

ITmedia Inc.
Consolidated Financial Report
For the nine-month period ended December 31, 2017 (IFRS)

Tokyo, January 31, 2018

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	%
Nine-month period ended December 31, 2017	¥3,298	3.6	¥503	13.1	¥504	13.1	¥321	6.6	¥337	11.8	¥319	6.7
Nine-month period ended December 31, 2016	¥3,182	0.4	¥444	(29.2)	¥445	(29.8)	¥301	(30.3)	¥301	(30.3)	¥299	(36.3)

	Basic earnings per share (yen)	Diluted earnings per share (yen)
Nine-month period ended December 31, 2017	¥17.36	¥17.08
Nine-month period ended December 31, 2016	¥15.38	¥14.99

(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 December 31, 2017	¥5,782	¥4,964	¥4,950	85.6
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	-	5.00	-		
Fiscal year ending March 31, 2018 (Forecasted)				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	¥27.28

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 December 31, 2017 : 20,144,100 shares
As of March 31, 2017 : 20,091,900 shares
[2] Number of treasury stock:
As of December 31, 2017 : 712,999 shares
As of March 31, 2017 : 712,999 shares
[3] Number of average stock during nine-month period (April-December):
As of December 31, 2017 : 19,408,873 shares
As of December 31, 2016 : 19,592,773 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 December 31, 2017
Asset		
Current aseets		
Cash and cash equivalents	2,569,660	2,799,376
Trade and other receivables	746,092	669,253
Other finacial assets	505,299	562,957
Inventories	12,326	23,096
Other current assets	62,118	85,912
Total current aseets	<u>3,895,497</u>	<u>4,140,597</u>
Non-current Asset		
Property and equipment	217,200	197,922
Goodwill	480,463	480,463
Intangible assets	357,832	429,964
Other financial assets	569,535	403,573
Deferred tax assets	176,882	121,684
Other non-current assets	—	8,673
Total non-current assets	<u>1,801,915</u>	<u>1,642,280</u>
Total assets	<u><u>5,697,412</u></u>	<u><u>5,782,878</u></u>
Liabilities and equity		
Current liabilities		
Trade and other payables	196,669	173,446
Interest-bearing debt and other financial liabilities	6,011	4,606
Income tax payables	19,809	50,727
Other current liabilities	565,742	515,679
Total current liabilities	<u>788,232</u>	<u>744,459</u>
Non-current liabilities		
Interest-bearing debt and other financial liabilities	13,083	10,870
Provisions	38,600	38,600
other non-current liabilities	26,302	23,996
Total non-current liabilities	<u>77,986</u>	<u>73,467</u>
Total liabilities	<u>866,219</u>	<u>817,927</u>
Equity		
Equity attributable to owners of the parnet		
Common stock	1,699,800	1,704,037
Capital surplus	1,814,079	1,818,246
Retained earnings	1,561,077	1,704,092
Treasury stock	(344,414)	(344,414)
Accumulated other comprehensive income	69,963	68,225
Total equity attributable to owners of the parnet	<u>4,800,506</u>	<u>4,950,187</u>
Non-controlling interests	30,687	14,763
Total equity	<u>4,831,193</u>	<u>4,964,951</u>
Total liabilities and equity	<u><u>5,697,412</u></u>	<u><u>5,782,878</u></u>

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

Condensed Interim Consolidated Statements of Income

(Thousands of yen)

	Nine-month period ended December 31, 2016	Nine-month period ended December 31, 2017
Net sales	3,182,236	3,298,137
Cost of sales	(1,261,440)	(1,396,577)
Gross profit	1,920,796	1,901,559
Selling, general and administrative expenses	(1,481,221)	(1,398,927)
Gain from remeasurement relating to business combination	5,384	—
Other operating income (loss)	5	461
Operating income	444,965	503,093
Other non-operating income (loss)	2,492	1,360
Income (loss) on equity method investments	(1,572)	—
Income before income tax	445,884	504,454
Income taxes	(144,549)	(183,354)
Net income	<u>301,335</u>	<u>321,099</u>
Net income attributable to		
Owners of the parent	301,326	337,023
Non-controlling interests	8	(15,923)
	<u>301,335</u>	<u>321,099</u>
Earning per share attributable to owners of the parent		
Basic earning per share (yen)	15.38	17.36
Diluted earning per share (yen)	14.99	17.08

Condensed Interim Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Nine-month period ended December 31, 2016	Nine-month period ended December 31, 2017
Net income	301,335	321,099
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	(2,069)	(1,737)
Total items that may be reclassified subsequently to profit or loss	(2,069)	(1,737)
Total other comprehensive income, net of tax	(2,069)	(1,737)
Total comprehensive income	299,265	319,361
Total comprehensive income attributable to		
Owners of the parent	299,257	335,285
Non-controlling interests	8	(15,923)
	299,265	319,361

(3) Condensed Interim Consolidated Statements of Changes in Equity

For the nine-month period ended December 31, 2016

	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	—	—	301,326	—	—	215,693	8	301,335
Other comprehensive income (loss)	—	—	—	—	(2,069)	(2,069)	—	(2,069)
Total comprehensive income	—	—	301,326	—	(2,069)	299,257	8	200,265
Transactions with owners and other transactions								
Issuance of new shares	25,616	25,195	—	—	—	50,811	—	50,811
Issuance of subscription rights to shares	—	4,146	—	—	—	4,146	—	4,146
Cash dividends	—	—	(176,424)	—	—	(176,424)	—	(176,424)
Change attributable to obtaining control of share-based payment transactions	—	—	—	—	—	—	28,387	28,387
	—	6,550	—	—	—	6,550	—	6,550
Total Transactions with owners and other transactions	25,616	35,891	(176,424)	—	—	(144,916)	28,387	(86,529)
As of December 31, 2016	<u>1,696,123</u>	<u>1,811,722</u>	<u>1,386,924</u>	<u>(44,456)</u>	<u>70,113</u>	<u>4,920,427</u>	<u>28,396</u>	<u>4,948,823</u>

For the nine-month period ended December 31, 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)	—	—	337,023	—	—	337,023	(15,923)	321,099
Other comprehensive income	—	—	—	—	(1,737)	(1,737)	—	(1,737)
Total comprehensive income	—	—	337,023	—	(1,737)	335,285	(15,923)	319,361
Transactions with owners and other transactions								
Issuance of new shares	4,236	4,167	—	—	—	8,404	—	8,404
Cash dividends	—	—	(194,008)	—	—	(194,008)	—	(194,008)
Total Transactions with owners and other transactions	4,236	4,167	(194,008)	—	—	(185,603)	—	(185,603)
As of December 31, 2017	<u>1,704,037</u>	<u>1,818,246</u>	<u>1,704,092</u>	<u>(344,414)</u>	<u>68,225</u>	<u>4,950,187</u>	<u>14,763</u>	<u>4,964,951</u>

(4) Condensed Interim Consolidated Statements of Cash Flows

	Nine-month period ended December 31, 2016	Nine-month period ended December 31, 2017
Cash flows from operating activities		
Income before income taxes	445,884	504,454
Depreciation and amortization	109,542	94,880
Gain from remeasurement relating to business combination	(5,384)	—
Income (loss) on equity method investments	1,572	—
Increase/decrease in trade and other receivables	218,972	76,838
Increase/decrease in trade and other payables	(5,564)	(23,223)
Other	(112,700)	(98,779)
Subtotal	652,323	554,170
Interest and dividends received	3,806	3,631
Interest paid	(132)	(219)
Income taxes paid	(345,968)	(97,206)
Net cash provided by operating activities	310,029	460,376
Cash flows from investing activities		
Payment into time deposits	(400,000)	(400,000)
Proceeds from withdrawal of time deposits	400,000	400,000
Purchase of property, equipment, and intangible assets	(217,477)	(147,733)
Proceeds from redemption of investment securities	—	100,000
Proceeds from acquisition of control over subsidiaries	4,366	—
Payments for guarantee deposits	(92,760)	—
Proceeds from collection of guarantee deposits	71,255	—
Other	(33,713)	5,342
Net cash used in investing activities	(268,329)	(42,391)
Cash flows from financing activities		
Proceeds from issuance of common shares	50,811	8,404
Proceeds from issuance of subscription rights to shares	4,146	—
Cash dividends paid	(175,103)	(193,054)
Other	(3,133)	(3,617)
Net cash used in financing activities	(123,279)	(188,268)
Increase/decrease in cash and cash equivalents	(81,579)	229,716
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	2,686,500	2,799,376