

ITmedia Inc.
Consolidated Financial Report
For the three-month period ended June 30, 2017 (IFRS)

Tokyo, July 31, 2017

1. Financial Highlights

(Millions of yen; amounts less than one million yen are omitted)

(1) Results of Operations

(Percentages are shown as year-on-year changes)

	Net sales		Operating income		Income before income tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Three-month period ended June 30, 2017	¥970	(4.9)	¥79	(33.5)	¥80	(30.8)	¥42	(36.7)	¥51	(22.8)	¥41	(37.1)
Three-month period ended June 30, 2016	¥1,020	11.3	¥119	(10.7)	¥116	(17.9)	¥67	(27.3)	¥67	(27.3)	¥66	(48.7)

	Basic earnings per share (yen)	Diluted earnings per share (yen)
Three-month period ended June 30, 2017	¥2.68	¥2.63
Three-month period ended June 30, 2016	¥3.46	¥3.35

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets (%)
As of June 30, 2017	¥5,573	¥4,778	¥4,756	85.3
As of March 31, 2017	¥5,697	¥4,831	¥4,800	84.3

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal year ended March 31, 2017	—	5.00	—	5.00	10.00
Fiscal year ending March 31, 2018	—				
Fiscal year ending March 31, 2018 (Forecasted)		5.00	—	5.00	10.00

Note:

Revisions of the forecast from recently announced figures : None

3. Consolidated forecasts for the fiscal year ending March 31, 2018

(April 1, 2017 to March 31, 2018)

(Millions of yen)

(Percentages are shown as year-on-year changes)

	Net sales		Operating income		Net income attributable to owners of the parent		Basic earnings par share (yen)
	Amount	%	Amount	%	Amount	%	Amount
Fiscal year ending March 31, 2018	¥4,800	7.8	¥790	11.3	¥530	11.5	¥27.33

Note:

Revisions of the forecast from recently announced figures : None

*** Notes**

- (1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): None
Newly consolidated : None
Excluded from consolidation : None
- (2) Changes in accounting policies and accounting estimates
[1] Changes in accounting policies required by IFRSs : None
[2] Changes in accounting policies other than those in [1] : None
[3] Changes in accounting estimates : None
- (3) Number of shares issued (common stock)
[1] Number of shares issued (including treasury stock):
As of June 30, 2017 : 20,105,700 shares
As of March 31, 2017 : 20,091,900 shares
[2] Number of treasury stock:
As of June 30, 2017 : 712,999 shares
As of March 31, 2017 : 712,999 shares
[3] Number of average stock during three-month period (April-June):
As of June 30, 2017 : 19,388,893 shares
As of June 30, 2016 : 19,429,401 shares

*** This interim consolidated financial report is not subject to interim review procedures.**

*** Notes to forecasts on the consolidated results of operations and other items**

The descriptions regarding the figures are estimated based on the information that the Company is able to obtain at the present point and assumptions which are deemed to be reasonable. However, actual results may be different due to various factors.

(1) Condensed Interim Consolidated Statements of Financial Position

(Thousands of yen)

	As of March 31, 2017	As of June 30, 2017
Asset		
Current aseets		
Cash and cash equivalents	2,569,660	2,693,719
Trade and other receivables	746,092	479,054
Other financial assets	505,299	505,445
Inventories	12,326	16,595
Other current assets	62,118	100,553
Total current assets	<u>3,895,497</u>	<u>3,795,369</u>
Non-current Asset		
Property and equipment	217,200	210,440
Goodwill	480,463	480,463
Intangible assets	357,832	373,717
Other financial assets	569,535	567,976
Deferred tax assets	176,882	143,314
Other non-current assets	—	2,165
Total non-current assets	<u>1,801,915</u>	<u>1,778,078</u>
Total assets	<u><u>5,697,412</u></u>	<u><u>5,573,448</u></u>
Liabilities and equity		
Current liabilities		
Trade and other payables	196,669	179,269
Interest-bearing debt and other financial liabilities	6,011	5,561
Income tax payables	19,809	4,369
Other current liabilities	565,742	529,753
Total current liabilities	<u>788,232</u>	<u>718,953</u>
Non-current liabilities		
Interest-bearing debt and other financial liabilities	13,083	12,180
Provisions	38,600	38,600
other non-current liabilities	26,302	25,533
Total non-current liabilities	<u>77,986</u>	<u>76,313</u>
Total liabilities	<u>866,219</u>	<u>795,267</u>
Equity		
Equity attributable to owners of the parent		
Common stock	1,699,800	1,700,920
Capital surplus	1,814,079	1,815,180
Retained earnings	1,561,077	1,516,136
Treasury stock	(344,414)	(344,414)
Accumulated other comprehensive income	69,963	69,023
Total equity attributable to owners of the parent	<u>4,800,506</u>	<u>4,756,846</u>
Non-controlling interests	30,687	21,333
Total equity	<u>4,831,193</u>	<u>4,778,180</u>
Total liabilities and equity	<u><u>5,697,412</u></u>	<u><u>5,573,448</u></u>

(2) Condensed Interim Consolidated Statements of Income and Comprehensive Income

Condensed Interim Consolidated Statements of Income

(Thousands of yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017
Net sales	1,020,131	970,576
Cost of sales	(401,706)	(433,878)
Gross profit	618,424	536,697
Selling, general and administrative expenses	(498,750)	(457,277)
Other operating income (loss)	5	127
Operating income	119,679	79,546
Other non-operating income (loss)	(2,068)	793
Income (loss) on equity method investments	(1,572)	—
Income before income tax	116,038	80,340
Income taxes	(48,720)	(37,740)
Net income	<u>67,318</u>	<u>42,599</u>
Net income attributable to		
Owners of the parent	67,318	51,953
Non-controlling interests	—	(9,353)
	<u>67,318</u>	<u>42,599</u>
Earning per share attributable to owners of the parent		
Basic earning per share (yen)	3.46	2.68
Diluted earning per share (yen)	3.35	2.63

Condensed Interim Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017
Net income	67,318	42,599
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	(1,078)	(940)
Total items that may be reclassified subsequently to profit or loss	(1,078)	(940)
Total other comprehensive income, net of tax	(1,078)	(940)
Total comprehensive income	66,240	41,659
Total comprehensive income attributable to		
Owners of the parent	66,240	51,013
Non-controlling interests	—	(9,353)
	66,240	41,659

(3) Condensed Interim Consolidated Statements of Changes in Equity

For the three-month period ended June 30, 2016

(Thousands of yen)

	Equity attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income			
As of April 1, 2016	1,670,507	1,775,830	1,262,022	(44,456)	72,183	4,736,087	—	4,736,087
Comprehensive income								
Net income	—	—	67,318	—	—	67,318	—	67,318
Other comprehensive income	—	—	—	—	(1,078)	(1,078)	—	(1,078)
Total comprehensive income	—	—	67,318	—	(1,078)	66,240	—	66,240
Transactions with owners and other transactions								
Cash dividends	—	—	(77,717)	—	—	(77,717)	—	(77,717)
share-based payment transactions	—	6,550	—	—	—	6,550	—	6,550
Total Transactions with owners and other transactions	—	6,550	(77,717)	—	—	(71,167)	—	(71,167)
As of June 30, 2016	<u>1,670,507</u>	<u>1,782,380</u>	<u>1,251,622</u>	<u>(44,456)</u>	<u>71,105</u>	<u>4,731,159</u>	<u>—</u>	<u>4,731,159</u>

For the three-month period ended June 30, 2017

	Equity attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income			
As of April 1, 2017	1,699,800	1,814,079	1,561,077	(344,414)	69,963	4,800,506	30,687	4,831,193
Comprehensive income								
Net income (loss)	—	—	51,953	—	—	51,953	(9,353)	42,599
Other comprehensive income	—	—	—	—	(940)	(940)	—	(940)
Total comprehensive income	—	—	51,953	—	(940)	51,013	(9,353)	41,659
Transactions with owners and other transactions								
Issuance of new shares	1,120	1,101	—	—	—	2,221	—	2,221
Cash dividends	—	—	(96,894)	—	—	(96,894)	—	(96,894)
Total Transactions with owners and other transactions	1,120	1,101	(96,894)	—	—	(94,672)	—	(94,672)
As of June 30, 2017	<u>1,700,920</u>	<u>1,815,180</u>	<u>1,516,136</u>	<u>(344,414)</u>	<u>69,023</u>	<u>4,756,846</u>	<u>21,333</u>	<u>4,778,180</u>

(4) Condensed Interim Consolidated Statements of Cash Flows

(Thousands of yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017
Cash flows from operating activities		
Income before income taxes	116,038	80,340
Depreciation and amortization	61,077	32,231
Income on equity method investments	1,572	—
Increase/decrease in trade and other receivables	168,471	267,037
Increase/decrease in trade and other payables	(16,961)	(17,399)
Other	(95,779)	(69,793)
Subtotal	234,420	292,417
Interest and dividends received	918	940
Interest paid	(23)	(76)
Income taxes paid	(202,134)	(34,893)
Net cash provided by operating activities	33,181	258,387
Cash flows from investing activities		
Payment into time deposits	(200,000)	(200,000)
Proceeds from withdrawal of time deposits	200,000	200,000
Purchase of property, equipment, and intangible assets	(7,730)	(41,356)
Payments for guarantee deposits	(92,760)	—
Other	—	187
Net cash used in investing activities	(100,491)	(41,169)
Cash flows from financing activities		
Proceeds from issuance of common shares	—	2,221
Cash dividends paid	(75,743)	(94,027)
Other	(638)	(1,353)
Net cash used in financing activities	(76,381)	(93,159)
Increase/decrease in cash and cash equivalents	(143,692)	124,058
Cash and cash equivalents at the beginning of the period	2,768,080	2,569,660
Cash and cash equivalents at the end of the period	2,624,388	2,693,719