it had extended the acquisition period for the share buyback (August 14 to December 31, 2025, following the revision). We at FISCO believe that shareholder returns can be expected to increase further in the future in accordance with growth in business results.



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

Notes 2. The dividend amount for FY6/25 (following retroactive application of the two-for-one stock split) is an ordinary dividend of ¥11.5 + commemorative dividend of ¥2.5.

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

3. Sustainability management

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

Possibility of entering new growth stage

4. FISCO's view

By providing recurring revenue business consulting grounded in after-sales services and practicing asset management that leverages the ample cash obtained from its warranty services, the Company has achieved continuous high growth and maintained a high profit margin. We at FISCO are particularly impressed by this. Furthermore, the Company still has plenty of potential for increasing its market share and expanding its business area in the medium to long term, and going forward, it intends to enhance its SaaS products and ramp up recurring revenue business consulting through creating synergies based on business integration with MEDIA SEEK, leveraging new M&A deals, etc. Based on this strategy, it is possible that it will enter a new growth stage while maintaining a high profit margin with warranty services as its revenue base. As a result, we at FISCO believe further growth of shareholder returns can be expected, and we will be closely watching the progress made on the priority measures indicated in the medium-term management plan.

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