

ITmedia Inc.
Consolidated Financial Report
For the three-month period ended June 30, 2019 (IFRS)

Tokyo, July 31, 2019

1. Financial Highlights
(1) Results of Operations

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

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

	Revenue		Operating income		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Three-month period ended June 30, 2019	¥1,129	7.8	¥192	48.2	¥146	105.1	¥144	96.7	¥75	(62.3)
Three-month period ended June 30, 2018	¥1,048	-	¥129	-	¥71	67.2	¥73	41.1	¥200	381.3

	Basic earnings per share (yen)	Diluted earnings per share (yen)
Three-month period ended June 30, 2019	¥7.37	¥7.30
Three-month period ended June 30, 2018	¥3.76	¥3.71

(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, 2019	¥6,574	¥5,424	¥5,424	82.5
As of March 31, 2019	¥6,351	¥5,367	¥5,402	85.1

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal year ended March 31, 2019	—	5.00	—	6.00	11.00
Fiscal year ending March 31, 2020	—				
Fiscal year ending March 31, 2020 (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, 2020 (April 1, 2019 to March 31, 2020) (Millions of yen)
(Percentages are shown as year-on-year changes)

	Revenue		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	¥4,850	3.1	¥870	(1.3)	¥520	38.0	¥26.24

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): Yes
Newly consolidated : None
Excluded from consolidation : Knowledge onDemand K.K
- (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 June 30, 2019 : 20,532,600 shares
As of March 31, 2019 : 20,208,600 shares
[2] Number of treasury stock:
As of June 30, 2019 : 712,999 shares
As of March 31, 2019 : 712,999 shares
[3] Number of average stock during three-month period (April-June):
As of June 30, 2019 : 19,560,110 shares
As of June 30, 2018 : 19,489,320 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.

Consolidated Financial Report

(Thousands of yen)

	As of March 31, 2019	As of June 30, 2019
Asset		
Current assets		
Cash and cash equivalents	3,383,007	3,569,978
Trade and other receivables	824,332	525,421
Other financial assets	500,019	536,899
Inventories	26,248	9,257
Other current assets	81,002	69,632
Total current assets	<u>4,814,611</u>	<u>4,711,190</u>
Non-current asset		
Property and equipment	173,629	167,950
Right of use assets	—	400,893
Goodwill	415,719	415,719
Intangible assets	335,461	316,899
Investments accounted for using the equity method	54,148	34,677
Other financial assets	479,476	376,245
Deferred tax assets	75,924	148,559
Other non-current assets	2,765	2,690
Total non-current assets	<u>1,537,126</u>	<u>1,863,636</u>
Total assets	<u><u>6,351,737</u></u>	<u><u>6,574,826</u></u>
Liabilities and equity		
Current liabilities		
Trade and other payables	234,988	193,653
Interest-bearing debt and other financial liabilities	3,937	231,522
Income tax payables	124,645	34,759
Other current liabilities	546,231	461,858
Total current liabilities	<u>909,803</u>	<u>921,793</u>
Non-current liabilities		
Interest-bearing debt and other financial liabilities	5,767	160,666
Provisions	38,600	38,600
Other non-current liabilities	30,009	28,921
Total non-current liabilities	<u>74,377</u>	<u>228,187</u>
Total liabilities	<u>984,180</u>	<u>1,149,981</u>
Equity		
Equity attributable to owners of the parent		
Common stock	1,709,272	1,735,570
Capital surplus	1,798,192	1,824,058
Retained earnings	2,054,062	2,094,797
Treasury stock	(344,414)	(344,414)
Accumulated other comprehensive income	185,347	114,832
Total equity attributable to owners of the parent	<u>5,402,461</u>	<u>5,424,845</u>
Non-controlling interests	<u>(34,905)</u>	<u>—</u>
Total equity	<u>5,367,556</u>	<u>5,424,845</u>
Total liabilities and equity	<u><u>6,351,737</u></u>	<u><u>6,574,826</u></u>

Consolidated Financial Report

Condensed Interim Consolidated Statements of Income

(Thousands of yen)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019
Continuing operations		
Revenue	1,048,191	1,129,536
Cost of sales	(467,575)	(473,273)
Gross profit	580,615	656,263
Selling, general and administrative expenses	(451,147)	(464,232)
Other operating income (loss)	266	211
Operating income	129,734	192,242
Other non-operating income (loss)	1,920	(85,604)
Income (loss) on equity method investments	(7,833)	(19,471)
Profit before tax from continuing operations	123,822	87,165
Income taxes	(47,045)	(34,591)
Profit from continuing operations	76,776	52,574
Discontinued operations		
Profit (loss) from discontinued operations	(5,561)	93,476
Net Profit	71,214	146,051
Net profit attributable to		
Owners of the parent	73,316	144,199
Non-controlling interests	(2,101)	1,851
	71,214	146,051
Earning per share attributable to owners of the parent		
Basic earning per (loss) share (yen)		
Continuing operations	3.94	2.69
Discontinued operations	(0.18)	4.68
Basic earningsper share	3.76	7.37
Diluted earning (loss) per share (yen)		
Continuing operations	3.89	2.66
Discontinued operations	(0.18)	4.64
Basic earningsper share	3.71	7.30

Condensed Interim Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019
Net income	71,214	146,051
Other comprehensive income, net of tax		
Items that will not be reclassified subsequently to profit or loss		
Equity financial assets at FVTOCI	129,404	(70,515)
Total items that will not be reclassified subsequently to profit or loss	129,404	(70,515)
Items that may be reclassified subsequently to profit or loss		
Debt financial assets at FVTOCI	(102)	—
Total items that may be reclassified subsequently to profit or loss	(102)	—
Total other comprehensive income, net of tax	129,302	(70,515)
Total comprehensive income	200,516	75,535
Total comprehensive income attributable to		
Owners of the parent	202,618	73,684
Non-controlling interests	(2,101)	1,851
	200,516	75,535

(3) Condensed Interim Consolidated Statements of Changes in Equity

Consolidated Financial Report

For the three-month period ended June 30, 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, 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	—	—	73,316	—	—	73,316	(2,101)	71,214
Other comprehensive income (loss)	—	—	—	—	129,302	129,302	—	129,302
Total comprehensive income	—	—	73,316	—	129,302	202,618	(2,101)	200,516
Transactions with owners and other transactions								
Issuance of new shares	97	95	—	—	—	193	—	193
Cash dividends	—	—	(97,443)	—	—	(97,443)	—	(97,443)
Transfer of accumulated other comprehensive income to retained earnings	—	—	10,837	—	(10,837)	—	—	—
Total transactions with owners and other transactions	97	95	(86,605)	—	(10,837)	(97,250)	—	(97,250)
As of June 30, 2018	<u>1,708,810</u>	<u>1,797,737</u>	<u>1,848,077</u>	<u>(344,414)</u>	<u>186,946</u>	<u>5,197,157</u>	<u>8,500</u>	<u>5,205,658</u>

For the three-month period ended June 30, 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, 2019	1,709,272	1,798,192	2,054,062	(344,414)	185,347	5,402,461	(34,905)	5,367,556
Comprehensive income								
Net income (loss)	—	—	144,199	—	—	144,199	1,851	146,051
Other comprehensive income	—	—	—	—	(70,515)	(70,515)	—	(70,515)
Total comprehensive income	—	—	144,199	—	(70,515)	73,684	1,851	75,535
Transactions with owners and other transactions								
Issuance of new shares	26,298	25,866	—	—	—	52,164	—	52,164
Cash dividends	—	—	(116,973)	—	—	(116,973)	—	(116,973)
Changes associated with loss of control of subsidiaries	—	—	13,508	—	—	13,508	33,053	46,562
Total transactions with owners and other transactions	26,298	25,866	(103,464)	—	—	(51,300)	33,053	(18,247)
As of June 30, 2019	<u>1,735,570</u>	<u>1,824,058</u>	<u>2,094,797</u>	<u>(344,414)</u>	<u>114,832</u>	<u>5,424,845</u>	<u>—</u>	<u>5,424,845</u>

Consolidated Financial Report

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019
Cash flows from operating activities		
Profit before tax from continuing operations	123,822	87,165
Profit (loss) before tax from discontinued operations	(5,449)	53,321
Depreciation and amortization	31,691	81,510
Income (loss) on equity method investments	7,833	19,471
Increase/decrease in trade and other receivables	158,266	252,399
Increase/decrease in trade and other payables	(76,970)	(21,655)
Other	(31,032)	40,213
Subtotal	208,160	466,820
Interest and dividends received	91	79
Interest paid	(54)	(93)
Income taxes paid	(187,055)	(128,996)
Net cash provided by operating activities	21,142	337,808
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	(37,637)	—
Payments for sales of investments in subsidiaries with loss of control	—	(15,743)
Purchase of interests in investments accounted for using the equity method	(120,000)	—
Proceeds from sales of investment securities	17,112	—
Other	—	(351)
Net cash used in investing activities	(140,525)	(16,094)
Cash flows from financing activities		
Proceeds from issuance of common shares	193	52,164
Cash dividends paid	(93,390)	(111,226)
Other	(1,148)	(75,680)
Net cash used in financing activities	(94,346)	(134,743)
Increase/decrease in cash and cash equivalents	(213,728)	186,970
Cash and cash equivalents at the beginning of the period	3,111,133	3,383,007
Cash and cash equivalents at the end of the period	2,897,404	3,569,978