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Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

April 25, 2024

Company name: INFOCOM CORPORATION
 Stock exchange listing: Tokyo
 Code number: 4348
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 Representative: Jun Kuroda President and CEO
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 Scheduled date of Annual General Meeting of Shareholders: June 24, 2024
 Scheduled date of commencing dividend payments: June 26, 2024
 Scheduled date of filing annual securities report: June 25, 2024
 Availability of supplementary briefing material on annual financial results: Yes
 Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	84,453	20.1	9,784	14.8	9,893	15.1	6,609	85.0
March 31, 2023	70,342	8.9	8,526	(15.6)	8,595	(15.7)	3,572	(48.3)

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 6,533 million [80.1%]
 Fiscal year ended March 31, 2023: ¥ 3,627 million [(36.0)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended March 31, 2024	Yen 120.50	Yen 120.02	% 14.1	% 15.5	% 11.6
March 31, 2023	65.20	64.93	8.0	14.6	12.1

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ million
 Fiscal year ended March 31, 2023: ¥ million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of March 31, 2024	Millions of yen 67,324	Millions of yen 49,158	% 72.4	Yen 888.43
March 31, 2023	60,287	45,194	74.3	817.96

(Reference) Equity: As of March 31, 2024: ¥ 48,761 million
 As of March 31, 2023: ¥ 44,816 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended March 31, 2024	Millions of yen 9,184	Millions of yen (3,970)	Millions of yen (2,940)	Millions of yen 37,888
March 31, 2023	8,137	(1,231)	(3,076)	35,575

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2023	-	18.00	-	32.00	50.00	2,739	76.7	6.2
March 31, 2024	-	18.00	-	27.00	45.00	2,469	37.3	5.3
Fiscal year ending								
March 31, 2025 (Forecast)	-	18.00	-	27.00	45.00		33.8	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2023 :

Commemorative dividend	5.00 yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	44,500	11.1	4,300	2.9	4,300	1.5	2,900	2.7	52.87
Full year	94,000	11.3	11,000	12.4	11,000	11.2	7,300	10.4	133.09

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New	-	(Company name: _____)
Exclusion:	-	(Company name: _____)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2024: 57,600,000 shares

March 31, 2023: 57,600,000 shares

2) Number of treasury shares at the end of the period:

March 31, 2024: 2,714,682 shares

March 31, 2023: 2,809,562 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024: 54,849,956 shares

Fiscal Year ended March 31, 2023: 54,785,373 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	21,446	6.7	1,780	(9.0)	18,511	246.2	17,800	671.9
March 31, 2023	20,109	(3.3)	1,958	7.2	5,347	11.3	2,306	(43.5)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	324.52	323.24
March 31, 2023	42.09	41.92

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	49,393	40,341	81.3	731.41
March 31, 2023	46,416	25,307	54.1	458.01

(Reference) Equity: As of March 31, 2024: ¥ 40,143 million
As of March 31, 2023: ¥ 25,094 million

1. Analysis of Business Results

1) Overview of Business Results during the Year under Review

Under the slogan, United Innovation Value Co-Creation and Beyond, the Infocom Group pursues a medium-term management plan (FY03/23 - FY03/25) based on policies to pursue growth and continue strengthening our management foundation to support growth.

Under pursue growth, we emphasize contributing solutions to social issues through co-creation, continuing growth and overseas expansion in E-Comic and Health IT, Continuing evolution into a services-oriented business, and focusing resources in growth areas. Under continue to strengthen our management foundation to support growth, we engage in strengthening human capital, aiming to achieve our financial targets.

The consolidated fiscal year under review was the first year of this medium-term plan. We recorded net sales of ¥84,453 million, up 20.1% year on year, operating profit of ¥9,784 million (up 14.8%), ordinary income of ¥9,893 million (up 15.1%), and profit attributable to owners of the parent of ¥6,609 million (up 85.0%).

The following paragraphs describe our results by segment.

(i) Digital Entertainment Group

Our mainstay e-comic distribution service implemented a variety of measures under basic policies of profitable growth in our domestic distribution business, market growth (overseas expansion), and expansion of business domains. As a result, net sales amounted to ¥57,127 million, a 23.5% year-on-year increase, while operating profit amounted to ¥7,549 million (up 24.9%).

More activity related to pay-as-you-go courses and hit titles contributed to this significant increase in sales and profit.

As a new initiative to expand the business domain of this segment, Amutus Corporation, operator of Mecha Comic, entered into a capital and business alliance with BeRapt of South Korea to explore business opportunities in the fan community market, which we expect to grow in the future.

(ii) Business Solution Group

Net sales amounted to ¥27,325 million, an increase of 13.4% year on year, due to firm hospital-related business performance and the contribution of M&A. Operating profit amounted to ¥2,315 million (down 6.8%) due to a difference in sales mix and continued up-front investments in services development.

In our mainstay Health IT business, we added J-MAC SYSTEM, Inc. as a consolidated subsidiary. J-MAC develops proprietary diagnostic imaging systems using cloud and AI image analysis technologies, and this addition expands our product lineup while accelerating our expansion into the market for small- and medium-sized medical institutions. Overseas, we concluded a strategic capital and business alliance agreement with Klinik Pintar Technologies Pte. Ltd., a developer and provider of clinic operating and management systems in Indonesia. With this agreement, we launched our services for drug information system in Southeast Asia. Further, we conducted a full-scale entry into the foreign national nursing care staffing service to establish a foothold for new business.

We also executed capital investments for growth within our corporate business, including a capital and business alliance with Spectee, Inc., an AI crisis management service provider. This alliance will enhance the added value of our disaster and crisis response services, as well as help us create new services.

We developed new versions of existing products, improved cloud service functions, and added new functions under the umbrella of this segment as we aim to expand service areas.

2) Overview of Financial Position for the Current Fiscal Year

Assets increased ¥7,037 million compared with the end of the previous consolidated fiscal year, amount to ¥67,324 million. This result was due to an increase in cash and deposits, an increase in notes and accounts receivable-trade, an increase in investments and other assets stemming from the purchase, etc., of investment securities, and the acquisition of assets and goodwill resulting from the acquisition of J-MAC SYSTEM, Inc., making J-MAC SYSTEM a subsidiary.

Liabilities rose ¥3,073 million to ¥18,166 million due to an increase in accounts payable-trade, income taxes payable, and contract liabilities.

Net assets rose ¥3,963 million compared with the end of the previous consolidated fiscal year to ¥49,158 million. This result was mainly due to the posting of profit attributable to owners of the parent, offset in part by a decrease in retained earnings due to dividend payments.

3) Overview of Cash Flows for the Current Fiscal Year

Cash and cash equivalents as of March 31, 2024 amounted to ¥37,888 million, up ¥2,312 million from one year earlier. The following paragraphs describe cash flows and reasons for major changes in cash flows.

[Cash flows from operating activities]

Net cash provided by operating activities amounted to ¥9,184 million (¥8,137 million in the previous fiscal year). This result was mainly due to increases stemming from profit before income taxes of ¥9,812 million (¥6,342 million in the previous fiscal year) and adjustments for depreciation (non-cash item) of ¥1,208 million (¥954 million), an increase of ¥1,245 million in notes and accounts receivable-trade and contract assets (¥836 million), and a decrease of ¥3,257 million in income taxes paid (¥3,078 million).

[Cash flows from investing activities]

Net cash used in investing activities amounted to ¥3,970 million (¥1,231 million in the previous fiscal year). This result was mainly due to cash outlays for the purchase of stock in J-MAC SYSTEM, Inc. of ¥1,331 million (no purchases in the previous year), making J-MAC SYSTEM a consolidated subsidiary, outlays for the purchase of investment securities of ¥1,177 million (¥655 million in the previous year), and ¥1,125 million (¥1,047 million) for the purchase of software and other intangible fixed assets.

[Cash flows from financing activities]

Net cash used in financing activities amounted to ¥2,940 million (¥3,076 million in the previous fiscal year). This result was mainly due to cash dividends paid of ¥2,714 million (¥3,013 million in the previous fiscal year).

4) Outlook for the Next Fiscal Year

Observers expect the Japanese economy to recover in light of developments including rising real wages for consumers, growing inbound travel demand, and capital investment aimed at improving productivity through AI and DX. However, uncertainty in the business environment will likely continue due to lingering concerns about the unstable international situation, soaring prices for energy resources and raw materials, labor shortages, and the impact of the 2024 problem.

The e-book market is becoming increasingly polarized as vertical-scrolling e-comics, known as webtoons, gain popularity and competition becomes more intense with the entry of new competitors in the market. And while we expect growth trends to continue, conditions have calmed subsequent to a period of temporary special demand.

The It-related market should see more investments by companies and medical institutions looking toward IT to compensate for labor shortages and to migrate existing systems to the cloud.

In response to this environment, the Infocom Group will continue to focus on e-comics and healthcare as priority businesses throughout our medium-term management plan (FY03/24 - FY03/26), emphasizing our basic policies to pursue growth and strengthen our management foundation to support growth.

For the fiscal year ending March 31, 2025, we forecast net sales of ¥94,000 million (up 11.3% year on year), operating profit of ¥11,000 million (up 12.4%), ordinary profit of ¥11,000 million (up 11.2%), and profit attributable to owners of parent of ¥7,300 million (up 10.5%).

The above-stated performance forecasts are based on information as of the date these materials were released. Accordingly, actual results may differ materially from these forecasts, due to a variety of future factors.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	35,575	37,888
Notes receivable - trade	114	135
Accounts receivable - trade	11,263	12,586
Contract assets	379	631
Inventories	83	111
Other	1,695	1,666
Allowance for doubtful accounts	(0)	(9)
Total current assets	49,111	53,011
Non-current assets		
Property, plant and equipment		
Buildings and structures	750	807
Accumulated depreciation	(155)	(239)
Buildings and structures, net	595	567
Machinery, equipment and vehicles	1	1
Accumulated depreciation	(0)	(0)
Machinery, equipment and vehicles, net	1	0
Tools, furniture and fixtures	1,382	2,008
Accumulated depreciation	(849)	(1,158)
Tools, furniture and fixtures, net	532	849
Leased assets	265	208
Accumulated depreciation	(254)	(182)
Leased assets, net	10	25
Construction in progress	0	0
Total property, plant and equipment	1,140	1,443
Intangible assets		
Software	2,198	2,562
Goodwill	419	798
Other	33	803
Total intangible assets	2,650	4,164
Investments and other assets		
Investment securities	4,800	5,630
Shares of subsidiaries and associates	53	53
Deferred tax assets	1,661	1,851
Other	871	1,172
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	7,385	8,705
Total non-current assets	11,176	14,313
Total assets	60,287	67,324

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	5,212	6,044
Lease liabilities	12	11
Accounts payable - other	1,992	2,384
Income taxes payable	1,437	1,871
Accrued consumption taxes	849	1,135
Contract liabilities	3,142	3,530
Provision for bonuses	1,302	1,390
Other	668	1,045
Total current liabilities	14,619	17,413
Non-current liabilities		
Lease liabilities	6	19
Retirement benefit liability	67	85
Deferred tax liabilities	-	236
Other	399	411
Total non-current liabilities	474	753
Total liabilities	15,093	18,166
Net assets		
Shareholders' equity		
Share capital	1,590	1,590
Capital surplus	1,485	1,618
Retained earnings	41,961	45,829
Treasury shares	(790)	(763)
Total shareholders' equity	44,246	48,274
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	390	195
Foreign currency translation adjustment	178	291
Total accumulated other comprehensive income	569	487
Share acquisition rights	213	197
Non-controlling interests	164	198
Total net assets	45,194	49,158
Total liabilities and net assets	60,287	67,324

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	70,342	84,453
Cost of sales	37,100	44,282
Gross profit	33,241	40,170
Selling, general and administrative expenses	24,715	30,386
Operating profit	8,526	9,784
Non-operating income		
Interest and dividend income	119	82
Surrender value of insurance policies	8	33
Other	7	5
Total non-operating income	135	121
Non-operating expenses		
Interest expenses	1	3
Foreign exchange losses	3	3
Partnership loss	59	4
Other	1	0
Total non-operating expenses	66	13
Ordinary profit	8,595	9,893
Extraordinary income		
Gain on sale of non-current assets	-	11
Gain on sale of investment securities	-	29
Gain on sale of shares of subsidiaries	-	267
Total extraordinary income	-	307
Extraordinary losses		
Impairment losses	728	199
Loss on retirement of non-current assets	3	25
Loss on valuation of investment securities	1,519	163
Other	1	-
Total extraordinary losses	2,252	388
Profit before income taxes	6,342	9,812
Income taxes - current	2,969	3,381
Income taxes - deferred	(187)	(184)
Total income taxes	2,781	3,196
Profit	3,560	6,615
Profit (loss) attributable to non-controlling interests	(11)	6
Profit attributable to owners of parent	3,572	6,609

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	3,560	6,615
Other comprehensive income		
Valuation difference on available-for-sale securities	(121)	(195)
Foreign currency translation adjustment	187	113
Total other comprehensive income	66	(82)
Comprehensive income	3,627	6,533
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,636	6,526
Comprehensive income attributable to non-controlling interests	(8)	6

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,590	1,480	41,402	(792)	43,680
Changes during period					
Dividends of surplus			(3,013)		(3,013)
Profit attributable to owners of parent			3,572		3,572
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		4		2	7
Restricted stock compensation		0		0	0
Net changes in items other than shareholders' equity					
Total changes during period	-	5	559	2	566
Balance at end of period	1,590	1,485	41,961	(790)	44,246

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	512	(6)	505	220	173	44,579
Changes during period						
Dividends of surplus						(3,013)
Profit attributable to owners of parent						3,572
Purchase of treasury shares						(0)
Disposal of treasury shares						7
Restricted stock compensation						0
Net changes in items other than shareholders' equity	(121)	185	63	(7)	(8)	47
Total changes during period	(121)	185	63	(7)	(8)	614
Balance at end of period	390	178	569	213	164	45,194

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,590	1,485	41,961	(790)	44,246
Changes during period					
Dividends of surplus			(2,741)		(2,741)
Profit attributable to owners of parent			6,609		6,609
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		10		5	15
Restricted stock compensation		152		21	173
Capital increase of consolidated subsidiaries		(29)			(29)
Net changes in items other than shareholders' equity					
Total changes during period	-	132	3,868	26	4,027
Balance at end of period	1,590	1,618	45,829	(763)	48,274

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	390	178	569	213	164	45,194
Changes during period						
Dividends of surplus						(2,741)
Profit attributable to owners of parent						6,609
Purchase of treasury shares						(0)
Disposal of treasury shares						15
Restricted stock compensation						173
Capital increase of consolidated subsidiaries						(29)
Net changes in items other than shareholders' equity	(195)	112	(82)	(15)	33	(64)
Total changes during period	(195)	112	(82)	(15)	33	3,963
Balance at end of period	195	291	487	197	198	49,158

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	6,342	9,812
Depreciation	954	1,208
Impairment losses	728	199
Share-based payment expenses	36	52
Amortization of goodwill	111	97
Increase (decrease) in allowance for doubtful accounts	(6)	5
Increase (decrease) in provision for bonuses	(34)	101
Interest and dividend income	(119)	(82)
Loss (gain) on valuation of investment securities	1,519	163
Loss (gain) on sale of investment securities	-	(296)
Decrease (increase) in accounts receivable - trade, and contract assets	(836)	(1,245)
Decrease (increase) in inventories	3	21
Decrease (increase) in other assets	101	53
Increase (decrease) in trade payables	835	790
Increase (decrease) in accounts payable - other	639	406
Increase (decrease) in other liabilities	606	814
Subtotal	10,879	12,103
Interest and dividends received	113	76
Interest paid	(1)	(3)
Income taxes paid	(3,078)	(3,257)
Income taxes refund	225	265
Net cash provided by (used in) operating activities	8,137	9,184
Cash flows from investing activities		
Purchase of property, plant and equipment	(168)	(457)
Purchase of intangible assets	(1,047)	(1,125)
Purchase of investment securities	(655)	(1,177)
Proceeds from sale of investment securities	-	37
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,331)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	174
Payments of guarantee deposits	(129)	(218)
Proceeds from refund of guarantee deposits	771	10
Other, net	(2)	117
Net cash provided by (used in) investing activities	(1,231)	(3,970)
Cash flows from financing activities		
Repayments of lease liabilities	(23)	(16)
Dividends paid	(3,013)	(2,741)
Other, net	(39)	(182)
Net cash provided by (used in) financing activities	(3,076)	(2,940)
Effect of exchange rate change on cash and cash equivalents	44	39
Net increase (decrease) in cash and cash equivalents	3,874	2,312
Cash and cash equivalents at beginning of period	31,700	35,575
Cash and cash equivalents at end of period	35,575	37,888