



# Financial Results Briefing for Q2 FY03/2021

**INFOCOM CORPORATION**

**2020.10.28**

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# Financial Results for Q2 FY03/21

# Q2 FY03/21 Results (Consolidated)

Significantly higher sales and profits, driven by strong e-comic performance

Net sales

+20.0%

(Billion yen)

40

27.6

33.2

30

20

10

0

FY03/20

FY03/21

Digital Entertainment

Business Solution

Operating profit

+27.4%

(Billion yen)

6.0

3.8

4.9

4.5

3.0

1.5

0.0

FY03/20

FY03/21

Profit attributable to owners of parent

+31.1%

(Billion yen)

6.0

2.5

3.3

4.5

3.0

1.5

0.0

FY03/20

FY03/21

# Q2 FY03/21 Results (Consolidated)

(Billion yen)

	Q2 FY03/20	Q2 FY03/21	YoY	
			Change	%
Net Sales	27.6	33.2	+5.5	+20.0%
Operating profit (Operating margin)	3.8 (9.8%)	4.9 (13.4%)	+1.0	+27.4%
EBITDA	4.4	5.5	+1.0	+23.6%
Ordinary profit	3.8	4.9	+1.0	+27.7%
Profit attributable to owners of parent	2.5	3.3	+0.8	+31.1%

# 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



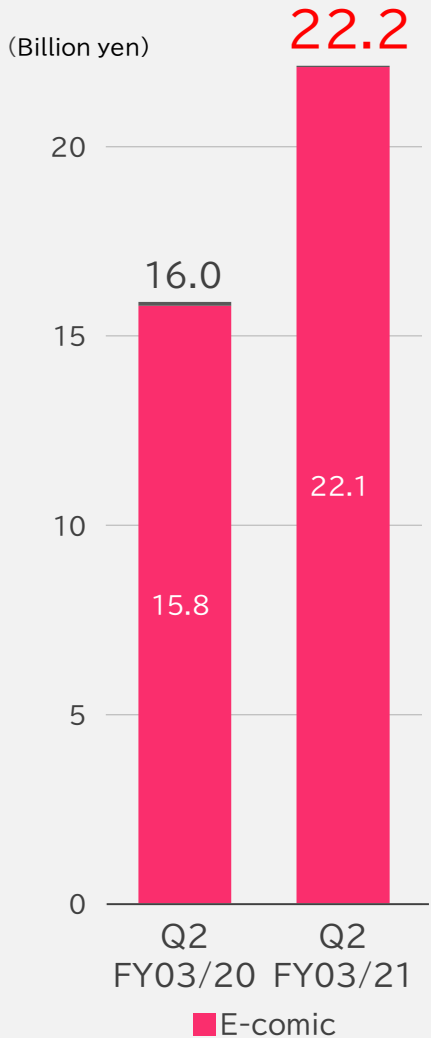
Enterprise Service Management

System integration for major companies

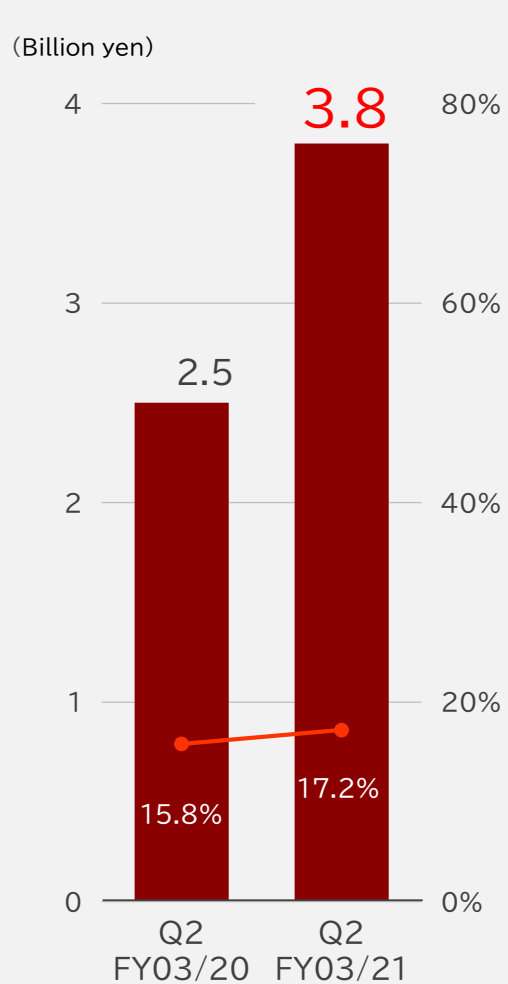
- Textile manufacturers
- Trading companies
- Pharmaceutical wholesalers
- Mobile phone companies

# Digital Entertainment Results (Consolidated)

Net sales



Operating profit



(Billion yen)

	Q2 FY03/20	Q2 FY03/21	YoY	
			Change	%
Net Sales	16.0	22.2	+6.1	+38.6%
E-comic	15.8	22.1	+6.3	+39.8%
Operating profit	2.5	3.8	+1.2	+50.9%
(Operating margin)	(15.8%)	(17.2%)		

## Net Sales

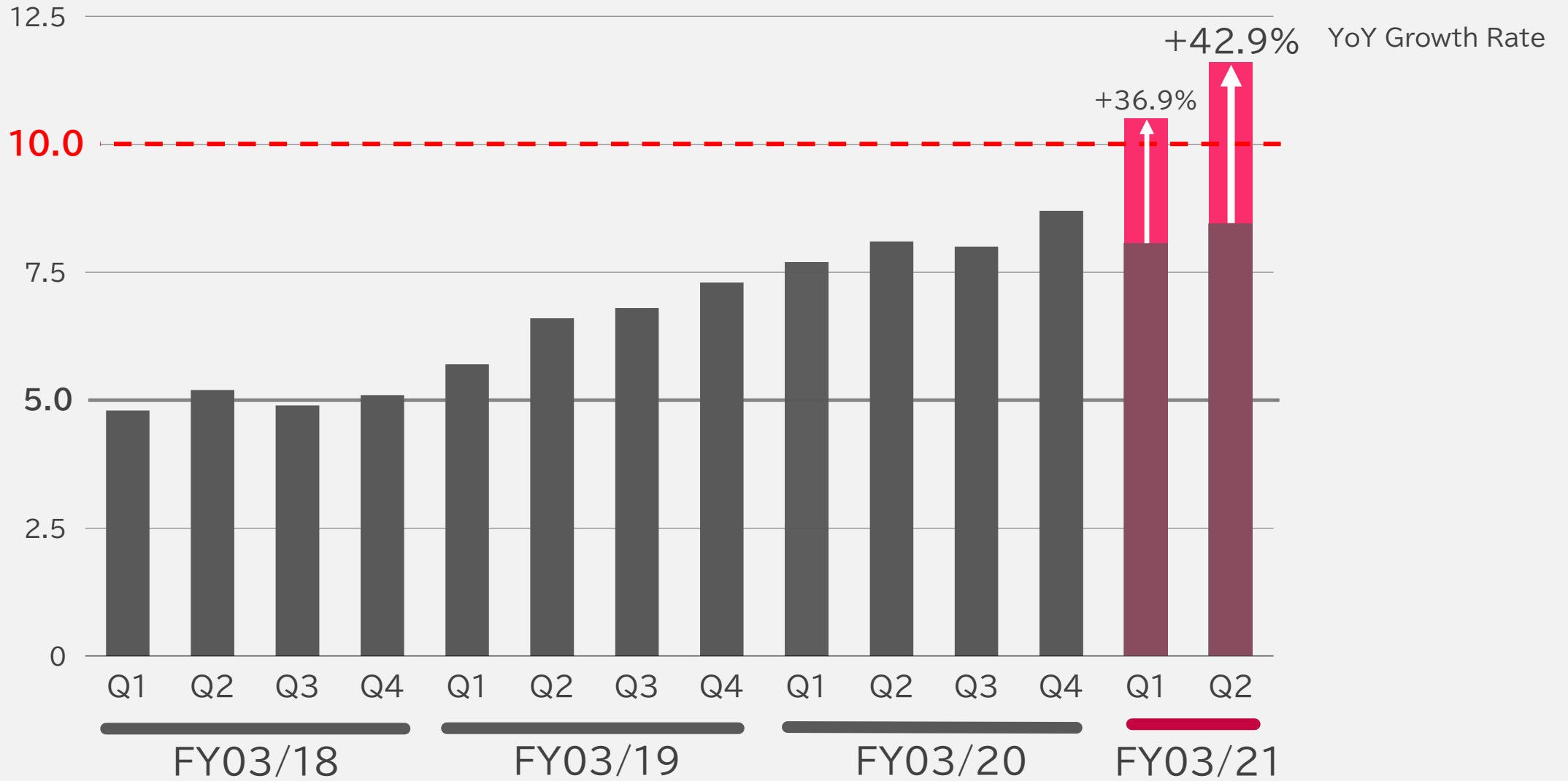
Significantly higher sales, driven by successful measures based on data analysis (free series, exclusive first-run distributions, original comics, etc.) and increased demand due to stay-at-home requests.

## Operating profit

- Higher profits due to higher sales
- Hit original comic titles with high profit margins

# Q2 FY03/21 Results of E-Comic Distribution Service

(Billion yen)

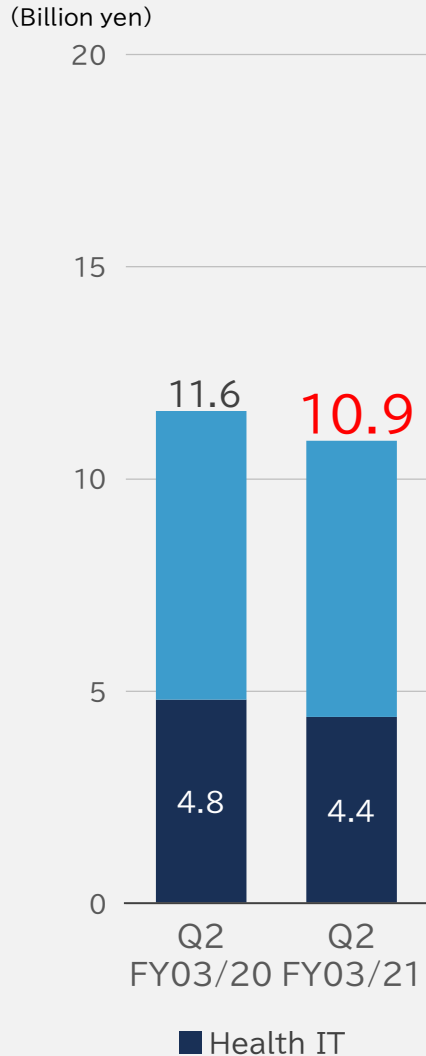




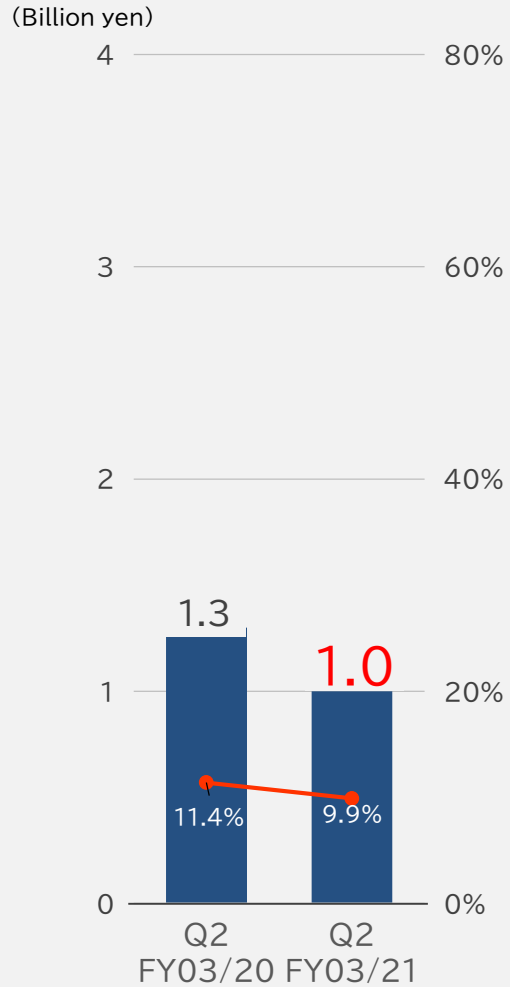
# Business Solution Results (Consolidated)

(Billion yen)

## Net Sales



## Operating profit



	Q2 FY03/20	Q2 FY03/21	YoY	
			Change	%
Net Sales	11.6	10.9	(0.6)	(5.6%)
Health IT	4.8	4.4	(0.4)	(8.5%)
Operating profit (Operating margin)	1.3 (11.4%)	1.0 (9.9%)	(0.2)	(17.6%)

### Net sales

Decrease in sales to hospitals as a reaction to the special demand in the previous year (prior to the tax code revision and consumption tax hike) and the impact of the COVID-19 pandemic, sales were firm in response to stronger sales activities and other measures on our part.

### Operating profit

Lower profits due to lower sales

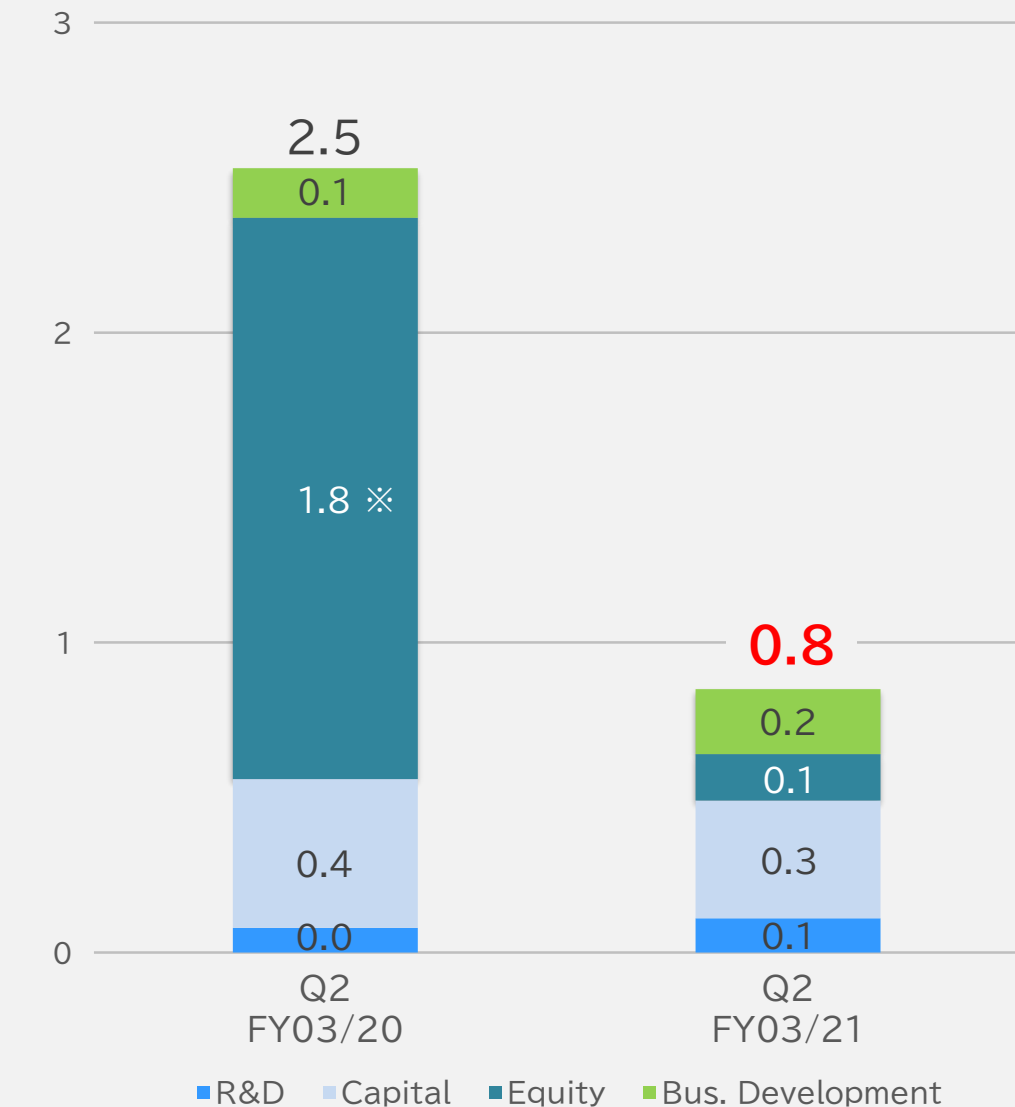
Sales and profits outperformed first-half plan

	1H Plan*
Net Sales	10.0
Operating profit (Operating margin)	0.3 (3.0%)

\*Announced July 31, 2020

# Investments

(Billion yen)



(Billion yen)

Category	Main Details	Amount
Business Development	New business planning, research, demonstration tests, etc.	0.2
Equity Investment	Business partnership with company operating HR matching service for nursing professionals in Singapore, etc.	0.1
Capital Investment	E-comic (App development, Enhancement of server facilities, etc.)	0.3
	Health IT (Drug Information, Clinical Information, Nursing Care, etc)	
	GRANDIT	
	Other	
R&D Investment	AI, new technology research, DX, etc.	0.1

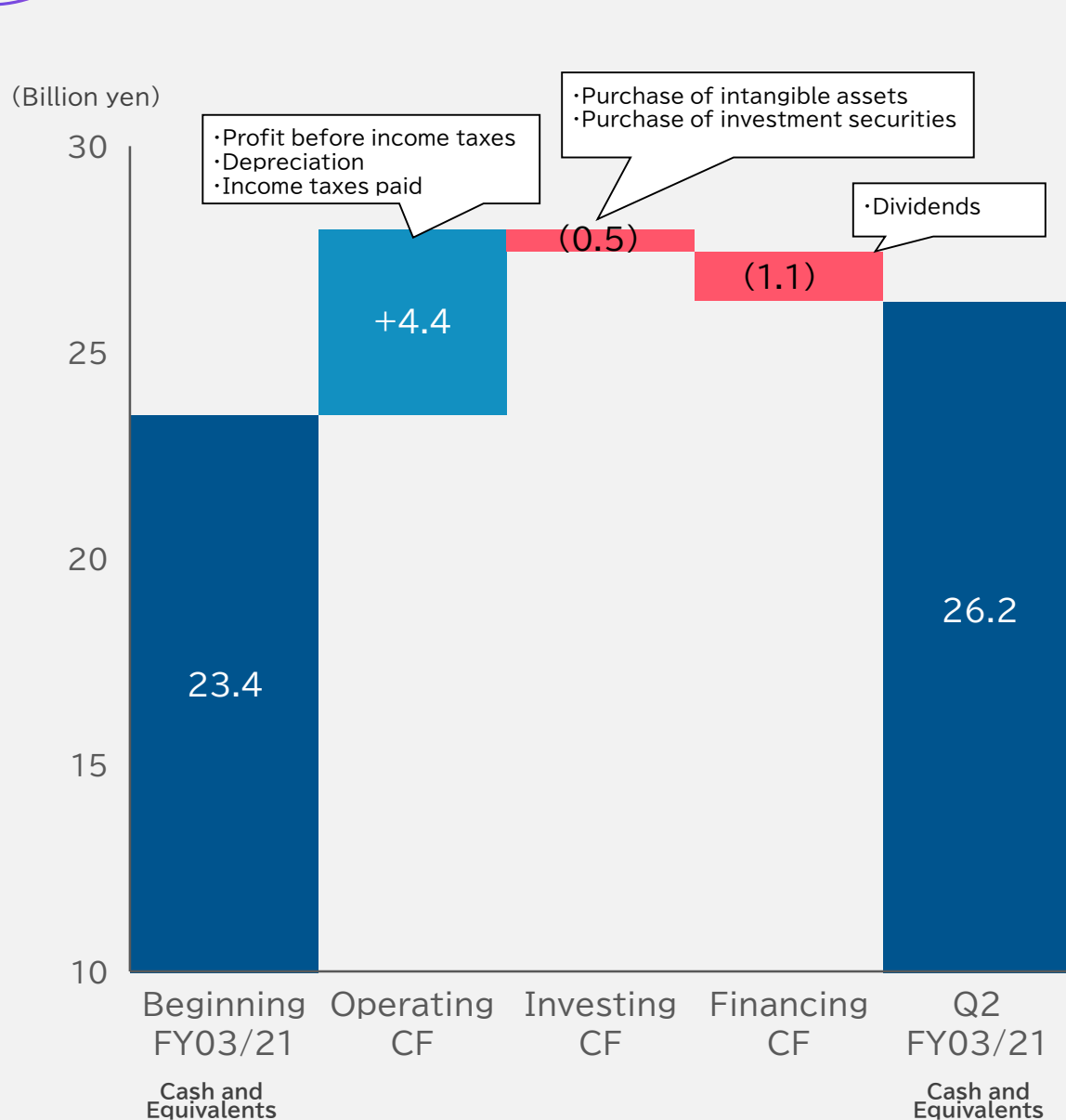
\*Converted to consolidated subsidiary  
(e-comic distributor in Korea, nursing professional recruiter)

# Balance Sheets (Consolidated)

(Billion yen,%)

	FY03/20		2Q FY03/21			Major Change Factors
	Amount	Composition Ratio	Amount	Compositon Ratio	YoY	
Current Assets	36.4	75.8	38.9	74.3	+2.5	<ul style="list-style-type: none"> <li>•Cash and deposits +2.7</li> <li>•Notes and accounts receivable - trade (0.7)</li> </ul>
Fixed Assets	11.6	24.2	13.4	25.7	+1.8	<ul style="list-style-type: none"> <li>•Goodwill (0.1)</li> <li>•Investments and other assets +2.0</li> </ul>
Total Assets	48.0	100.0	52.4	100.0	+4.3	
Current liabilities	11.8	24.5	11.8	22.5	+0.0	<ul style="list-style-type: none"> <li>•Accounts payable - trade +0.3</li> <li>•Provision for bonuses (0.4)</li> </ul>
Non-current liabilities	0.1	0.3	0.6	1.3	+0.5	
Total liabilities	11.9	24.8	12.4	23.8	+0.5	
Total net assets	36.1	75.2	39.9	76.2	+3.8	<ul style="list-style-type: none"> <li>•Retained earnings +2.2</li> </ul>
Total liabilities and net assets	48.0	100.0	52.4	100.0	+4.3	
Shareholders' equity ratio	77.2%		75.5%			

# Cash Flows (Consolidated)



(Billion yen)

	2Q FY03/20	2Q FY03/21	Change
Operating CF	3.0	4.4	+1.4
Investing CF	(1.6)	(0.5)	+1.1
Free CF	1.3	3.9	+2.6
Financing CF	(0.9)	(1.1)	(0.2)
Effects of exchange rate changes on cash and cash Equivalents	(0.0)	(0.0)	+0.0
Change in cash and cash Equivalents	0.3	2.7	+2.3
Cash and cash equivalents, beginning of period	20.1	23.4	+3.3
Cash and cash equivalents, end of quarter	20.5	26.2	+5.7



# Earnings Forecast for FY03/21

# Earnings Forecast for FY03/21 (Consolidated)

(Billion yen)

	FY03/20 Results			FY03/21 Forecast			YoY(%)		
	H1	H2	FY	H1	H2	FY	H1	H1	FY
Net Sales	27.6	30.6	58.3	33.2	37.2	70.5	+20.0%	+21.5%	+20.8%
Operating profit	3.8	4.3	8.2	4.9	5.5	10.5	+27.4%	+28.3%	+27.9%
(Operating margin)	(14.0%)	(14.2%)	(14.1%)	(14.8%)	(15.0%)	(14.9%)			
EBITDA	4.4	4.9	9.3	5.5	5.9	11.5	+23.6%	+21.4%	+22.4%
Ordinary income	3.8	4.3	8.2	4.9	5.5	10.5	+27.7%	+26.4%	+27.0%
Profit attributable to owners of the parent	2.5	2.9	5.5	3.3	3.3	6.7	+31.1%	+11.9%	+20.9%
Net income per share(yen)			101.32			122.37			+20.8%
ROE			16.2%			17.1%			+5.7%

◆ Upward revision based on first-half results and outlook for core businesses

# Earnings Forecast for FY03/21 (Consolidated) [Comparison with initial forecast]

(Billion yen)

	FY03/20 Results	FY03/21 Initial Forecast*	FY03/21 New Forecast	Change	
				Intial Forecast	FY03/20
Net Sales	58.3	69.0	<b>70.5</b>	+1.5	+12.1
Operating profit	8.2	10.1	<b>10.5</b>	+0.4	+2.2
(Operating margin)	(14.1%)	(14.6%)	<b>(14.9%)</b>		
EBITDA	9.3	11.5	<b>11.5</b>	±0	+2.1
Ordinary income	8.2	10.1	<b>10.5</b>	+0.4	+2.2
Profit attributable to owners of the parent	5.5	6.6	<b>6.7</b>	+0.1	+1.1
Net income per share(yen)	101.32	120.58	<b>122.37</b>	+1.79	+21.06
ROE	16.2%	17.1%	<b>17.1%</b>	+0.0%	+0.9%

\* Disclosure on July 31, 2020

# Earnings Forecast for FY03/21 by segment (Consolidated)

## [Digital Entertainment]

(Billion yen)

	FY03/20 Results			FY03/21 Forecast			YoY(%)		
	H1	H2	FY	H1	H2	FY	H1	H2	FY
Net Sales	16.0	16.9	32.9	22.2	23.7	46.0	+38.6%	+40.3%	+39.5%
E-comic	15.8	16.7	32.6	22.1	23.5	45.7	+39.8%	+40.2%	+40.0%
Operating profit (Operating margin)	2.5 (15.8%)	2.4 (14.3%)	4.9 (15.0%)	3.8 (17.2%)	4.1 (17.6%)	8.0 (17.4%)	+50.9%	+72.8%	+61.6%

- ◆ Continued strong performance in the second half based on increased memberships in the first half

## [Business Solution]

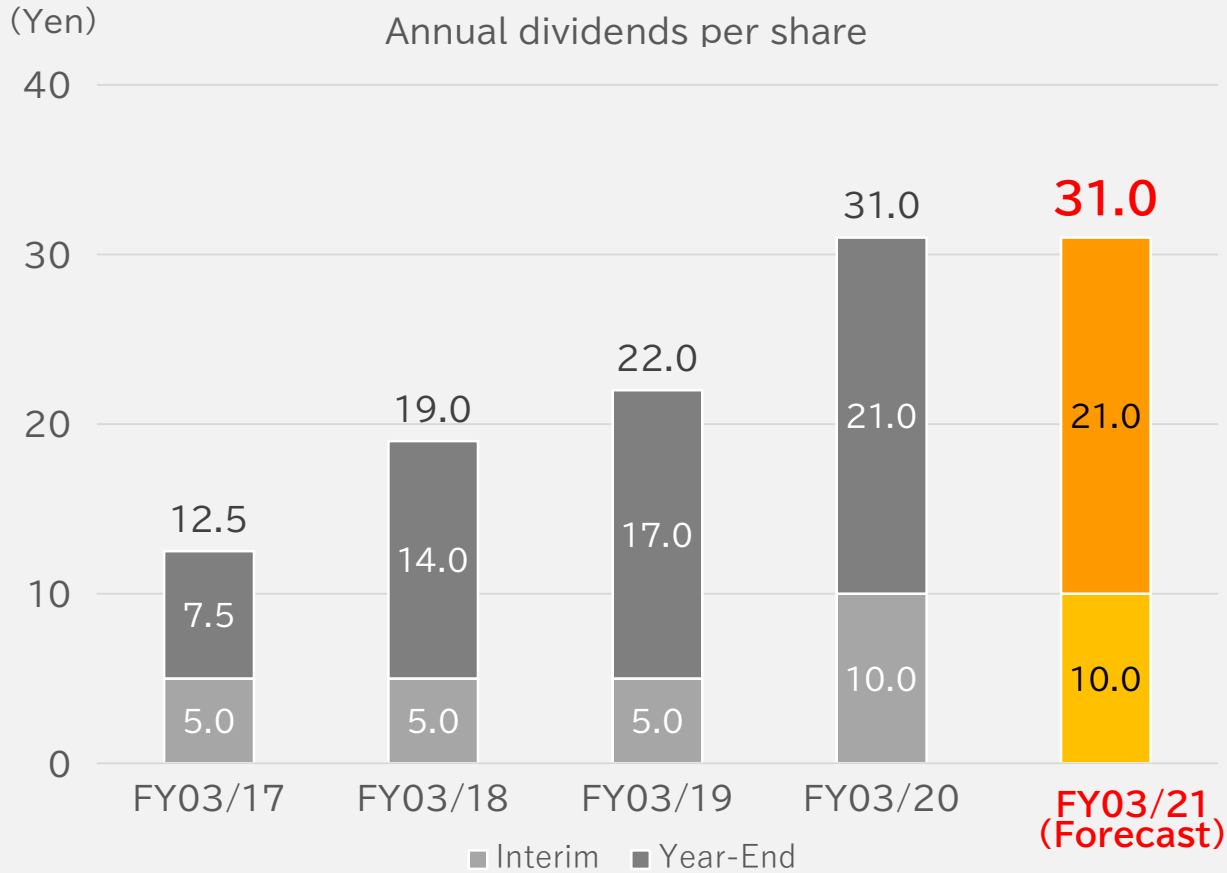
(Billion yen)

	FY03/20 Results			FY03/21 Forecast			YoY(%)		
	H1	H2	FY	H1	H2	FY	H1	H2	FY
Net Sales	11.6	13.7	25.3	10.9	13.5	24.5	(5.6%)	(1.7%)	(3.5%)
Health IT	4.8	5.9	10.7	4.4	5.7	10.1	(8.5%)	(4.6%)	(6.3%)
Operating profit (Operating margin)	1.3 (11.4%)	1.9 (14.0%)	3.2 (12.8%)	1.0 (9.9%)	1.4 (10.4%)	2.5 (10.2%)	(17.6%)	(26.8%)	(23.1%)

- ◆ Lead time for hospital projects are expected to take longer, resulting in heavier weighting to Q4 than in normal years. Progress as normal in main business for radiation departments.
- ◆ Capture IT demand and generate firm sales through corporate web conferences, online seminars, etc.



# Shareholder Returns



Net income per share (yen)	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21
	59.64	84.85	87.46	101.32	122.37

## ◆Dividends

Implement FY20 interim dividend of 10 yen per share  
 Implement year-end dividend of 21 yen, resulting in a projected full-year dividend of 31 yen (dividend payout ratio of 25.3%)

## ◆Shareholder Benefits

Provided to shareholders owning at least one trading unit per the register of shareholders as of September 30, 2020 (announcement scheduled for November 30)

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



# Initiatives for FY03/21

**E-Comic**  
**Health IT**

# Growth Driver Strategies [E-comic]

## 1. Marketing measures

- New free daily series releases attract more customers
- Improve accuracy of recommendations using data analysis, AI

## 2. Expanded content

- Expand exclusive first-run distributions, original comic titles

## 3. Improve infrastructure for business growth

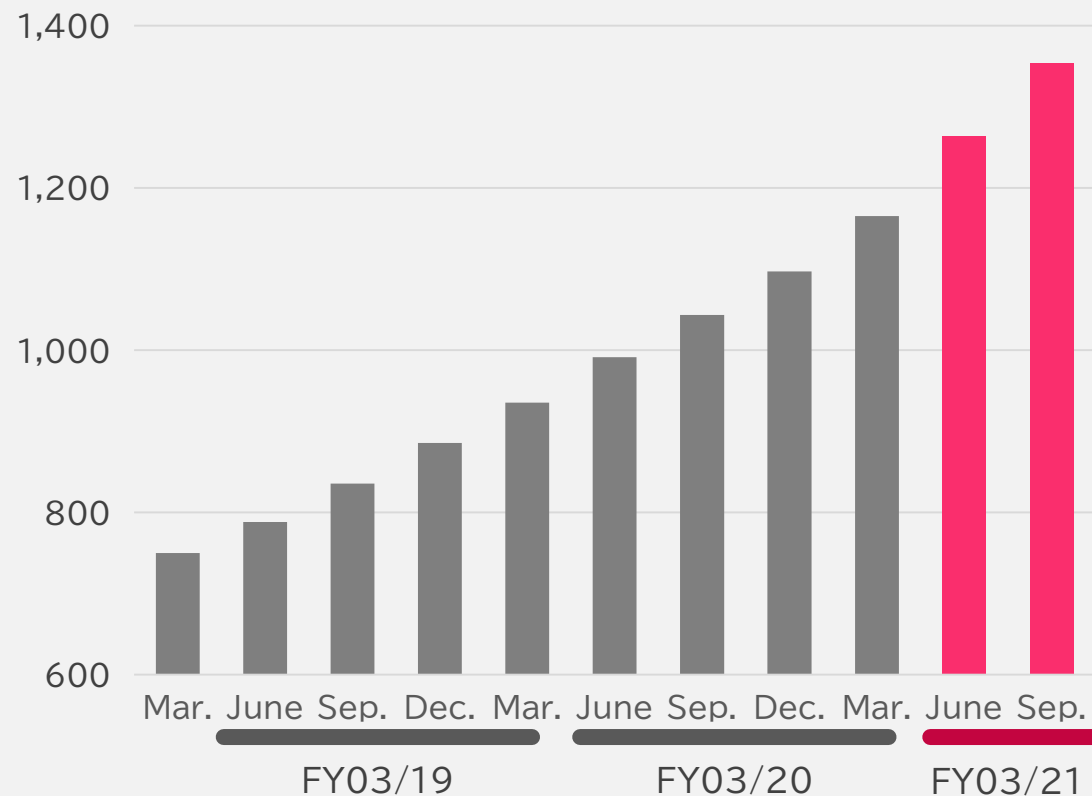
- Full app redesign

## 4. Develop new markets

- Overseas expansion
- M&A

(Unit: 10 thousands)

[ Mecha Comic Memberships ]



Total members: Combination of paid and free members

# Growth Driver Strategies [Health IT]

## New Fields

### 1. Launch business in health-related fields

Launch corporate and individual health-related services

### 2. Overseas expansion

Roll out systems for hospitals in Southeast Asia  
Launch new services

## Focus Businesses

### 3. Expand businesses in nursing care-related fields

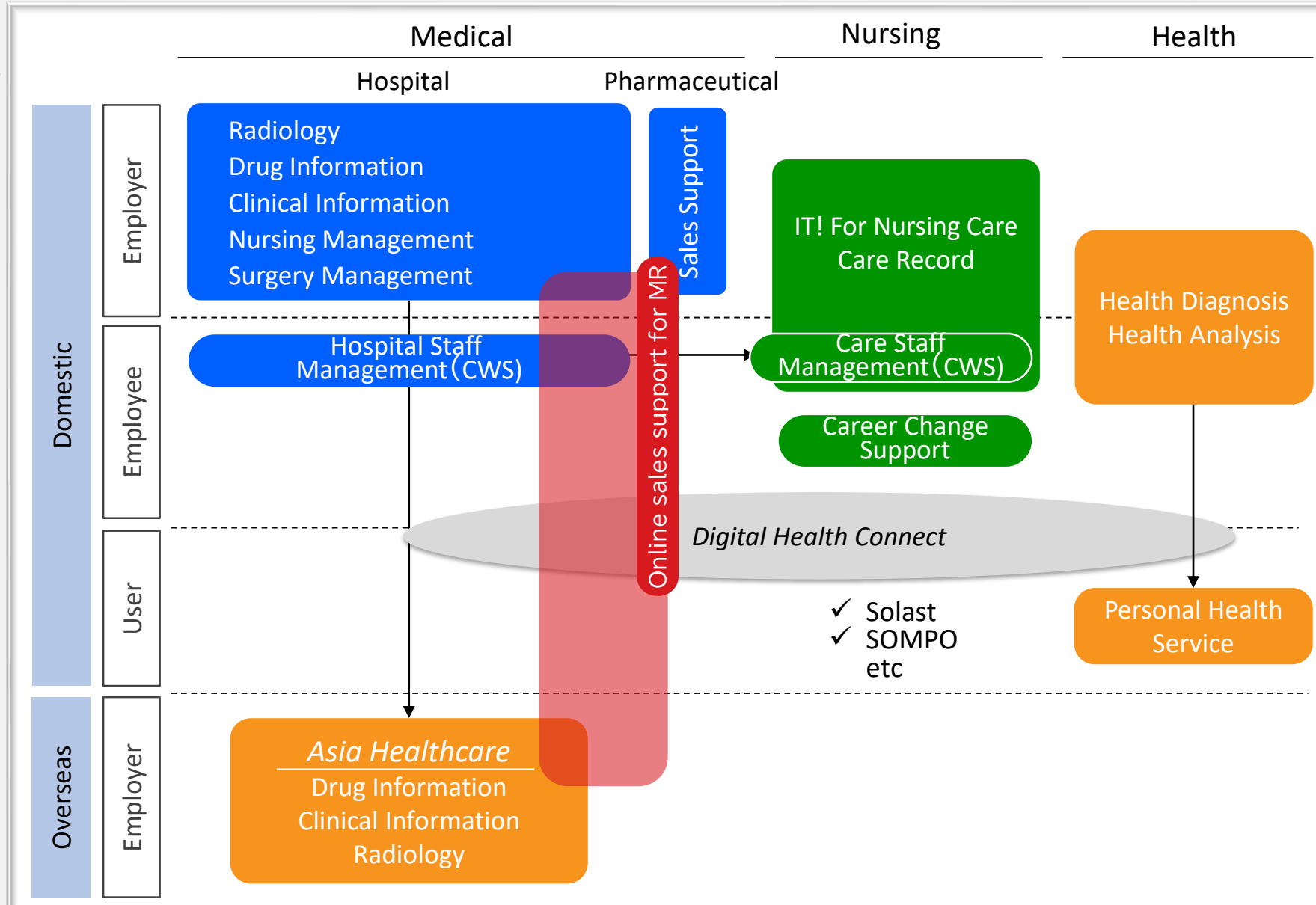
Expand career change support, *IT! for Nursing Care*, employee management systems

## Existing Fields

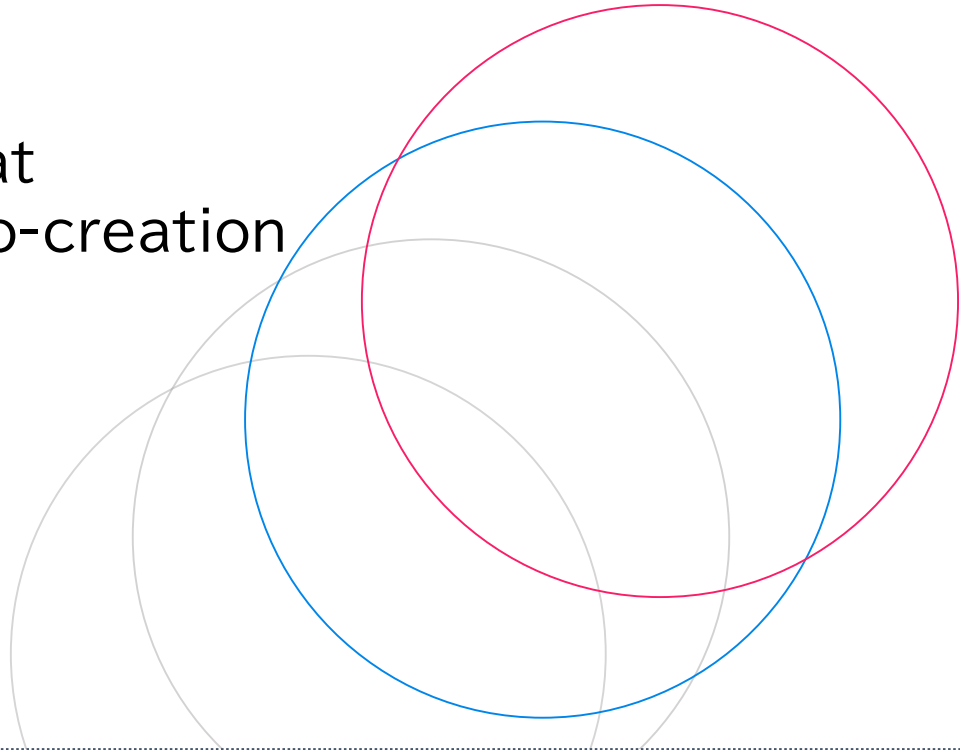
## Remote Field

### 4. Introduce online services

- Online sales support for MR
- Online medical treatment Other



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



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