

Financial Results Briefing for FY03/2021



INFOCOM CORPORATION

2021.04.27

Contents

- Financial Results for FY03/21
- Earnings Forecast for FY03/22
- Initiatives in Key Businesses

E-Comic
Health IT



Financial Results for FY03/21

Results

FY03/21 Results (Consolidated)

E-comic sales drove record-high net sales and profits

Net sales

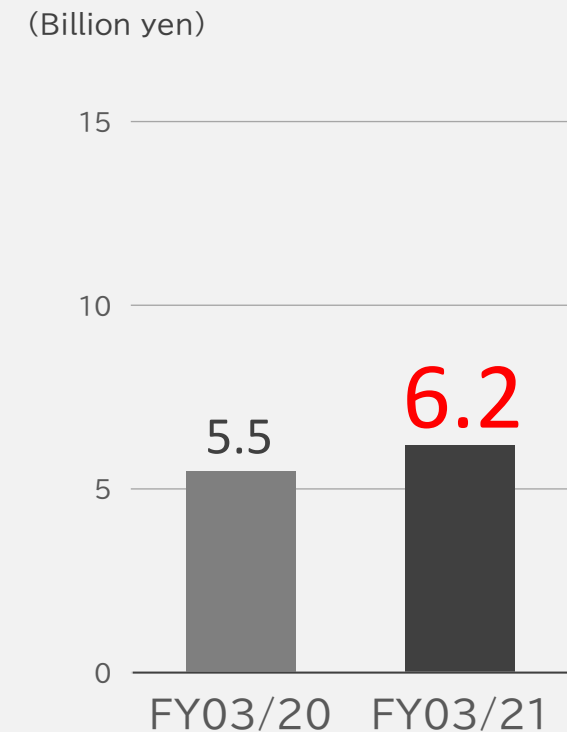
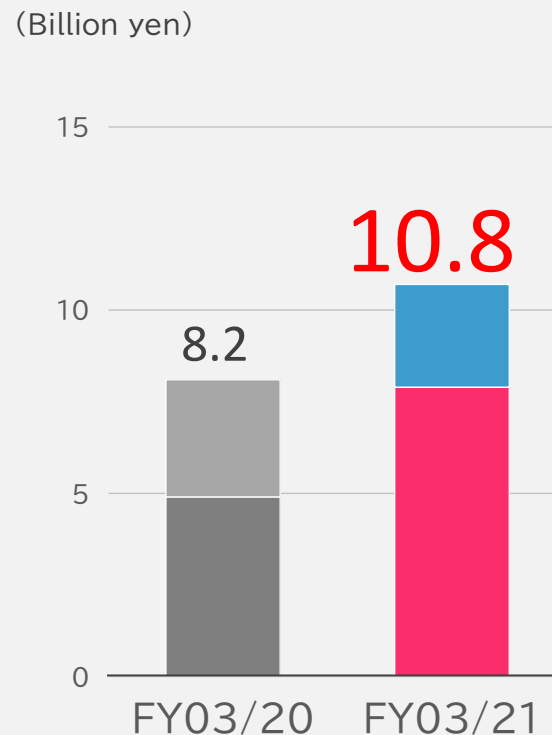
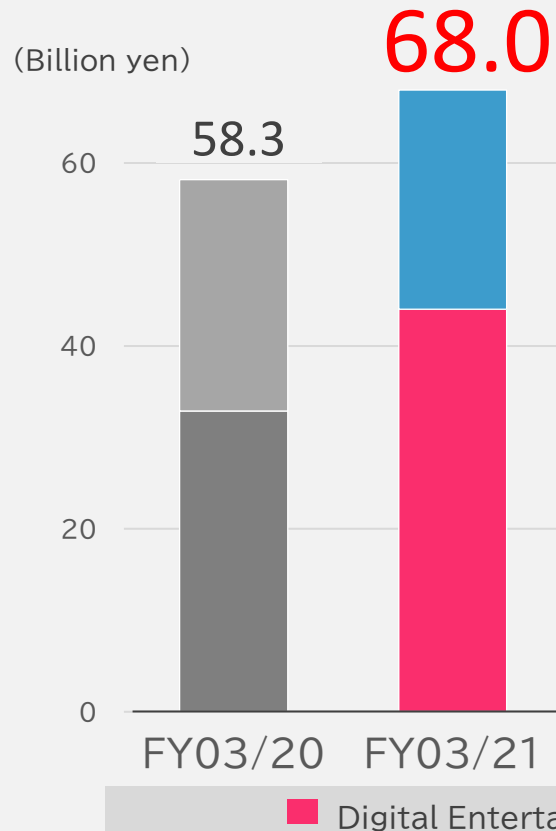
+16.6%

Operating profit

+31.7%

Profit attributable to owners of the parent

+13.2%



Management Performance (Consolidated)

	(Billion yen)			
	FY03/20	FY03/21	YoY	
			Change	%
Net sales	58.3	68.0	+9.6	+16.6%
Operating profit (Operating margin)	8.2 (14.1%)	10.8 (15.9%)	+2.6	+31.7%
EBITDA	9.3	12.1	+2.7	+29.5%
Ordinary profit	8.2	10.9	+2.6	+32.3%
Profit attributable to owners of the parent	5.5	6.2	+0.7	+13.2%
Net income per share (yen)	101.32	114.61	+13.29	+13.1%
ROE (%)	16.2	16.2	+0.0	

Business Areas and Segment Structure

Digital Entertainment Group



Digital Entertainment

E-comic

- General consumers

Business Solution Group



Health IT

Package services for medical institutions

- Hospitals
- Pharmaceutical companies
- Nursing care companies
- Health industry



Business Software

ERP Business package cloud services

- Companies
- Government offices
- Local governments



Enterprise Service Management

System integration for major companies

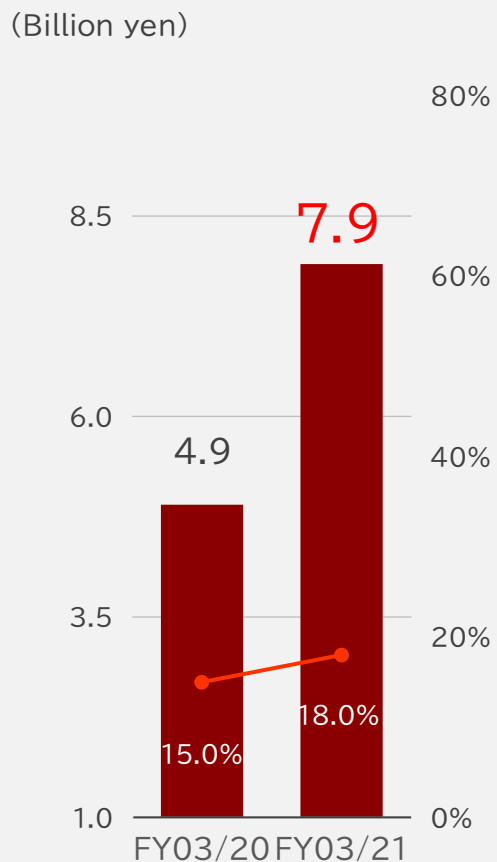
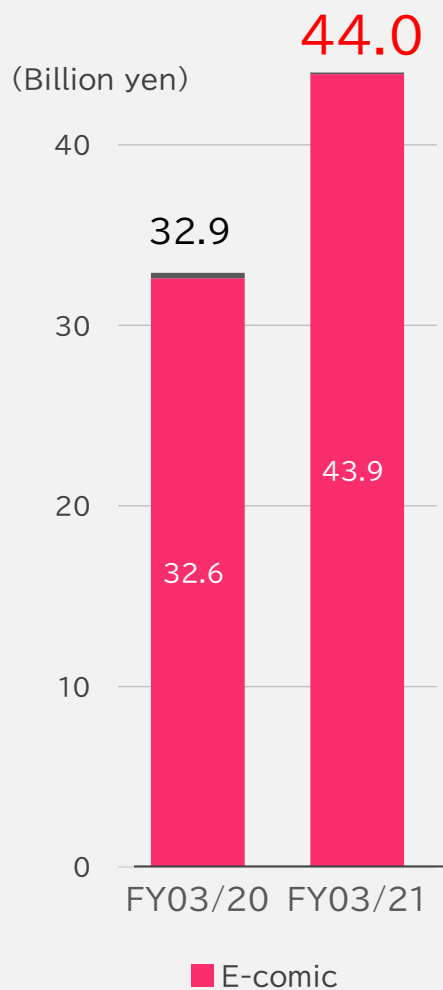
- Textile manufacturers
- Trading companies
- Pharmaceutical wholesalers
- Mobile phone companies

Digital Entertainment Group Results (Consolidated)

(Billion yen)

Net sales

Operating profit



	FY03/20	FY03/21	YoY	
			Change	%
Net sales	32.9	44.0	+11.0	+33.5%
E-comic	32.6	43.9	+11.2	+34.5%
Operating profit	4.9	7.9	+2.9	+59.7%
(Operating margin)	(15.0%)	(18.0%)		

Net sales

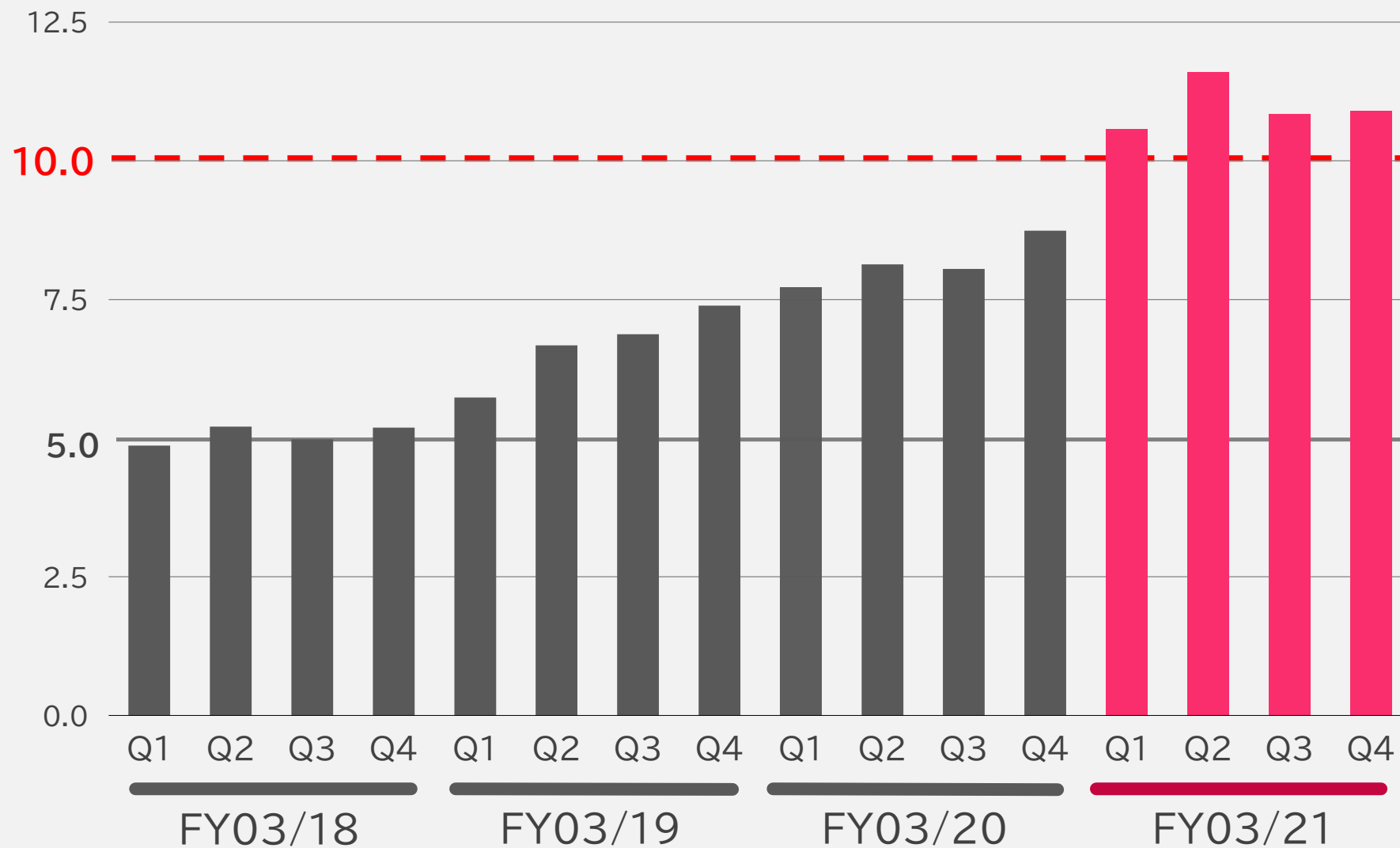
Significantly higher sales, driven by strong e-comic distribution service performance (Emerging impact of pirate sites in Q4)

Operating profit

Higher profits due to higher sales
Contribution of optimized advertising

Results of E-Comic Distribution Service

(Billion yen)



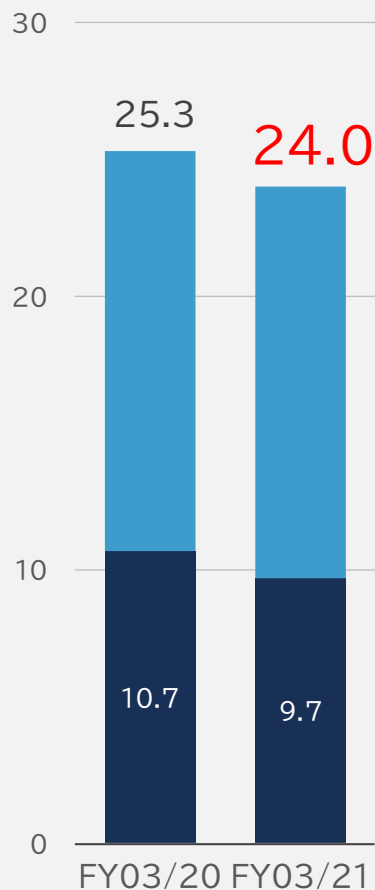
Business Solution Group Results (Consolidated)

(Billion yen)

	FY03/20	FY03/21	YoY	
			Change	%
Net sales	25.3	24.0	(1.3)	(5.4%)
Health IT	10.7	9.7	(1.0)	(10.0%)
Operating profit	3.2	2.8	(0.3)	(11.0%)
(Operating margin)	(12.8%)	(12.0%)		

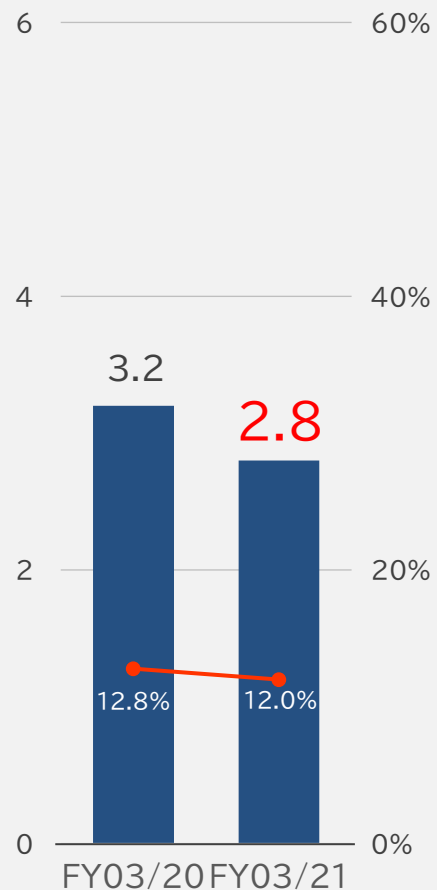
Net sales

(Billion yen)



Operating profit

(Billion yen)



Net sales

- Sales to hospitals during the first half were impacted by a negative rebound from special demand in the prior year (change in imperial era, consumption tax hike). However, we saw a recovery in performance during the second half toward the end of the fiscal year
- Sales to companies were level with the prior year, owing to increased efforts in sales activities, etc.

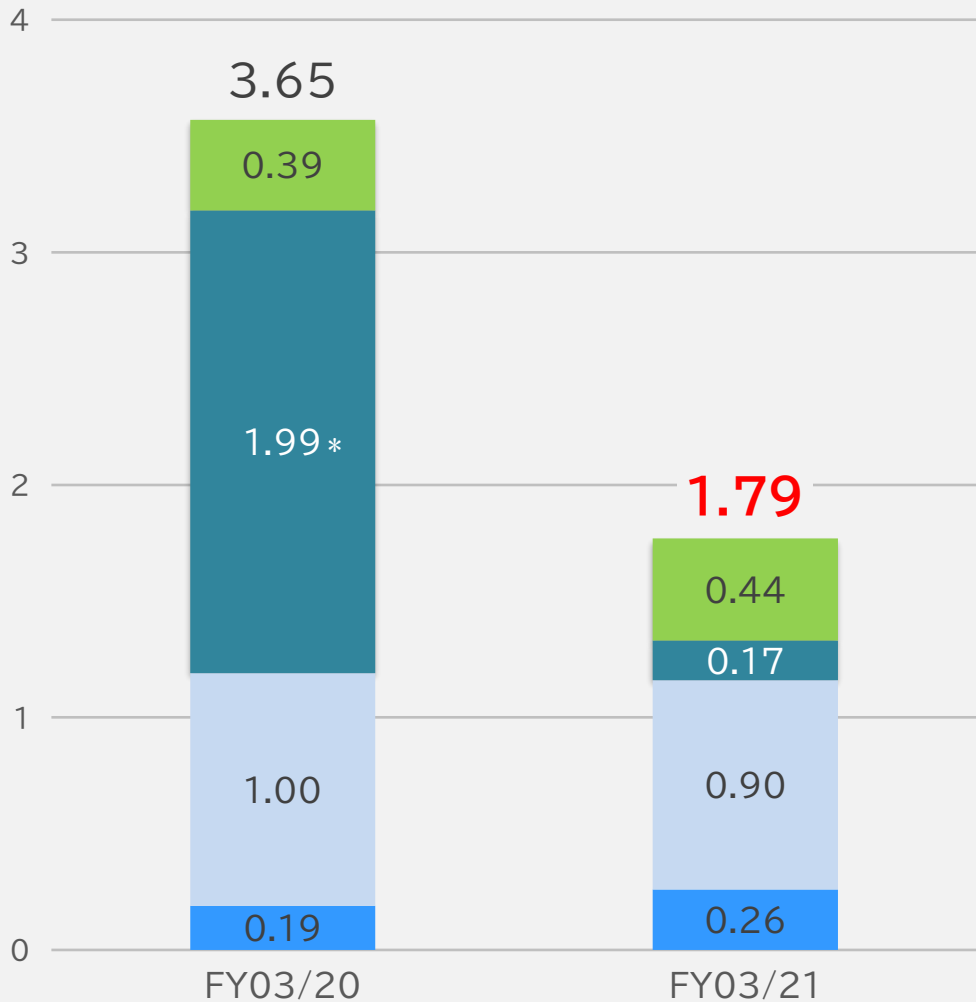
Operating profit

Decrease in profits due to decrease in sales

Investments

(Billion yen)

(Billion yen)



■ R&D ■ Capital ■ Equity ■ Bus. Development

Category	Main Details	Amount
Business Development	New business planning, research, demonstration tests, etc.	0.44
Equity Investment	Business partnership with company operating HR matching service for nursing professionals in Singapore, etc.	0.17
Capital Investment	E-comic (App and systems development, etc.)	0.90
	Health IT (radiology systems, drug information systems, pharmaceutical company sales, etc.)	
	GRANDIT	
	Other	
R&D Investment	AI, new technology research, DX, etc.	0.26

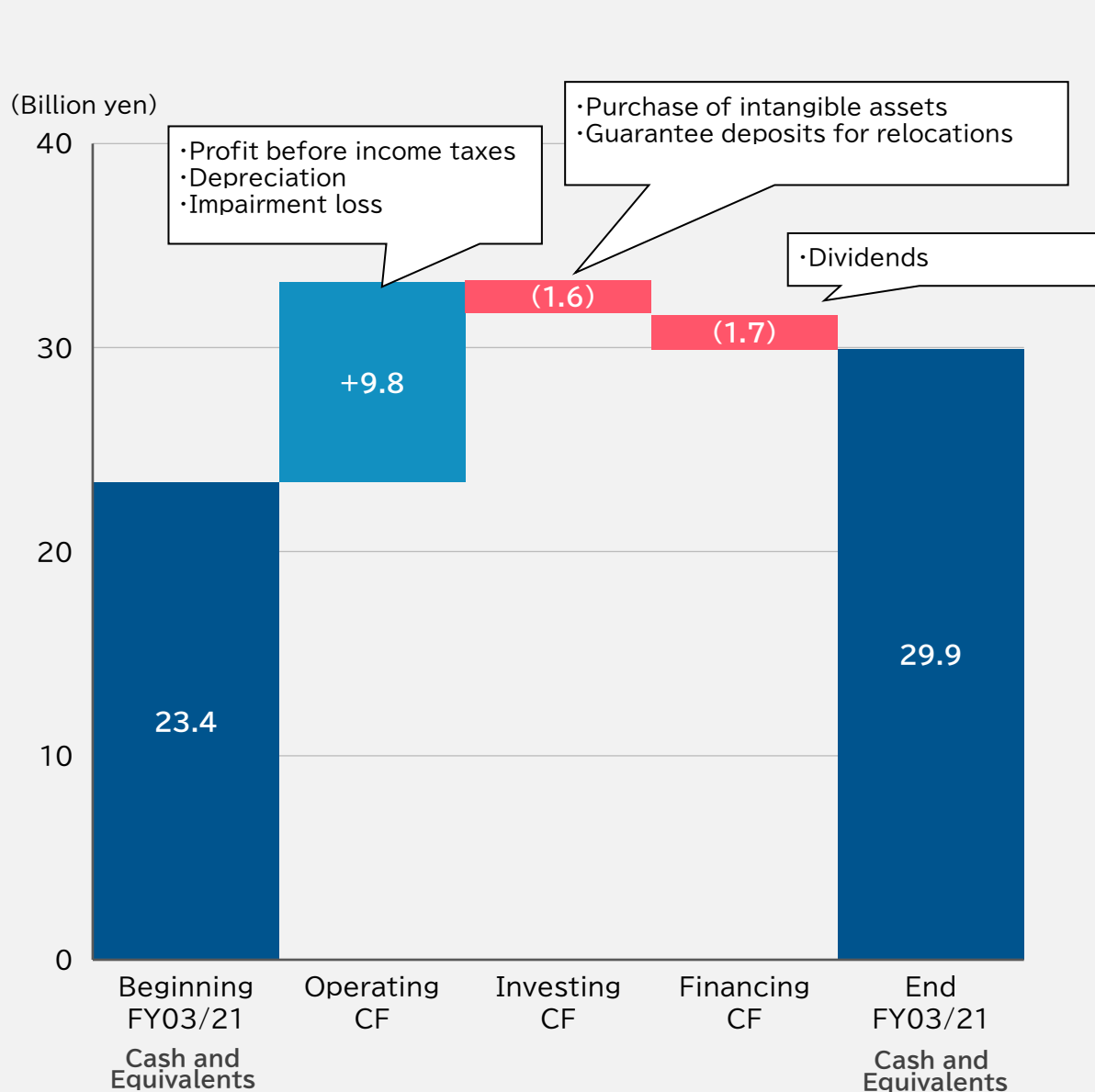
*Converted to consolidated subsidiary (e-comic distributor in Korea, nursing professional recruiter)

Balance Sheets (Consolidated)

(Billion yen,%)

	FY03/20		FY03/21			Major Change Factors
	Amount	Composition Ratio	Amount	Composition Ratio	YoY	
Current assets	36.4	75.8	43.9	77.9	+7.5	<ul style="list-style-type: none"> •Cash and deposits +6.4 •Notes and accounts receivable-trade +1.0
Fixed assets	11.6	24.2	12.4	22.1	+0.8	<ul style="list-style-type: none"> •Purchase of investment securities +1.5 •Goodwill (1.1)
Total assets	48.0	100.0	56.4	100.0	+8.3	
Current liabilities	11.8	24.5	14.2	25.2	+2.4	<ul style="list-style-type: none"> •Income taxes paid +1.3
Non-current liabilities	0.1	0.3	0.3	0.6	+0.2	
Total liabilities	11.9	24.8	14.5	25.9	+2.6	
Total net assets	36.1	75.2	41.8	74.1	+5.6	<ul style="list-style-type: none"> •Retained earnings +4.5
Total liabilities and net assets	48.0	100.0	56.4	100.0	+8.3	
Shareholders' equity ratio	74.4%		73.5%			

Cash Flows (Consolidated)



(Billion yen)

	FY03/20	FY03/21	Change
Operating CF	7.3	9.8	+2.5
Investing CF	(2.4)	(1.6)	+0.8
Free CF	4.8	8.2	+3.3
Financing CF	(1.5)	(1.7)	(0.2)
Effects of exchange rate changes on cash and cash equivalents	(0.0)	(0.0)	+0.0
Change in cash and cash equivalents	3.3	6.4	+3.1
Cash and cash equivalents, beginning of period	20.1	23.4	+3.3
Cash and cash equivalents, end of quarter	23.4	29.9	+6.4



Earnings Forecast for FY03/22

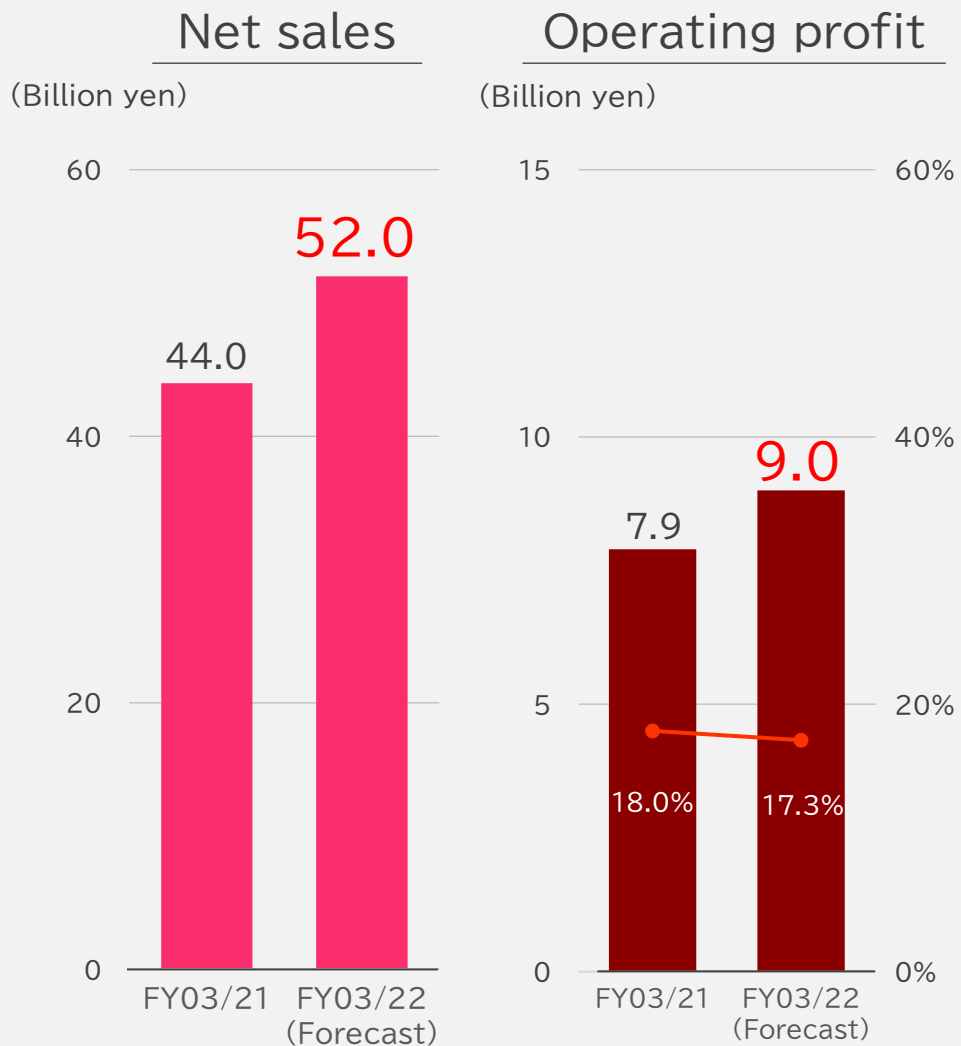
Management Indicators (Consolidated)

(Billion yen)

	FY03/21 Results			FY03/22 Forecast			YoY	
	1H	2H	FY	1H	2H	FY	Change	%
Net sales	33.2	34.8	68.0	35.0	42.0	77.0	+8.9	+13.1%
Operating profit (Operating margin)	4.9 (14.8%)	5.8 (16.9%)	10.8 (15.9%)	12.0 (15.6%) Cost of HQ relocation (1.0)			+1.1	+11.0%
				4.8 (13.7%)	6.2 (14.8%)	11.0 (14.3%)	+0.1	+1.7%
EBITDA	5.5	6.6	12.1	5.5	7.0	12.5	+0.4	+3.4%
Ordinary profit	4.9	5.9	10.9	4.8	6.2	11.0	+0.0	+0.6%
Profit attributable to owners of the parent	3.3	2.8	6.2	3.2	4.0	7.3	+1.0	+16.3%
Net income per share (yen)			114.61			133.31	+18.70	+16.3%
ROE			16.2%			16.6%	+0.3	

Digital Entertainment Group Earnings Forecast (Consolidated)

(Billion yen)



	FY03/21 Results	FY03/22 Forecast	YoY	
			Change	%
Net sales *	44.0	52.0	+7.9	+18.1%
Operating profit	7.9	9.0	+1.0	+13.8%
(Operating margin)	(18.0%)	(17.3%)		

*Individual sales categories have been consolidated, as e-comic sales now equal sales of the entire segment

Net sales

Sales increased due to the expansion of content (original comics, Korea Webtoon) and stronger data utilization, etc.
(We assume that the impact of pirate sites will be contained in the first half of the year)

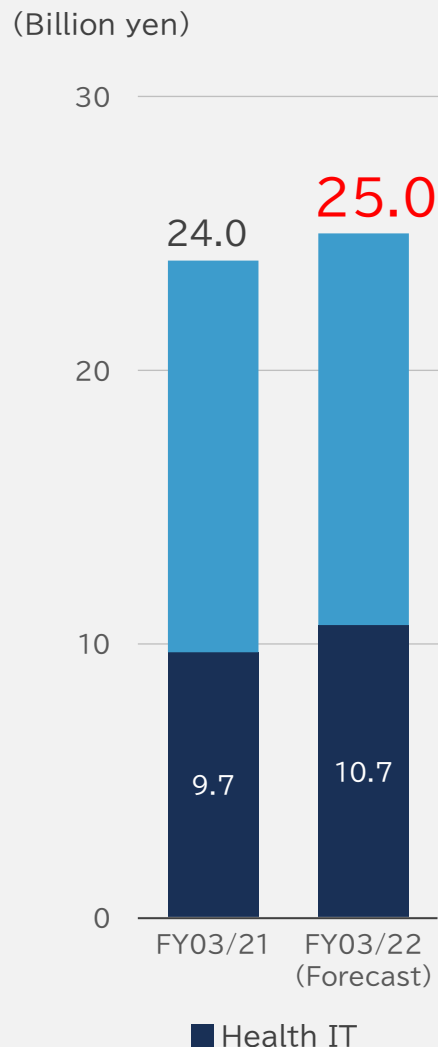
Operating profit

Higher profits due to higher sales

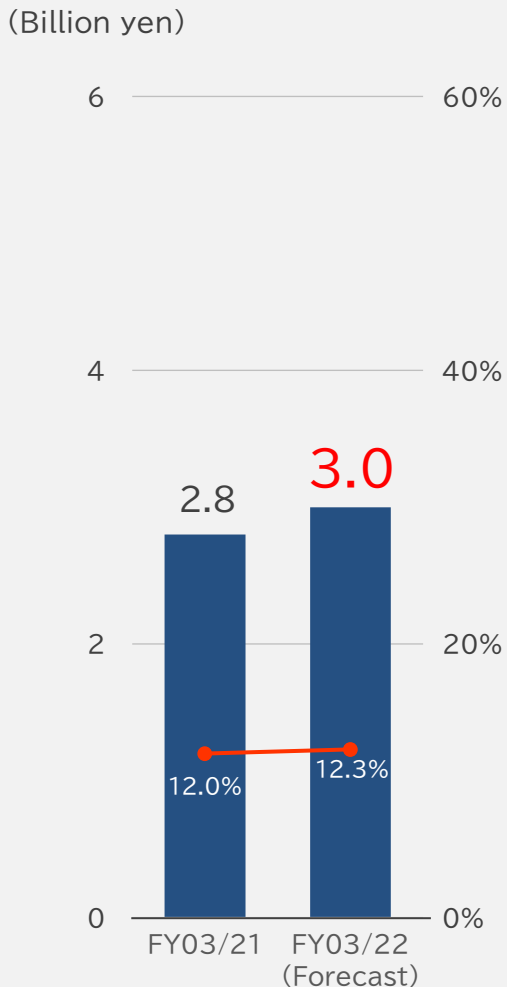
Business Solution Group Earnings Forecast (Consolidated)

(Billion yen)

Net sales



Operating profit



	FY03/21 Results	FY03/22 Forecast	YoY	
			Change	%
Net sales	24.0	25.0	+0.9	+4.0%
Health IT	9.7	10.7	+0.9	+10.3%
Operating profit	2.8	3.0	+0.1	+6.2%
(Operating margin)	(12.0%)	(12.3%)		

Excluding HQ relocation costs

Net sales

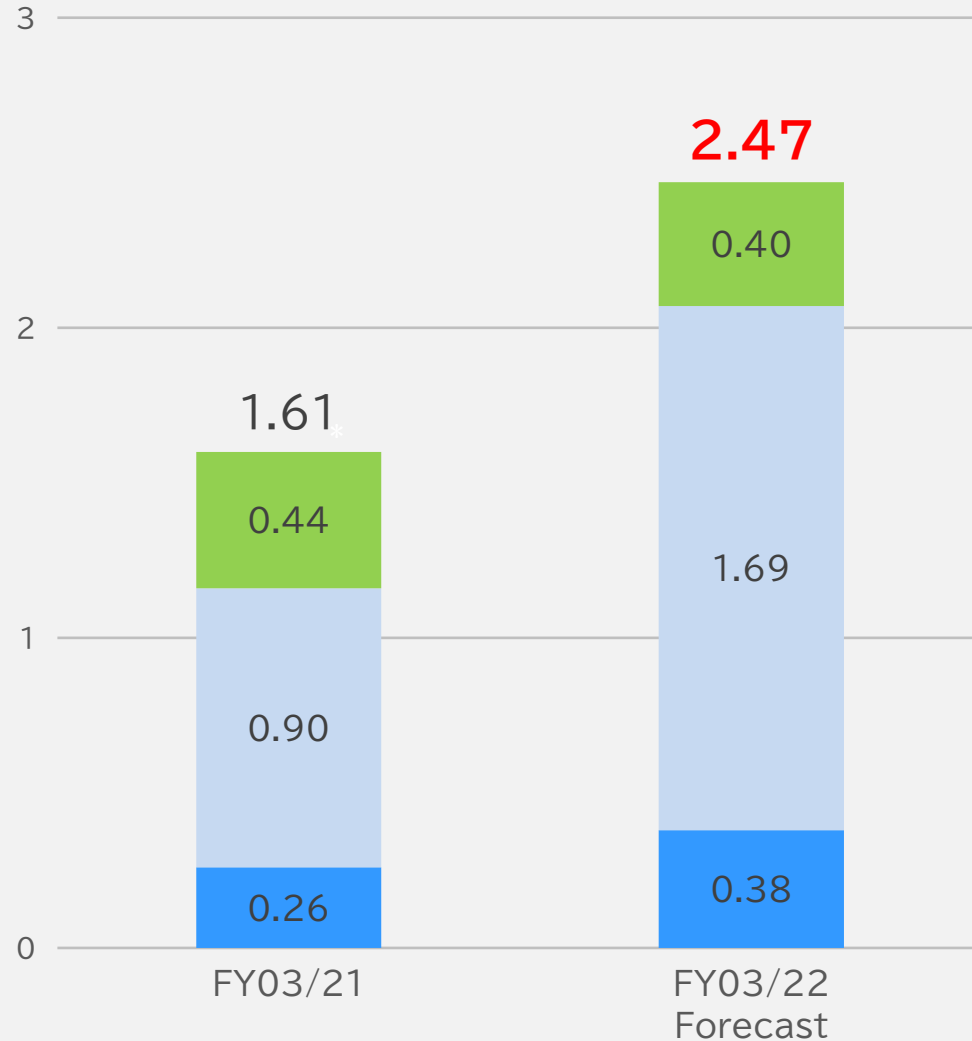
Higher sales due to gradual decrease in the impact of COVID-19, mainly in our Health IT business, over the second half

Operating profit

Higher profits due to higher sales

Investment Plan

(Billion yen)

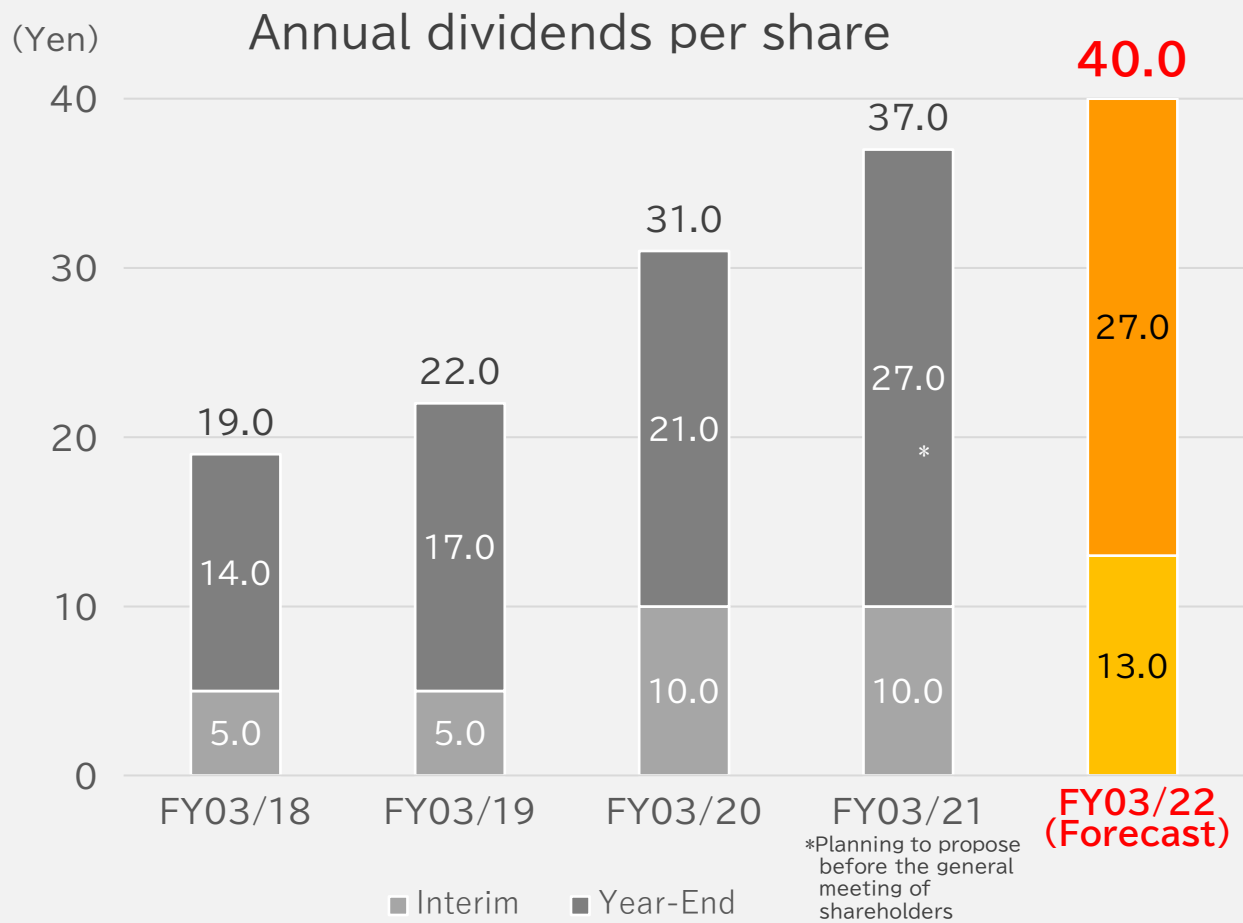


■ R&D Investment ■ Capital Investment ■ Business Development

(Billion yen)

Category	Main Details	Amount
Business Development	New business planning, research, demonstration tests, etc.	0.40
Capital Investment	E-comic	1.69
	Health IT (hospital sales, community-based comprehensive care, pharmaceutical company sales, etc.)	
	GRANDIT	
	Other (HQ relocation, etc.)	
R&D Investment	AI, new technology research, DX, etc.	0.38

Shareholder Returns



Net income per share (yen)	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22
	84.85	87.46	101.32	114.61	133.31

◆Dividends

We project a FY03/22 interim dividend of 13 yen per share and year-end dividend of 27 yen per share for total 40 yen per share annual dividend (30.0% payout ratio)

◆Shareholder Benefits

We plan to provide shareholder benefits to shareholders owning at least one trading unit per the register of shareholders as of September 30, 2021

*Dividends per share and net income per share reflect stock split performed on March 1, 2019

HQ Relocation

[Background]

◆ Pursuing Work-Style Reform

[Concept] ***Activity-Based Working***

• Improve and expand work system, IT environment, workplaces, etc.

[Overview]

1. New location: Minato-ku, Tokyo
2. Timing: November - December 2021 (tentative)
3. Impact:
 - (1) Cost savings through 40% reduction in floor space
(We expect to recover the cost of HQ relocation over five years)
 - (2) Improve the communication environment by consolidating 10 floors to one floor
 - (3) Develop and enhance an IT environment that allows employees to work without restrictions on time and place
 - (4) Improve employee QOL through flexible work styles and a well-designed environment



Initiatives in Key Businesses

E-Comic

Health IT

amütüs

E-Comic

FY03/21 Initiatives

Hit original comics and dramatizations

Aoshima Kun wa Ijiwaru
Surpassed 1 million downloads

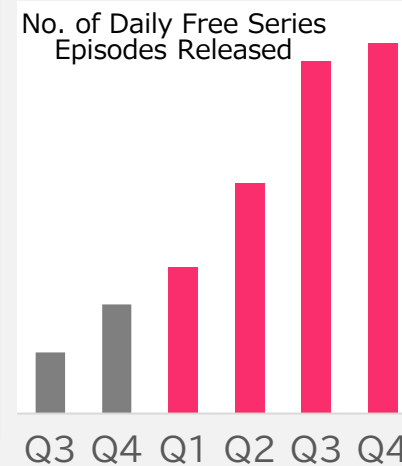


Dramatization of *Toshinosakon* and *RISKY*



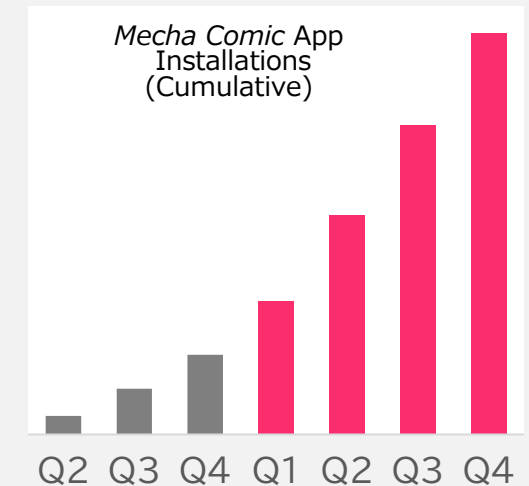
New free daily series releases to attract more customers

- Launched free daily series in November 2019
- Increased to two episodes per day in December 2020

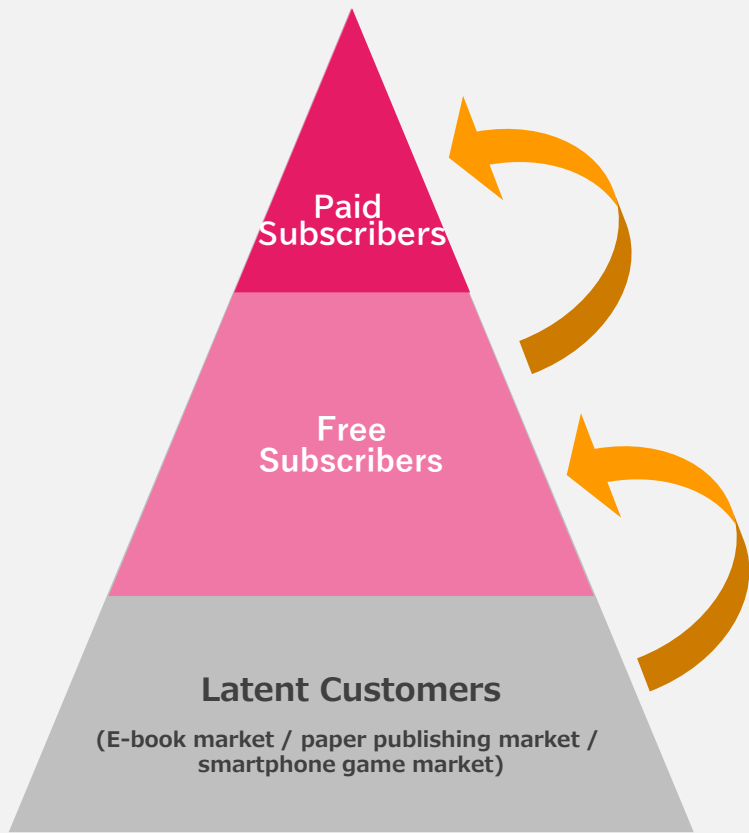


Expanded use of *Mecha Comic* app

- Complete redesign in Q1
- Surpassed 4.5 million total downloads



めっちゃコミック



1 Expand Content Offerings

- Bolster production system for original comics
- Import and sales of Korean Webtoon titles
- Strengthen collaboration with publishers

2 Strengthen Marketing

- Dramatization of original comics
- Marketing via TV ads, online video ads, social media, special campaigns, etc.

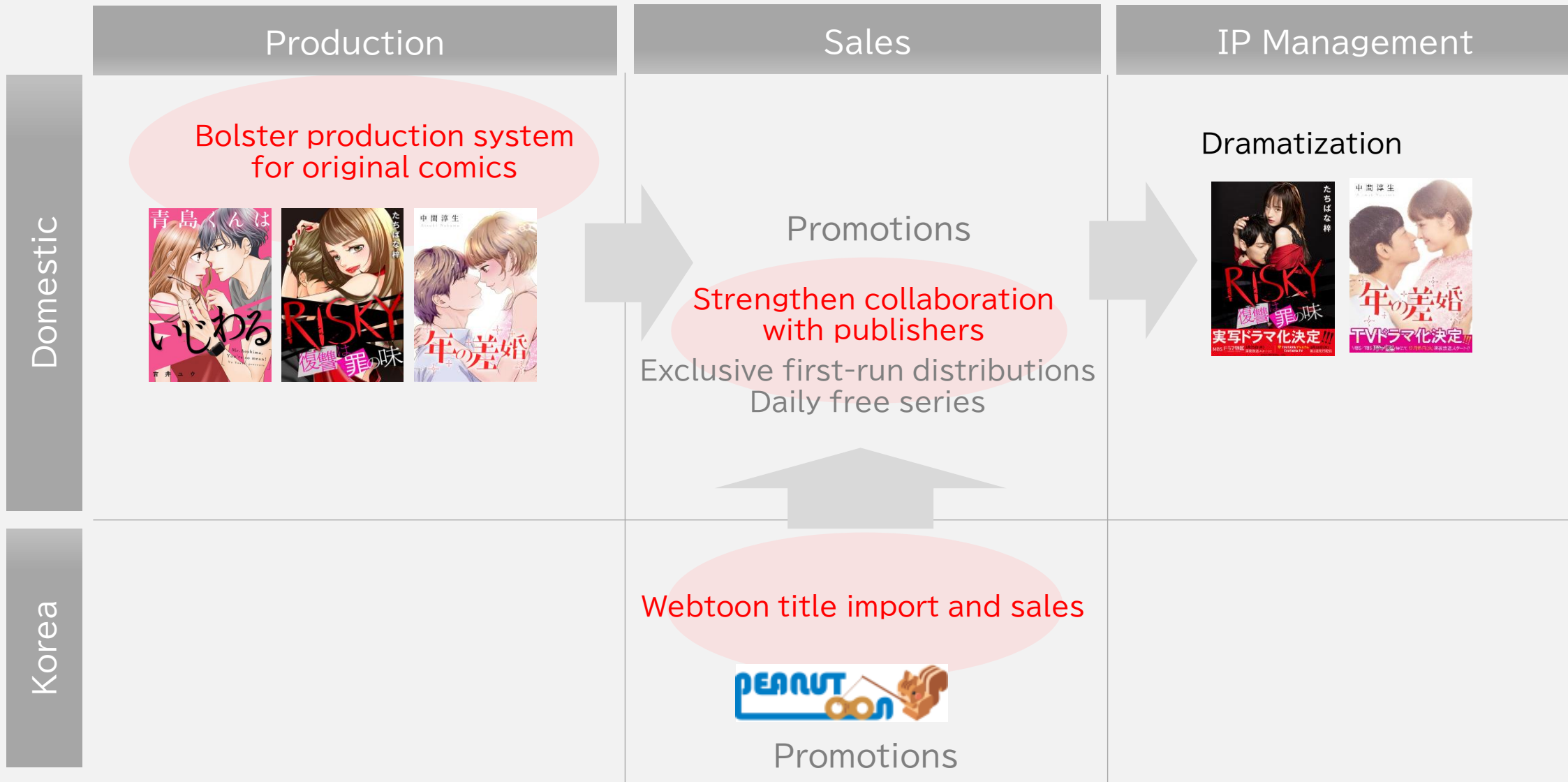
3 Strengthen Growth Businesses

- App: Expand application-specific functions and improve user interface
- Overseas: Business expansion through promotion of Peautoon

4 Strengthen Systems Foundation

- Transition gradually to full cloud operations
- Develop and improve image processing, data compression, browsers/viewers, etc.

Expand Content and Strengthen Marketing





Health IT

Health IT FY03/2022 Initiatives

New Fields

1. Launch business in health related fields

Launch health business

2. Overseas expansion

Advance health IT project in Asia

Focus Businesses

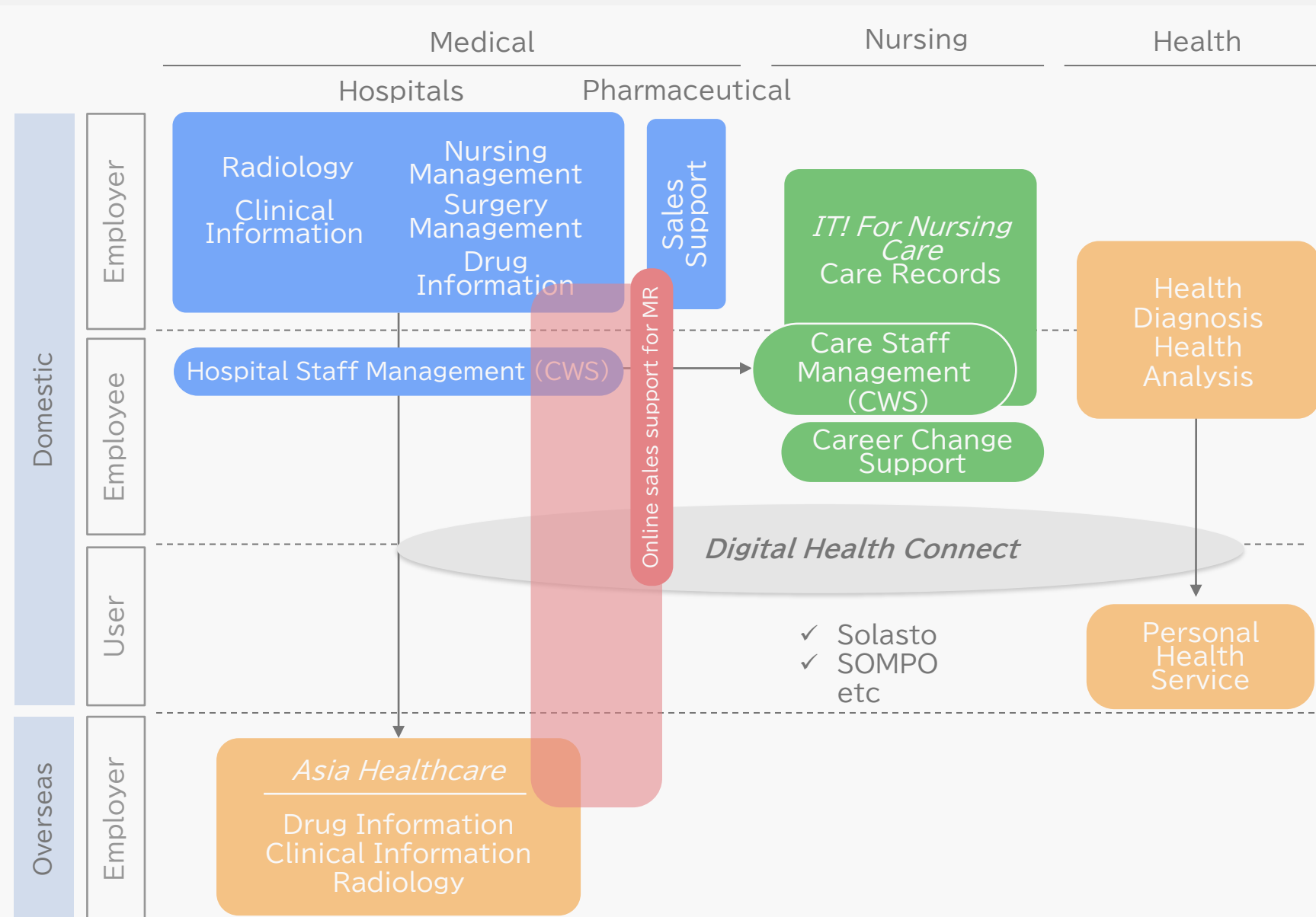
3. Expand businesses in nursing care related fields

**Launch cloud-based nursing CWS and
Expand professional recruitment business**

Existing Fields

Remote Field

4. Introduce online services



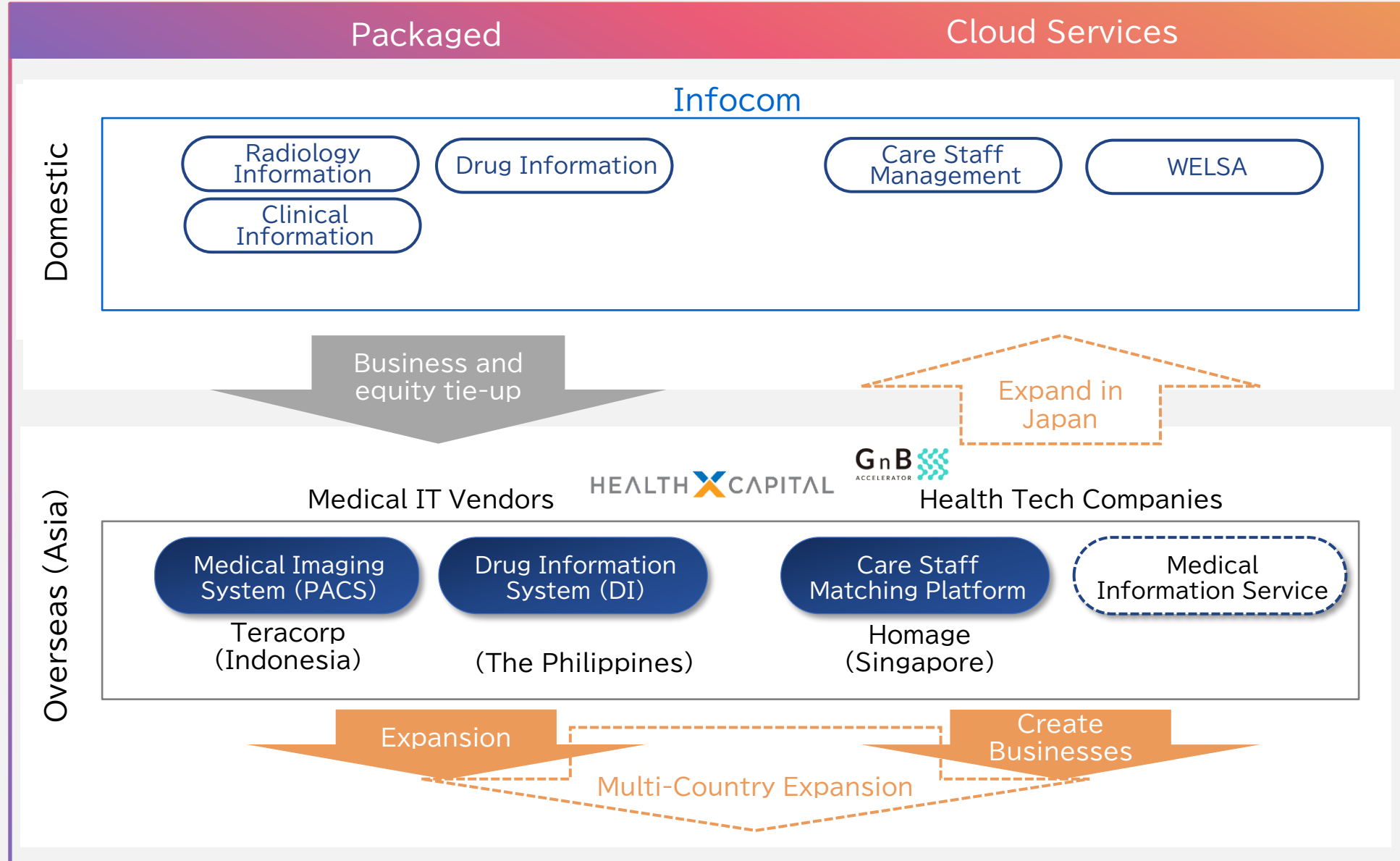
Advanced Health IT Project in Asia

FY03/21

- Begin overseas expansion
- (1) Original packaged sales
Indonesia, the Philippines
- (2) Ally with health tech companies
Homage

FY03/22

- (1) Expand PACS in Indonesia
- (2) Create businesses around DI



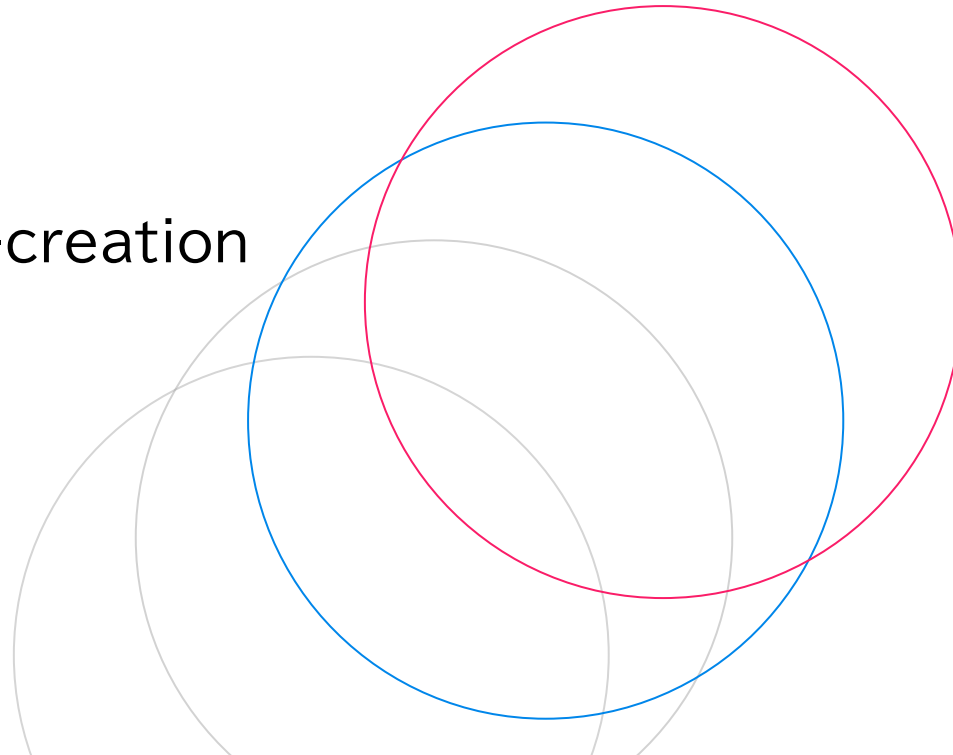
Becoming **a services company** that
delivers new value through the co-creation
of ICT and real-world businesses

<Contact>

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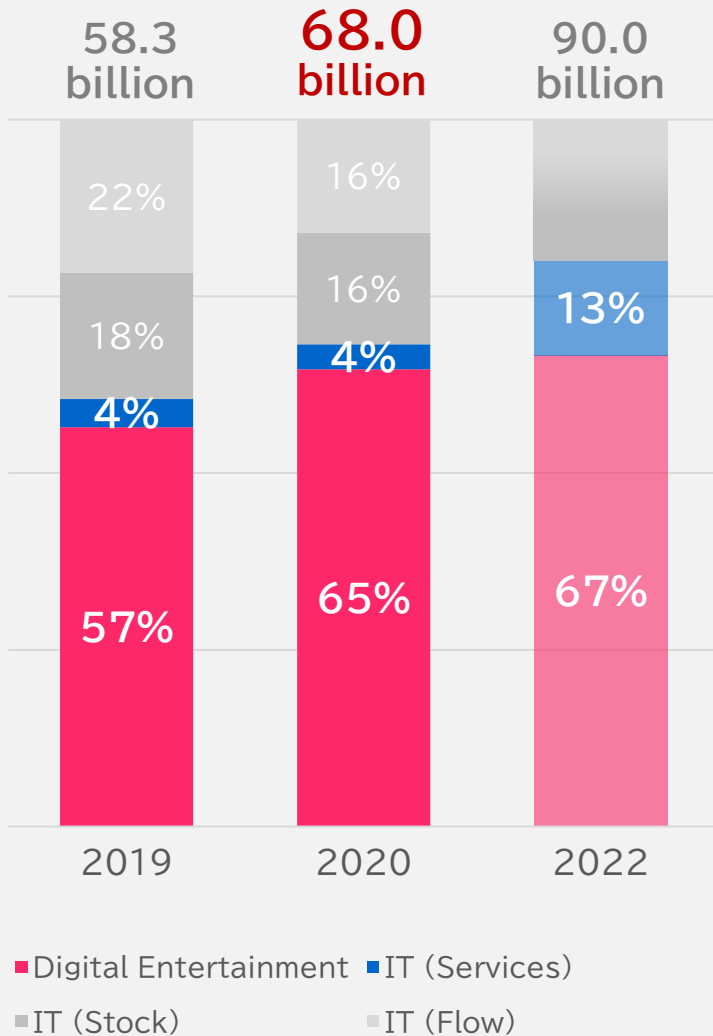
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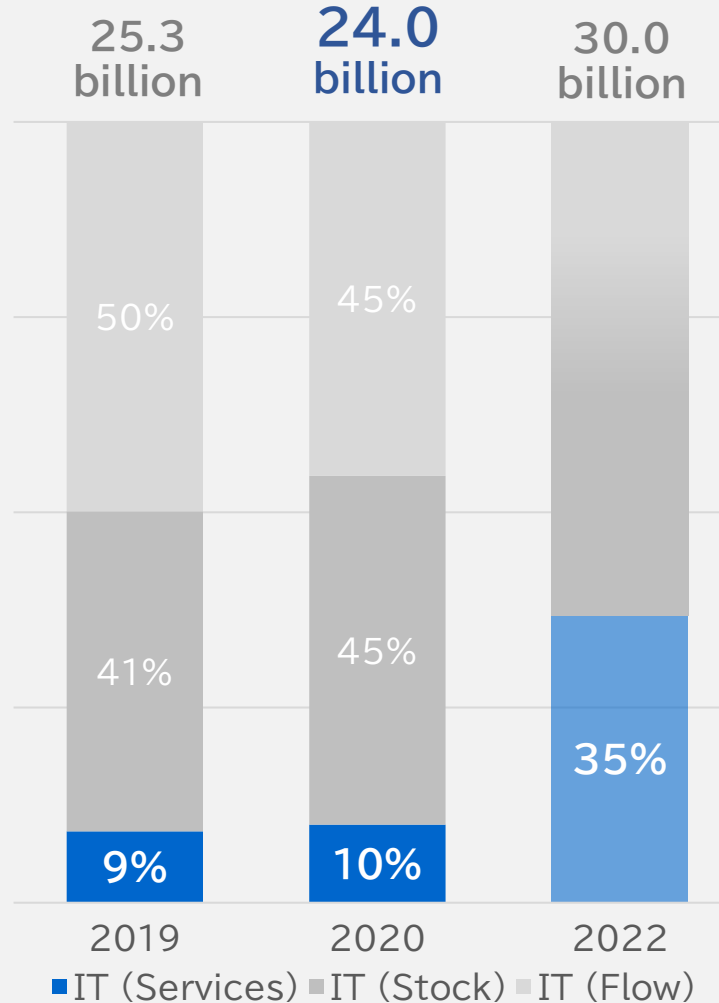
Reference

Ratio of Services Sales

Ratio to total sales



Ratio of business solution sales



Health IT	Health Care	WELSA CareStyle, CareCareer CWS, MIMAMOA
	Pharmaceuticals	DigiPro
	Business	ERP Documents Risk Management Other
		GRANDIT MyQuick, ecoDeliver EMC, BCPortal atscore.

■ Business Solution Products