Medium-Term Management Plan
2020-2022

INFOCOM CORPORATION

2020.06.04

Contents

Prior Medium-Term Management Plan Review
2017–2019

Earnings Targets vs. Actual Performance

● Essentially achieved targets, owing in part to significant growth in E-comic (core business)

(Billion yen, %)

		FY03/20 Target	FY03/20 Results	Achievement ratio(%)
Growth	Net sales	60.0～80.0	58.3	97.3
	EBITDA (*1)	7.0～10.0	9.3	134.1
	Ratio of core businesses (*2)	70%	74.4%	106.3
Profitability	ROE	10% and over	16.2%	162.2
Shareholder Returns	Payout ratio	30%	30.6%	102.0

(*1) EBITDA = Operating income + depreciation and amortization
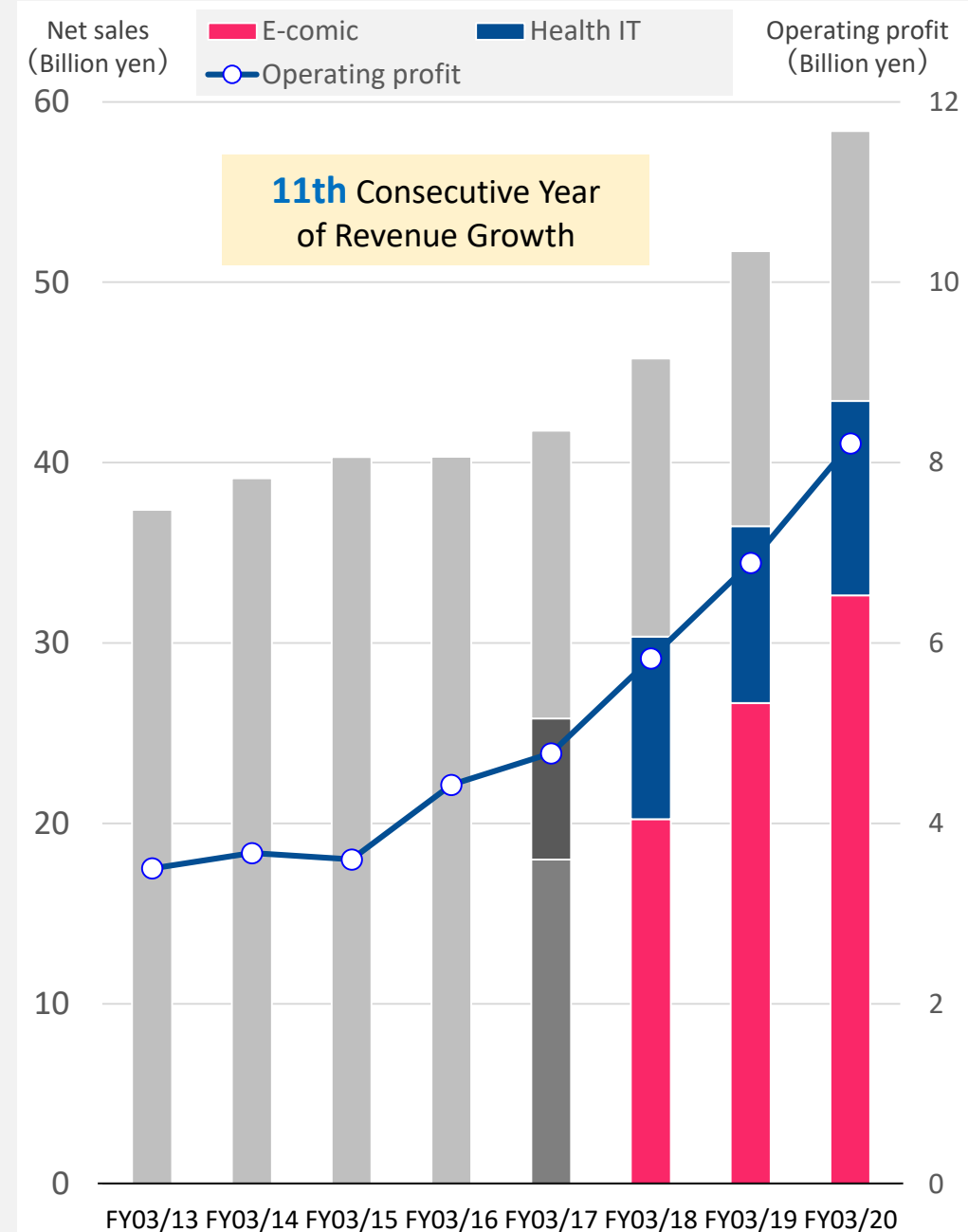(*2) Share of net sales represented by priority businesses (E-Comics, Health IT)

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Basic Policies and Initiatives

1. Pursue Growth

- Pursue growth driven by e-comic and health IT businesses
  - ✓ E-comics broke above **¥30** billion
  - ✓ Health IT exceeded **¥10** billion
- Pursue M&A opportunities
  - ✓ Convert Korean e-comics distribution business and nursing professional recruitment business to subsidiaries
  - ✓ Continue large-scale M&A
- Develop businesses leveraging AI and IoT
  - ✓ Use AI to build an advanced e-comic recommendation engine
  - ✓ Use IoT for nursing care support, food temperature management services

2. Continue to Build a Strong Foundation to Support Growth

- Strengthen quality control and use IT to improve service quality
- Generate efficiencies through business process reform and encourage cooperative ventures with society
  - ✓ Offer a more robust telework environment and utilize RPA
  - ✓ Co-create with IT ventures through *Digital Health Connect* and *GnB*
- Strengthen human resource talents in business and technology
  - ✓ Implement training programs to foster employee skills in data use and AI

Net sales (Billion yen) / Operating profit (Billion yen)

Legend: E-comic, Health IT, Operating profit

11th Consecutive Year of Revenue Growth

X-axis: FY03/13 FY03/14 FY03/15 FY03/16 FY03/17 FY03/18 FY03/19 FY03/20

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New Medium-Term Management Plan

2020–2022

New Plan

Our External Environment (＊Impact of COVID-19)

Japanese IT Market

- While the cloud market is driving expansion, traditional IT businesses have contracted gradually and the market is undergoing a structural transition
- The shortage in IT personnel is expected to grow from 220,000 in 2018 to 450,000 by 2030
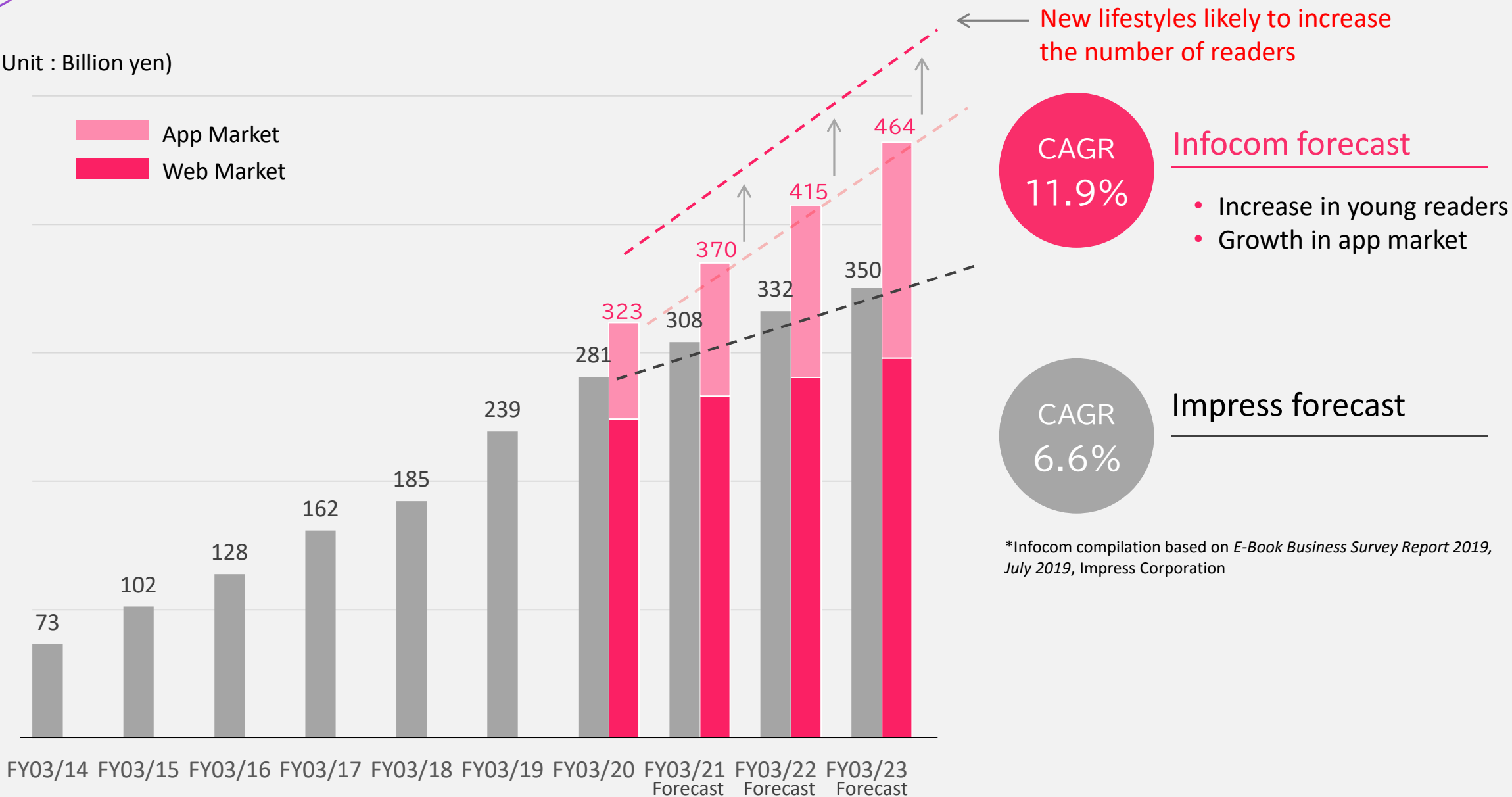- Acceleration in digital transformation (DX)*

E-comic

- In addition to the digitalization of the paper-based market, we forecast the new comic app market, driven mainly by younger readers, to grow an annual 11.9% (2020-2022)→We revised our expectation for even higher growth*
- Advancing alliances among distributors
- New lifestyles have created a new custom of reading comics online/via apps*

Heath IT

- The healthcare IT market continues to grow steadily; will online treatment and online medication counseling become a new norm?*
- The healthcare IT market is growing rapidly in connection with greater needs for nursing care
  →Shortage in nursing care providers (shortage of 430,000 by the year 2025)
  →Increase in unemployment will result in temporary shift of labor to the nursing care field*

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E-Comic Market Forecast

(Unit : Billion yen)

New lifestyles likely to increase the number of readers

- App Market
- Web Market

CAGR 11.9%

Infocom forecast
- Increase in young readers
- Growth in app market

CAGR 6.6%

Impress forecast

Infocom compilation based on E-Book Business Survey Report 2019, July 2019, Impress Corporation

FY	Value
FY03/14	73
FY03/15	102
FY03/16	128
FY03/17	162
FY03/18	185
FY03/19	239
FY03/20	281 / 323
FY03/21 Forecast	308 / 370
FY03/22 Forecast	332 / 415
FY03/23 Forecast	350 / 464

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Slogan

United Innovation *Value Co-Creation*

1.Pursue Growth

Pursue growth driven by E-comic and Health IT businesses

Evolve into a services-oriented business

Pursue co-creation (M&A, overseas growth)

2.Continue to Build a Strong Foundation to Support Growth

Use IT to strengthen quality control and improve service quality

Advance through AI and data

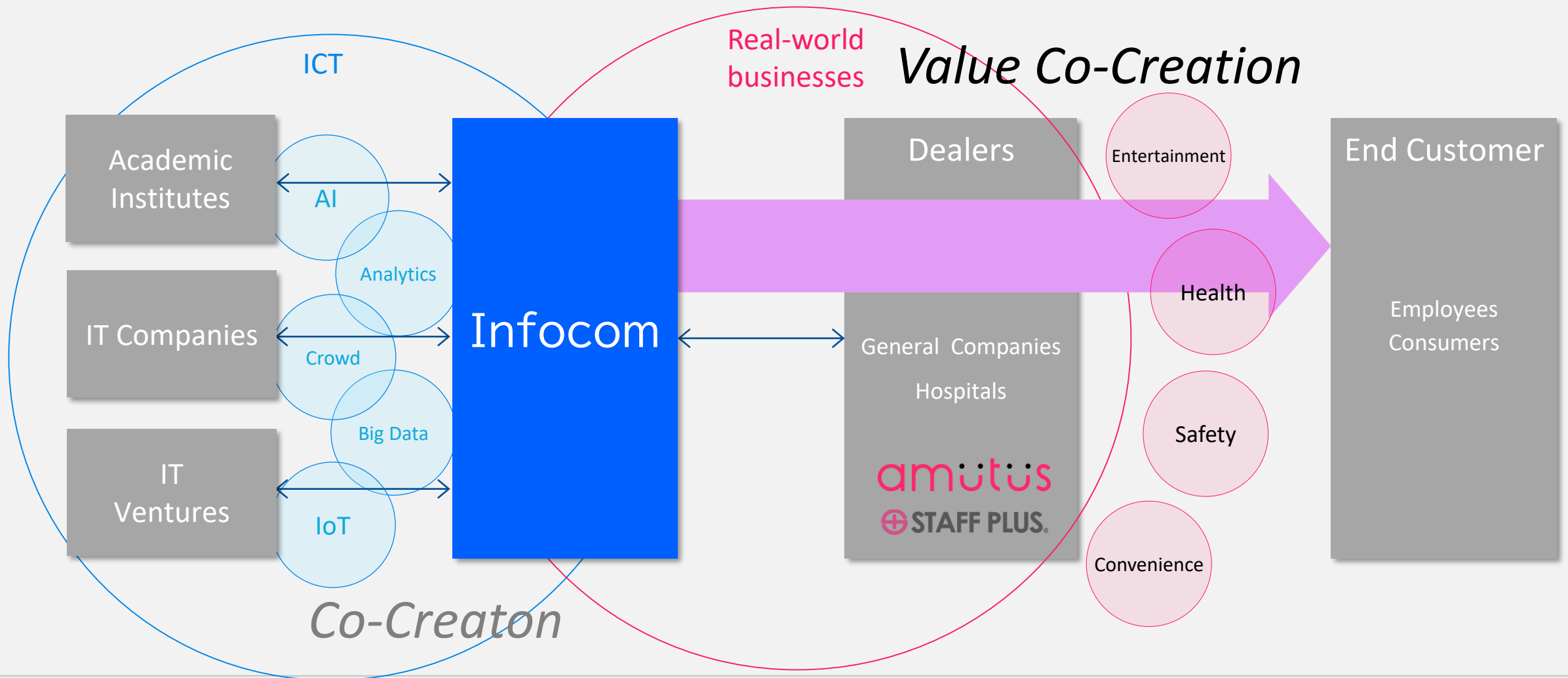Improve quality management

Encourage work-style reform

Earnings Targets

Aiming for High Growth and Profitability

(Billion yen, %)

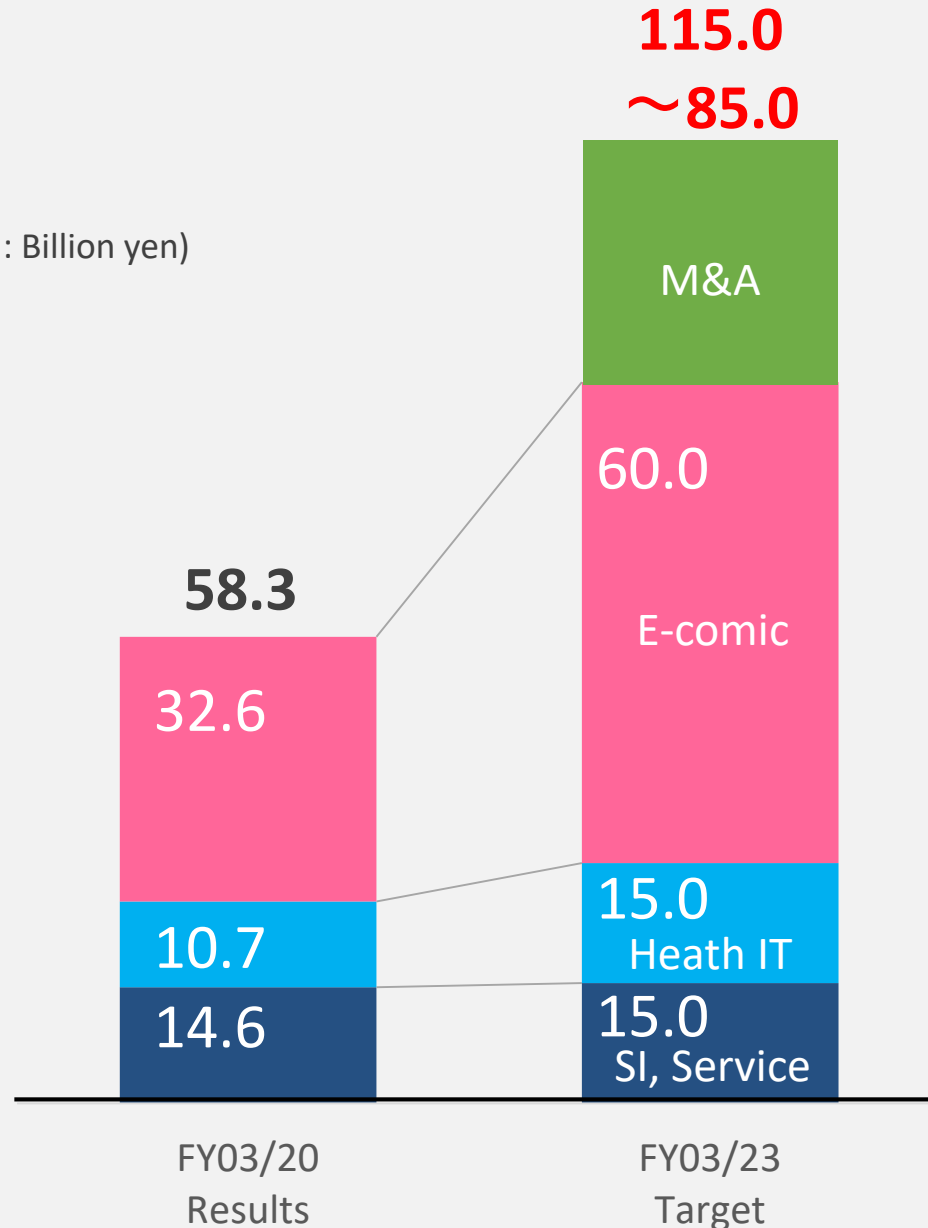|		FY03/23 Target	FY03/20 Results
Growth	Net Sales	85.0〜115.0	58.3
	EBITDA (*1)	13.0〜16.0	9.3
Profitability	ROE	15.0% and over	16.2%

(*1)   EBITDA = Operating income + depreciation and amortization

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Value Co-Creation -An Ideal Infocom-

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

ICT

Real-world businesses

Value Co-Creation

Academic Institutes

AI

Analytics

Crowd

IT Companies

Big Data

IT Ventures

IoT

Infocom

Dealers

General Companies

Hospitals

amutus

STAFF PLUS®

Entertainment

Health

Safety

Convenience

End Customer

Employees Consumers

Co-Creaton

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Growth Strategies

(Unit : Billion yen)

115.0
～85.0

	FY03/20 Results (58.3)	FY03/23 Target
M&A		
E-comic	32.6	60.0
Heath IT	10.7	15.0
SI, Service	14.6	15.0

FY03/20 Results

FY03/23 Target

1.Persue growth

● Sustained growth in core businesses

- E-comic
  Secure a solid position as an e-comics brand
- Heath IT
  Launch new services in the nursing care and health fields

● Evolve into a services-oriented business
- Increase services sales to 80% and over of total sales

● M&A activities
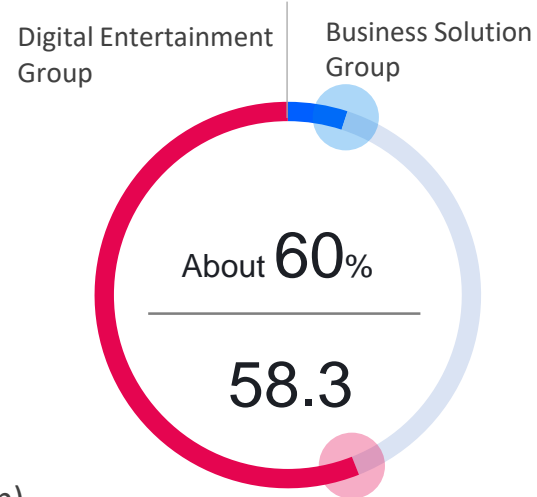- Set a strategic investment budget of ¥30 billion

Evolve Into a Services-Oriented Business

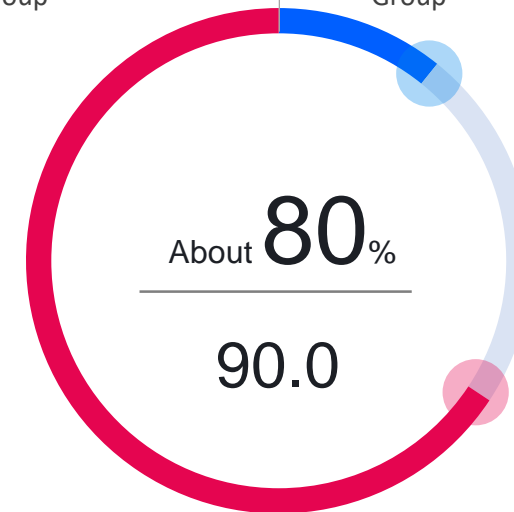## Increase services sales to 80% and over of total sales

| FY03/20 | FY03/23 |

Ratio of Services Sales

Digital Entertainment Group

Business Solution Group

About **60**%

58.3

Digital Entertainment Group

Business Solution Group

About **80**%

90.0

(Unit : Billion yen)

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Growth Driver Strategies

Strategy

E-comic

Health IT

Growth Driver Strategies [E-comic]

Aiming for CAGR in excess of 20%, outperforming market growth

1. Maximize *Mecha Comic* Income

- Expand offerings of original comics
- Use data analysis and AI to strengthen marketing
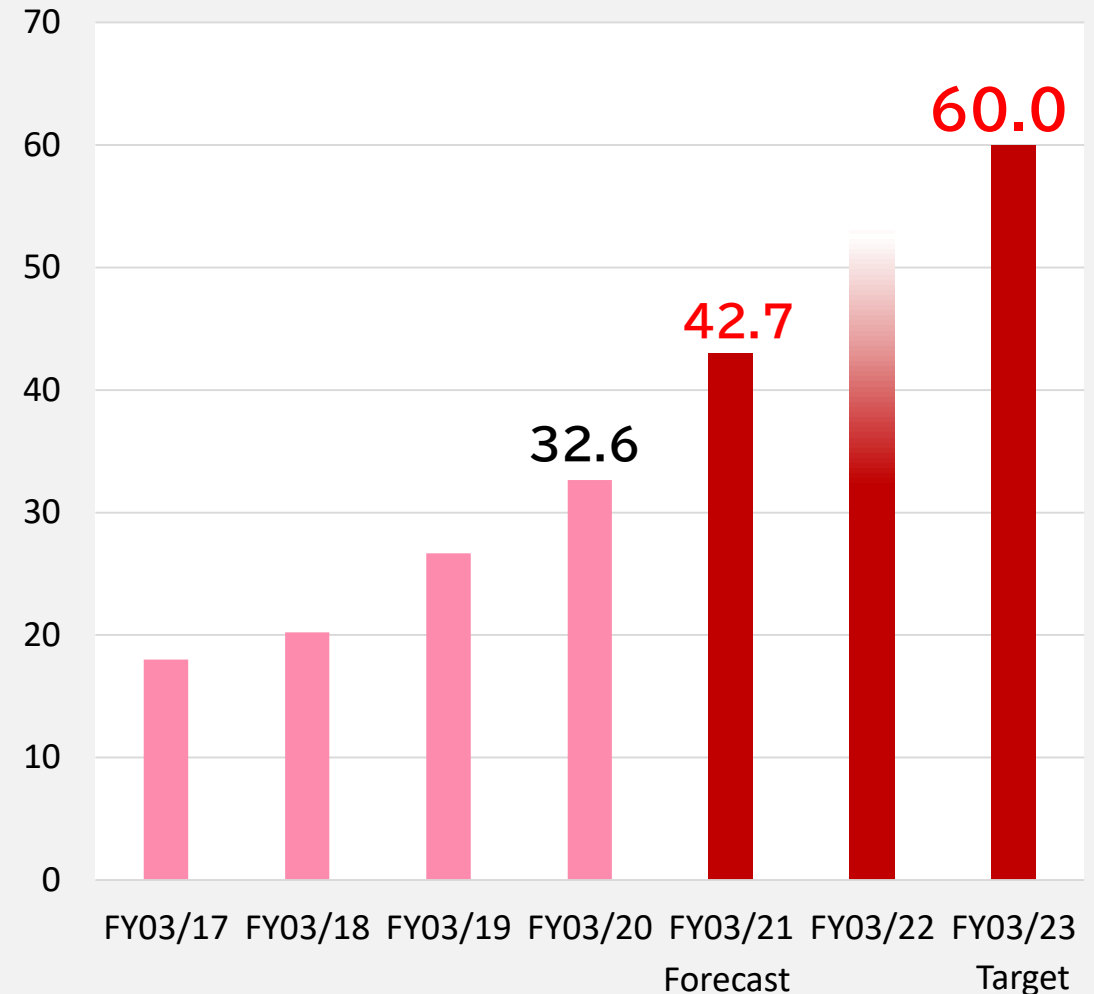- Strengthen initial exclusive distributions

2. Build infrastructure for business expansion

- Complete redesign for mobile app
- Shift delivery system completely to the cloud
- 5G compatibility

3. Open new markets

- Overseas expansion
- M&A

Net sales（Billion yen）

- 60.0 (FY03/23 Target)
- 42.7 (FY03/21 Forecast)
- 32.6 (FY03/20)

FY03/17 FY03/18 FY03/19 FY03/20 FY03/21 Forecast FY03/22 FY03/23 Target

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Growth Driver Strategies [E-comic]

1. Expand offerings of original comics

Cumulative Titles

Surpass **1,000** titles

2009 — 2016 — 2018 — 2019 — 2020 — 2021 — 2022

2009 Service Launch

2016 Data Analysis

RISKY ranked No.2 for the year, owing to data analysis at the planning stages

Aoshima Kun ha ijiwaru is current best-seller

- Improve quality and volume through stronger production system
- Expand sales channels for hit titles (repurpose as dramas, overseas markets)

- Support products through AI (medium-, long-term)

2. Complete redesign for mobile app

[FY03/21 Initiatives]
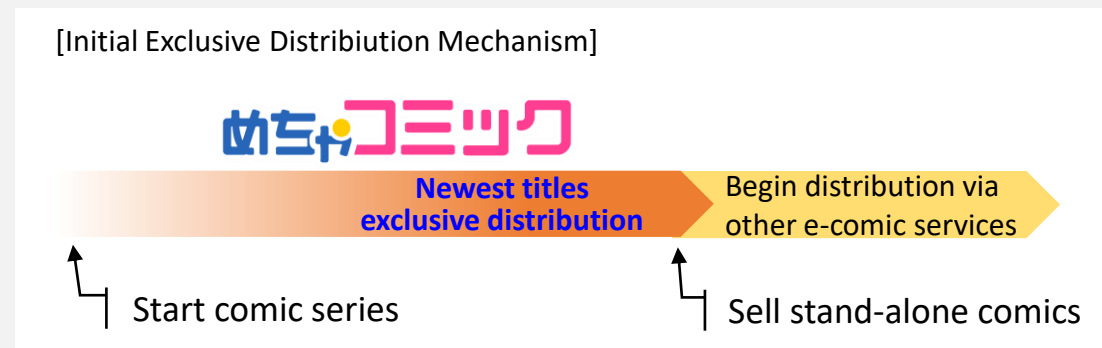
- Complete redesign
- Strengthen promotions

- Capture younger user segment
- Grow income in the app market

Growth Driver Strategies [E-comic]

3. Initial exclusive distributions

● **Capture customers through initial exclusive distributions**

Only available through *Mecha Comic* → Capture readers

[Initial Exclusive Distribiution Mechanism]

めちゃコミック

Newest titles exclusive distribution | Begin distribution via other e-comic services

Start comic series

Sell stand-alone comics

● **Create new content with publishers**

Co-create content with 50-plus publishers, working mainly with major firms

Advantages of initial exclusives for publishers

- Advanced promotions ensure awareness for satisfactory sales for initial stand-alone product
- Demand leads to sales through other e-comic services
- Online strategy can be changed based on reception during initial exclusive

● **Expand titles on offer**

[Initial Exclusives   No. of Titles]
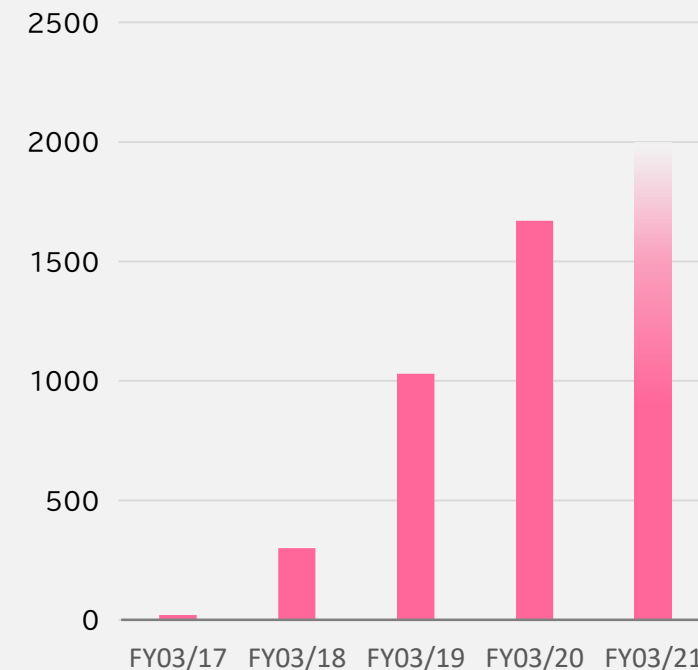
- Offered interesting titles across a wide range of genres to surpass 1,000 titles in the two years after launch in FY03/17
- Continuing to expand offerings of titles from major publishers

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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

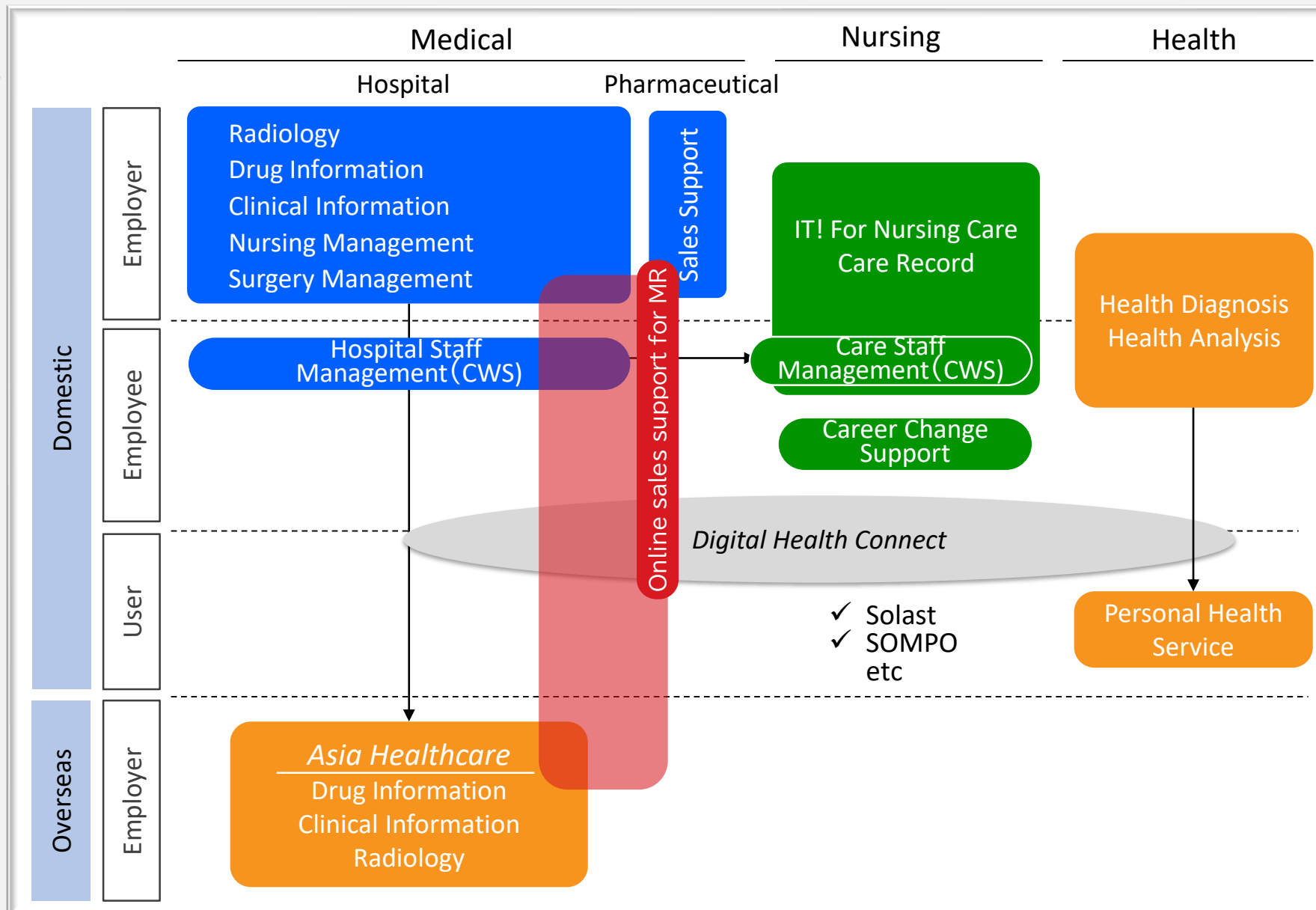3. ## Expand businesses in nursing care-related fields

   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

Medical | Nursing | Health

Hospital — **Pharmaceutical**

Domestic

Employer
- Radiology
- Drug Information
- Clinical Information
- Nursing Management
- Surgery Management

Sales Support

Online sales support for MR

IT! For Nursing Care
Care Record

Health Diagnosis
Health Analysis

Employee
Hospital Staff Management（CWS）

Care Staff Management（CWS）

Career Change Support

User

Digital Health Connect

✓ Solast
✓ SOMPO
etc

Personal Health Service

Overseas

Employer
Asia Healthcare
Drug Information
Clinical Information
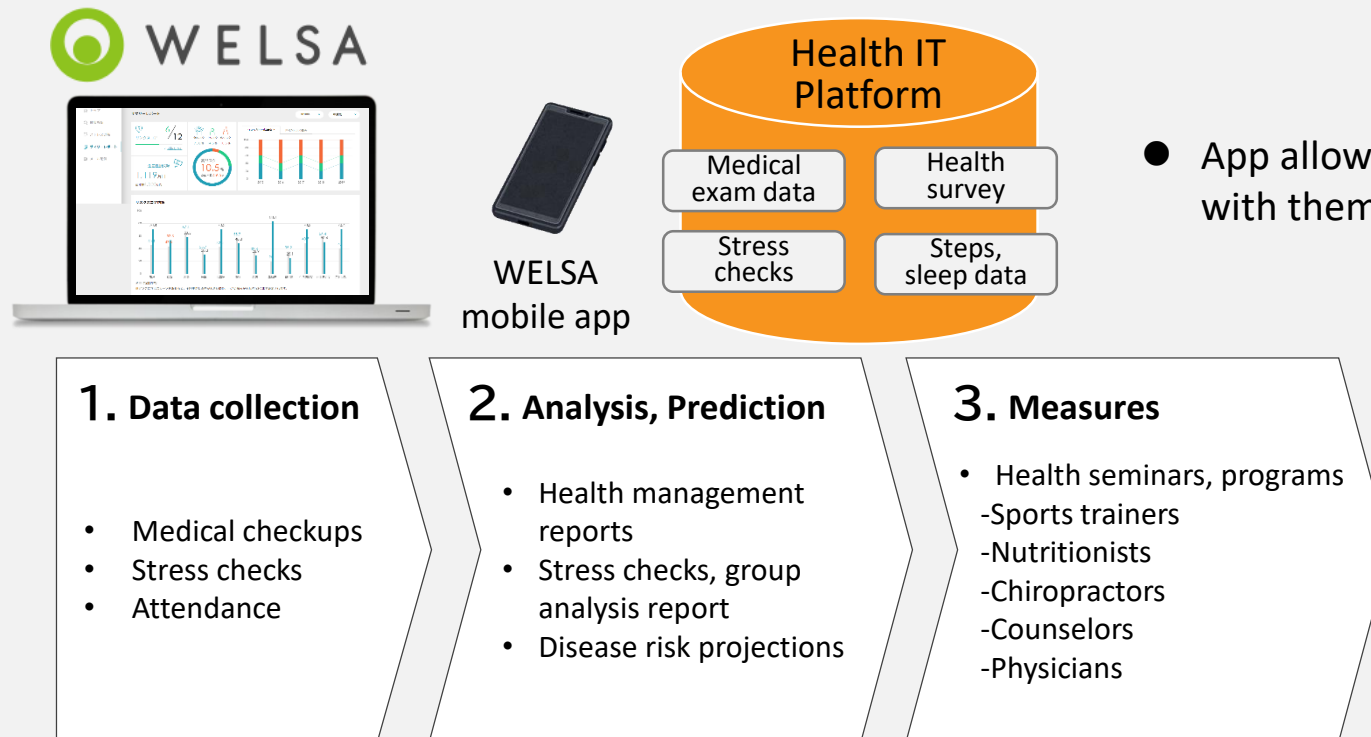Radiology

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Growth Driver Strategies [Health IT] Launch Business in Health-Related Fields

Introduced WELSA, Corporate Health Management Service

Integrated employee health management that also provides analyses, forecasts, and suggested solutions related employee health risks and lifestyle-related diseases, etc.

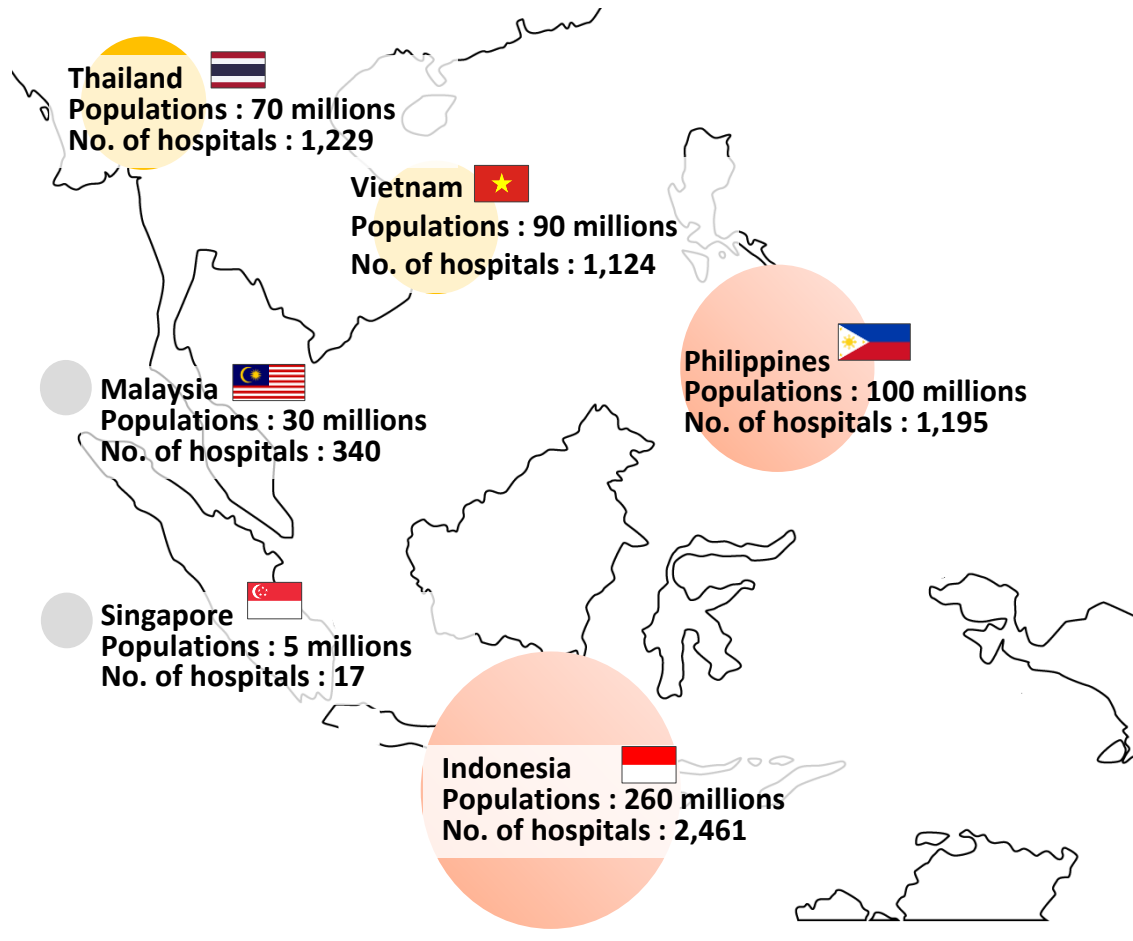⇒ Aiming for 500 companies and 500,000 individuals within three years of launch

WELSA

WELSA mobile app

Health IT Platform

| Medical exam data | Health survey |
| Stress checks | Steps, sleep data |

● App allows individuals to take their information with them, allowing lifetime service

1. Data collection

- Medical checkups
- Stress checks
- Attendance

2. Analysis, Prediction

- Health management reports
- Stress checks, group analysis report
- Disease risk projections

3. Measures

- Health seminars, programs
  -Sports trainers
  -Nutritionists
  -Chiropractors
  -Counselors
  -Physicians

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Growth Driver Strategies [Health IT] Overseas Expansion

Asia Healthcare

Populations, no. of hospitals in target countries

Thailand
Populations : 70 millions
No. of hospitals : 1,229

Vietnam
Populations : 90 millions
No. of hospitals : 1,124

Malaysia
Populations : 30 millions
No. of hospitals : 340

Philippines
Populations : 100 millions
No. of hospitals : 1,195

Singapore
Populations : 5 millions
No. of hospitals : 17

Indonesia
Populations : 260 millions
No. of hospitals : 2,461

- Roll out systems for hospitals in Southeast Asia

  (Drug information management, Clinical information, Radiology)
  - ✓ Roll out in Indonesia or the Philippines, where IT is advancing

- Launch new services using individual medical data
  - ✓ Work with HealthXCapital and engage in local marketing, conduct proof-of-concept tests at hospitals and engage in M&A

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Growth Driver Strategies [Health IT] Sales Support for Pharma Companies

*June 2020 release

DigiPro $\times$ Remote technologies $\rightarrow$ Online sales support for MR

Sales support tools for MR
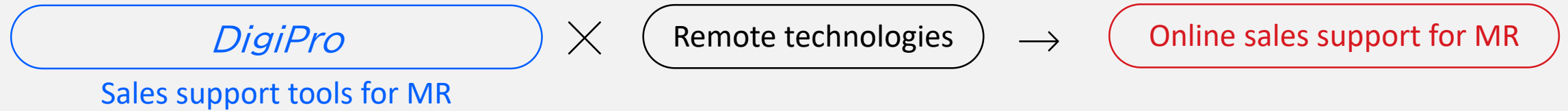
Pharma Company Sales Staff

Medical Staff

Documents

DigiPro

Browsing Logs
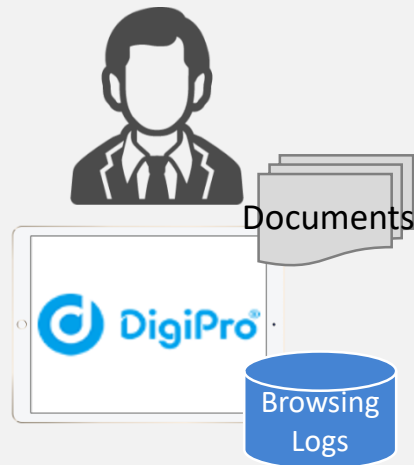
Remote information sharing activities
(detailing)

zoom
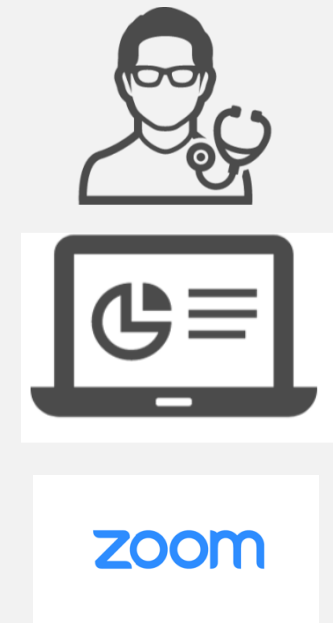
<Functions>
・Provide only documents approved by the company
  Compliance with national Guidelines for MR Activities
・Central document management
・Monitor medical interviews

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Growth Driver Strategies [Health IT] Online Medical Initiatives

Information linked to in-hospital systems $\times$ Remote technologies $\rightarrow$ Online medical Services

（studying potential commercialization）

[In-hospital]

[Outside of hospitals]

Hospital systems

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Medical images ⟷ Link ⟷ Charts/ vitals ⟷ Link ⟷ Prescription history
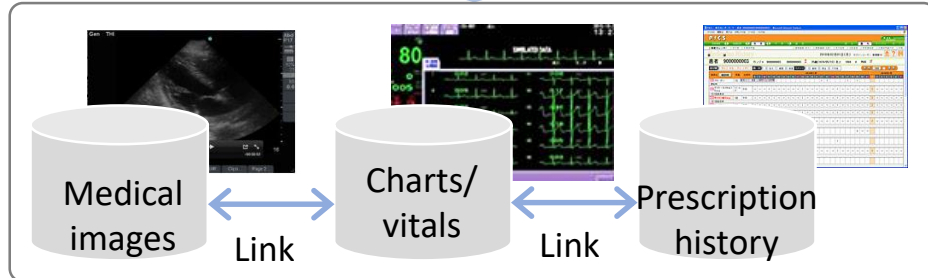
Link

Electronic chart system
Ordering system
Medical administration system

Online ICU

NOALON （AIR WATER INC.）

NOALON Client

NOALON Client

NOALON Satellite
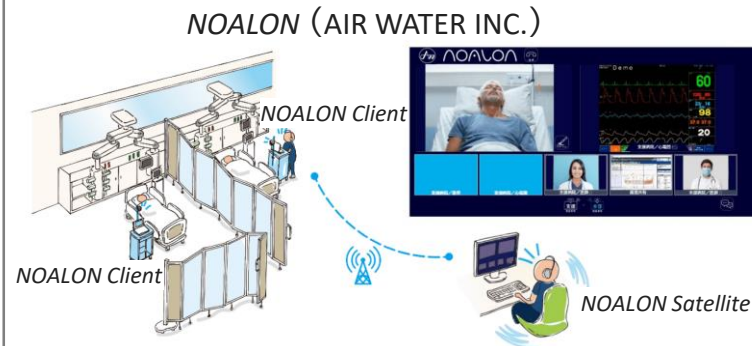
Development   : AIR WATAR BIO DESIGN INC.
Technical Support : INFOCOM CORPORATION

Online medical treatment

Online medication instruction

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Resource Investments and Shareholder Return Policies

Give weight to growth investment in priority businesses and offer appropriate shareholder returns, assuming we have secured a stable financial foundation

Financial Soundness

- Secure financial soundness based on the characteristics of business and risk, while at the same time using appropriate financial leverage and engaging in growth investment
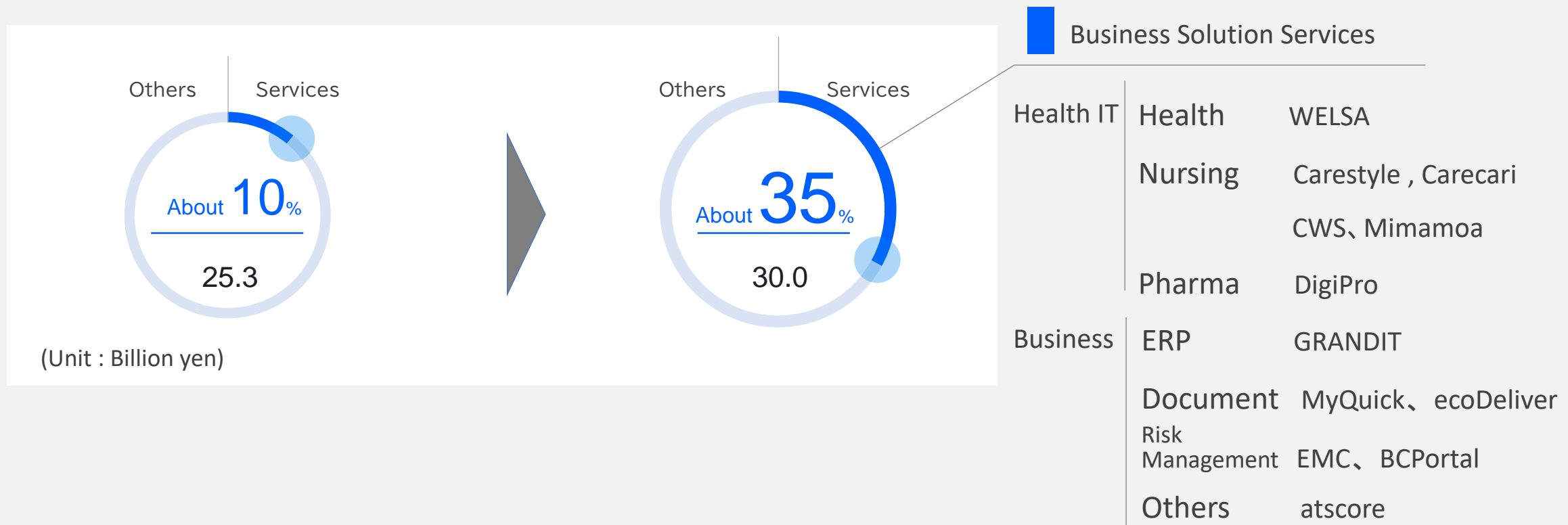
Growth Investment

- Invest to maintain and accelerate growth, mainly in priority businesses
- M&A Investment: Established ¥30 billion budget for strategic investment

Shareholder Returns

- In addition to stable dividends, strive to increase dividends linked to performance; aim to maintain a 30% payout ratio

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[Reference]

[Reference]　Ratio of Services Sales to Total IT Services Sales

Others　Services

About **10**%

25.3

(Unit : Billion yen)

Others　Services

About **35**%

30.0

	Business Solution Services	
Health IT	Health	WELSA
	Nursing	Carestyle , Carecari
		CWS、Mimamoa
	Pharma	DigiPro
Business	ERP	GRANDIT
	Document	MyQuick、ecoDeliver
	Risk Management	EMC、BCPortal
	Others	atscore
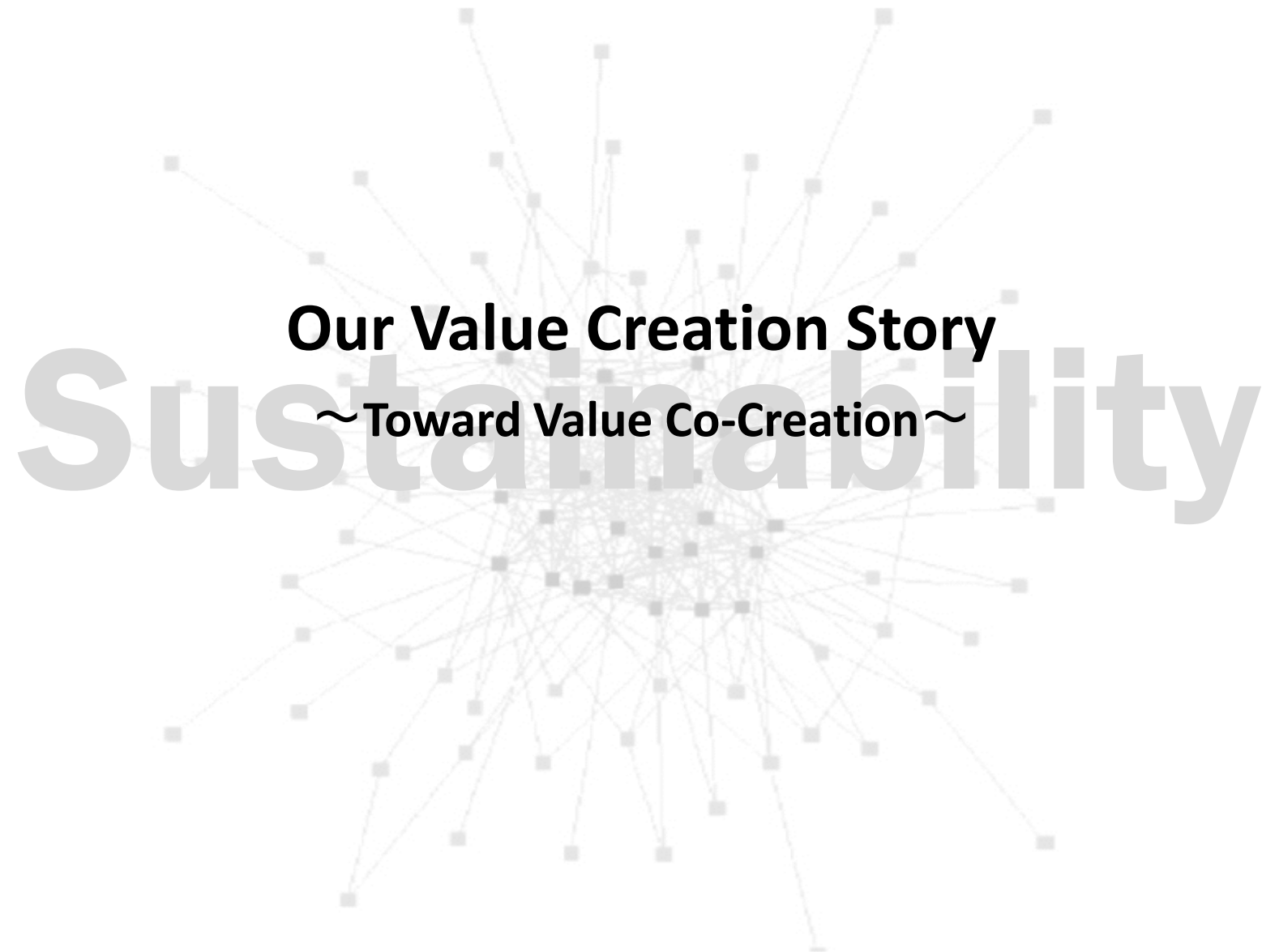
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Our Value Creation Story

〜Toward Value Co-Creation〜

What Value Creation Means to Infocom

The Infocom Group works toward sustainable societies, evolving ahead of changes in markets and technologies, offering high-quality, innovative services that create new ways of using information and communications technology.

Value Creation Story [Our History to Date]

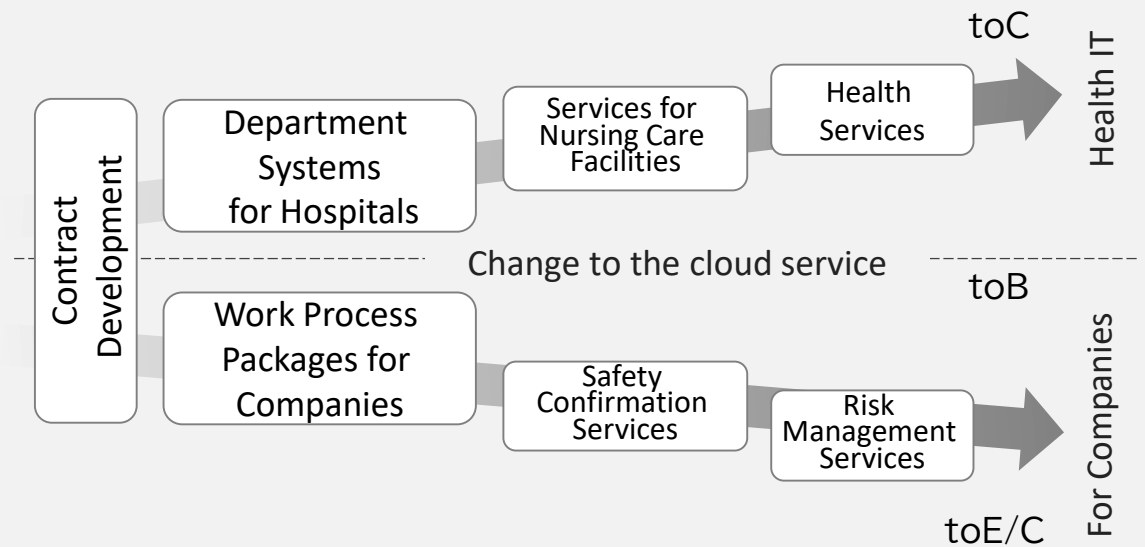## The Infocom Group contributes to society, creating new ways of using information and communications technology

Digital Entertainment

During the early period of mobile phones, we anticipated the creation of new markets and pursued new ways to use this invention

Content for Carriers → Ring Tones → E-comic →

Early Period of Mobile Phones ← → ← Feature Phones → ← Smart-phones →
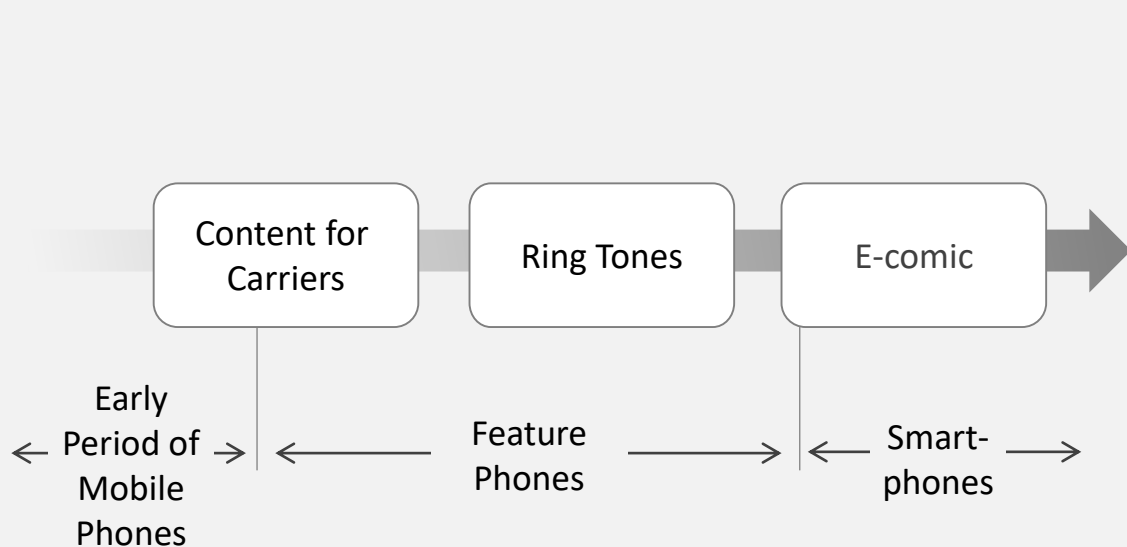
Business Solution

Release new packaged software products to the market based on expertise developed through contract development work

toC

Health IT

Contract Development

Department Systems for Hospitals

Services for Nursing Care Facilities

Health Services

Change to the cloud service

toB

Work Process Packages for Companies

Safety Confirmation Services

Risk Management Services

For Companies

toE/C

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Value Creation Story [E-comic]

Providing an Enjoyable Respite to the Daily Routine

E-Comic Business Stakeholder and Value Map

Shared...
Enjoyment
Stress relief
New discoveries
Concerns

Consumers

Overseas

Spread of *manga* culture

Publishers

Expand sales opportunities

E-comic Business

Environment

Reduce footprint (greenhouse gas) via digitalization

Creators

Create workspaces
Offer space for expression

Employees

Shareholders

Increase self-esteem

Corporate value improvement

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Value Creation Story [Health IT]

Improve Medical and Nursing Care to Contribute to Human Happiness and Health

Health IT Business Stakeholder and Value Map

National — Improve medical care quality and reduce costs

Regional — Ensure and improve regional medical care through sustained hospitals

Improve efficiency, convenience
⇒Improved medical care quality

Medical Institutes **Nursing Care Providers**

Facilities・・・Resolve labor shortages
Staff・・・Provide better environment
⇒Improved nursing care quality

Patients, etc.

Personal/family health and happiness

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Value Creation Story [Risk Management Services]

Provide Individual Security and Safety via Companies, Etc.

Risk Management Services Business Stakeholder and Value Map

Local Community
(Citizens) — Information and coordination during emergencies

Public Institutes, Hospitals
(Staff) — Staff safety confirmation
Priority operations during emergencies
Continuity of community medical care

Company
(Employees) — Employee safety confirmation
Business Continuity Plan (BCP)

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Value Creation Story [*Iwanuma Minna no ie*]
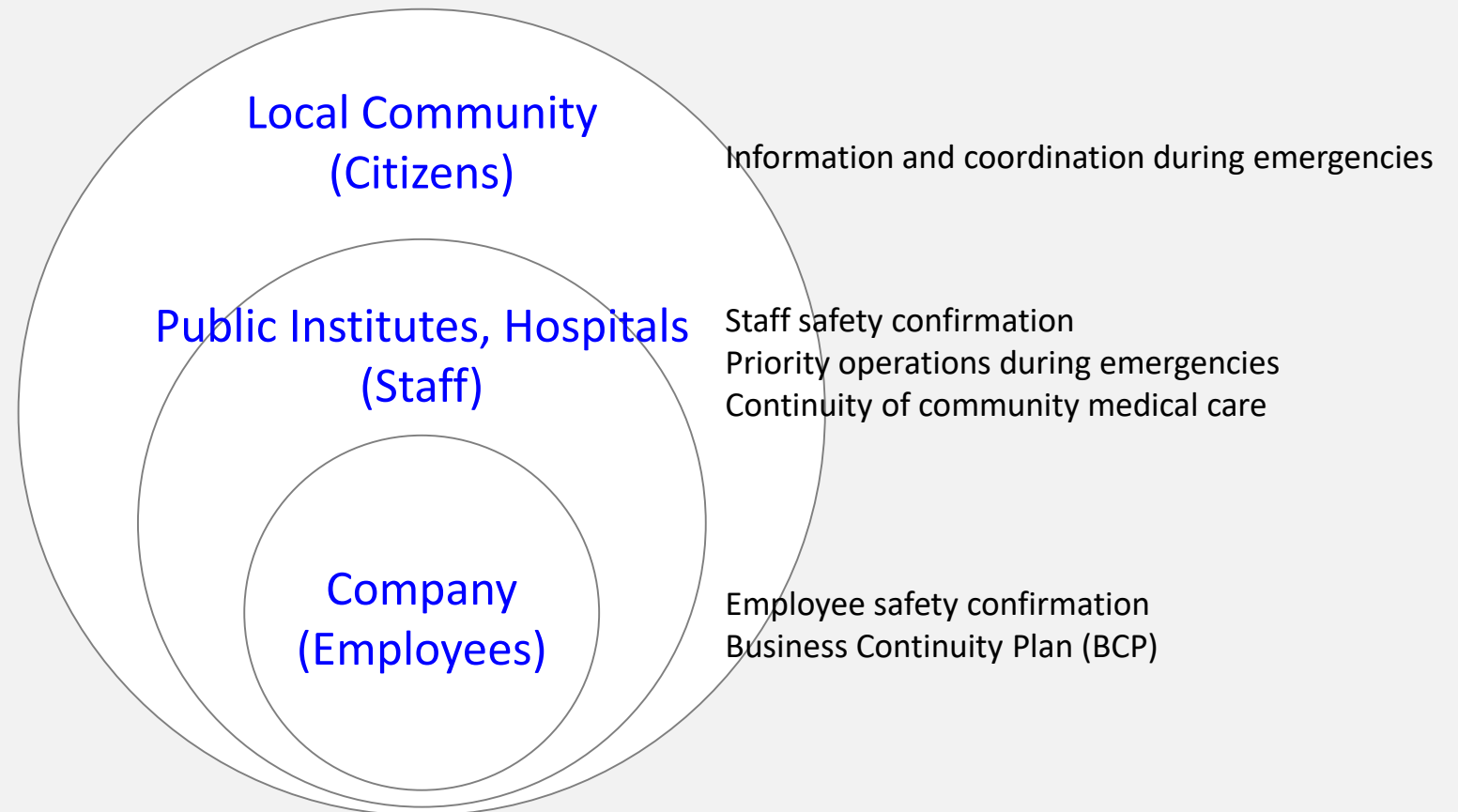
Contribute to Communities Through Disaster Recovery Support Businesses

Established a Recovery Support Base for the Tohoku Region in Iwanuma City, Miyagi Prefecture, Affected by the Great East Japan Earthquake and Tsunami, to Create New Businesses in Tourism and Agriculture

2013 **2015** **2019**

Open Iwanuma minna no ie

- Established recovery support base for Tohoku
- Providing regional and community functions through regular events

Iwanuma Reconstruction Agritourism

- Highlight the attraction of Iwanuma through farm experience tours creating a sense of unification with local citizens
- Selected as a new Tohoku leadership model business by the Reconstruction Agency

Minna no nogyo IT!

- Study the usage of IT and e-commerce in creating 6th industries
- Provide local industry goods to shareholders as shareholder benefits

Minna no E-commerce

- Sell agricultural goods via e-commerce
- Offer return gifts in return for hometown tax donation for Iwanuma City

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Relationship Between Infocom Businesses and the SDGs

	Our Services		Corresponding 17 Global Goals
Digital Entertainment	**E-Comic** Offer a daily enjoyable respite through digital content		Life on land
Health IT	**Information Management Systems for Hospitals** Digitalize medical and medical imaging information to improve medical care quality		Good health and well-being
	Serivices for Nusing Care Facilities Provide nursing care facility support and nursing career change support		Good health and well-being Decent work and economic growth
	Health management Services Analyze and forecast employee health risks for disease prevention and health maintenance		Good health and well-being
For Companies	**Risk Management Services** Integrated management of safety information during disasters, offering safety and security		Sustainable cities and communities
	Business Management System (ERP) Process digitalization for improved management speed, contributing to greater corporate growth		Decent work and economic growth
	Digital Archive Create an academic database available to all, promoting the use of academic materials		Quality education
	Document Management Services Digitize paper documents to encourage move to paperless		Life on land
Others	**Infocom fund , Digital Health Connect** Co-create with Japanese and Asian venture firms to create new businesses		Industry, innovation, infrastructure Partnerships for the goals
	Iwanuma Minna no ie Promote recovery support businesses in the agriculture and tourism sectors, making a contribution to disaster areas		Industry, innovation, infrastructure Life on land

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

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