

ITmedia Inc.
Consolidated Financial Report
For the fiscal year ended March 31, 2019 (IFRS)

Tokyo, May 9, 2019

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	%
Fiscal year ended March 31, 2019	¥4,950	7.4	¥691	(7.3)	¥626	(15.8)	¥331	(30.6)	¥376	(23.8)	¥458	(3.5)
Fiscal year ended March 31, 2018	¥4,608	3.5	¥746	5.1	¥744	4.8	¥477	(0.1)	¥494	4.0	¥475	0.0

	Basic earnings per share (yen)	Diluted earnings per share (yen)	Ratio of net income to equity, attributable to owners of the parent (%)	Ratio of income before income tax to total assets (%)	Ratio of operating income to net sales (%)
Fiscal year ended March 31, 2019	¥19.33	¥19.09	7.2	10.0	14.0
Fiscal year ended March 31, 2018	¥25.46	¥25.05	10.0	12.5	16.2

(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 (%)	Equity per share attributable to owners of the parent (yen)
As of March 31, 2019	¥6,351	¥5,367	¥5,402	85.1	277.11
As of March 31, 2018	¥6,178	¥5,102	¥5,091	82.4	261.27

(3) Cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the year
Fiscal year ended March 31, 2019	¥585	(¥115)	(¥198)	¥3,383
Fiscal year ended March 31, 2018	¥748	¥2	(¥209)	¥3,111

2. Dividends

	Dividends per share					Total amount of dividends (Annual) (Millions of yen)	Payout ratio (consolidated) %	Ratio of dividend to equity attributable to owners of the parent (consolidated) %
	First quarter	Second quarter	Third quarter	Fourth quarter	Total			
	(yen)	(yen)	(yen)	(yen)	(yen)			
Fiscal year ended March 31, 2018	-	5.00	-	5.00	10.00	¥194	39.3	3.9
Fiscal year ended March 31, 2019	-	5.00	-	6.00	11.00	¥214	56.9	4.1
Fiscal year ending March 31, 2020 (Forecasted)	-	5.00	-	5.00	10.00		38.2	

3. Consolidated forecasts for the fiscal year ending March 31, 2020 (April 1, 2019 to March 31, 2020) (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, 2020	¥5,050	2.0	¥850	22.9	¥510	35.4	¥26.16

*** 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 : Yes

[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 March 31, 2019 : 20,208,600 shares

As of March 31, 2018 : 20,201,700 shares

[2] Number of treasury stock:

As of March 31, 2019 : 712,999 shares

As of March 31, 2018 : 712,999 shares

[3] Number of average stock during twelve-month period (April-March):

Fiscal year ended March 31, 2019 : 19,490,076 shares

Fiscal year ended March 31, 2018 : 19,417,984 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 future 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, 2018	As of March 31, 2019
Asset		
Current assets		
Cash and cash equivalents	3,111,133	3,383,007
Trade and other receivables	800,795	824,332
Other financial assets	500,221	500,019
Inventories	13,402	26,248
Other current assets	69,369	81,002
Total current assets	4,494,922	4,814,611
Non-current asset		
Property and equipment	191,997	173,629
Goodwill	480,463	415,719
Intangible assets	439,621	335,461
Investments accounted for using the equity method	—	54,148
Other financial assets	390,415	479,476
Deferred tax assets	173,566	75,924
Other non-current assets	7,346	2,765
Total non-current assets	1,683,411	1,537,126
Total assets	6,178,334	6,351,737
Liabilities and equity		
Current liabilities		
Trade and other payables	246,465	234,988
Interest-bearing debt and other financial liabilities	4,628	3,937
Income tax payables	185,644	124,645
Other current liabilities	562,723	546,231
Total current liabilities	999,462	909,803
Non-current liabilities		
Interest-bearing debt and other financial liabilities	9,705	5,767
Provisions	38,600	38,600
Other non-current liabilities	28,174	30,009
Total non-current liabilities	76,480	74,377
Total liabilities	1,075,942	984,180
Equity		
Equity attributable to owners of the parent		
Common stock	1,708,712	1,709,272
Capital surplus	1,797,642	1,798,192
Retained earnings	1,861,367	2,054,062
Treasury stock	(344,414)	(344,414)
Accumulated other comprehensive income	68,481	185,347
Total equity attributable to owners of the parent	5,091,789	5,402,461
Non-controlling interests	10,602	(34,905)
Total equity	5,102,391	5,367,556
Total liabilities and equity	6,178,334	6,351,737

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

Condensed Interim Consolidated Statements of Income

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Revenue	4,608,805	4,950,155
Cost of sales	(1,947,832)	(2,106,400)
Gross profit	2,660,972	2,843,754
Selling, general and administrative expenses	(1,917,659)	(1,996,909)
Other operating income (loss)	2,715	(155,236)
Operating income	746,028	691,608
Other non-operating income (loss)	(1,940)	514
Income (loss) on equity method investments	—	(65,851)
Income before income tax	744,088	626,271
Income taxes	(266,998)	(295,028)
Net income	477,090	331,243
Net income attributable to		
Owners of the parent	494,298	376,750
Non-controlling interests	(17,207)	(45,507)
	477,090	331,243
Earning per share attributable to owners of the parent		
Basic earning per share (yen)	25.46	19.33
Diluted earning per share (yen)	25.05	19.09

Condensed Interim Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net income	477,090	331,243
Other comprehensive income, net of tax		
Items that will not be reclassified subsequently to profit or loss		
Equity financial assets at FVTOCI	—	127,840
Total items that will not be reclassified subsequently to profit or loss	—	127,840
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	(1,481)	—
Debt financial assets at FVTOCI	—	(137)
Total items that may be reclassified subsequently to profit or loss	(1,481)	(137)
Total other comprehensive income, net of tax	(1,481)	127,703
Total comprehensive income	475,608	458,947
Total comprehensive income attributable to		
Owners of the parent	492,816	504,454
Non-controlling interests	(17,207)	(45,507)
	475,608	458,947

(3) Condensed Interim Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2018

(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, 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	—	—	494,298	—	—	494,298	(17,207)	477,090
Other comprehensive income (loss)	—	—	—	—	(1,481)	(1,481)	—	(1,481)
Total comprehensive income	—	—	494,298	—	(1,481)	492,816	(17,207)	475,608
Transactions with owners and other transactions								
Issuance of new shares	8,912	8,765	—	—	—	17,677	—	17,677
Cash dividends	—	—	(194,008)	—	—	(194,008)	—	(194,008)
Changes in ownership interests in subsidiaries without losing control	—	(25,202)	—	—	—	(25,202)	(2,877)	(28,080)
Total transactions with owners and other transactions	8,912	(16,437)	(194,008)	—	—	(201,532)	(2,877)	(204,410)
As of March 31, 2018	<u>1,708,712</u>	<u>1,797,642</u>	<u>1,861,367</u>	<u>(344,414)</u>	<u>68,481</u>	<u>5,091,789</u>	<u>10,602</u>	<u>5,102,391</u>

For the fiscal year ended March 31, 2019

	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, 2018	1,708,712	1,797,642	1,861,367	(344,414)	68,481	5,091,789	10,602	5,102,391
Comprehensive income								
Net income (loss)	—	—	376,750	—	—	376,750	(45,507)	331,243
Other comprehensive income	—	—	—	—	127,703	127,703	—	127,703
Total comprehensive income	—	—	376,750	—	127,703	504,454	(45,507)	458,947
Transactions with owners and other transactions								
Issuance of new shares	560	550	—	—	—	1,110	—	1,110
Cash dividends	—	—	(194,893)	—	—	(194,893)	—	(194,893)
Transfer from accumulated other comprehensive income to retained earnings	—	—	10,837	—	(10,837)	—	—	—
Total transactions with owners and other transactions	560	550	(184,055)	—	(10,837)	(193,782)	—	(193,782)
As of March 31, 2019	<u>1,709,272</u>	<u>1,798,192</u>	<u>2,054,062</u>	<u>(344,414)</u>	<u>185,347</u>	<u>5,402,461</u>	<u>(34,905)</u>	<u>5,367,556</u>

(4) Condensed Interim Consolidated Statements of Cash Flows

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Income before income taxes	744,088	626,271
Depreciation and amortization	126,003	117,231
Impairment loss	—	158,280
Income (loss) on equity method investments	—	65,851
Increase/decrease in trade and other receivables	(54,703)	(23,537)
Increase/decrease in trade and other payables	43,316	(4,996)
Other	(19,792)	(37,590)
Subtotal	838,912	901,510
Interest and dividends received	7,494	909
Interest paid	(278)	(183)
Income taxes paid	(97,729)	(316,435)
Net cash provided by operating activities	748,398	585,801
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	(176,109)	(94,984)
Purchase of interests in investments accounted for using the equity method	—	(120,000)
Proceeds from sales and redemption of investment securities	150,000	117,112
Payments for guarantee deposits	—	(19,852)
Other	28,277	2,000
Net cash used in investing activities	2,167	(115,724)
Cash flows from financing activities		
Proceeds from issuance of common shares	17,677	1,110
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(28,080)	—
Cash dividends paid	(193,930)	(194,685)
Other	(4,761)	(4,628)
Net cash used in financing activities	(209,094)	(198,203)
Increase/decrease in cash and cash equivalents	541,472	271,874
Cash and cash equivalents at the beginning of the period	2,569,660	3,111,133
Cash and cash equivalents at the end of the period	3,111,133	3,383,007