

ITmedia Inc.
Consolidated Financial Report
For the fiscal year ended March 31, 2020 (IFRS)

Tokyo, April 30, 2020

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, 2020	¥5,278	12.2	¥1,172	33.0	¥1,068	30.9	¥782	136.2	¥780	107.2	¥656	48.1
Fiscal year ended March 31, 2019	¥4,703	—	¥881	—	¥816	—	¥331	(30.6)	¥376	(23.8)	¥458	(3.5)

	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, 2020	¥39.51	¥39.42	13.8	15.7	22.2
Fiscal year ended March 31, 2019	¥19.33	¥19.09	7.2	12.8	18.7

(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, 2020	¥7,235	¥5,887	¥5,887	81.4	297.05
As of March 31, 2019	¥6,351	¥5,367	¥5,402	85.1	277.11

(3) Cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the year
Fiscal year ended March 31, 2020	¥1,316	¥15	(¥413)	¥4,302
Fiscal year ended March 31, 2019	¥585	(¥115)	(¥198)	¥3,383

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)	(Millions of yen)	%	%
Fiscal year ended March 31, 2019	—	5.00	—	6.00	11.00	¥214	56.9	4.1
Fiscal year ended March 31, 2020	—	6.00	—	6.00	12.00	¥237	30.4	4.2
Fiscal year ending March 31, 2021 (Forecasted)	—	6.00	—	6.00	12.00		—	

3. Consolidated forecasts for the fiscal year ending March 31, 2021 (April 1, 2020 to March 31, 2021) (Millions of yen)

Projection of consolidated results for the fiscal year ending March 31, 2021 is not indicated as it is difficult to reasonably calculate our forecast of operating results at this point in time.

*** 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 March 31, 2020 : 20,532,600 shares

As of March 31, 2019 : 20,208,600 shares

[2] Number of treasury stock:

As of March 31, 2020 : 713,036 shares

As of March 31, 2019 : 712,999 shares

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

Fiscal year ended March 31, 2020 : 19,755,080 shares

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

Consolidated Financial Report

(1) Interim Condensed Consolidated Statement of Financial Position

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Asset		
Current assets		
Cash and cash equivalents	3,383,007	4,302,014
Trade and other receivables	824,332	803,053
Other financial assets	500,019	500,008
Inventories	26,248	9,814
Other current assets	81,002	83,743
Total current assets	<u>4,814,611</u>	<u>5,698,634</u>
Non-current assets		
Property and equipment	173,629	157,857
Right of use assets	—	229,082
Goodwill	415,719	415,719
Intangible assets	335,461	277,958
Investments accounted for using equity method	54,148	36,085
Other financial assets	479,476	296,061
Deferred tax assets	75,924	121,517
Other non-current assets	2,765	2,166
Total non-current assets	<u>1,537,126</u>	<u>1,536,450</u>
Total assets	<u><u>6,351,737</u></u>	<u><u>7,235,085</u></u>
Liabilities and equity		
Current liabilities		
Trade and other payables	234,988	267,026
Lease liabilities	3,937	218,001
Income taxes payable	124,645	199,923
Other current liabilities	546,231	588,347
Total current liabilities	<u>909,803</u>	<u>1,273,298</u>
Non-current liabilities		
Lease liabilities	5,767	7,373
Provisions	38,600	38,600
Other non-current liabilities	30,009	28,505
Total non-current liabilities	<u>74,377</u>	<u>74,478</u>
Total liabilities	984,180	1,347,777
Equity		
Equity attributable to owners of parent		
Share capital	1,709,272	1,735,570
Capital surplus	1,798,192	1,824,058
Retained earnings	2,054,062	2,612,258
Treasury stock	(344,414)	(344,454)
Accumulated other comprehensive income	185,347	59,874
Total equity attributable to owners of parent	<u>5,402,461</u>	<u>5,887,308</u>
Non-controlling interests	(34,905)	—
Total equity	<u>5,367,556</u>	<u>5,887,308</u>
Total liabilities and equity	<u><u>6,351,737</u></u>	<u><u>7,235,085</u></u>

Consolidated Financial Report

(2) Condensed Interim Consolidated Statement of Income

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Continuing operations		
Revenue	4,703,481	5,278,570
Cost of sales	(1,938,519)	(2,007,994)
Gross profit	2,764,961	3,270,575
Selling, general and administrative expenses	(1,886,508)	(2,099,207)
Other income and expenses, net	3,044	835
Operating profit	881,498	1,172,203
Other non-operating income and expenses	545	(1,626)
Share of profit (loss) of investments accounted for using equity method	(65,851)	(102,062)
Profit before tax from continuing operations	816,192	1,068,513
Income tax expense	(294,578)	(379,560)
Profit from continuing operations	521,614	688,952
Discontinued operations		
Profit (loss) from discontinued operations	(190,370)	93,476
Profit	331,243	782,429
Profit attributable to		
Owners of parent	376,750	780,578
Non-controlling interests	(45,507)	1,851
	331,243	782,429
Earning per share attributable to owners of parent		
Basic earning per (loss) share (yen)		
Continuing operations	26.76	34.87
Discontinued operations	(7.43)	4.64
Basic earnings per share	19.33	39.51
Diluted earning (loss) per share (yen)		
Continuing operations	26.43	34.79
Discontinued operations	(7.34)	4.63
Basic earnings per share	19.09	39.42

(3) Condensed Interim Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	331,243	782,429
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity financial assets at FVTOCI	127,840	(125,473)
Total items that will not be reclassified to profit or loss	127,840	(125,473)
Items that may be reclassified to profit or loss		
Debt financial assets at FVTOCI	(137)	—
Total items that may be reclassified to profit or loss	(137)	—
Total other comprehensive income	127,703	(125,473)
Total comprehensive income	458,947	656,956
Total comprehensive income attributable to		
Owners of parent	504,454	655,104
Non-controlling interests	(45,507)	1,851
	458,947	656,956

(4) Condensed Interim Consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2019

(Thousands of yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	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								
Profit(loss)	—	—	376,750	—	—	376,750	(45,507)	331,243
Other comprehensive income (loss)	—	—	—	—	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
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>

For the Nine-month period ended December 31, 2019

	Equity attributable to owners of parent					Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	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								
Profit(loss)	—	—	780,578	—	—	780,578	1,851	782,429
Other comprehensive income	—	—	—	—	(125,473)	(125,473)	—	(125,473)
Total comprehensive income	—	—	780,578	—	(125,473)	655,104	1,851	656,956
Transactions with owners and other transactions								
Issuance of new shares	26,298	25,866	—	—	—	52,164	—	52,164
Dividends	—	—	(235,891)	—	—	(235,891)	—	(235,891)
Purchase of treasury shares	—	—	—	(39)	—	(39)	—	(39)
Loss of control of subsidiaries	—	—	13,508	—	—	13,508	33,053	46,562
Total transactions with owners and other transactions	26,298	25,866	(222,382)	(39)	—	(170,258)	33,053	(137,204)
As of March 31, 2020	<u>1,735,570</u>	<u>1,824,058</u>	<u>2,612,258</u>	<u>(344,454)</u>	<u>59,874</u>	<u>5,887,308</u>	<u>—</u>	<u>5,887,308</u>

(5) Interim Condensed Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before tax from continuing operations	816,192	1,068,513
Profit (loss) before tax from discontinued operations	(189,920)	53,321
Depreciation and amortization	117,231	325,952
Impairment loss	158,280	—
Share of profit (loss) of investments accounted for using equity method	65,851	102,062
Increase/decrease in trade and other receivables	(23,537)	(25,231)
Increase/decrease in trade and other payables	(4,996)	39,656
Other	(37,590)	3,392
Subtotal	901,510	1,567,666
Interest and dividends received	909	1,587
Interest paid	(183)	(318)
Income taxes paid	(316,435)	(252,015)
Net cash provided by operating activities	585,801	1,316,920
Cash flows from investing activities		
Payment into time deposits	(400,000)	(400,000)
Proceeds from withdrawal of time deposits	400,000	400,000
Collection of loans receivable	—	121,400
Purchase of property, equipment, and intangible assets	(94,984)	(6,051)
Payments for sales of investments in subsidiaries with loss of control	—	(15,743)
Purchase of investments accounted for using equity method	(120,000)	(84,000)
Payments of guarantee deposits	(19,852)	—
Proceeds from sales and redemption of investment securities	117,112	—
Other	2,000	(351)
Net cash used in investing activities	(115,724)	15,254
Cash flows from financing activities		
Proceeds from issuance of shares	1,110	52,164
Dividends paid	(194,685)	(235,351)
Purchase of treasury shares	—	(39)
Repayments of lease liabilities	(4,628)	(229,940)
Net cash used in financing activities	(198,203)	(413,168)
Increase/decrease in cash and cash equivalents	271,874	919,006
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	3,383,007	4,302,014