

# Financial Results Briefing for Q2 FY03/2023

**INFOCOM CORPORATION**

**October 28,2022**

On November 16,2022, “Earnings Forecast for FY03/23” (Page 13,14) was added.

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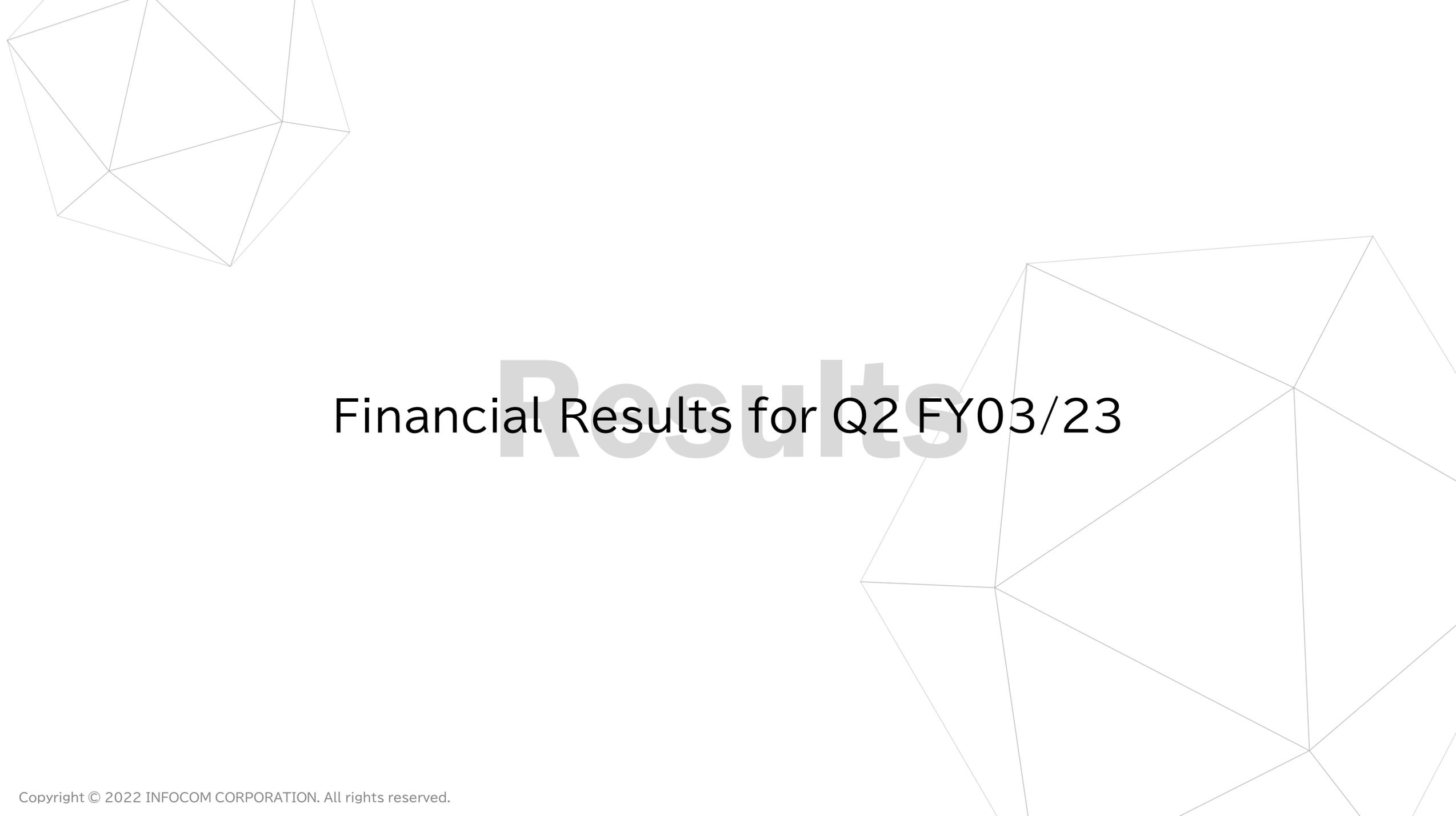
○ Earnings Forecast for FY03/23

○ Initiatives in Key Businesses

E-Comic

Health IT

Evolve Into a Services Oriented Business



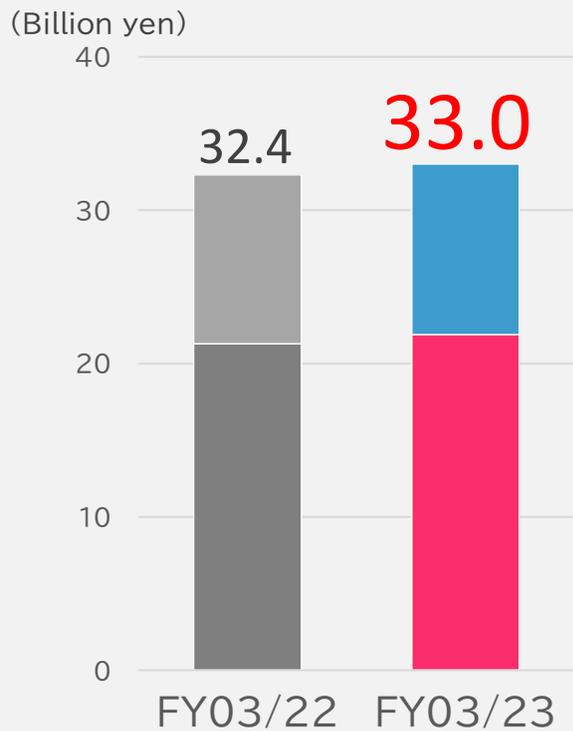
# Financial Results for Q2 FY03/23

# Q2 FY03/23 Results (Consolidated)

## E-comic business growth based on stronger marketing

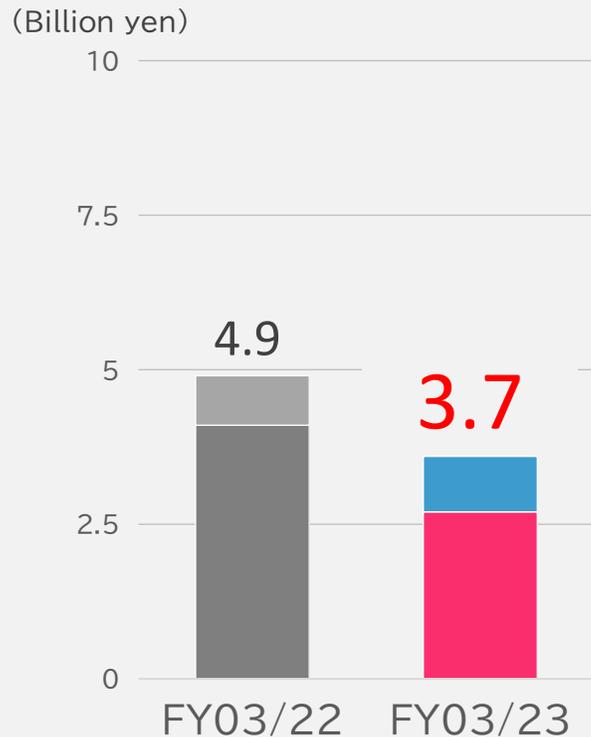
Net sales

+1.8%



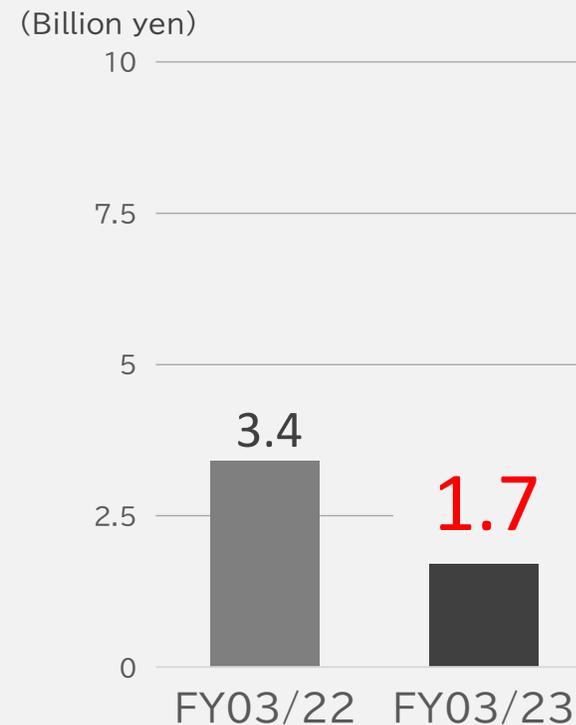
Operating profit

-25.8%



Profit attributable to owners of the parent

-50.4%



■ Digital Entertainment ■ Business Solution

# Management Performance (Consolidated)

(Billion yen)

	FY03/22 Q2	FY03/23 Q2	YoY	
			Change	%
Net sales	32.4	33.0	+0.5	+1.8%
Operating profit (Operating margin)	4.9 (15.4%)	3.7 (11.2%)	(1.2)	-25.8%
EBITDA	5.6	4.2	(1.3)	-24.4%
Ordinary profit	5.0	3.7	(1.2)	-25.1%
Profit attributable to owners of the parent	3.4	1.7 *	(1.7)	-50.4%

\*Recorded an extraordinary loss considering the future business environment for consolidated subsidiaries

# 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

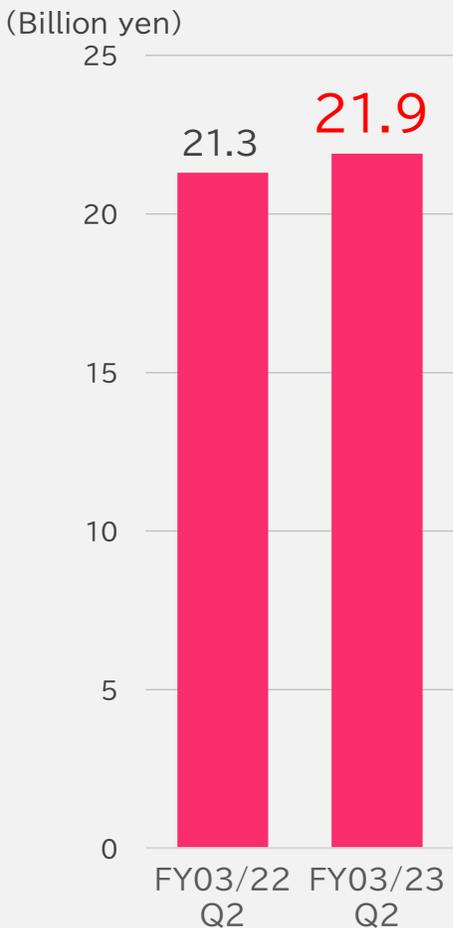
System integration for major companies

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

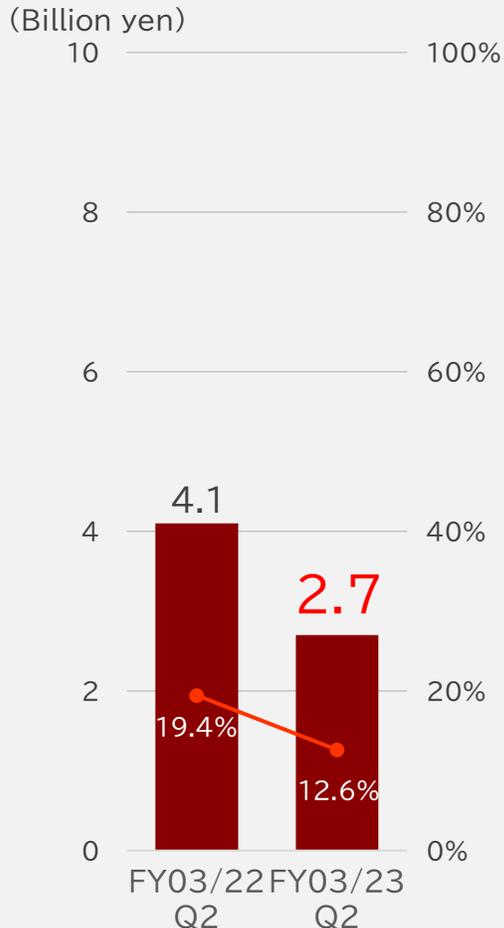
# Digital Entertainment Results (Consolidated)

(Billion yen)

## Net sales



## Operating profit



	FY03/22 Q2	FY03/23 Q2	YoY	
			Change	%
Net sales	21.3	21.9	+0.5	+2.4%
Operating profit	4.1	2.7	(1.3)	-33.5%
(Operating margin)	(19.4%)	(12.6%)		

### Net sales

- Expanded content and stronger marketing initiatives led to sales growth
- New record-high for quarterly sales
- Decreasing influence of pirate sites (closures of large-scale pirate sites)

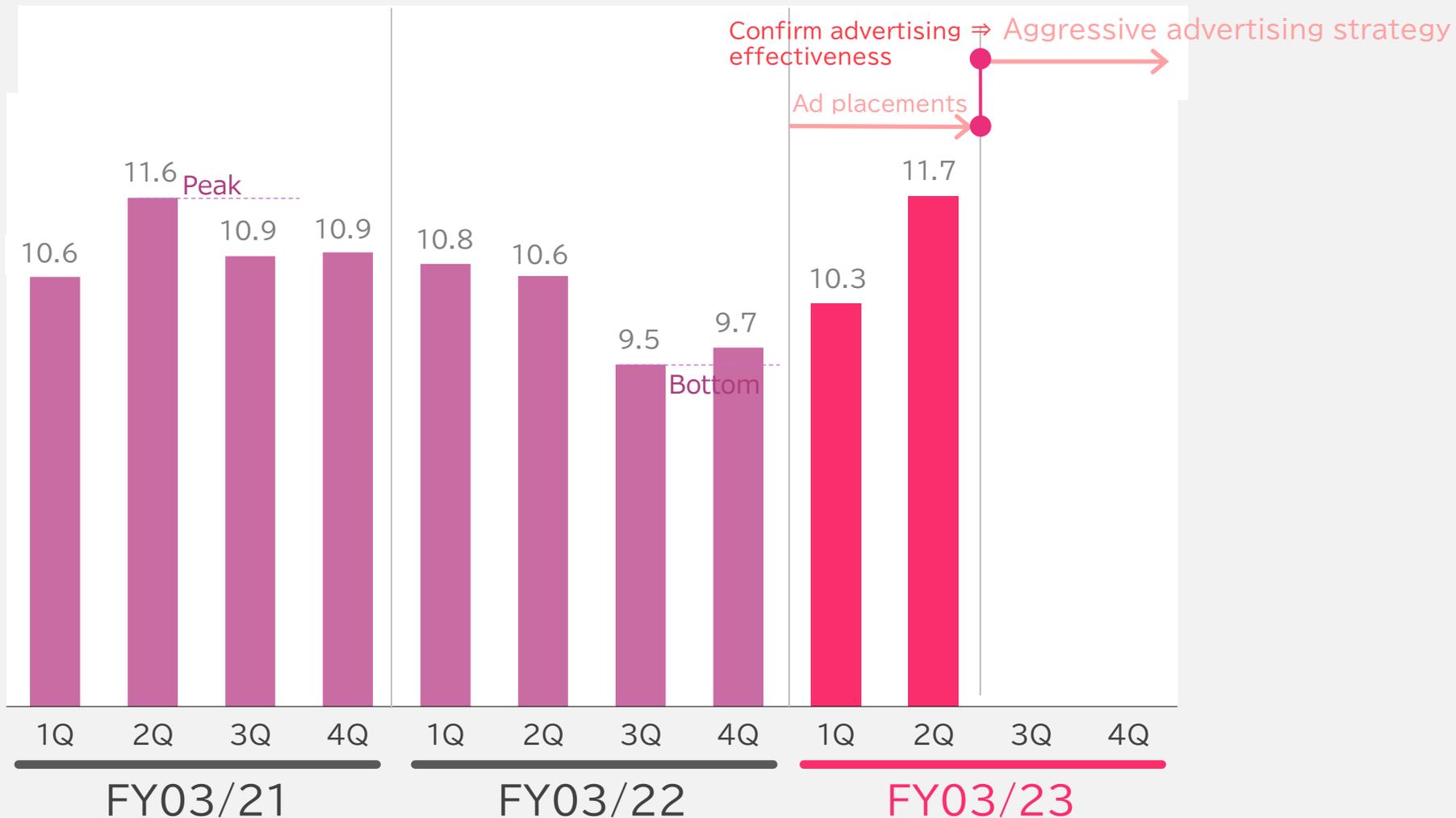
### Operating profit

Cost increase due to strengthened marketing

# E-comic Advertising strategy led to growth and new record-high for quarterly sales

Continue revised marketing measures of Q4 in the previous year through the first half of this year; invest in advertising

We will consider further aggressive ad placements in the second half as we monitor ad effectiveness

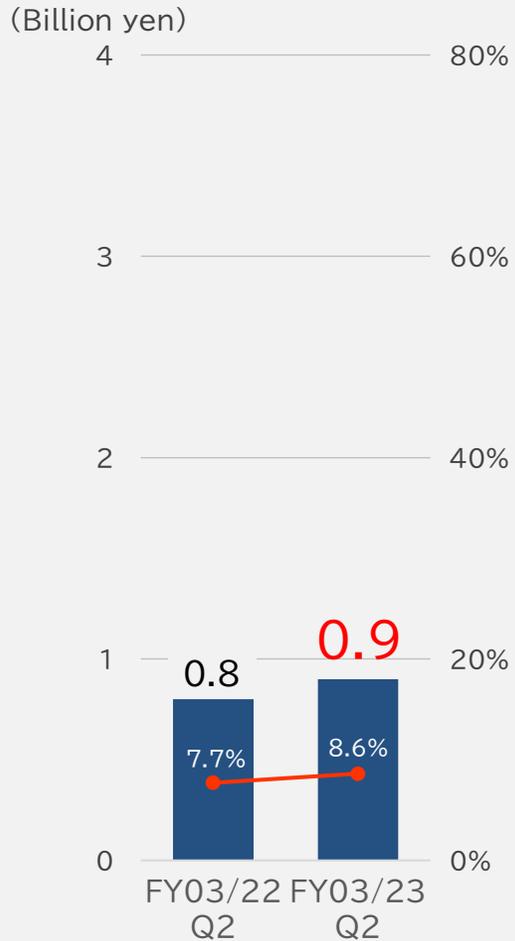


# Business Solution Results (Consolidated)

(Billion yen)

## Net sales

## Operating profit



	FY03/22 Q2	FY03/23 Q2	YoY	
			Change	%
Net sales	11.0	<b>11.1</b>	+0.0	+0.6%
Health IT	4.4	<b>4.3</b>	(0.1)	-2.8%
Operating profit	0.8	<b>0.9</b>	+0.1	+12.7%
(Operating margin)	(7.7%)	<b>(8.6%)</b>		

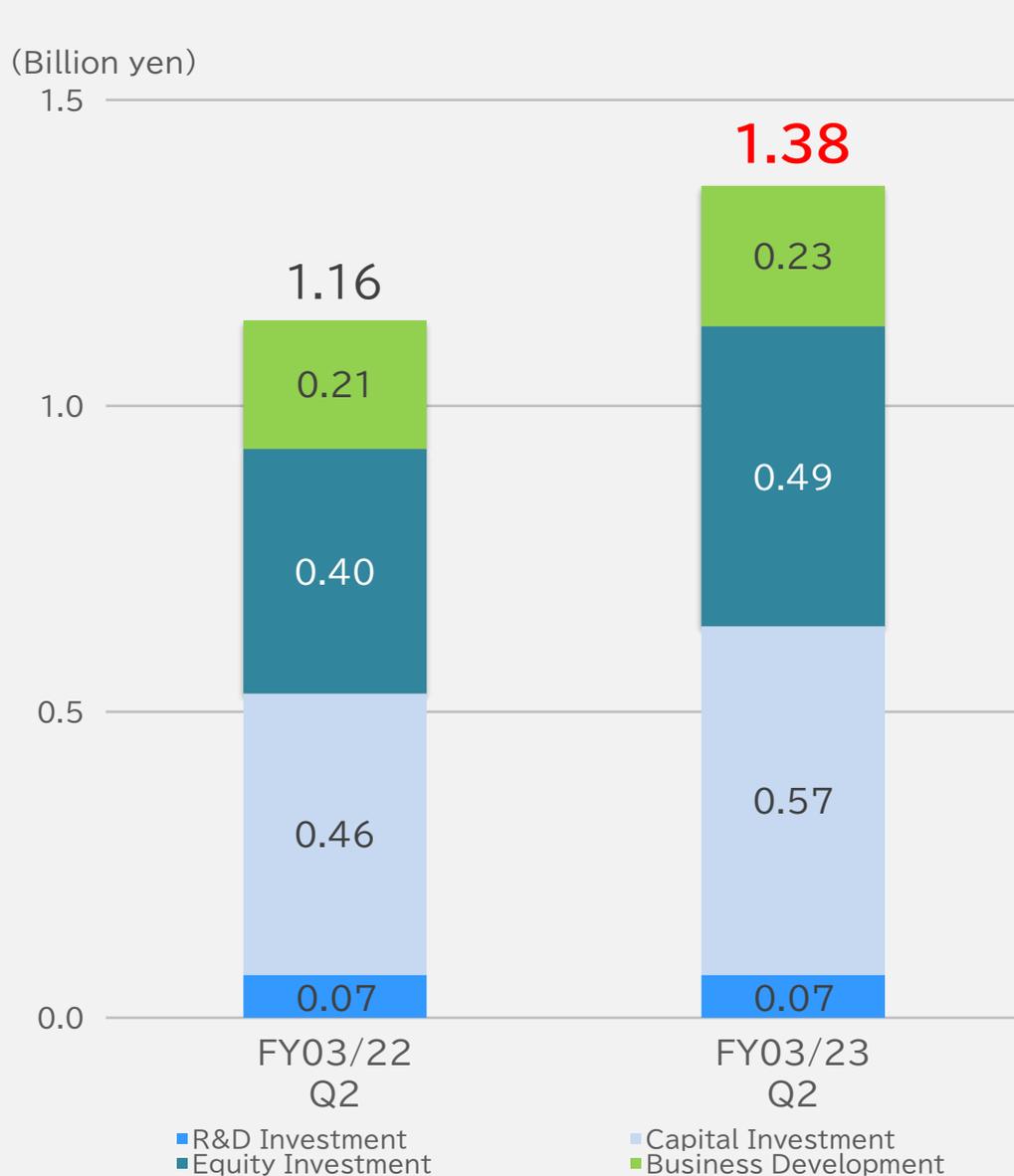
## Net sales

- Project for hospitals delayed due to seventh wave of COVID-19 and slow hardware delivery (due to semiconductor shortages)
- Corporate business remained steady

## Operating profit

- Higher profits due to higher sales

# Investments



(Billion yen)

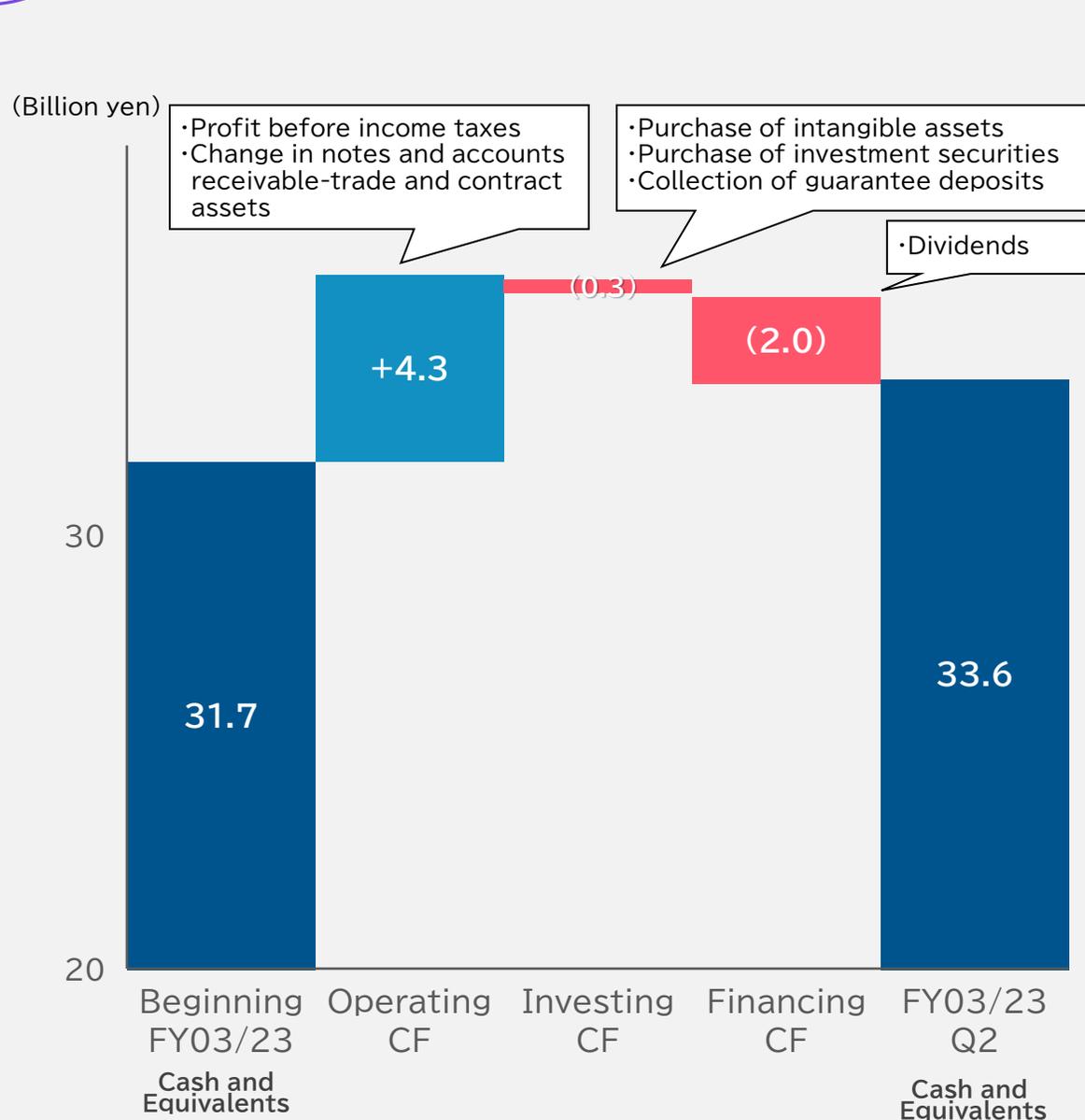
Category	Main Details	Amount
Business Development	New business planning, research, etc.	0.23
Equity Investment	Equity tie-ups with animation studios, etc., in the e-comic distribution service	0.49
Capital Investment	E-comic (Systems development, etc.)	0.57
	Health IT (Radiology systems, etc.)	
	GRANDIT development, enhanced miraimil functions	
	Other	
R&D Investment	AI, new technology research, etc.	0.07

# Balance Sheets (Consolidated)

(Billion yen,%)

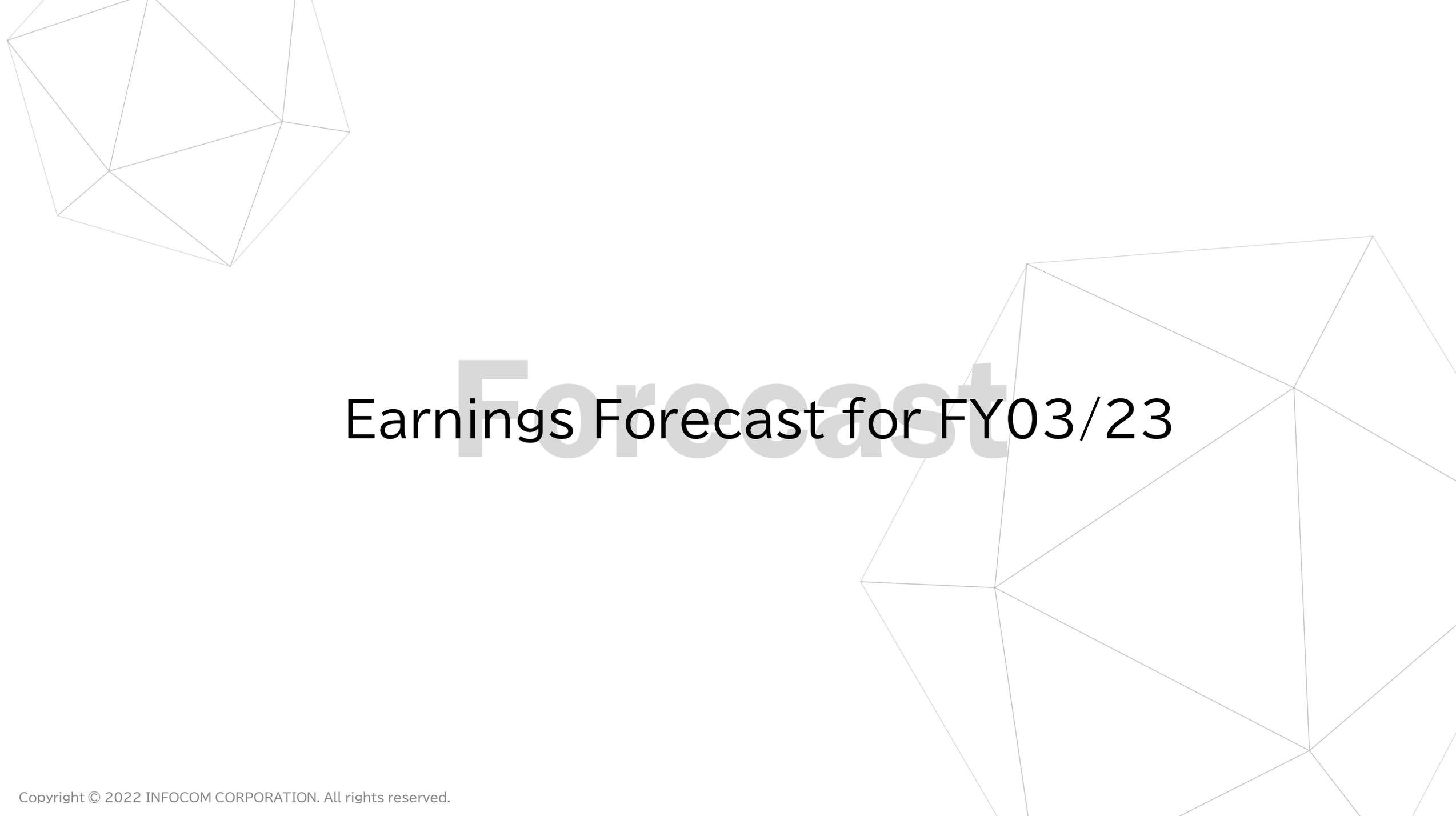
	FY03/22		FY03/23 Q2			Major Change Factors
	Amount	Composition Ratio	Amount	Composition Ratio	YoY	
Current assets	45.1	78.5	45.9	79.7	+0.8	
Fixed assets	12.3	21.4	11.6	20.2	(0.7)	Goodwill impairment -0.6
Total assets	57.5	100.0	57.6	100.0	+0.0	
Current liabilities	12.4	21.6	13.0	22.6	+0.6	
Non-current liabilities	0.5	0.9	0.5	0.8	(0.0)	
Total liabilities	12.9	22.5	13.5	23.5	+0.6	
Total net assets	44.5	77.4	44.0	76.4	(0.5)	
Total liabilities and net assets	57.5	100.0	57.6	100.0	+0.0	
Shareholders' equity ratio	76.8%		75.8%			

# Cash Flows (Consolidated)



(Billion yen)

	FY03/22 Q2	FY03/23 Q2	Change
Operating CF	3.1	4.3	+1.1
Investing CF	(0.8)	(0.3)	+0.5
Free CF	2.2	3.9	+1.6
Financing CF	(1.4)	(2.0)	(0.5)
Effects of exchange rate changes on cash and cash equivalents	0.0	0.0	+0.0
Change in cash and cash equivalents	0.7	1.9	+1.1
Cash and cash equivalents, beginning of period	29.9	31.7	+1.7
Cash and cash equivalents, end of quarter	30.7	33.6	+2.9



# Earnings Forecast for FY03/23

# Earnings Forecast for FY03/23 (Consolidated) Comparison vs. Initial Forecast

(Billion yen)

	FY03/22 Results	FY03/23 Initial Forecast*	FY03/23 Revised Forecast	Revision Vs. Initial Forecast	Change
Net sales	64.5	70.0	<b>71.0</b>	+1.0	+6.4
Operating profit (Operating margin)	10.0 (15.6%)	10.5 (15.0%)	<b>10.5</b> (14.8%)	±0	+0.4
EBITDA	11.4	11.8	<b>11.8</b>	±0	+0.3
Ordinary profit	10.1	10.5	<b>10.5</b>	±0	+0.3
Profit attributable to owners of the parent	6.9	7.0	<b>6.1</b>	-0.9	-0.8
Net income per share (yen)	126.20	127.80	<b>111.35</b>	-16.45	-14.85
ROE	16.1%	15.2%	<b>13.4%</b>	-1.8	-2.7

◆ Revision based on E-comic business outlook

\* Announced April 27, 2022

# Earnings Forecast for FY03/23 (Consolidated)

(Billion yen)

	FY03/22 Results			FY03/23			YoY	
	1H	2H	FY	1H	2H(Forecast)	FY (Forecast)	Change	%
Net sales	32.4	32.1	64.5	33.0	37.9	71.0	+6.4	+9.9%
Operating profit (Operating margin)	4.9 (15.4%)	5.0 (15.9%)	10.0 (15.6%)	3.7 (11.2%)	6.7 (17.9%)	10.5 (14.8%)	+0.4	+4.0%
EBITDA	5.6	5.7	11.4	4.2	7.5	11.8	+0.3	+3.4%
Ordinary profit	5.0	5.1	10.1	3.7	6.7	10.5	+0.3	+3.0%
Profit attributable to owners of the parent	3.4	3.4	6.9	1.7	4.3	6.1	-0.8	-11.8%
Net income per share (yen)			126.20			111.35	-14.85	-11.8%
ROE			16.1%			13.4%	-2.7	

# Segment Earnings Forecast (Consolidated)

## [Digital Entertainment]

(Billion yen)

	FY03/22 Results			FY03/23			YoY (%)		
	1H	2H	FY	1H	2H (Forecast)	FY (Forecast)	1H	2H	FY
Net sales	21.3	19.1	40.5	21.9	23.0	45.0	+2.4%	+20.7%	+11.0%
Operating profit (Operating margin)	4.1 (19.4%)	3.6 (18.9%)	7.7 (19.1%)	2.7 (12.6%)	4.2 (18.4%)	7.0 (15.6%)	-33.5%	+17.4%	-9.8%

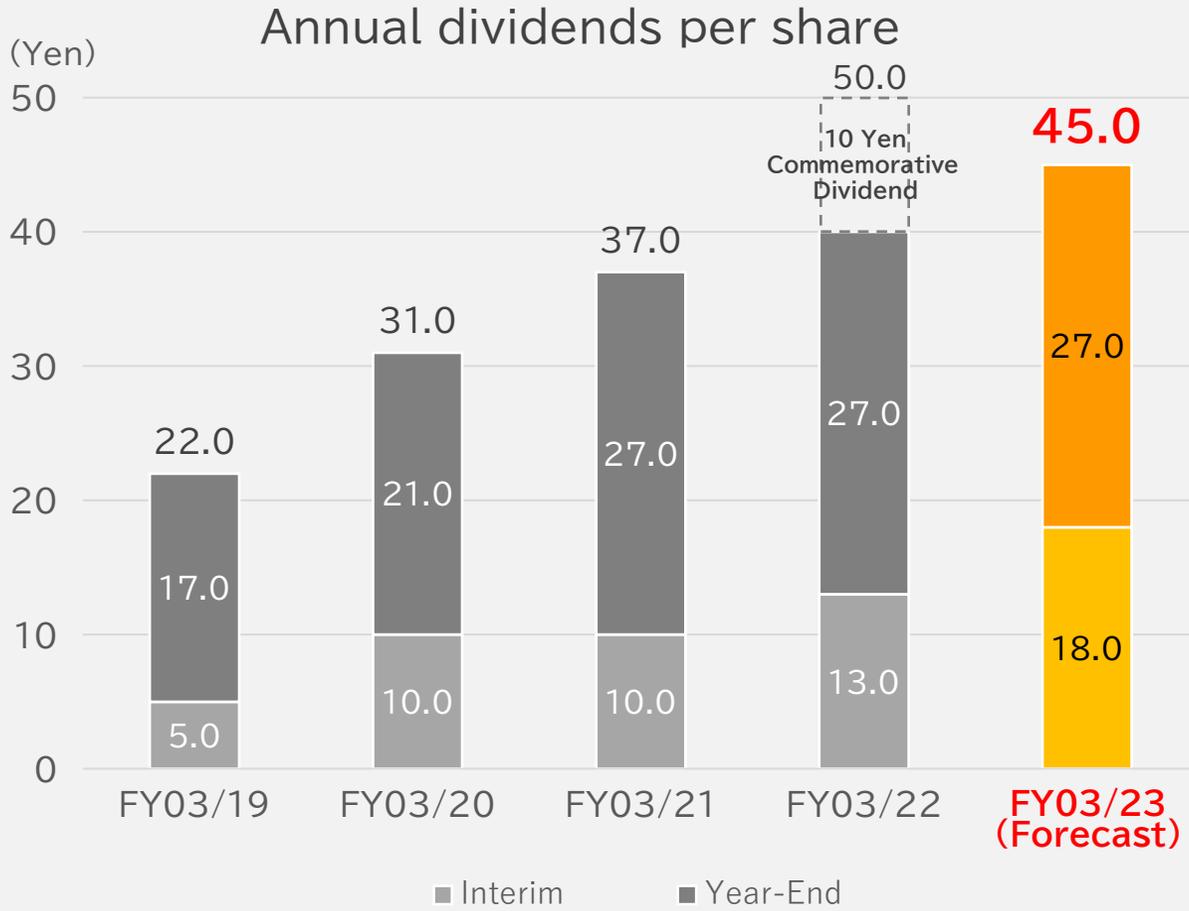
- ◆ We revised full-year forecasts upward based on 1H results and the future outlook (sales: +1.0 billion yen)

## [Business Solution]

(Billion yen)

	FY03/22 Results			FY03/23			YoY (%)		
	1H	2H	FY	1H	2H (Forecast)	FY (Forecast)	1H	2H	FY
Net sales	11.0	12.9	24.0	11.1	14.8	26.0	+0.6%	+14.4%	+8.1%
Health IT	4.4	5.8	10.2	4.3	7.1	11.5	-2.8%	+22.6%	+11.7%
Operating profit (Operating margin)	0.8 (7.7%)	1.4 (11.4%)	2.3 (9.7%)	0.9 (8.6%)	2.5 (17.1%)	3.5 (13.5%)	+12.7%	+71.8%	+50.3%

# Shareholder Returns



Net income per share (yen)	87.46	101.32	114.61	126.20	111.35

## ◆Dividends

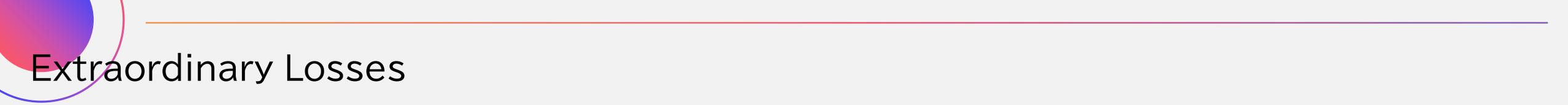
For FY03/2023, we forecast an interim dividend of 18 yen and a year-end dividend of 27 yen, for a total annual dividend of 45 yen (40.4% payout ratio)

## ◆Shareholder Benefits

Providing shareholder benefits to shareholders owning at least one trading unit per the register of shareholders as of September 30, 2022

(Announcement planned for the end of November)

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



## Extraordinary Losses

The former representative director of our consolidated subsidiary, Medical Create Co., Ltd., was arrested by the police on October 5, 2022, on suspicion of bribery.

Medical Create is cooperating fully with the police investigation.

We apologize deeply for any concern and inconvenience this may cause our customers and other concerned parties.

In connection with this matter, we recorded an extraordinary loss for impairment of goodwill, since it has become difficult for the company to execute business as we planned when we acquired shares of the company (which made the company a subsidiary).



# Initiatives in Key Businesses

E-Comic

# E-comic Strategies Leading to a Return to Growth

## 1. Optimal use of advertising and marketing

We returned to growth through aggressive and effective ad placements.

- Web/app ads, TV/video ads
- Free content, membership points

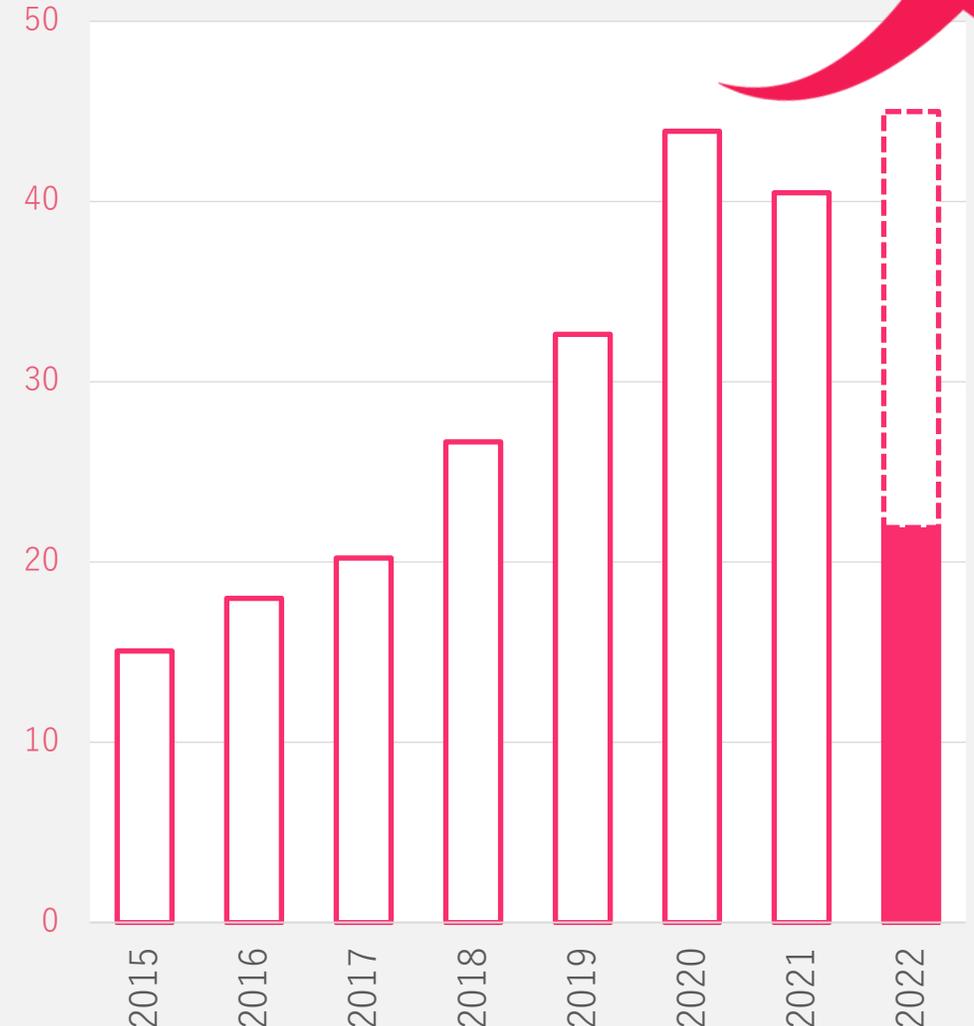
## 2. Cultivate growth businesses

- *Mecha Comic App*
  - ⇒ Independent app measures (advertising, quest functions)
  - ⇒ Free content (young segment)
- Korea Peanutoon
  - ⇒ Effective ad placements, enhanced original content
- Mecha Comic US release ⇒ Scheduled for December 2022

## 3. Business field expansion

- Capital and business alliance with TWIN ENGINE Inc.

(Billion yen)



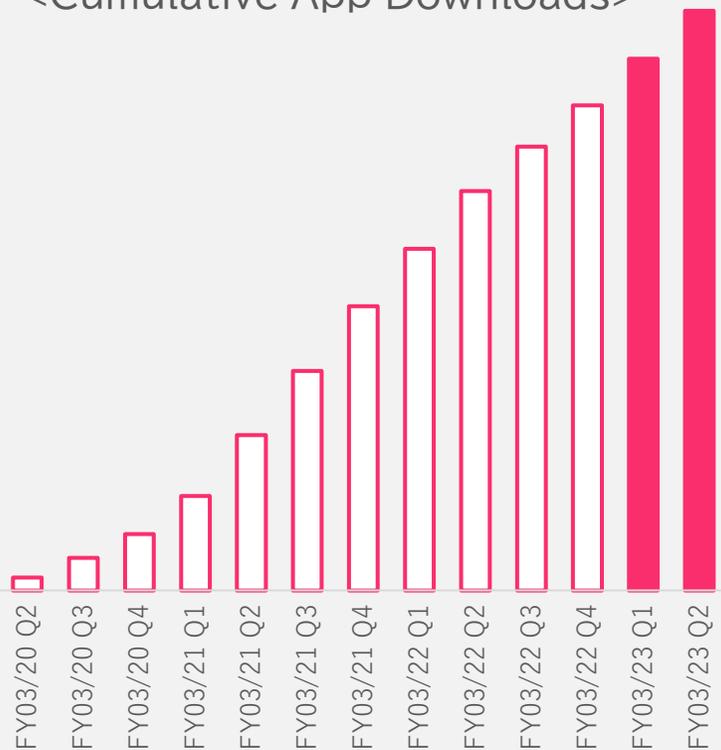
# E-comic Initiatives for New Business Domains

Each service is growing steadily in response to unique measures

## Mecha Comic App

- Grew 1.5 times year on year, helping enhance the overall *Mecha Comic* presence
- Conducted effective promotions on the web and in apps

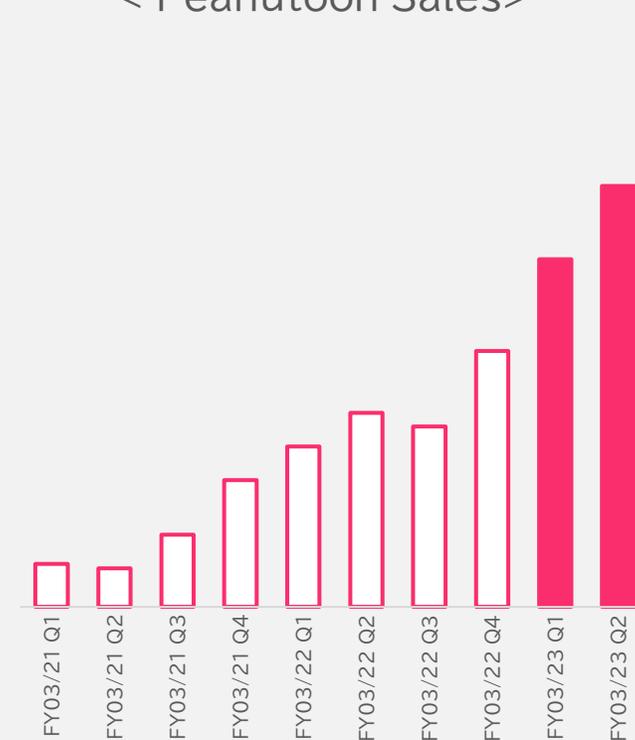
<Cumulative App Downloads>



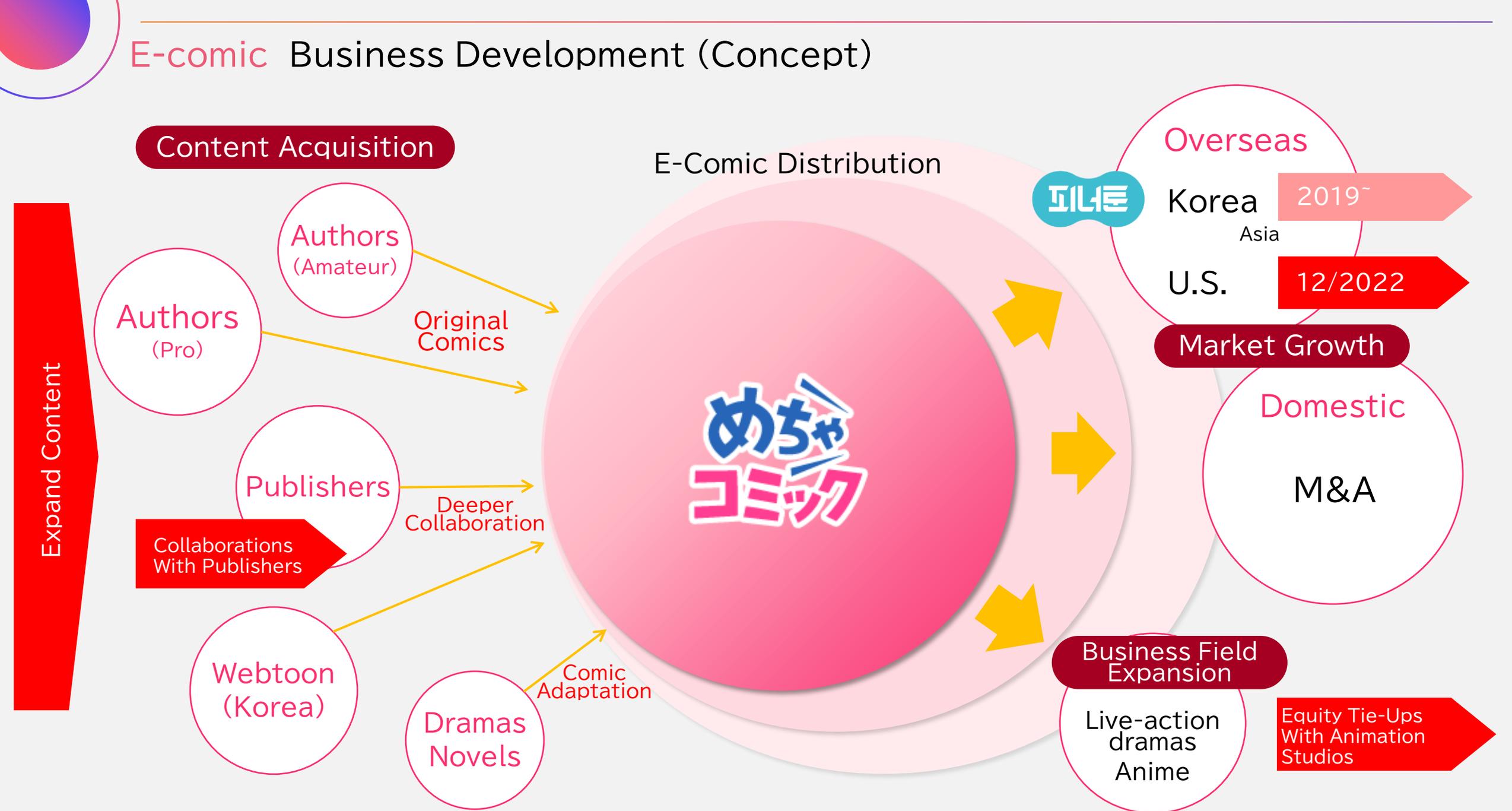
## Peanutoon

- Growing into a service with definite presence in South Korea
- Aiming for further growth through original content

< Peanutoon Sales >



# E-comic Business Development (Concept)



# E-comic Expand Content

Offering and selling a wide range of works, from big titles from major publishers, specialized WEBTOON works for e-comics, and original titles from *Mecha Comic*, focusing on works for women

## Shonen Manga



Publisher  
(Shueisha)

*Spy x Family*  
Tatsuya Endo

## Youth Manga



Publisher  
(Shueisha)

Infocom  
Monthly Ranking\*  
**No.3** Overall

*Kingdom*  
Yasuhisa Hara

## Shoujo Manga



Publisher  
(Shogakukan)

*Mawata No Ori*  
Ira Ozaki

## Women's Manga



Publisher  
(Mecha Comic  
Original)

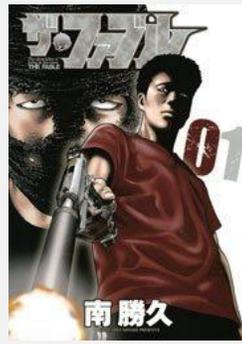
Infocom  
Monthly Ranking\*  
**No.8** Overall

*Giso Kareshi ni Ai Sarete  
Shimaimashita*  
Kaoruko Miyama



Publisher  
(Kodansha)

*Smile at the Runway*  
Kotoba Inoya



Publisher  
(Kodansha)

*The Fable*  
Katsuhisa Minami



Publisher  
(Mecha Comic  
x Miel)

Original  
First-Run

Infocom  
Monthly Ranking\*  
**No.1** Overall

*Itsuwari no Ai*  
Keita Kanamori / Riko Ueno



Publisher  
(Reverse)

Webtoon

Infocom  
Monthly Ranking\*  
**No.2** Overall

*Kekkou Shobai*  
hanheun/Antstudio/KEN/Reverse

# E-comic Collaborations With Publishers

## Joint initiatives with publishers

Campaign tie-ups with publishers



## Original campaigns for popular works

Unique campaigns for popular works in *Mecha Comic*



## Tie-up campaigns with magazines

Joint publication of magazines between Shueisha Grand Jump and *Mecha Comic*

Sponsor regular manga awards for submissions

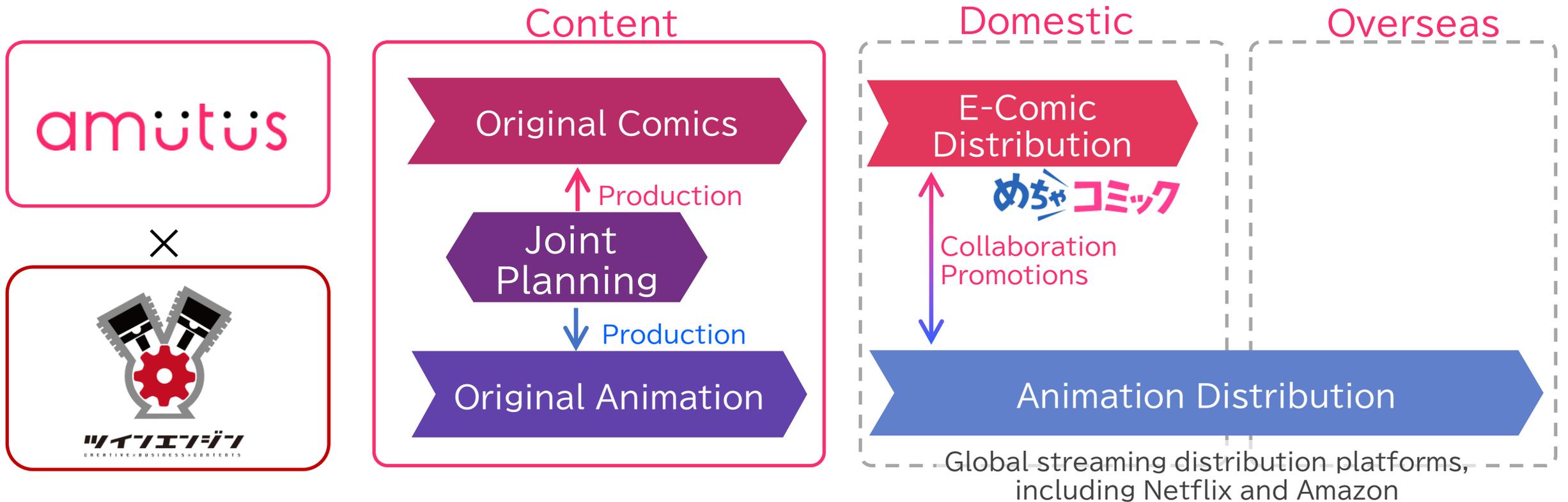
Develop and distribute exclusive works



# E-comic Expand Business Domains

Capital and business alliance with TWIN ENGINE Inc. (August 2022)

Bring together the expertise of the two companies, and pursue joint development projects related to planning, production, and promotion of e-comics and animation





# Initiatives in Key Businesses

Health IT

Evolve Into a Services Oriented Business

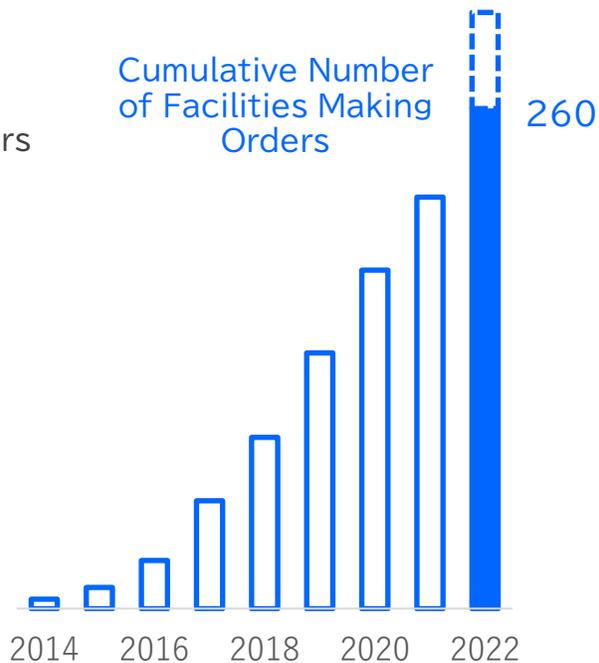
## Hospitals

- Overtime caps for physicians (beginning April 2024)
- COVID-19-related subsidies will continue in FY03/23
- Roughly 10% of medium-sized or larger hospitals have adopted work management systems

The number of facilities adopting CWS has increased due to the work-style reform efforts in hospitals.

⇒ Number of adoptions in the first half exceeded all of FY2019 (record high)

Cumulative Number of Facilities Making Orders



- Smart CWS**  
Work-style reform for physicians  
Help manage work hours for physicians
- CWS**  
Care staff management  
Capture care staff schedule management users
- CWS**  
Care staff schedule management  
Offer simplified version and leverage sales companies

## Nursing Care Companies

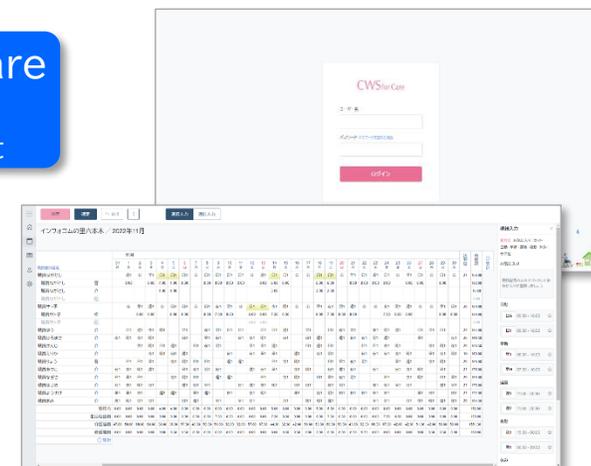
- Leverage ICT adoption enterprises and IT adoption subsidies
- Begin proof-of-concept tests to relax staffing standards, conditional on the use of IT and robots

• The impact of COVID-19 is subsiding, and sales are recovering

• Easy and simple to use for nursing care companies with more facilities and smaller in scale compared with hospitals

Currently developing a next-generation CWS for cloud computing

**CWS for Care**  
Schedule management



Market Environment

Progress

# Health IT Building a wide-area medical imaging system to share images from inside ambulances

Building the Oita Prefecture Remote Image Transmission System to share camera images, EKG, and location information

Adopted in major medical institutions and all fire departments in Oita Prefecture; first attempt in providing prefecture-wide coverage

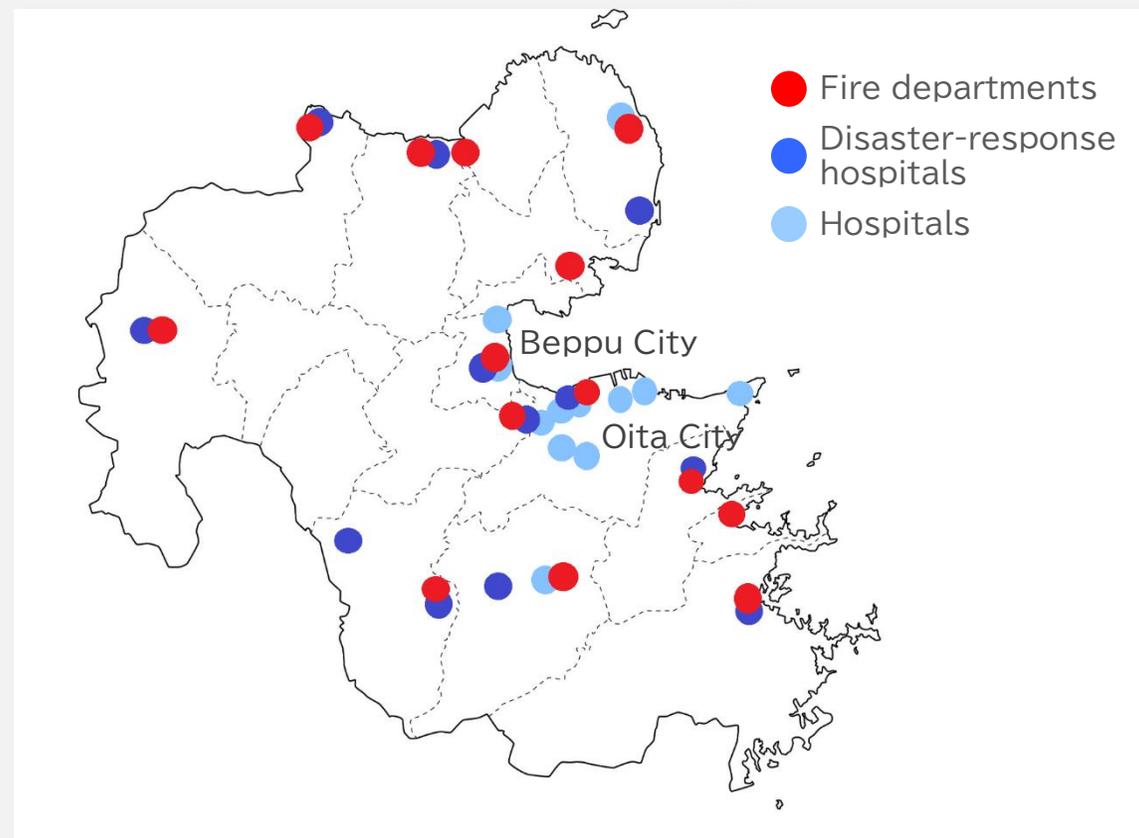
## System Overview



## Future Direction

- Link CWS schedule management system and EMC safety confirmation system
- Deploy wide-area medical imaging systems in other areas

## Oita Prefecture Facilities Adopting System

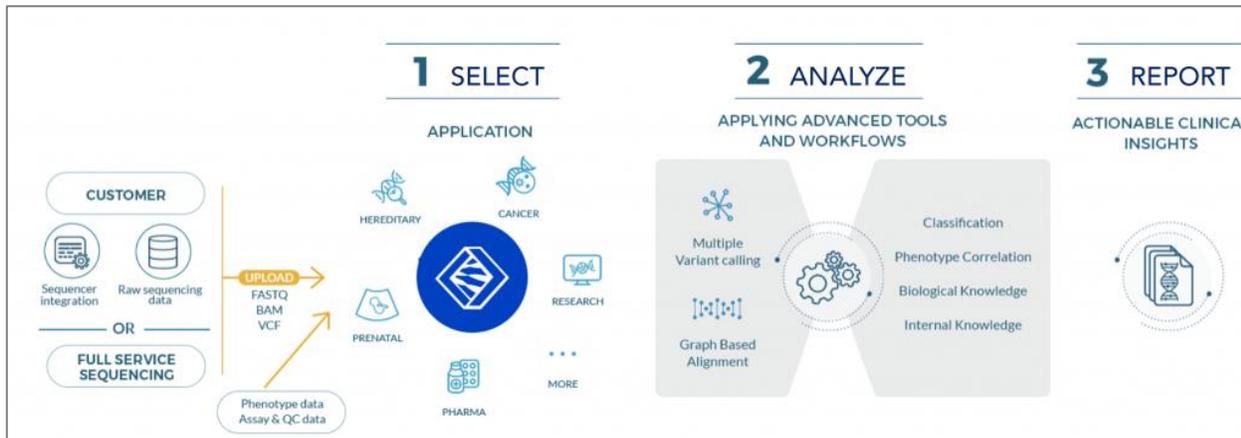


# Health IT Custom Medical Care Initiatives

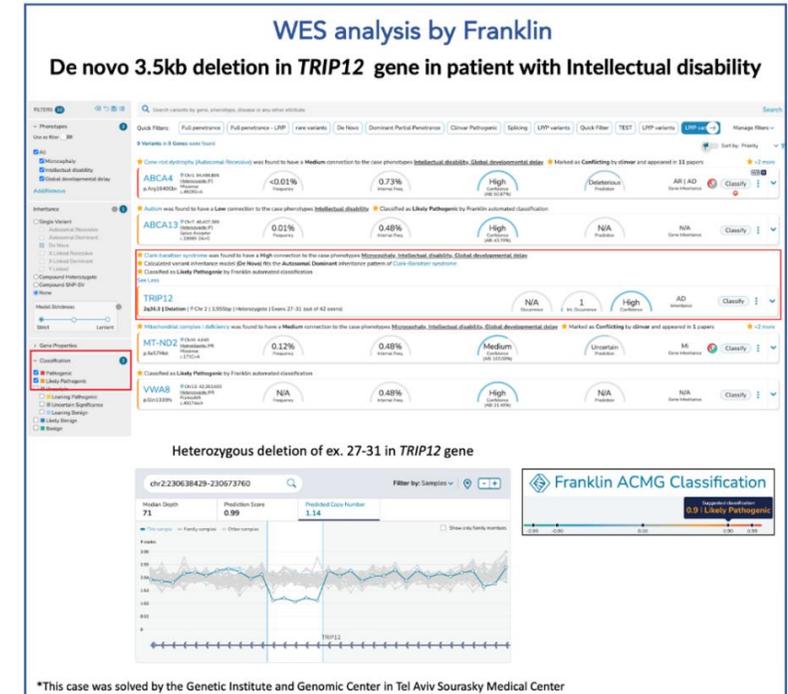
- Business alliance with Genoox, an Israeli company that provides genome medical information services
- Began marketing a genetic analysis report service for pharmaceutical companies that are pursuing gene-related drug discovery such as anti-cancer drugs

## Gene Analysis Report Service (Franklin)

- Analyzes, prioritizes, and builds reports for important gene mutation types using a combination of an extensive genome database and AI
- Dramatically reduces the time required for detecting gene mutations and researching information provides the basis for the mutation in question



Analysis Workflow



Analysis Results Display Screen

# Health IT Pursuing Asian Healthcare

Easing of entry restrictions in various countries has stimulated collaborations with local Hospital Information System (HIS) vendors and the search for new partners

FY03/22

FY03/23

Domestic Products for Hospitals



Overseas expansion

Drug Information System (DI)

Philippines

Completion of drug database

Indonesia



Business alliance with Docquity  
(Developing social media platform for physicians in Southeast Asia)

Medical Imaging Information System

Indonesia

Developed a viewer for mobile devices



Sales support from HIS vendor (Terakorp)

- Drug data expansion and updates
- Local language support
- Data management tools development, etc.

- Signed a subscription agreement with **Global Telehealth Inc.** (largest telehealth company in the Philippines)
- PoC implementation for HIS vendors and others

Docuity to commence PoC for linking social media and drug information



- Introduce at CINTA KASIH TZU CHI Hospital and other hospitals
- Roll out via **Terakorp** in the future



Additional investment in Singapore-based Homage (caregiver matching company)



(SaaS for medical administration)

- Begin healthcare data business study with **Stash** using medical insurance claim data

Creation of new businesses in Southeast Asia

# Evolve Into a Services Oriented Business Train cloud engineers

We will begin efforts to train cloud engineers, for which market demand is expected to grow in the future

Cloud Center of Excellence



## Learn

Acquire the latest knowledge of cloud-related technologies

## Experience

Hands-on learning to build and operate cloud services

## Practice

Participate in actual cloud construction projects

## Interact

Expand the network of engineers by sharing case studies

### ▼ Cloud Technology Promotion Office (new)

2022.04

•Regular technical webinars

•Hands-on training  
•Hackathon for departments (June)

•Participate in Alterbooth's cloud construction project

2022.10

•Regular technical webinars

•Enriched hands-on training  
•Provide environment for hands-on development experience

•Participate in Alterbooth's cloud construction project

•Conduct company-wide technical exchange meeting on the topic of cloud utilization (November)

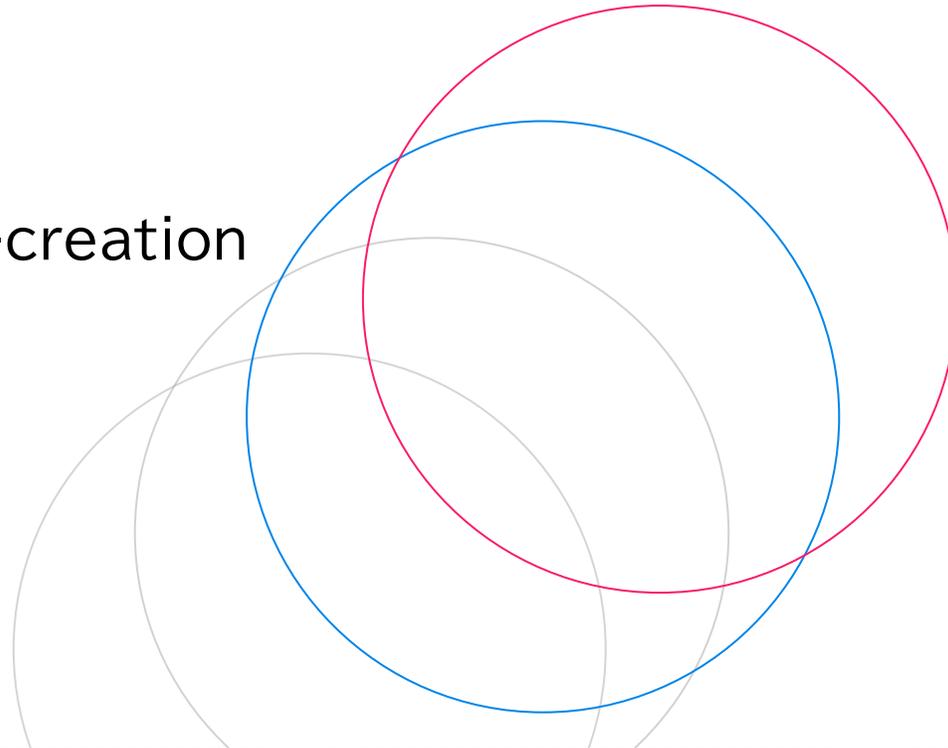
Becoming **a services company** that  
delivers new value through the co-creation  
of ICT and real-world businesses

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