

FINANCIAL RESULTS BRIEFING
FOR THE FY2017

Infocom Corporation

2018.04.27

01

FY2017 Results

02

FY2018 Forecast

03

Initiatives for FY2018

01

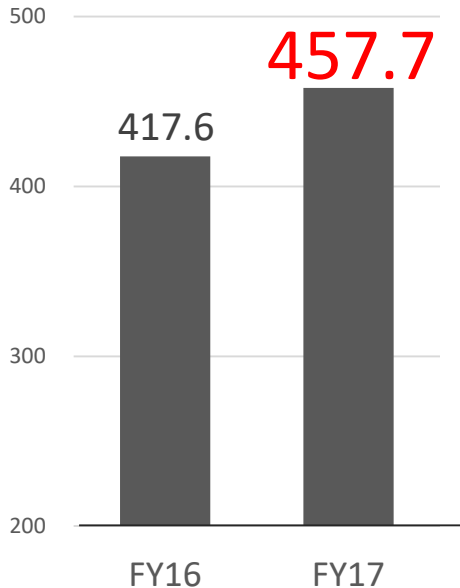
FY2017 Results

Consolidated Financial Highlights

Net sales

+9.6%

(Unit: 100million Yen)

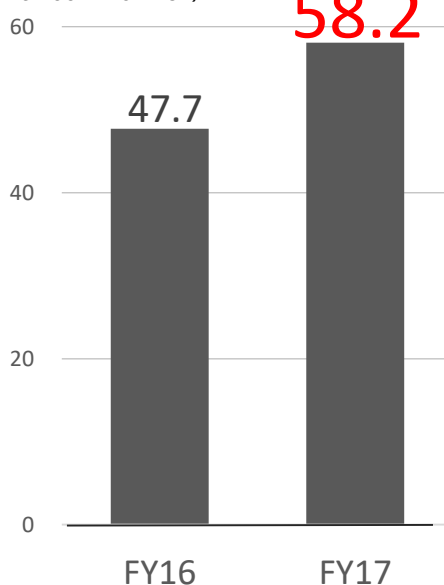


- ✓ Attributed record-breaking net sales to the recovery of priority growth drivers; health IT business, and growth of the e-book business.

Operating profit

+22.0%

(Unit: 100million Yen)

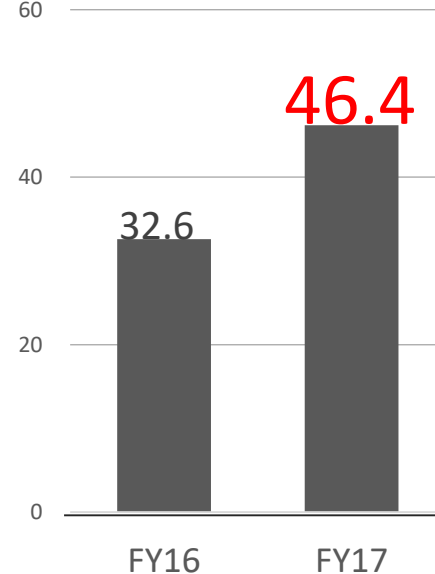


- ✓ Record-breaking profits posted by increasing the sales

Profit

+42.3%

(Unit: 100million Yen)



- ✓ Recorded gains on disposal data center as extraordinary profits.

Consolidated management performance

	FY16	FY17	YoY	
Net sales	417.6	457.7	+40.1	+9.6%
Operating profit	47.7	58.2	+10.5	+22.0%
(Operating margin)	(11.4)	(12.7)		
EBITDA	58.4	69.9	+11.5	+19.3%
Ordinary profit	48.5	59.8	+11.3	+23.2%
Net income attributable to owners of parent	32.6	46.4	+13.8	+42.3%
Earnings per share (Yen)	119.28	169.70	+50.42	+42.3%
ROE (%)	14.6%	17.9%	+3.3	

(Unit : 100 million yen)

Business Solution Group


Digital Entertainment Group



Health IT

Package services for medical institutions

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



Business Software

ERP • RPA
Business package
cloud services


- Companies
- Government offices
- Local governments



Enterprise Service Management

System integration for major companies

- Textile manufacturer
- Trading companies
- Pharmaceutical wholesalers
- Cell-phone companies



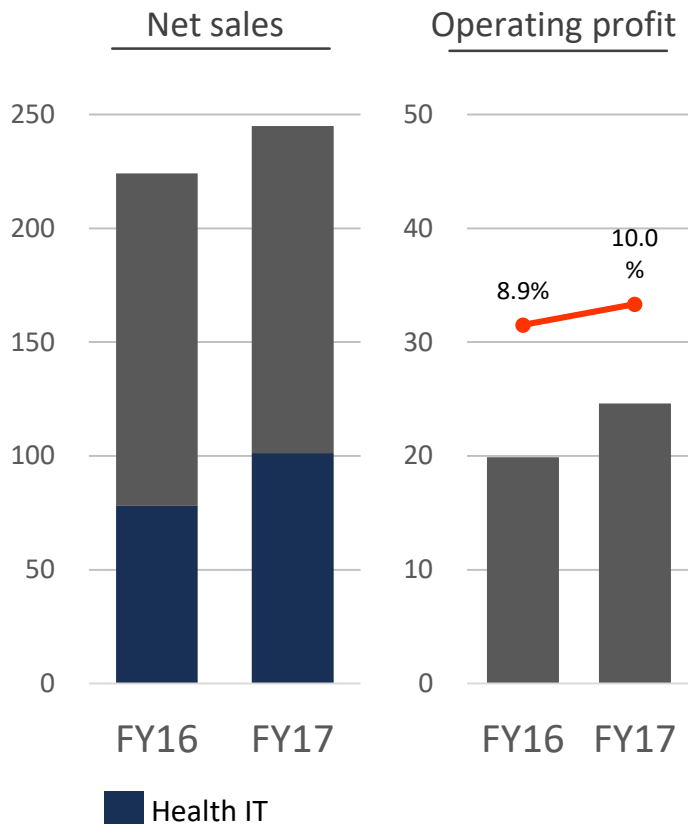
Digital Entertainment

E-comic
E-commerce

- General consumers

Business Solution Results (Consolidated)

(Unit : 100 million yen)



	FY16	FY17	YoY	
Net sales	224.1	244.9	+20.8	+9.3%
Health IT	78.1	101.2	+23.1	+29.6%
Operating profit	19.9	24.6	+4.7	+23.6%
(Operating margin)	(8.9%)	(10.0%)		

Net sales

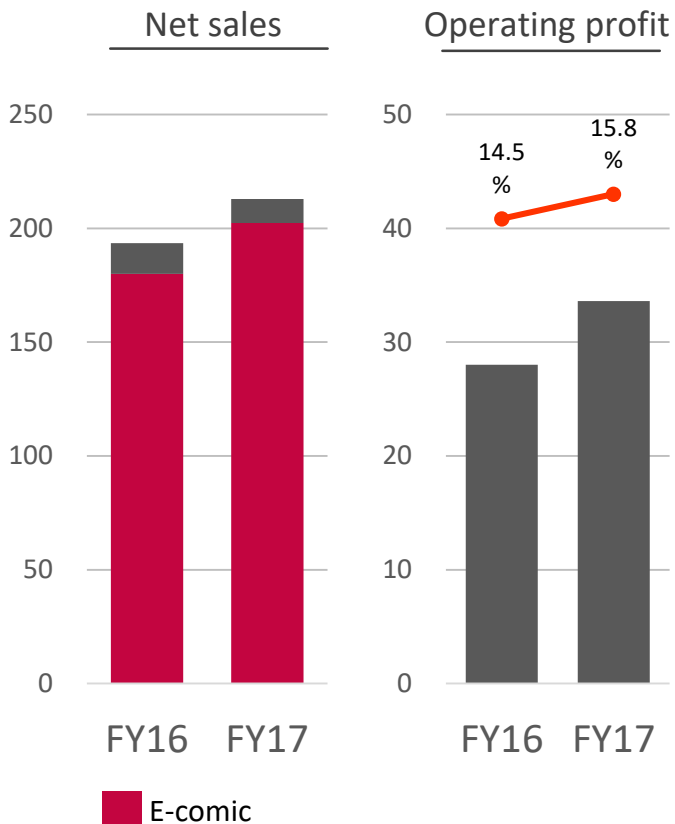
Favorable performance by the Health IT business including big SI projects for the pharmaceutical industries generate earnings growth.

Operating profit

Growth profits led by the favorable performance of products in the Health IT business for hospitals.

Digital Entertainment Results (Consolidated)

(Unit: 100 million)



	FY16	FY17	YoY	
Net sales	193.5	212.8	+19.3	+10.0%
E-book	180.0	202.3	+22.3	+12.4%
Operating profit	28.0	33.6	+5.6	+20.0%
(Operating margin)	(14.5%)	(15.8%)		

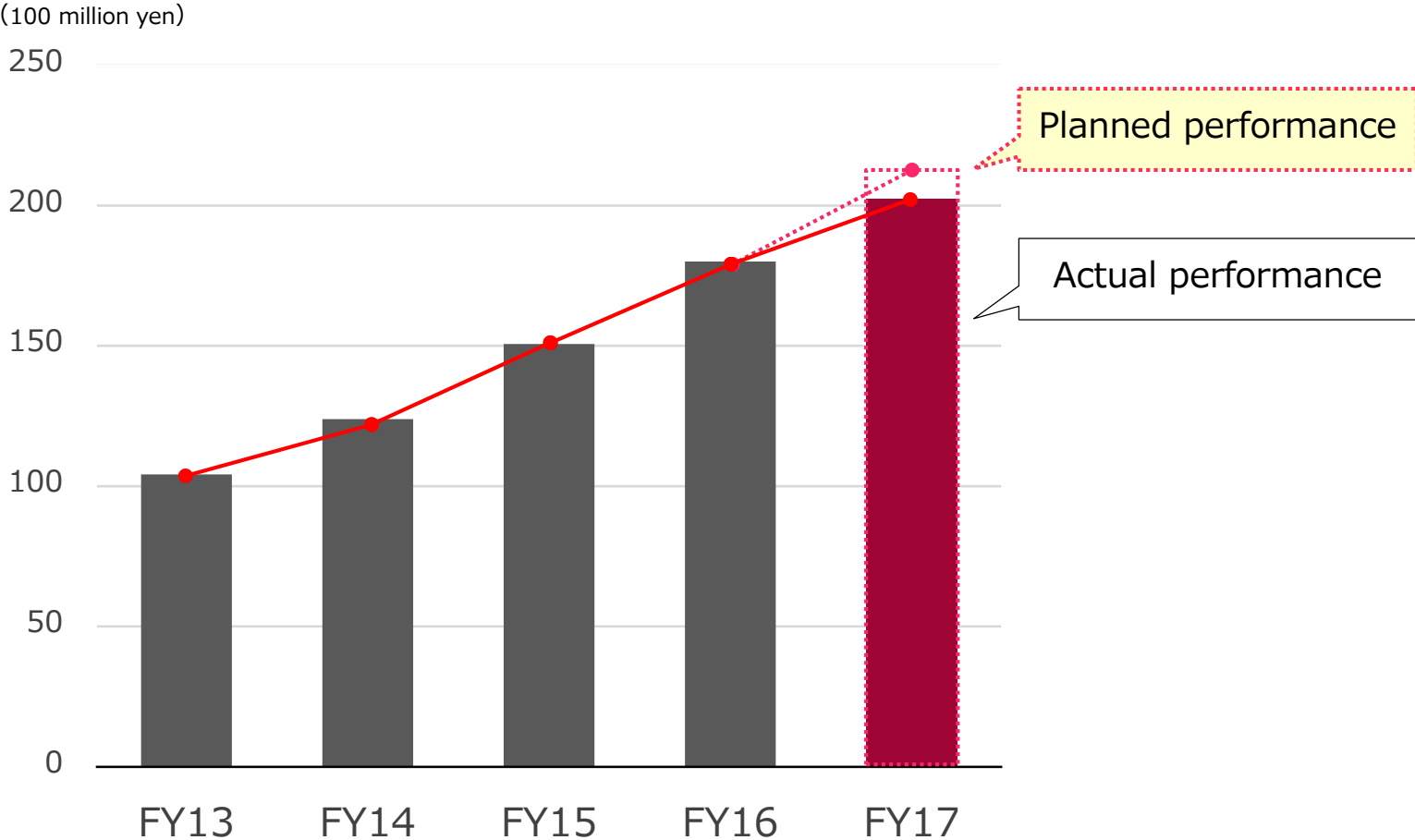
Net sales

Although the e-comics distribution business faced depression due to the pirated manga websites in 2Q, record-breaking net sales were posted due to such measures as initial exclusive distribution campaign.

Operating income

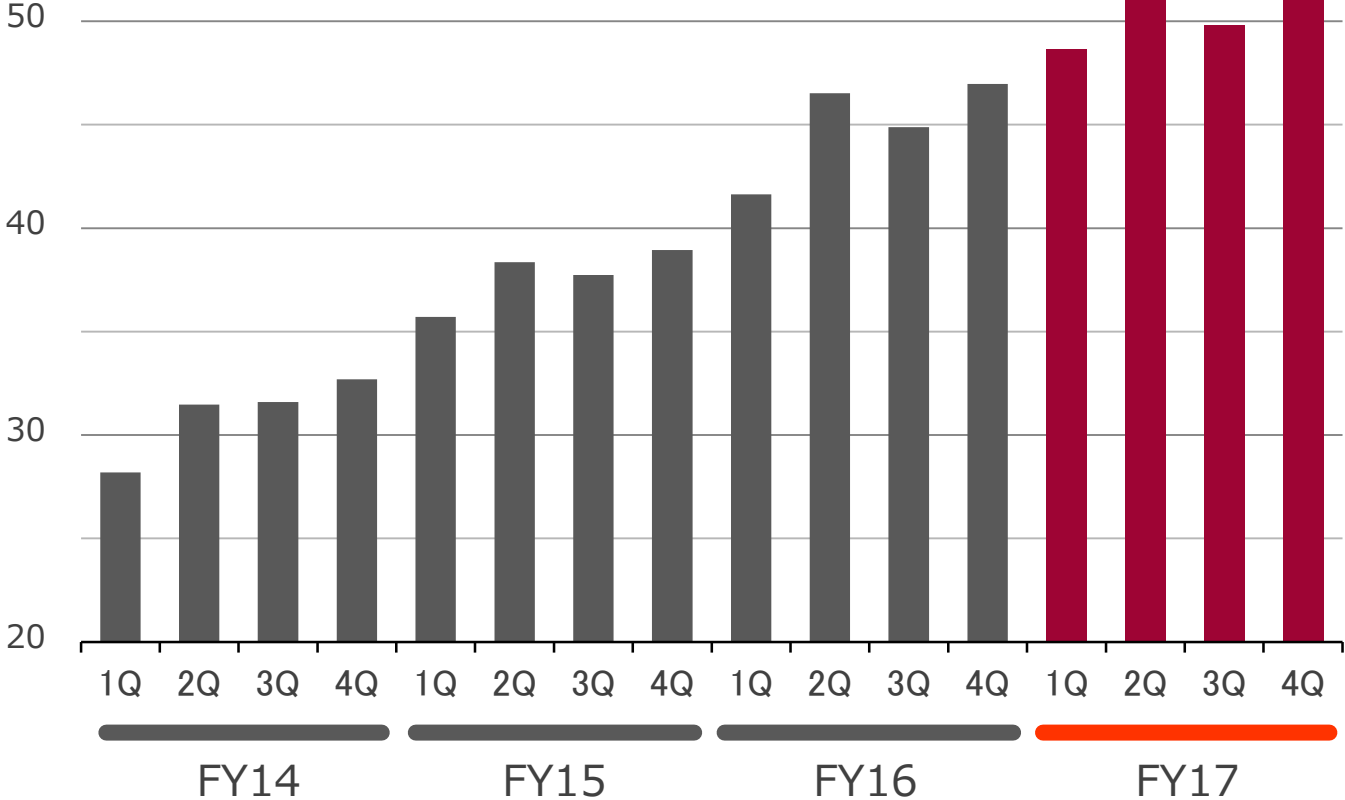
Earnings growth posted, led by the sales growth of the e-comics business and improving operational efficiency.

E-comic Distribution Performance (Year by Year)

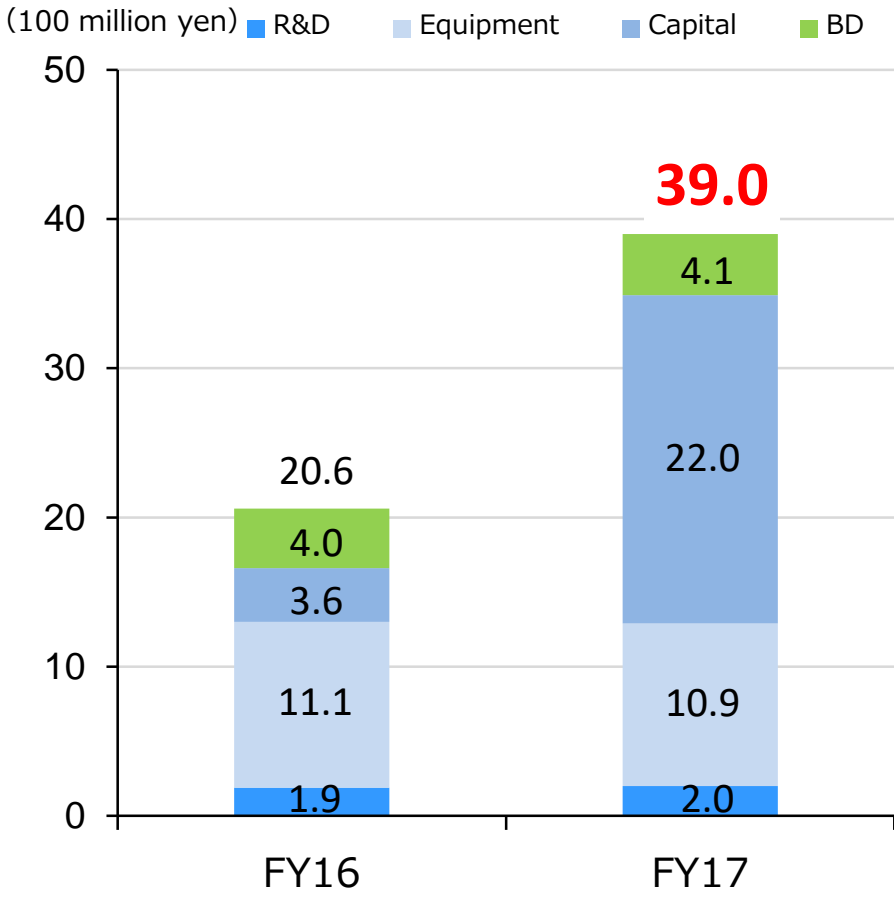


E-book Distribution Performance (Quarterly)

(100 million yen)



Investment Record



Major Investments

(100 million yen)

Category	Description	Amount
BD	Start-up business planning, exploration, demonstration tests	4.1
Capital	E-book company (Papyless)	22.0
Equipment	E-comic distribution services	10.9
	Hospital system	
	System for Community-based integrated care area	
	System for the pharmaceutical company	
	GRANDIT	
R&D	Others	2.0
	AI, New technology development on a company-wide basis	

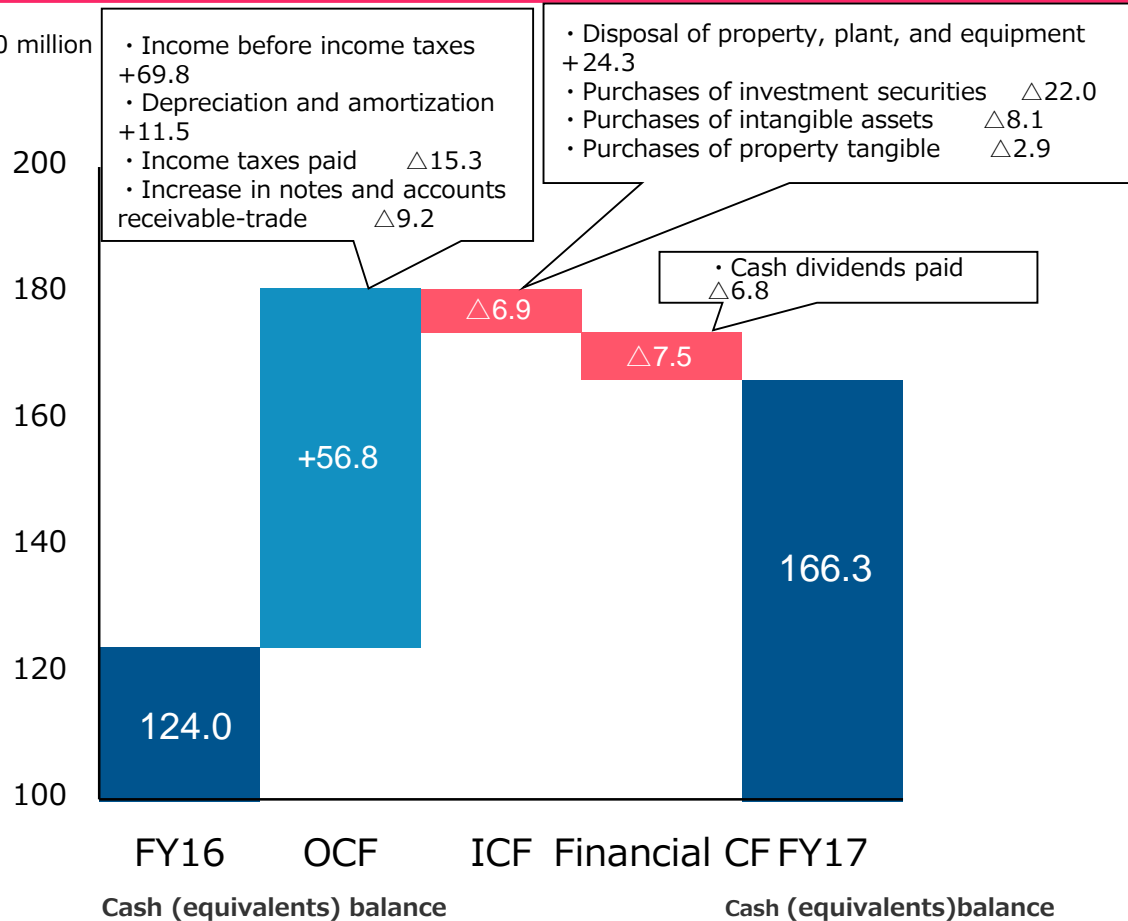
Consolidated Balance Sheet

(Unit : 100 million yen, %)

	FY16		FY17			Major factors for changes
	Amount	Ratio	Amount	Ratio	Change	
Current assets	237.3	72.7	282.8	73.3	+45.5	<ul style="list-style-type: none"> • Cash and deposits +42.2 • Notes and accounts receivable-trade +9.2
Fixed assets	88.8	27.3	102.9	26.7	+14.0	<ul style="list-style-type: none"> • Property, plant and equipment Δ15.7 • Investment securities +30.8
Total assets	326.2	100.0	385.7	100.0	+59.5	
Current liabilities	86.3	26.5	96.7	25.1	+10.4	<ul style="list-style-type: none"> • Accounts payable • Income taxes payable +10.9
Non-current liabilities	3.1	1.0	5.4	1.4	+2.3	
Total liabilities	89.5	27.5	102.1	26.5	+12.6	
Total net assets	236.6	72.5	283.6	73.5	+47.0	<ul style="list-style-type: none"> • Retained earnings +39.4
Total liabilities and net assets	326.2	100.0	385.7	100.0	+59.5	
Equity ratio	72.2%		73.2%			

Consolidated Cash Flow

(100 million yen)



(Unit: 100 million yen)

	FY16	FY17	Change
Operating CF	25.4	56.8	+31.4
Investment CF	$\Delta 11.1$	$\Delta 6.9$	+4.2
FCF	14.3	49.9	+35.6
Financial CF	$\Delta 9.6$	$\Delta 7.5$	+2.2
Effect of exchange rate changes on cash and cash equivalents	0.0	0.0	± 0
Net increase (decrease) in cash and cash equivalents	4.6	42.2	+37.6
The period cash and cash equivalents at the beginning of the period	119.4	124.0	+4.6
Cash and cash equivalents at end of the quarter	124.0	166.3	+42.3

02

Forecast for FY2018

Consolidated Management Benchmark

(Unit: 100 million yen, %)

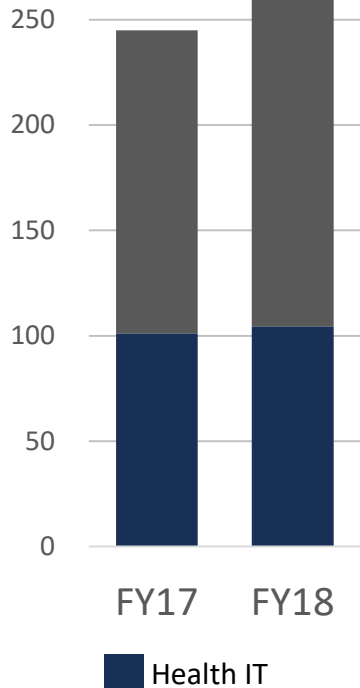
	FY17 Actual performance			FY18 Forecast				
	1H	2H	Full year	1H	2H	Full Year	Change (Full year)	%change (Full year)
Net sales	212.0	245.7	457.7	230.0	270.0	500.0	+42.3	+9.2%
Operating profit	23.6	34.6	58.2	26.0	39.0	65.0	+6.7	+11.5%
(Operating margin)	(11.1)	(14.1)	(12.7)	(11.3)	(14.4)	(13.0)		
EBITDA	29.3	40.6	69.9	32.0	45.0	77.0	+7.1	+10.2%
Ordinary profit	26.3	33.5	59.8	26.5	39.0	65.5	+5.7	+9.5%
Profit Attributable to owners of parent	25.7	20.7	46.4	18.0	27.0	45.0	Δ1.4	Δ3.0%
Earnings per share(yen)			169.7			164.5	Δ5.2	Δ3.1%
ROE (%)			17.9%			15.0%	Δ2.9	

* *Recorded gain on disposal data center as extraordinary profits (FY17)

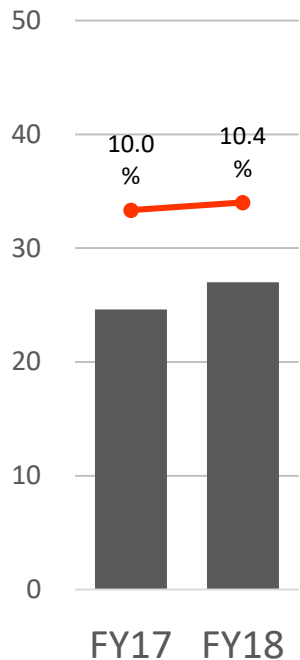
Forecast for Business Solution Segment

(Unit : 100 million yen)

Net sales



Operating profit



	FY17 (Result)	FY18 (Forecast)	YoY	
Net sales	244.9	260.0	+15.1	+6.2%
Health IT	101.2	104.5	+3.3	+3.3%
Operating profit	24.6	27.0	+2.4	+9.8%
(Operating margin)	(10.0%)	(10.4%)		

Net sales

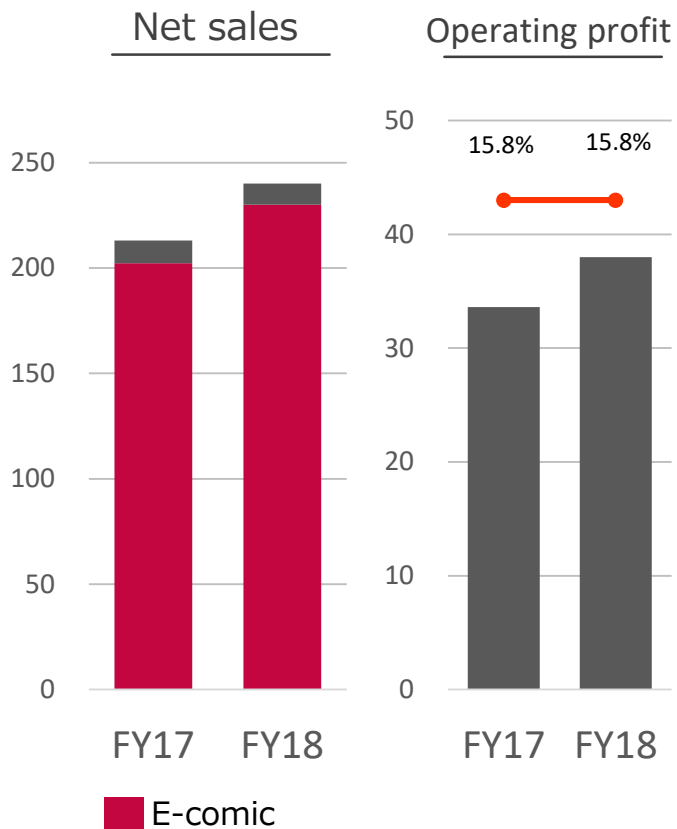
Expect revenue growth by favorable growing Health IT, while SI projects for pharmaceutical companies register a decline.

Operating income

Expect earnings growth, as Health IT growth offset BD investment cost

Forecast for Digital Entertainment segment

(Unit : 100 million yen)



	FY17 (result)	FY18 (Forecast)	YoY	
Net sales	212.8	240.0	+27.2	+12.8%
E-comic	202.3	230.0	+27.7	+13.7%
Operating profit	33.6	38.0	+4.4	+13.1%
(Operating margin)	(15.8%)	(15.8%)		

Net sales

Expect YoY 13% revenue increase; the E-comics industry still faces pirated manga website risks; aim to get high growth rate again in the second half of the FY18

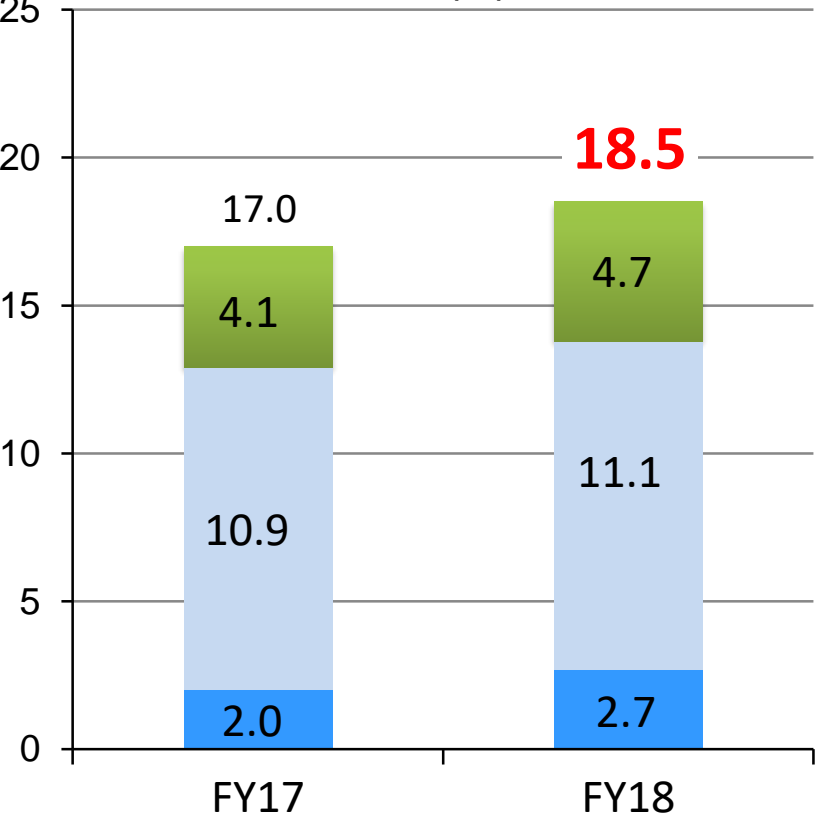
Operating income

Expect record-breaking operating income by increasing sales of e-comic, improving data analysis and IT investments.

Investment Plan

(100 million yen)

R&D Equipment BD

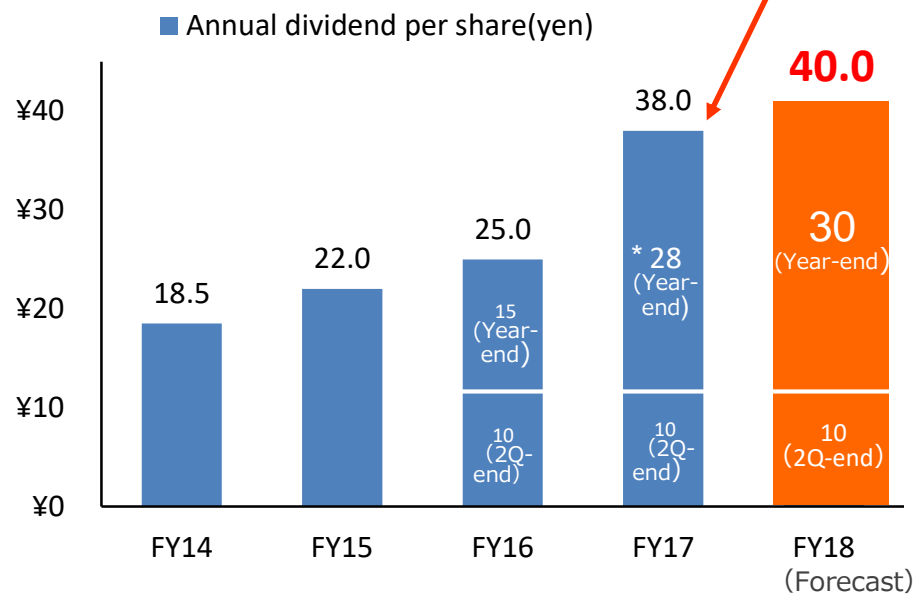


Major Investments

(100 million yen)

R&D	Start-up business planning, exploration, demonstration tests	4.7
Equipment	E-comics	11.1
	Hospital system	
	Systems for regional comprehensive care	
	System for the pharmaceutical company	
	GRANDIT	
	Others	
BD	AI, New technology development on a company-wide basis	2.7
	Community-based integrated care area	
	Others	

Returning to shareholders



*Breakdown of 28 yen (Ordinary dividend 26 yen, memorial dividend 2 yen)

◆ Dividend

In fiscal 2017, in addition to an interim dividend of 10 yen, we will pay a year-end dividend of 30 yen and plan a total dividend of 40 yen (payout ratio 24.3%)

◆ Shareholders benefit

Implemented for shareholders holding one or more units stated in the register of shareholders as of September 30, 2018

EPS	79.43 yen	26.64 yen	119.28 yen	169.70 yen	164.50 yen
-----	-----------	-----------	------------	------------	------------

03

Initiatives for FY2018

- E-comics
- Health IT
- Others

Initiatives for FY2018 E-comics

Aim for more growth than market's growth as a front-runner

1. Expand collaborative projects with publishers

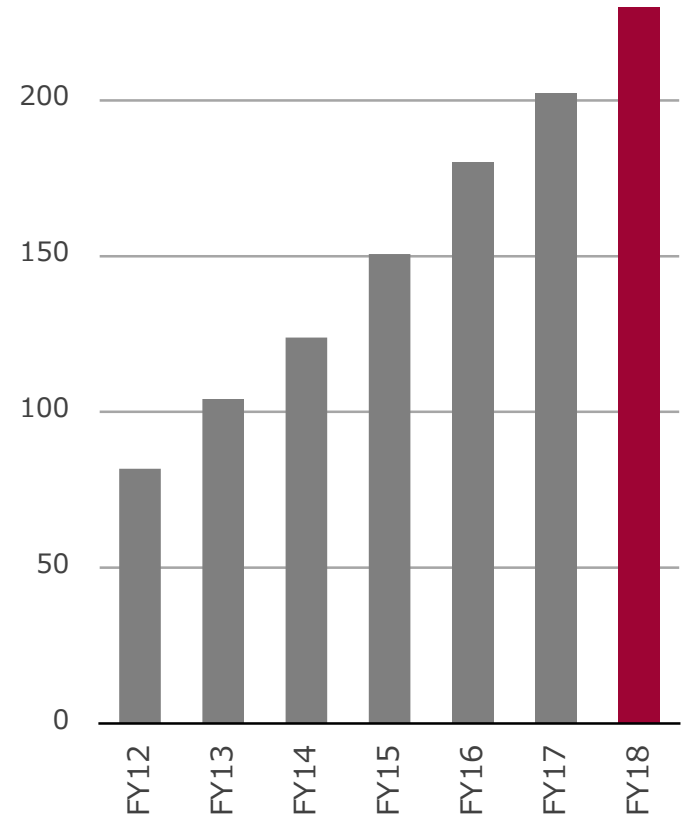
- Expansion of Initial exclusive distribution

2. Strengthen data analysis

- Strengthen big data analysis using AI

3. Expansion of business scale

- Overseas expansion
- M&As and alliance with another company in the same market



Expand collaborative projects with publishers

Initial exclusive distribution

Superior content by publishers ✗ Marketing power by Amtus

2016

13

contents

Started Initial exclusive distribution
“Toumei na Yurikago” became a big hit



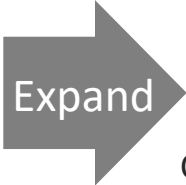
2017

approx 300 contents

Distributed exclusive contents from 38 publishers.
An effective solution for pirated manga websites as well.
Shuei-sha (one of the major publishers in Japan) released “Grand-Jump Meccha” as the first collaborative project with a e-bookstore



2018



Increase contents by major publishers
Collaborative projects with publishers

Utilization of AI

2016

Automation tagging

Detect themes and keywords from read contents by using AI



Raise business efficiency
Increase sales

2017

Started big data analysis

Infrastructure development
deal with bloated data

Big data analysis (buying history, action history)



Processing speed improvement
Using for marketing
(Improving web design)

Since 2018

Improve data analysis skill

Analysis of non-numeric data/
Analysis and consideration of prediction method
using machine learning



Increasing personalized area
(recommendation, web design)
Understanding hot-selling contents

Expansion of business scale

Alliance and collaboration with other e-book stores

Established “Japan E-Bookstore Association”

Counterplot for pirated manga websites
Educational campaign for readers to buy qualified contents

Form an association and encourage sound development of e-book market

Capital and business tie-up

Share the acquisition of Papyrus Co., Ltd.
by discussing the specifics of the collaboration

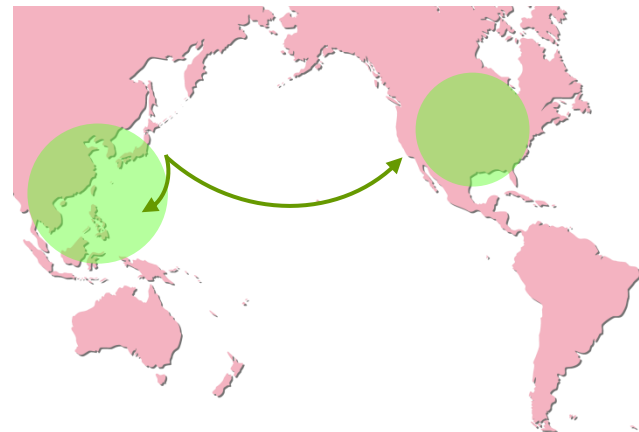


Overseas expansion

Business expansion in Asia and North America

Started agent business for Taiwan, Korea, and North America

Our own contents distribution service is under consideration



1. Accelerate creating services in community-based integrated care

- Drive forward digitalizing nursing care (nursing care whole IT!) and relative service

2. Promotion for new services for hospitals and pharmaceutical companies

- Help a “working-style reform” for healthcare workers

Nursing care whole IT!



Started selling in 2017

Expand sales in 2018

- Monitoring support service using IoT “Mima-more™”
- Nursing care digital record system “Daily”

Start selling in 2018




Recruiting information search service for nursing care personnel “Care-Style”

Starting demonstration in May

Start selling from 2018

Nursing care facility search service “Care-ring”



Opening β version

Proceeding making studies since 2018

New Service related to dementia care

New services for seniors

FY2017~FY2019

Promote new services for client hospitals and pharmaceutical companies

Applying a working management system in medical institutions and nursing care institutions

Strengthening of functions of products for pharmaceutical companies

Upgraded products for radiology departments

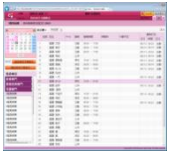
Working management system
CWS

- 2016: Started the system for clinical nurses
- 2017: Expanded for hospital staff members
- 2018: Planning to apply to nursing care staff members

Synchronize with IC cards



Synchronize with managing personnel system/salaries



Supporting solutions for medical representatives



Advance1

- ✓ Client management
- ✓ Activity management
- ✓ Add dashboard, etc.

Advance2

- ✓ More elaborate activity management
- ✓ Recommendation
- ✓ Promotion plans

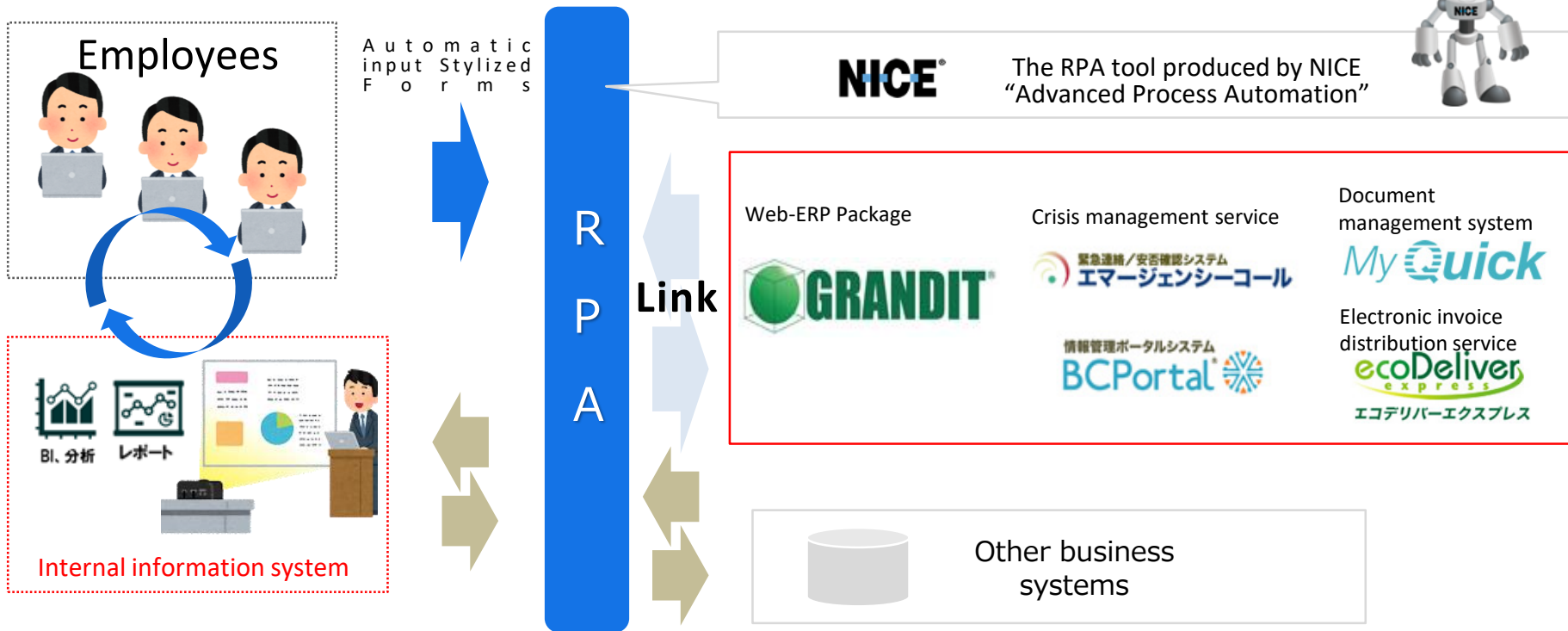
Radiotherapy system
iRad®-RT



Help sharing information among medical staff members and support
“Team medical care”

Others: Work Style Reform using RPA

- Providing “Digital Labor Solution” combination with our services
- Planning to apply for healthcare jobs



NICE

The RPA tool produced by NICE
“Advanced Process Automation”

Web-ERP Package



Crisis management service



Document management system



Electronic invoice distribution service



エコデリバーエクスプレス

Other business systems

Infocom Corporation

Corporate Communications Office

TEL : 03-6866-3160 Email : pr@infocom.co.jp



This document is provided for the purpose of providing information about the Company and its performance, not for the solicitation of investments in securities issued by the Company. In addition, there may be some management indicators, amount changes, or percentage changes that differ from the figures stated in this document because the figures in this document are shown in units of 100 million yen. This document is created on the basis of data that was current as of March 31, 2018, except for some data.

The names of the companies, services, and products stated in this document are trademarks or registered trademarks of the respective companies.

The opinions and forecasts included in this document are judgments of the Company as of the date of preparation, and the Company does not guarantee the accuracy or completeness of the information, which might change as new data becomes available.