

# Medium-Term Management Plan

## FY2022~FY2026 (5 years)

**Impress Holdings, Inc.**

**June 13, 2022**

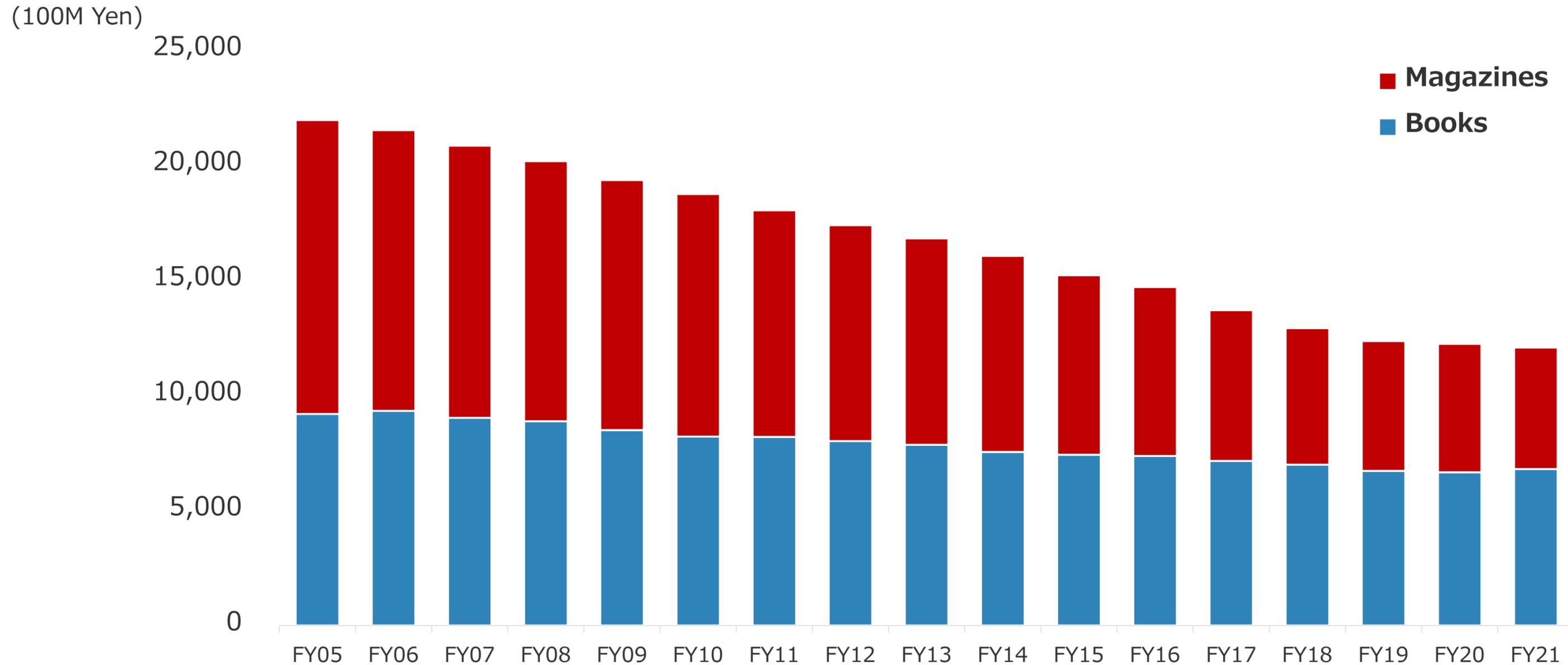
# Disclaimer

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# Trends in Business Performance

# Industry Trends : Trends in Print Publishing Market

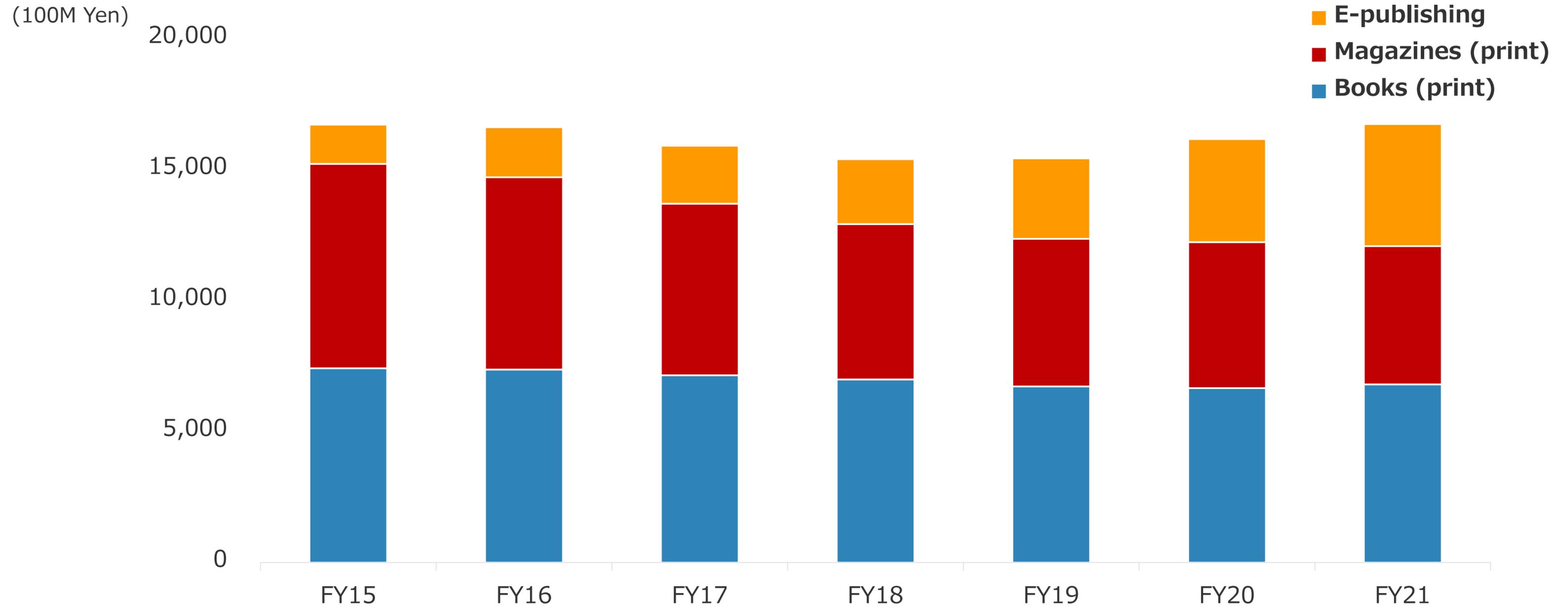
## 17 consecutive years of decline mainly in magazines



〔Source〕 全国出版協会・出版科学研究所『出版指標年報2022版』

# Industry Trends : Trends in Publishing (Print and Digital)

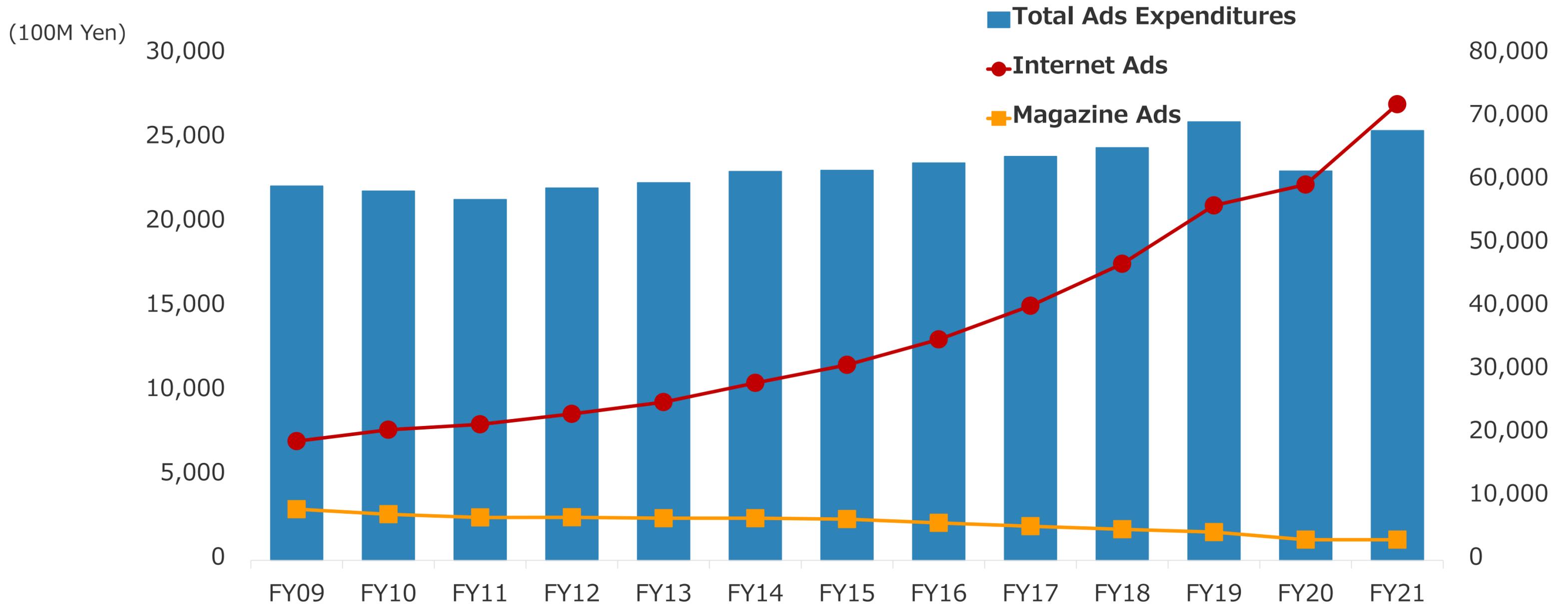
Electronic publishing market expands to 466.2 billion yen  
Combined market of print and digital grows for 3 consecutive years



〔Source〕 全国出版協会・出版科学研究所 『出版指標年報2022版』

# Industry Trends : Advertising Market

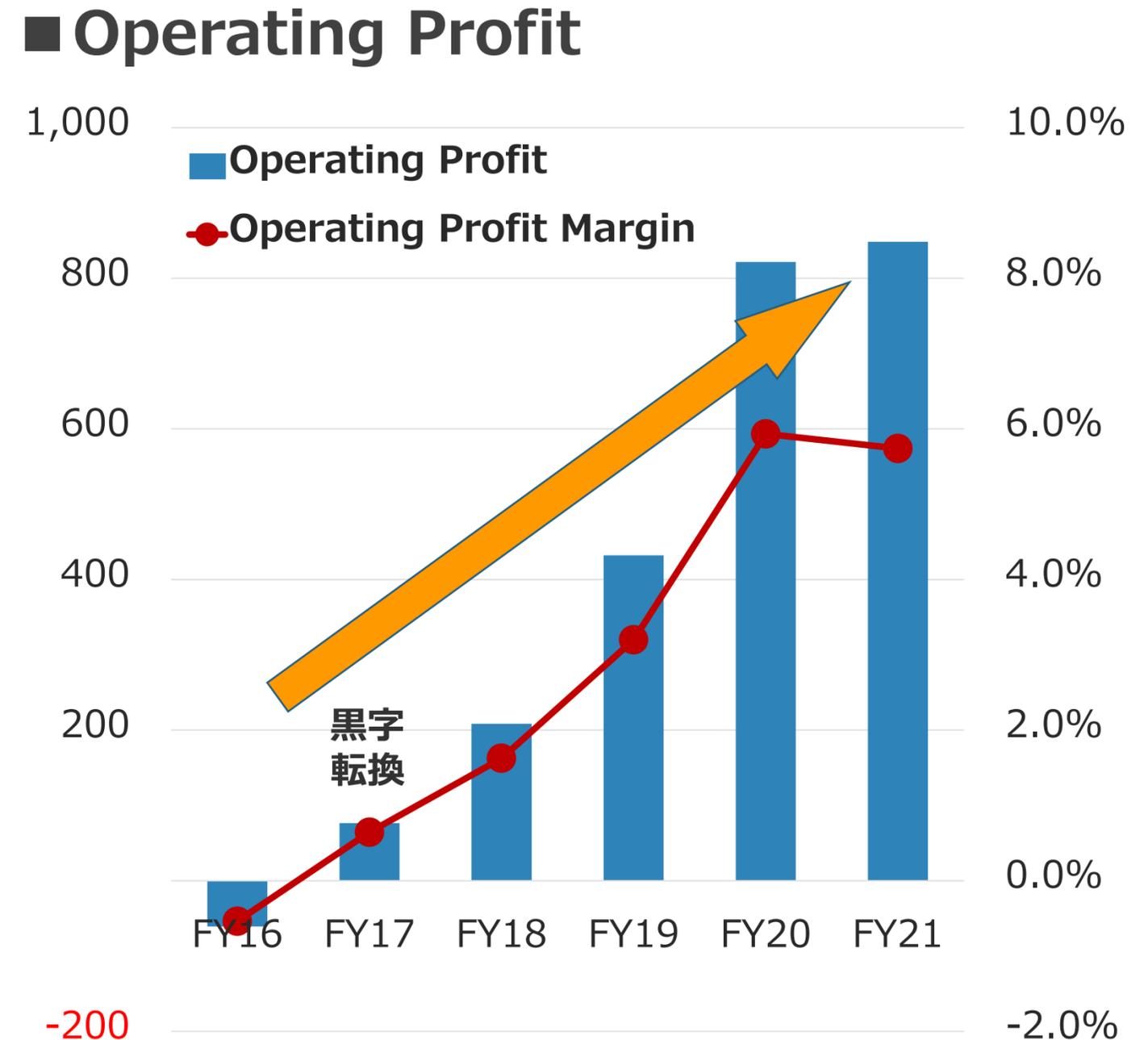
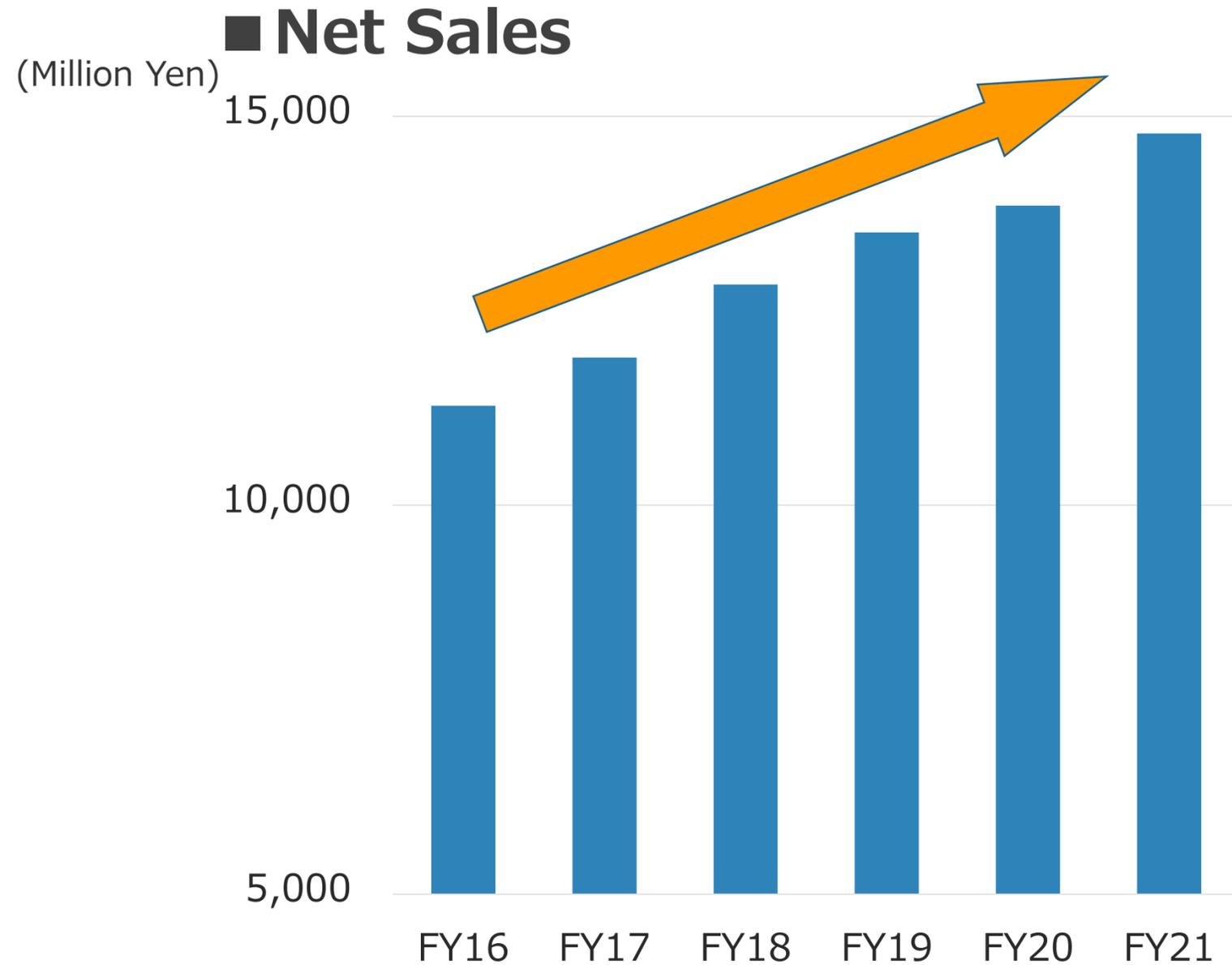
While magazine Ads continue to decline, internet Ads have overtaken TV Ads in market size



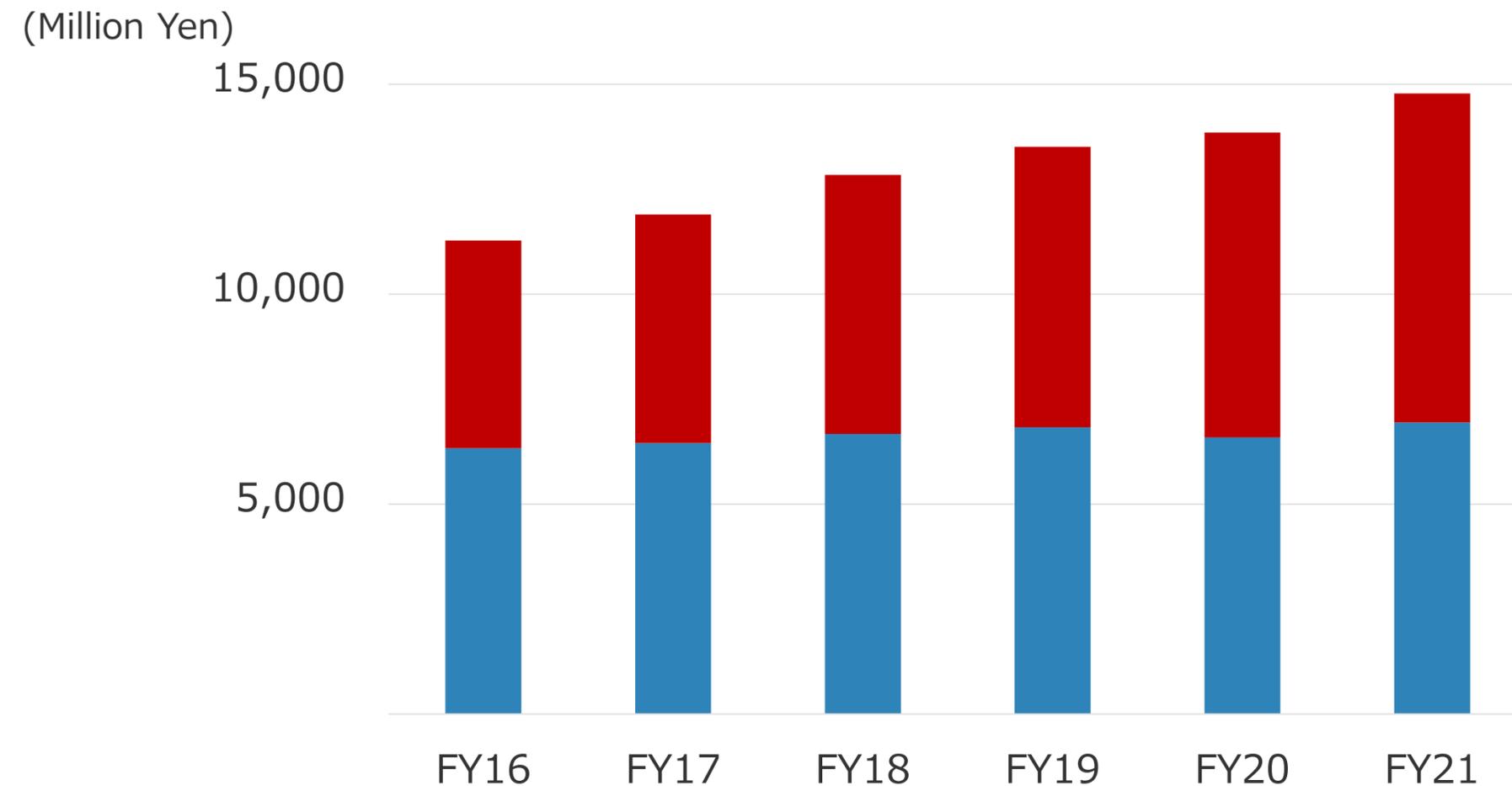
〔Source〕 株式会社 電通 『日本の広告費』

# Our Group's Performance in Previous Years

Maintained a trend of increasing sales and profits, expanding to a scale of 15 billion yen in net sales and 800 million yen in operating profit



# Trends in Sales Volume



While maintaining sales volume of print publishing business,

Expand non-print publishing businesses such as

**Electronic Publishing, Internet Media, Target Media, and Platform Business**



**Print Publishing Business**

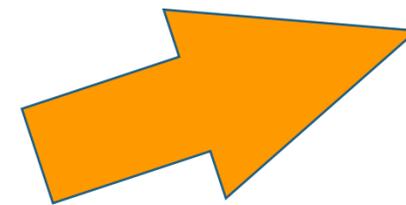
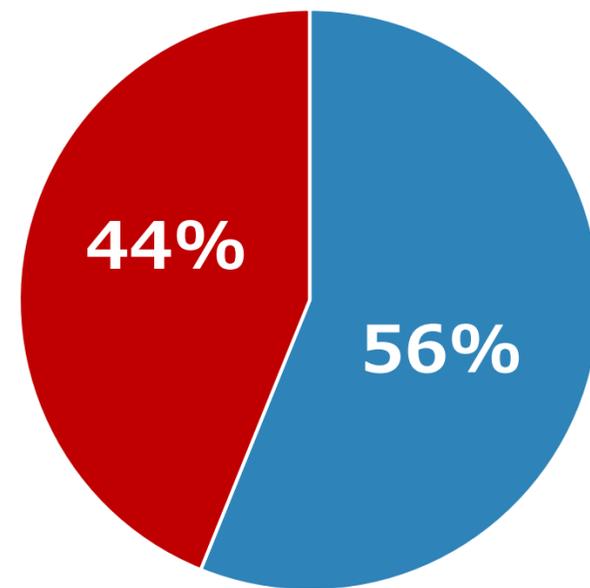


**Business other than Print Publishing  
(Electronic Publishing, Internet Media, Target Media, Solution, Platform Business)**

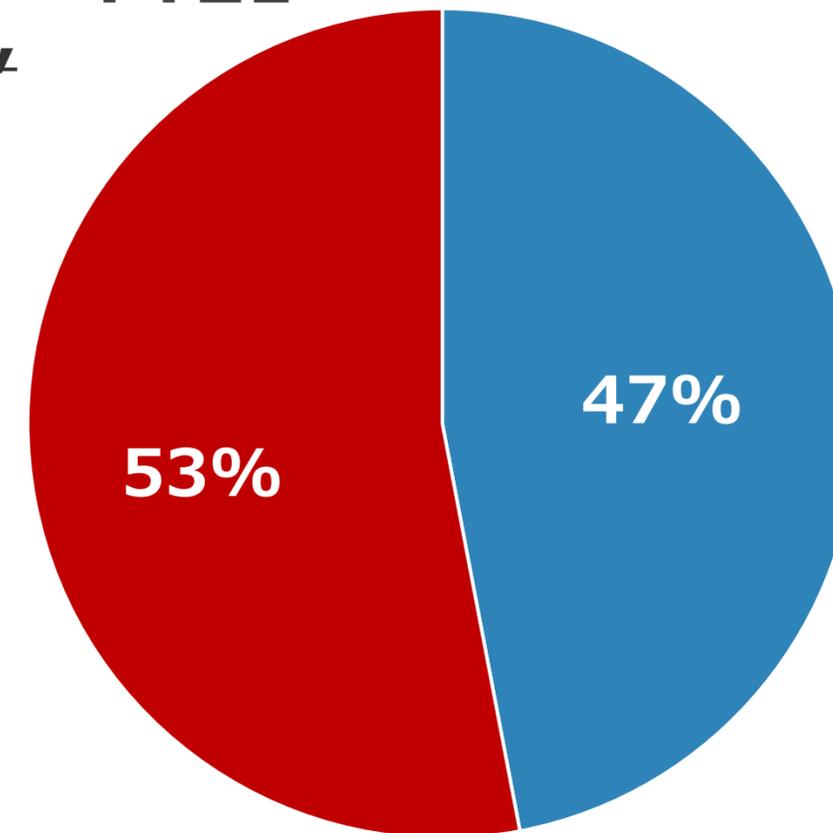
# Structural Transformation of Business Portfolio

With steady business structure transformation,  
Achieved business expansion and growth

■ FY16



■ FY21

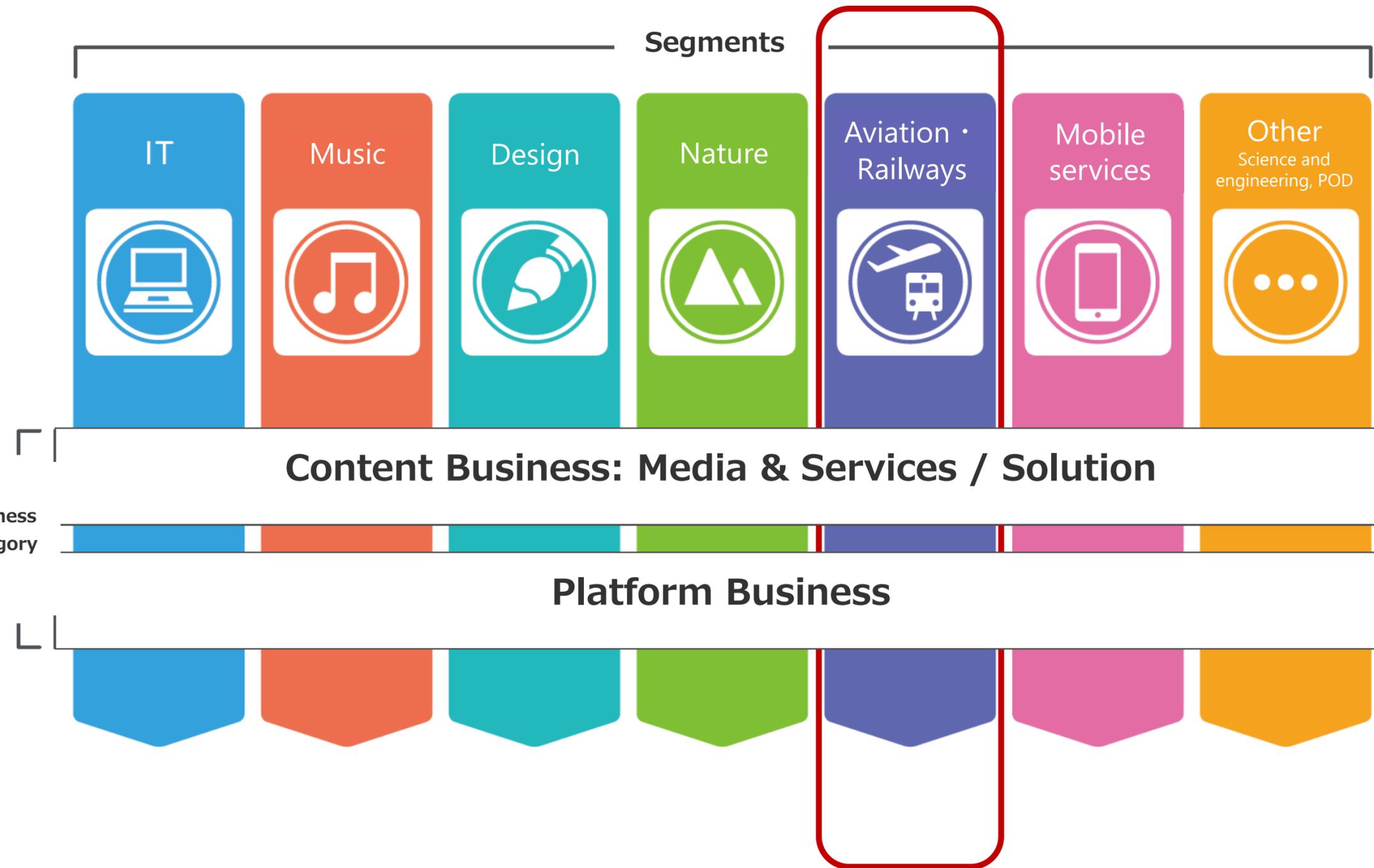


Print Publishing Business



Business other than Print Publishing  
(Electronic Publishing, Internet Media, Target Media, Solution, Platform Business)

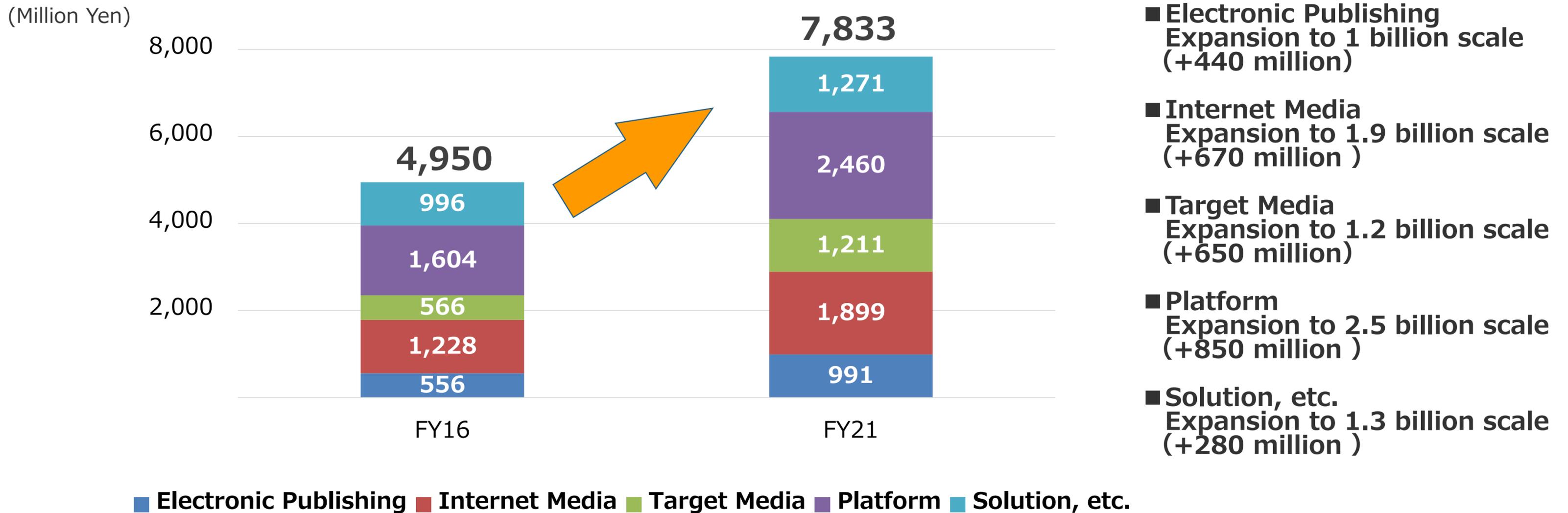
# Expansion & Strengthening Content Area (Segment)



**Added new areas of expertise**  
「Aviation · Railways」  
through M&A during  
FY16~FY21

# Expansion & Strengthening Business other than Print Publishing

Expanding business scale in each business category, overall sales increased by just under 2.9 billion yen over 5 year period



# Medium-term Management Plan FY2022~FY2026 (5 years)

# Phase of Medium-term Management Plan

 FY22 : current

**Restructuring Period  
FY16~FY19 (4 years)**

**Operating Loss→  
Operating Profit to  
500 million scale**

**Operating Profit Margin  
improved to 3% level**

**Print Publishing ratio  
56%→51%**

**Foundation Building Period  
FY20~FY23 (4 years)**

**Operating Profit  
500 million scale →  
raise to 1 billion scale**

**While investing in growth  
investment,  
raise Operating Profit Margin  
to 6% level**

**Print Publishing ratio  
51%→47%**

**Growth Transition Period  
FY24~FY26 (3 years)**

**Operating Profit  
1 billion scale→  
raise to 2 billion scale**

**Growth through return on  
investment,  
raise Operating Profit Margin  
to 10% level**

**Print Publishing ratio  
to 40%**

# Medium-term Management Plan

## ① Strengthen competitiveness and profitability of Content Business

→No. 1 in specialty + expansion into adjacent genres

## ② Develop new business model through media mix development

→Produce multi-faceted media and services for fans in each specialty

→Create high value-added member services in the direct channel (DtoC)

## ③ Expand Platform Business

→Cultivate new business models · expand scale of existing business models

## ④ Evolution of business models and creation of business platforms through DX promotion

→Promote media mix business development and develop business infrastructure

→Accelerate growth by bringing in external resources

→Build a business platform that corresponds to the evolution of business environment and business

→Improve productivity by promoting use/operation of work style reforms

# Summary of Medium-term Quantitative Targets ①

① **Set medium-term (5 years) net sales target at 20 billion**

② **Facilitate portfolio transformation while maintaining a certain scale in the Print Publishing Business**

→Reduce sales composition ratio of print publishing business to 40% by strengthening media mix development, etc.

③ **Set operating profit target at 2 billion scale**

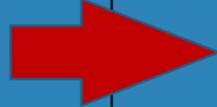
→Raise operating profit margin from the current 5% level to 10%

④ **Achieve targets by strengthening/developing priority businesses such as Electronic Publishing, Internet Media, Target Media and Platform Business as well as through M&A and other measures (external growth)**

# Summary of Medium-term Quantitative Targets ②

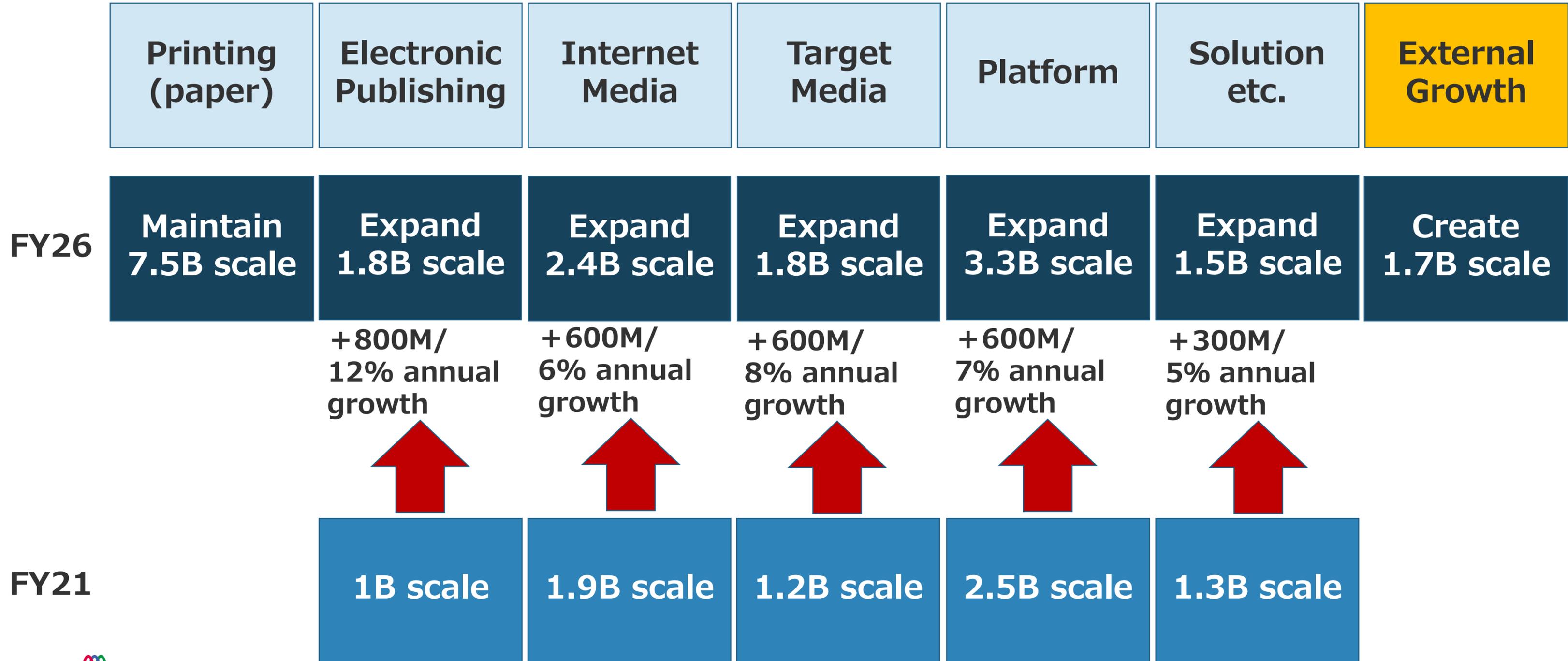
(Million Yen)

Target for Medium-term (5 years): Net Sales 20 billion、 Ordinary Profit 2 billion

	FY20	FY21 	FY26	
	Result	Result	Target	Compared to FY21
Net sales	13,850	14,778	<b>20,000</b>	<b>+5,222</b>
Operating profit	822	848	<b>1,900</b>	<b>+1,052</b>
Ordinary profit	931	941	<b>2,000</b>	<b>+1,059</b>
<i>Operating profit margin</i>	5.9%	5.7%	<b>9.5%</b>	<b>+3.8P</b>
<i>Publishing (paper) sales</i>	6,586	6,946	<b>7,450</b>	<b>+504</b>
<i>※Composition ratio</i>	48%	47%	<b>40%</b>	<b>- 7P</b>

# Medium-term Portfolio by Business Category

While maintaining scale of print publishing business, expand digital platform and other businesses



# Key Themes for Medium-term Business Growth ①

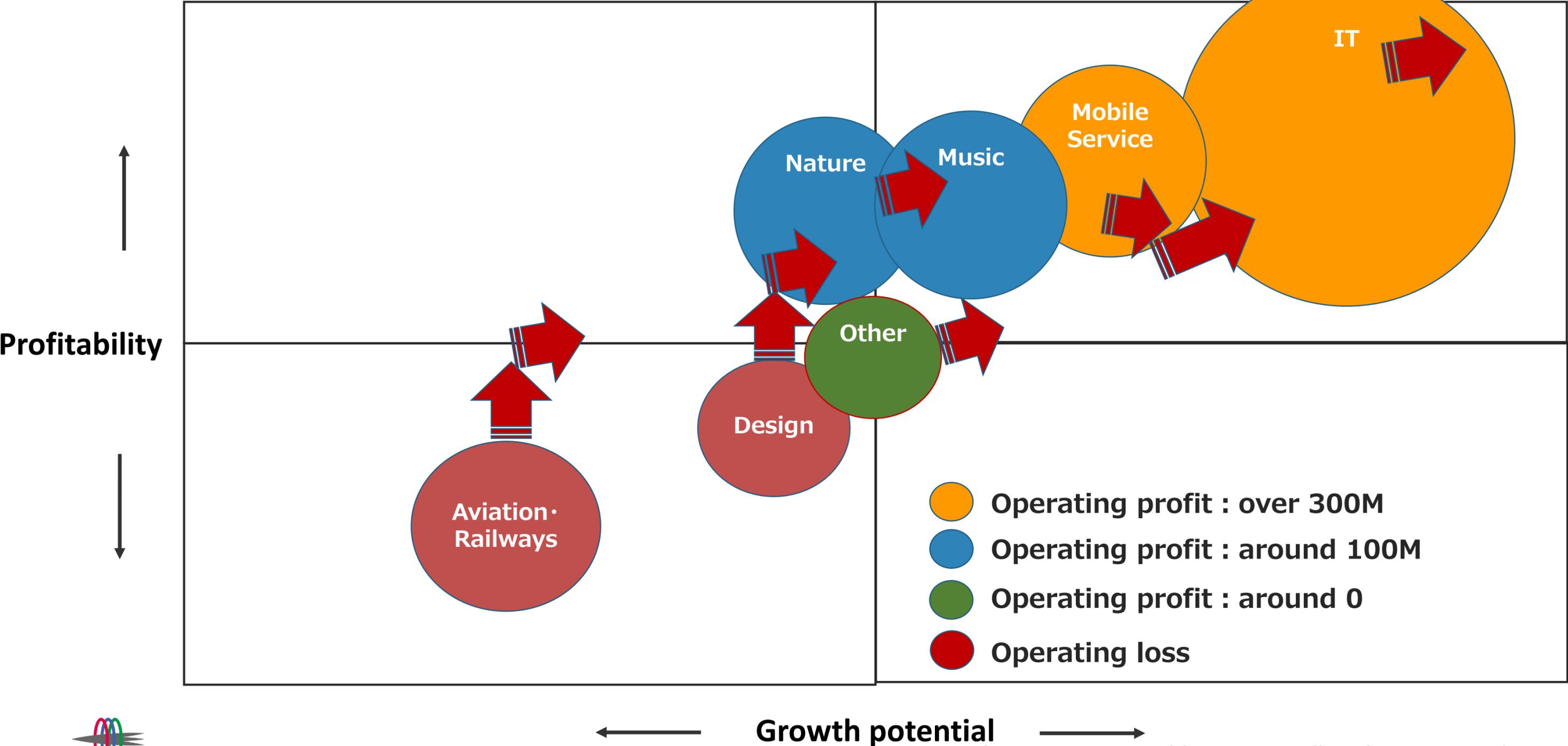
<p><b>Publishing/ Electronic Publishing</b></p>	<ul style="list-style-type: none"><li>● Strengthen competitiveness of specialized content and expand into adjacent areas</li><li>● Stable expansion of long-tail book business</li><li>● Maintain profitability and brand strength of magazine business</li><li>● Stable expansion of electronic publishing business based on print books (10% per year)</li><li>● Develop digital first works through e-comic labels (CoMax), etc.</li><li>● Improve profitability in the Design, Aviation · Railways segment</li></ul>
<p><b>Internet Media</b></p>	<ul style="list-style-type: none"><li>● Maintain growth potential in the IT segment</li><li>● Strengthen efforts in media services of each segment, with a focus in Music/Nature segment</li><li>● Develop new services through media mix development with magazine brands</li><li>● Develop high value-added membership services in the direct channel (DtoC)</li><li>● Revenue model development for managed advertising, affiliate and matching services, etc.</li></ul>
<p><b>Target Media</b></p>	<ul style="list-style-type: none"><li>● Expand lead generation business to capture the IoT/DX trend</li><li>● Expand customer database (currently 420,000)</li><li>● Expand target industry area, strengthen specialized media capabilities, and develop BtoB services</li><li>● Expand event/seminar business and respond to real/online hybridization</li></ul>

# Key Themes for Medium-term Business Growth ②

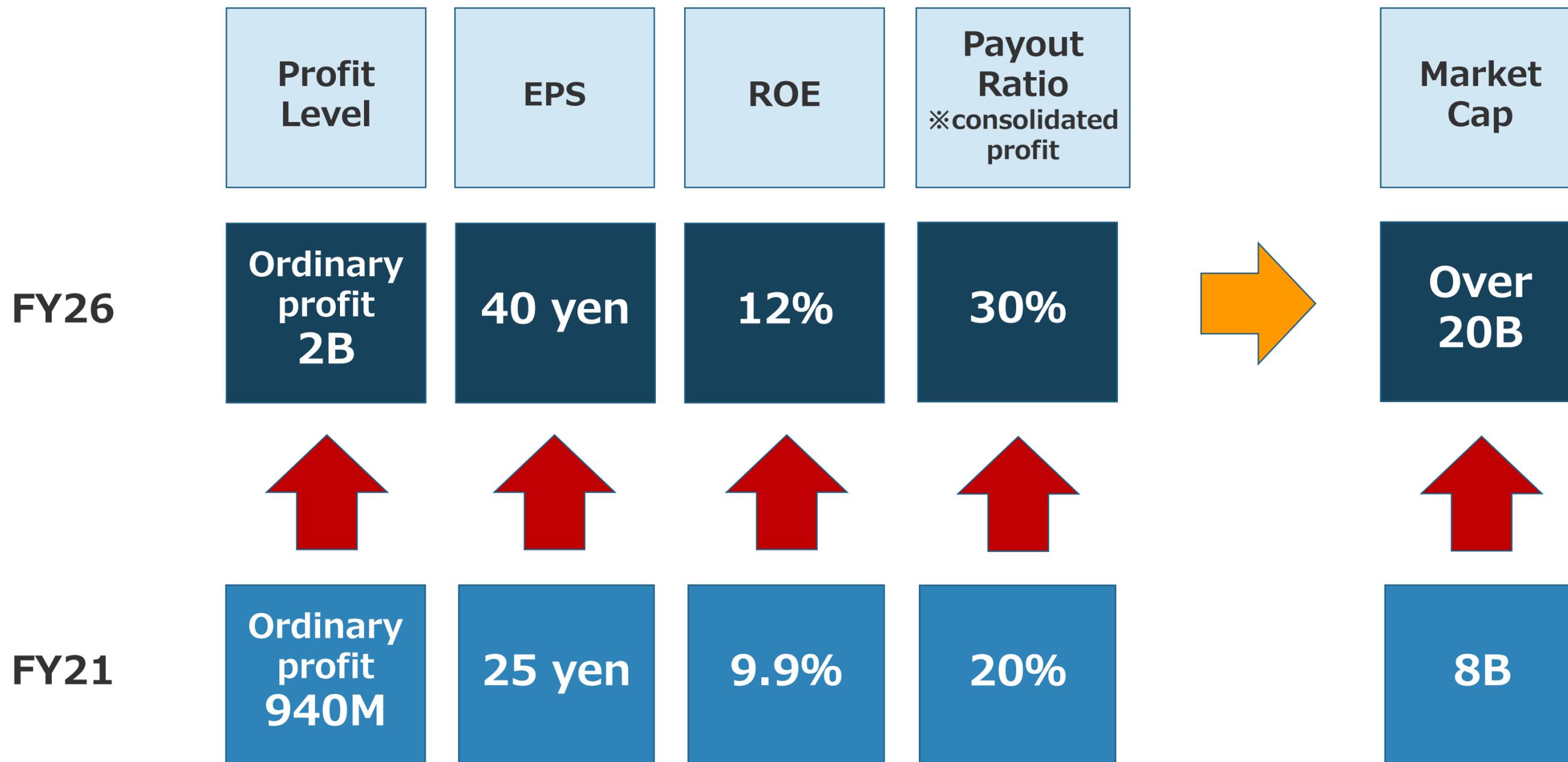
<p><b>Platform</b></p>	<ul style="list-style-type: none"> <li>● <b>Digimart</b> : Maintain growth potential through expansion of commercial products and service areas (10-15%/YR)</li> <li>● <b>E-comic PF</b> : Growth of existing services has run its course, develop new business partner, overseas distribution and other services and shift to a phase of renewed growth</li> <li>● <b>POD PF</b> : Expansion of business scale through collaboration with Media Do (20%/YR)</li> <li>● <b>Business development of new media platform (device)</b></li> </ul>
<p><b>Solution</b></p>	<ul style="list-style-type: none"> <li>● <b>Multifaceted and composite sales proposals based on a media mix</b></li> <li>● <b>Develop menu of proposals for artist management in Music segment</b></li> <li>● <b>Develop services for municipalities in Nature segment</b></li> <li>● <b>Strengthen business development efforts in Aviation · Railways segment</b></li> </ul>
<p><b>External Growth</b></p>	<ul style="list-style-type: none"> <li>● <b>Expand highly competitive branded specialties</b></li> <li>● <b>Media mix development centered on internet media,</b> Consider capital and business alliances to promote development of new platform businesses</li> <li>● <b>Create new value by Content×Device (Business model/Media platform)</b></li> </ul>

# Medium-term Segment Portfolio

## ■ Medium-term Growth Image by Segment



# Enhance corporate value by achieving business growth and strengthening shareholder returns



# Medium-to-Long-Term Management Vision

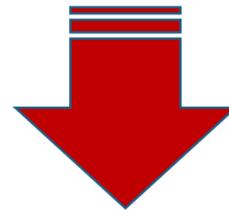
## 〈Management Strategy〉

**10 (Content) × 10 (Device) = 100 (Value Creation)**

Delve into areas  
of expertise

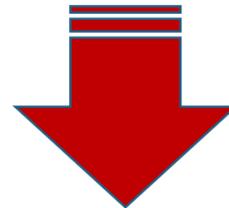
Horizontal expansion  
of business model  
/platform

Enhancement of corporate  
value  
Contribution to culture and  
society rich in humanity



## 〈Philosophy〉

Sharing Knowledge and Excitement through Innovation:  
We want to “impress” people through our “press” activities.

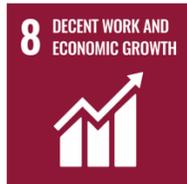


## 〈Social Mission〉

Human Knowledge Mediary

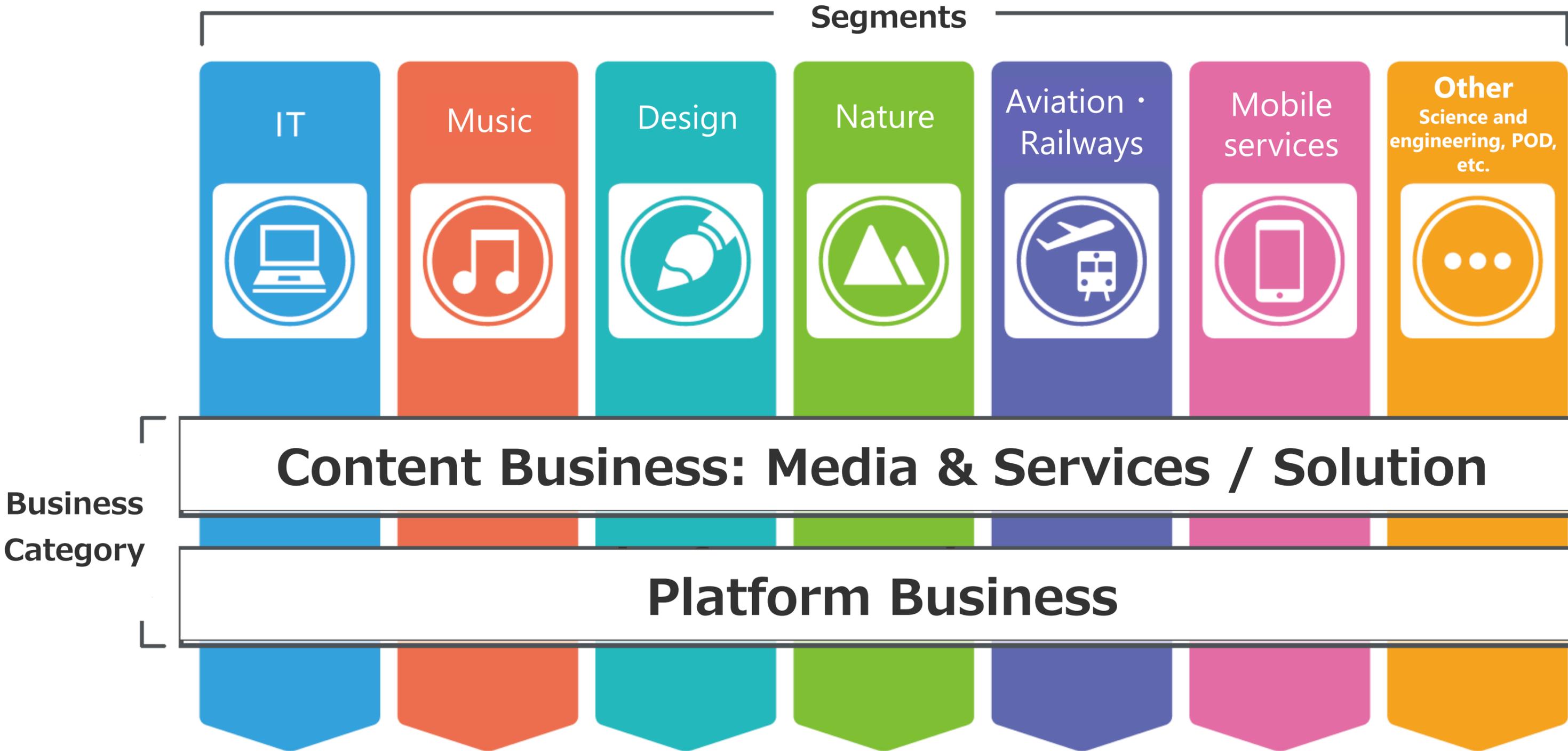
(Create a free cultural and social cycle with rich humanity)

# Group Sustainability Priority Themes

	SDGs Goal	Priority Themes	Major Activities
E	 	Creativity to protect environment	<ul style="list-style-type: none"> <li>• Use of forest certified paper and vegetable oil ink for products</li> <li>• Reduction of paper resources by digitizing sample magazines and documents</li> <li>• Expanding the inventory-free production model by POD</li> <li>• Environmental preservation &amp; safety awareness activities through Japan Mountains Heritage Fund</li> <li>• Installing green electricity with building management company</li> </ul>
S	 	Bridging culture-building expertise to next generation	<ul style="list-style-type: none"> <li>• Expansion of books and courses for GIGA schools and certification exams</li> <li>• Various services with direct guidance from professionals</li> <li>• Promotion of reading barrier-free, free access to article archives</li> </ul>
		Mutual respect for people and a rewarding challenge	<ul style="list-style-type: none"> <li>• Flexible working style with super-flexible system</li> <li>• Mobility and activation of human resources through recruitment within the group</li> <li>• Skill development through training, voluntary study groups, and planning support programs</li> </ul>
G		Fair Partnership	<ul style="list-style-type: none"> <li>• Group management that maintains independence and strengthens horizontal synergies</li> <li>• Selecting standard market and co-creation through promotion of IR and M&amp;A</li> <li>• SCM through partnerships with distributors and warehouses</li> <li>• Participation in xSDG Consortium and publish "SDGs Whitepaper"</li> <li>• Set up different types of hotlines, ethical business activities</li> </ul>

# Reference Material: Overview of Impress Group

# Segment and Business of Impress Group





Specialized books, magazines



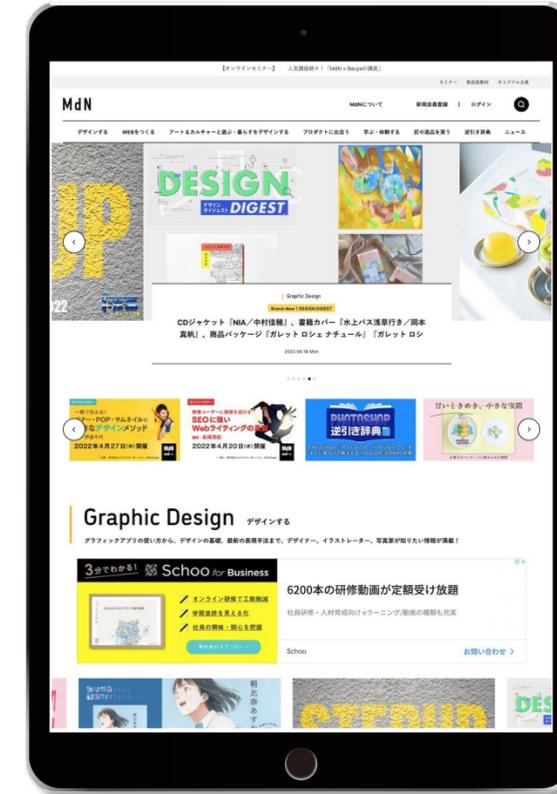
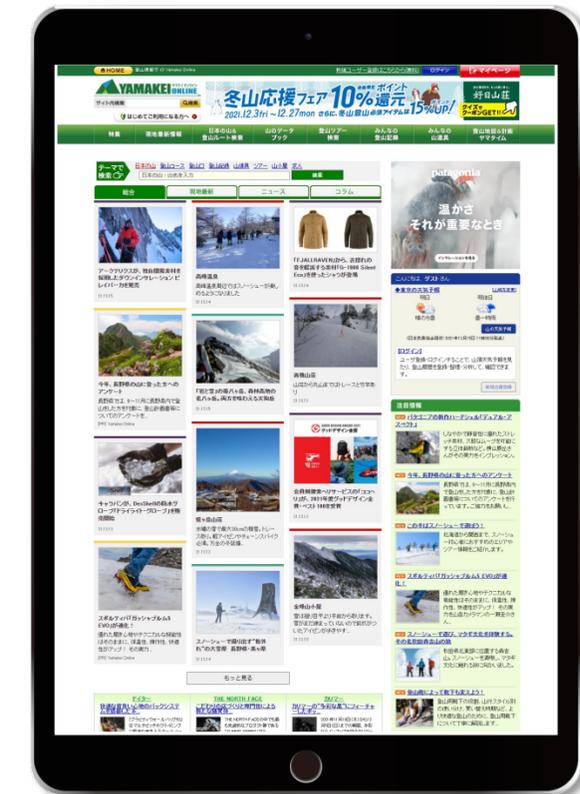
E-Books



New Year Card mooks, calendar

# Content Business: Media & Services

## Internet Media



Digital general news

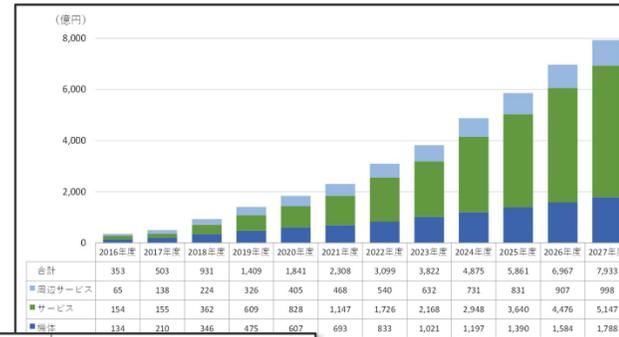
Mountaineering

Design

Entertainment



## IT Leaders



インプレス総合研究所  
【新着調査報告書・レポートシリーズ】

ドローンビジネスの3つで構成される。ポート型、潜水型)の完成品機体の国内での販売金額。軍用。ただし、ソリューションの一部のみドローンが活用体が自社保有のドローンを活用する場合は、外部企業に委託。期メンテナンス費用、人材育成や任意保険等の市場規模。

出所：インプレス総合研究所作成



Business media

Survey reports

Events, seminars

# Content Business: Solution



※Outsourced operation by Temjin

Outsourced creation of sales promotion and public relations tools and websites for companies and local authorities

# Platform Business



E-Commerce platforms



E-Comic platforms



Publishing Distribution Platforms

# ※ Overview of IKAROS Publications (making it a wholly owned subsidiary in Aug. 2021)

## ■ Attributes

Publishing company with a 40-year history centering around aviation including a monthly magazine *Airline* and providing highly specialist contents in the military, travel, and disaster prevention fields

## ■ Reason for Stock Acquisition

- Expand our presence in the fields of highly competitive specialist contents with hard-core fans
- Develop a media mix effectively utilizing Impress Group's resources for the planning and editing capabilities of IKAROS Publications in order to improve business value by building fan communities and developing electronic publishing, web services, and business for corporations, etc.

# ※ Overview of IKAROS Publications (making it a wholly owned subsidiary in Aug. 2021)

## ■ Main Publications

### Aviation



### Military



### Railways



### Disaster Prevention, etc.



# ※ Overview of Pubfun established April, 2022



## ■ Overview ・ Purpose

- A joint venture company established in April 2022 by integrating POD services of “NextPublishing Authors Press”, which is operated by our subsidiary Impress R&D and has market share for individuals and “PUBRID”, which is operated by Media Do, Inc. and has market share for corporations.
- Through the joint venture, the company has gained leading share in POD publishing. Leveraging the strengths of both parties, the joint venture will promote the expansion of the POD market through the development of new authors and flexible response to publishing needs.

## ■ Attributes of Services



Publishing support service for individuals and organizations. By preparing manuscript files in a predetermined format, anyone can publish and sell paperbacks and e-books on Amazon.co.jp for basically free.



POD service for publishers and corporations. The combination of bookstore POD and on-demand printing enables new forms of publishing, such as reprinting out-of-print or low-stock books and publishing original POD works.