

The slide features a red diagonal banner on the left side. The background is a light blue and white graphic of a globe with circuit board patterns overlaid on it. The text is white and positioned on the red banner.

ITmedia Inc.

The Six-Month Period Ended
September 30, 2022

Earnings Briefing

October 31, 2022

Securities code: 2148

Tokyo Stock Exchange Prime Market



This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

- Forward-looking comments appearing in this material, such as earnings outlooks, are based on information available when the material was created and include uncertainties. Actual earnings may substantially differ from the forecasts due to changes in various factors and business conditions.
- Items that could impact the Company's earnings are listed in the "Business Risk" section of the Securities Report (*Yukashokenhokokusho*) For the Fiscal Year Ended March 31, 2022. Please refer to that. However, it should be noted that factors that could impact earnings are not limited to those listed in the "Business Risk" section. Risks and uncertainties include the possibility of future events that may have a serious and unpredictable impact on the Company.
- We have carefully prepared the information included in this material, but readers should be aware that we do not guarantee the accuracy or certainty of that information.
- This material is not provided to solicit investments. Decisions regarding investments should be made by investors themselves.
- The unauthorized use of this material and data are strictly prohibited.

- The Company voluntarily applied International Financial Reporting Standards (IFRS) starting with the 1Q FY16.
- For the fiscal year ended March 31, 2020, Knowledge onDemand Inc. was classified as a discontinued business because of the transfer of shares. Therefore, income and losses from discontinued businesses are given separately from continuing businesses in the Condensed Interim Statement of Income. Revenue and operating income are the monetary amount of continuing businesses. For the fiscal year ended March 31, 2019, a similar reclassification was carried out.



Company Overview

The Six-Month Period Ended
September 30, 2022,
Earnings Overview

Sustainability

Fiscal Year Ending March
31, 2023, Earnings Forecast
and Dividend Forecast



Corporate mission

Contribute to Information Revolution by Innovating Professional Media


- We believe profession makes media reliability
- Technology leads conventional media to innovation
- Providing media community as a social knowledge platform


1
Materiality

Deliver a bright future for humanity through the information revolution

Producing a large number of excellent IT professionals, advancing the IT industry and spreading technology to improve productivity throughout society and to encourage the solution of social issues, thereby contributing to the development of human society.

Social value


2
Materiality

Achieve an equitable society through the provision of a social knowledge platform

Developing a base that provides reliable knowledge and information with high added value to all, thereby eliminating digital divide and realizing an equal society where no one is left behind.


3
Materiality

Responsible use of information technology


Communicating reliable information in the right way and fostering an environment where information and technology are used in an ethical and appropriate manner, thereby strengthening the foundation for promoting innovation.

Power of media


4
Materiality

Promote work styles that respect diversity

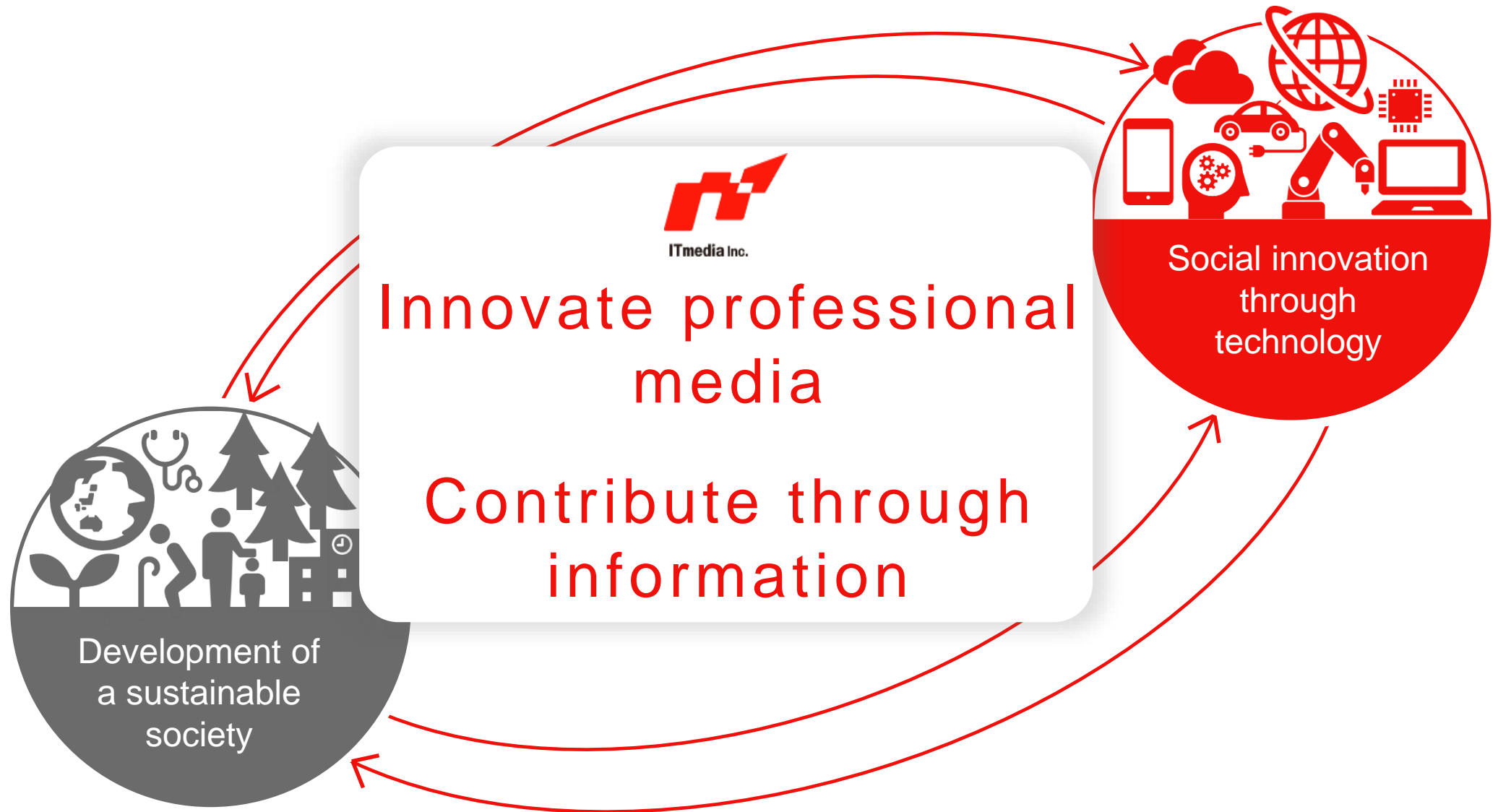
Creating an environment in which a diverse workforce can fulfill their abilities without anxiety, thereby increasing employees' motivation and productivity while pursuing sustainable corporate growth.


5
Materiality

Develop a strong and transparent governance structure

Developing a strong governance structure with increased transparency that leads to mid- to long-term corporate growth, thereby winning the trust of all stakeholders.

Responsible management base



A medium that connects technology buyers and vendors with information & data

Value provided

Specialized information on technology contributing to the information revolution

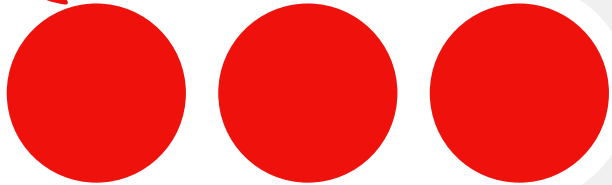


Image of our typical users and members

In-house DX staff / IT buyer

Value provided

Effective digital marketing

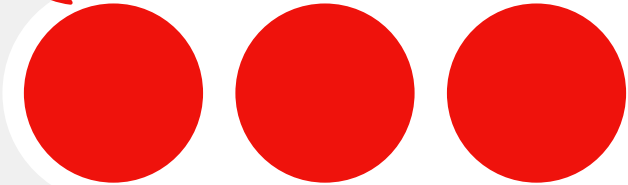


Image of our typical customers

Vendors in the technology industry



Development of various revenue models leveraging data

Specialized sales force of around 100 people



2,000 technology companies as customers

Data platform

Behavioral data
Over 400 million PVs per month



Targeted and specialized content

Member data
Over 1 million



Lead Generation revenue



Data Driven revenue



Review Marketing revenue



Digital Event revenue



Programmatic Ad revenue



Ad revenue



External data linkage



Customer/user scale

Number of potential customers

7,000 companies

Vendor Number of customers

2,000 companies

Buyer Profile member

1.1 million people

Number of readers

25 million people
50 million UB

Media/data scale

Number of digital events held

200 times/year

Number of specialized media

30 media

Number of articles

6,000 articles/month

Monthly PVs

400 million PVs

Staff

Direct sales staff

100 people

Outside writers

1,000 writers

Internal writers

100 writers

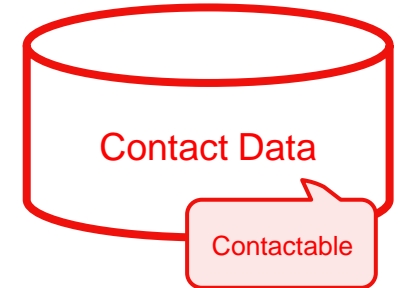
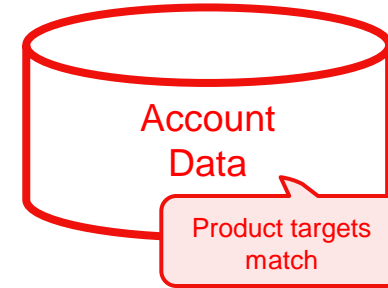
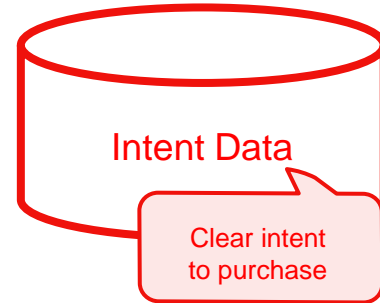
1

Development of data-leveraging service
Introduction of the U.S. advanced digital models



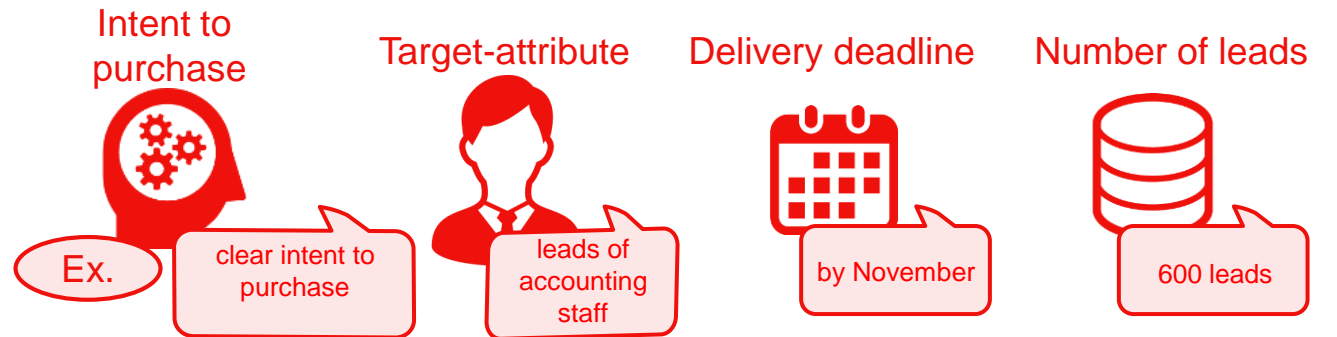
2

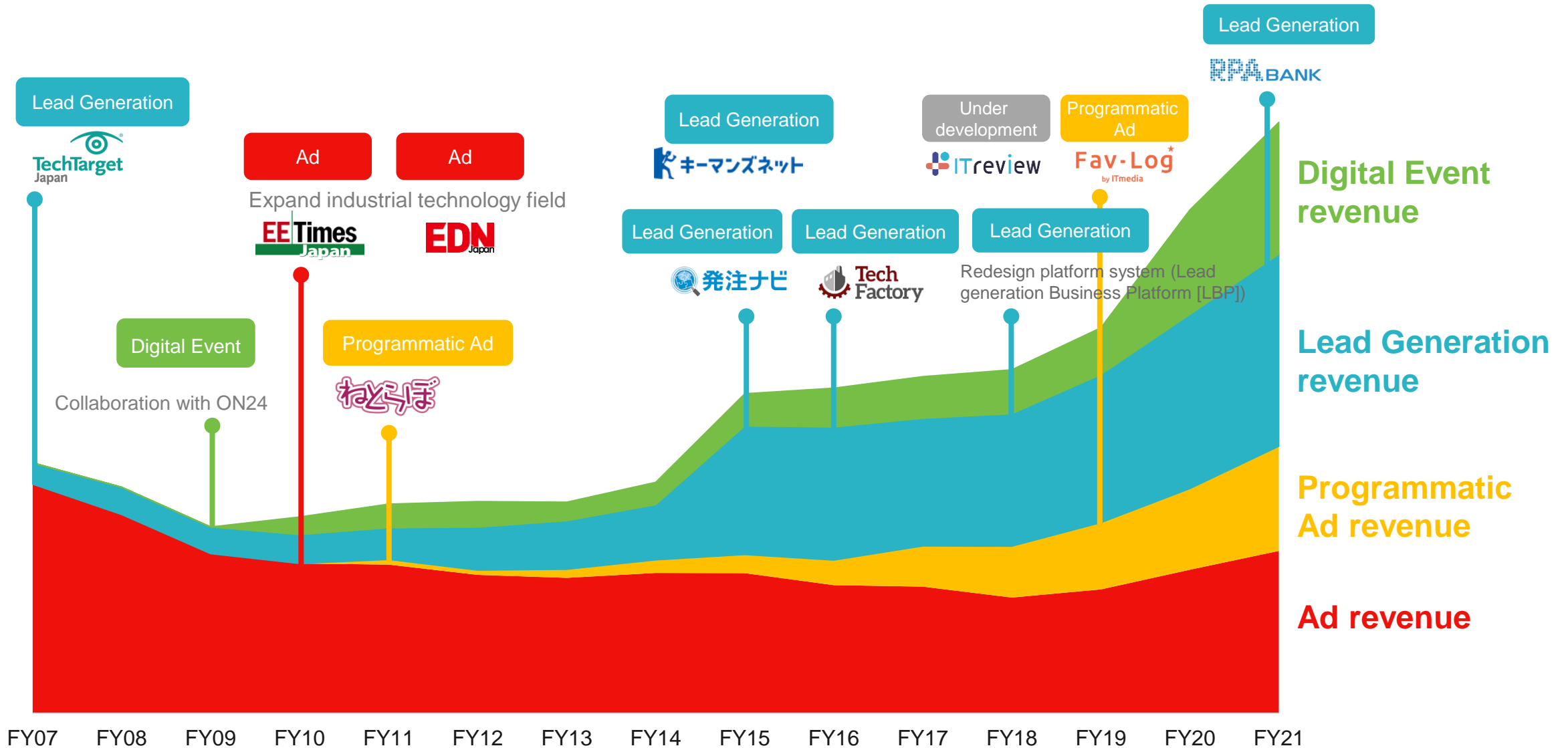
Quality and quantity of 1st-party data generated by specialized content

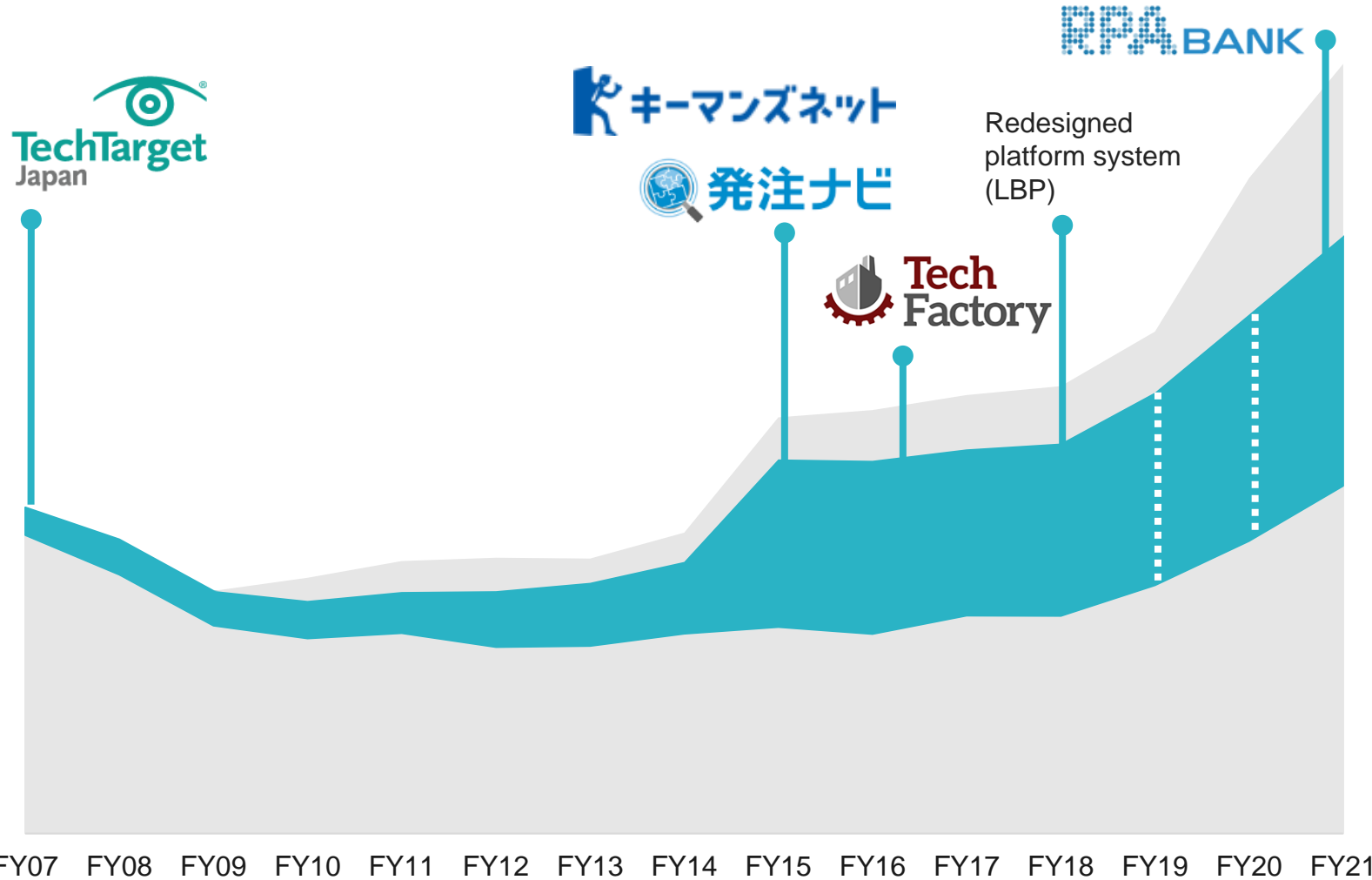


3

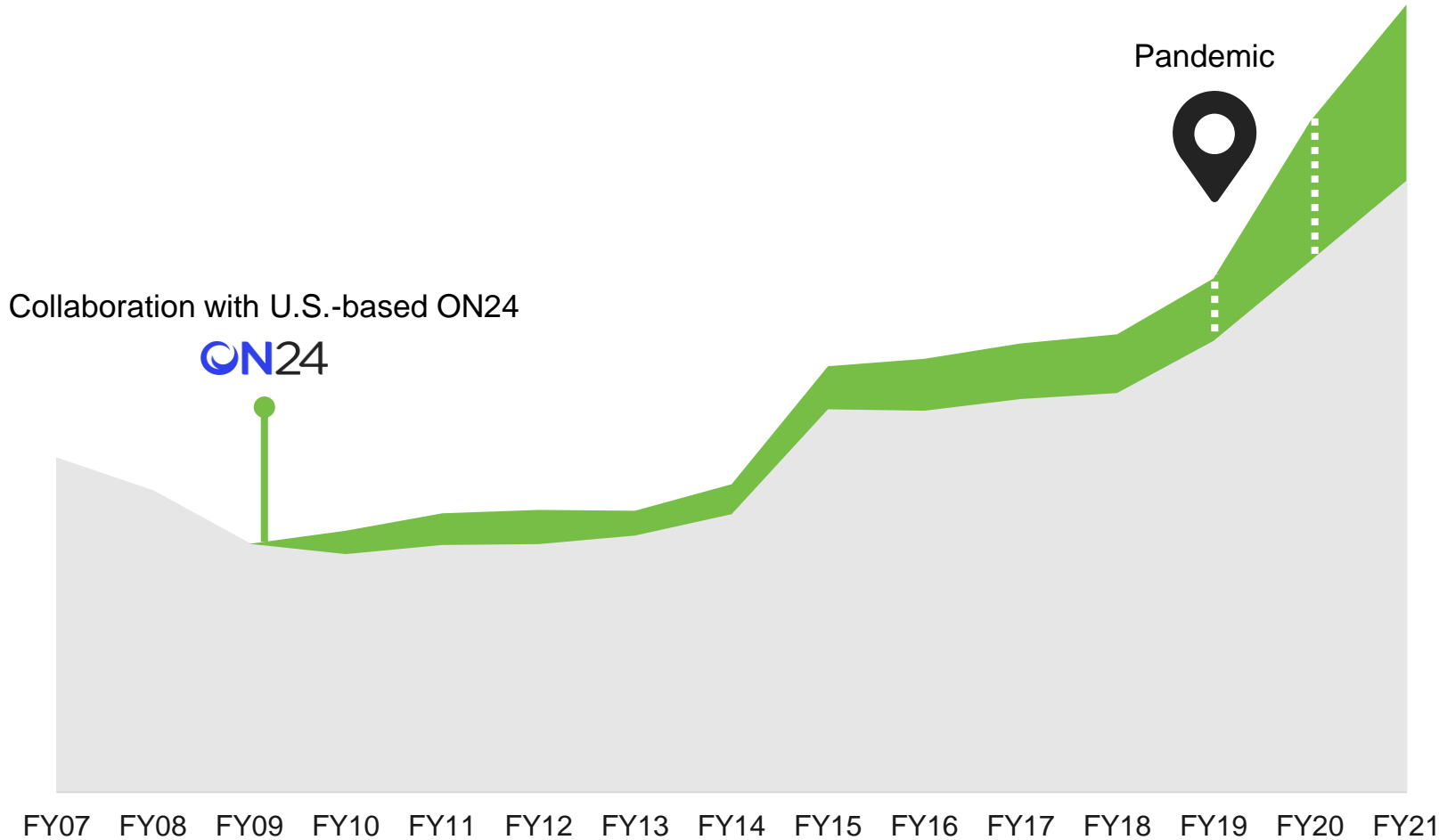
Provision of sales leads with clear intent to purchase
Four commitments unique to digital services



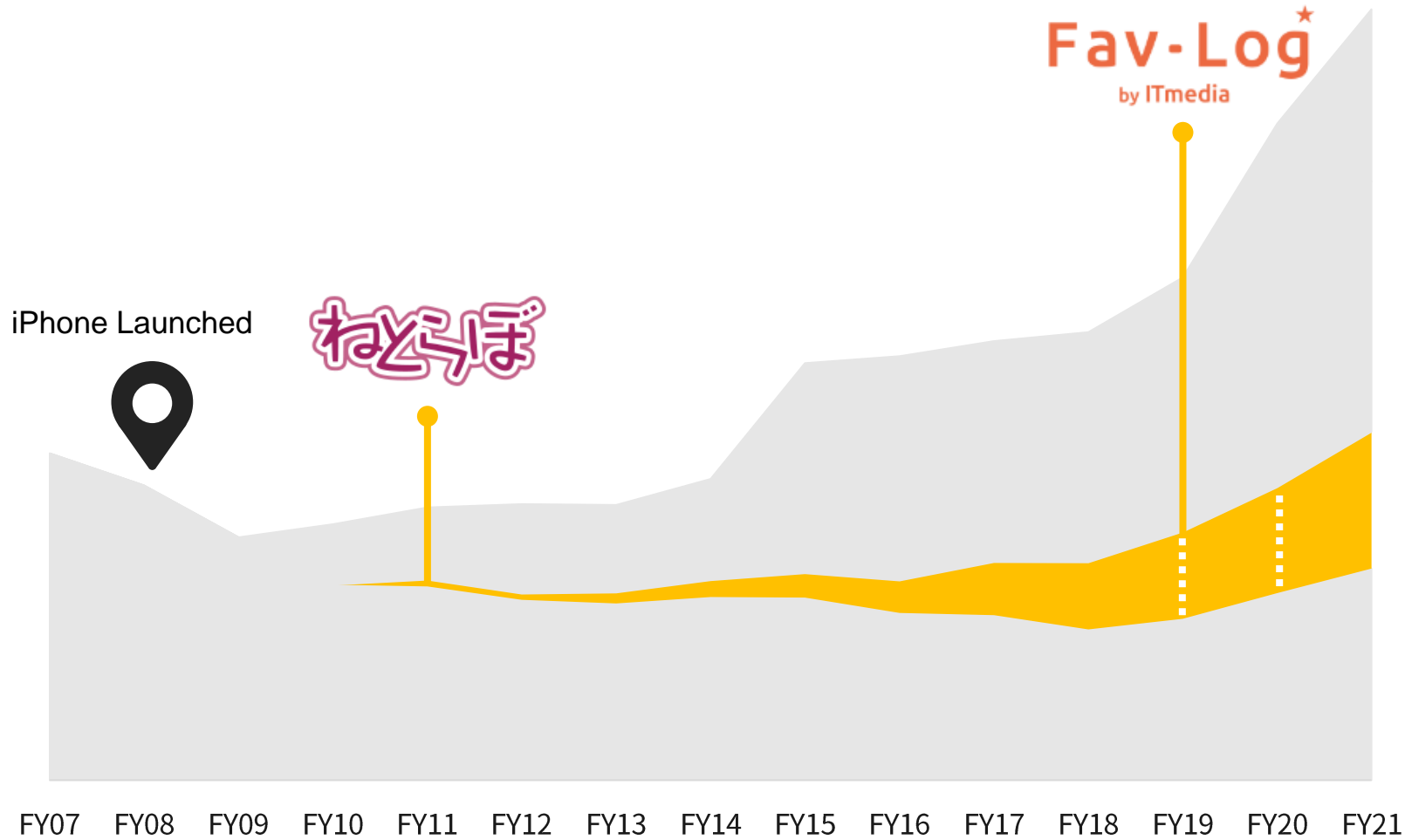




**Digital shift
within marketing
and sales**



The market was established in the wake of Pandemic



Grew into a huge media outlet with 300-400 million PVs per month

Value
Demonstration



Perceiving social change
Intensively enhancing content

Cloud and SaaS

Artificial
intelligence

Security

Industry DX

Decarbonization

SDGs



Synergistic revenue growth
in each model
Accelerating new development

Lead Generation

Digital Event

Programmatic
Ad

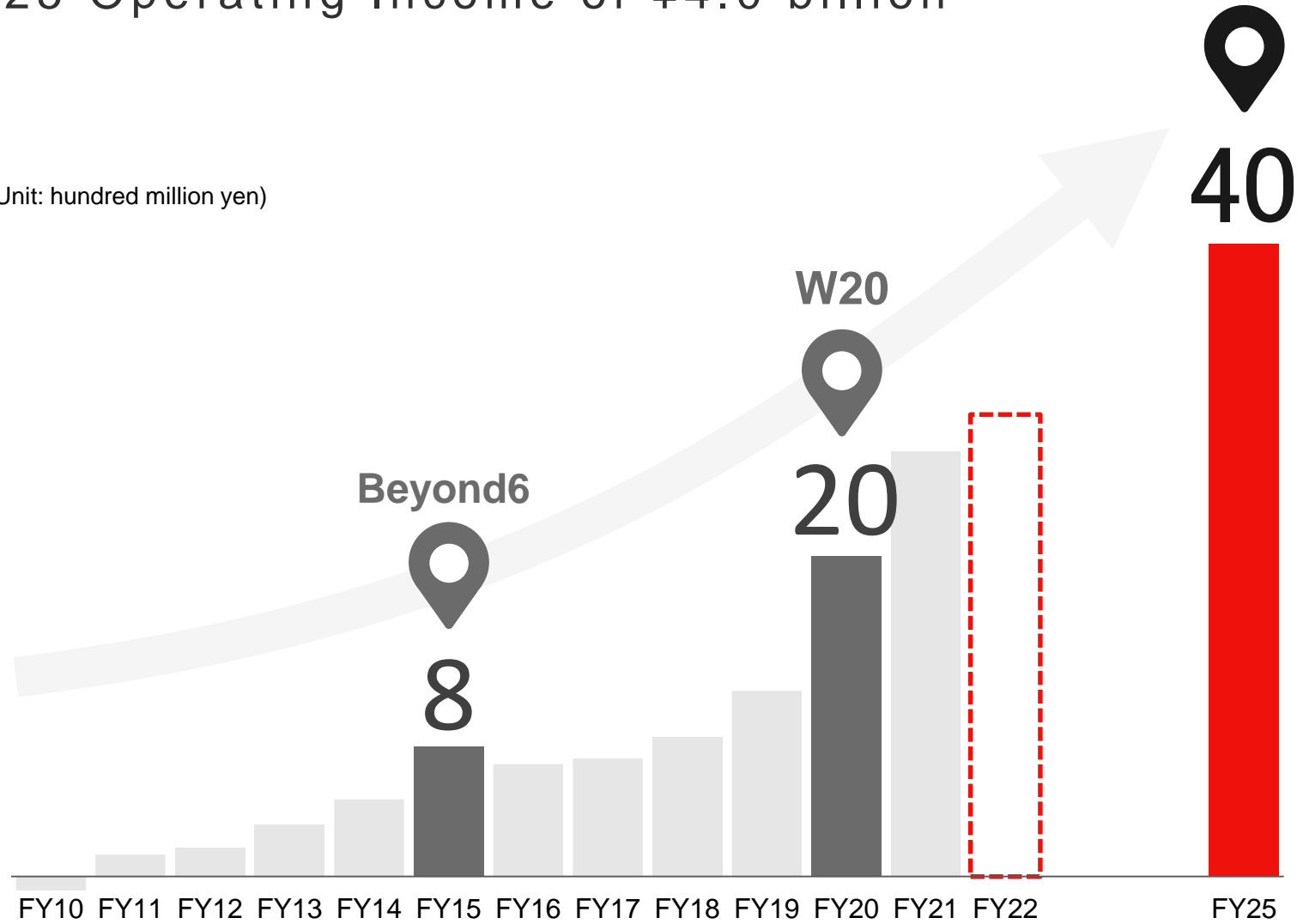
Data Driven

Highly Targeted Ad

Reinvestment

FY25 Operating Income of ¥4.0 billion

(Unit: hundred million yen)



FY25 Operating Income

40 hundred million yen achieved
||
X40



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Record earnings

Continuing growth
Steady growth
towards achieving
the earnings
forecast

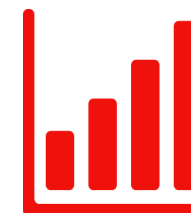


Revenue
¥4,206 million
(+13%)

Lead Generation Business +10%
Media Ad Business +16%

- Digital shift within marketing continued
- Stronger demand among manufacturing and cloud /SaaS customers because of accelerated DX
- Firm sponsored digital events
- Programmatic Ad revenue increased

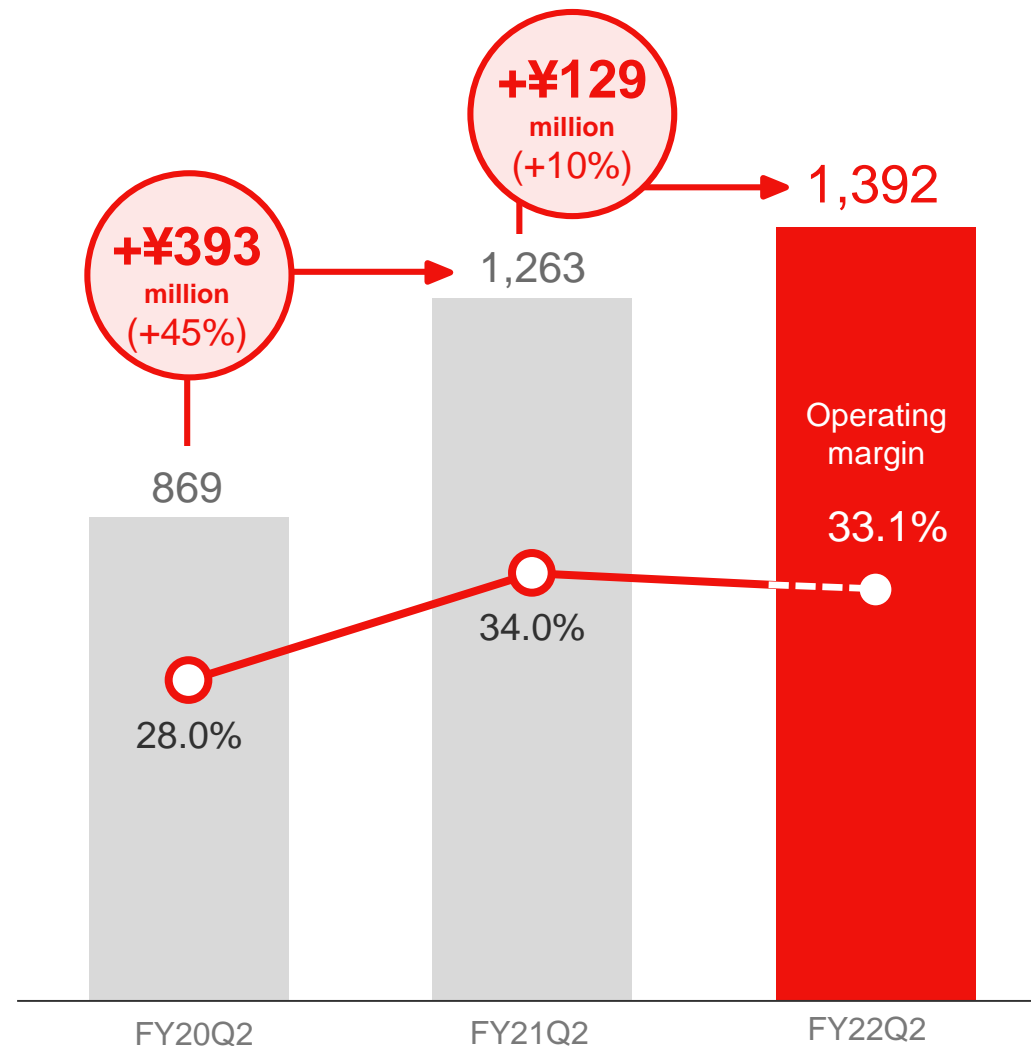
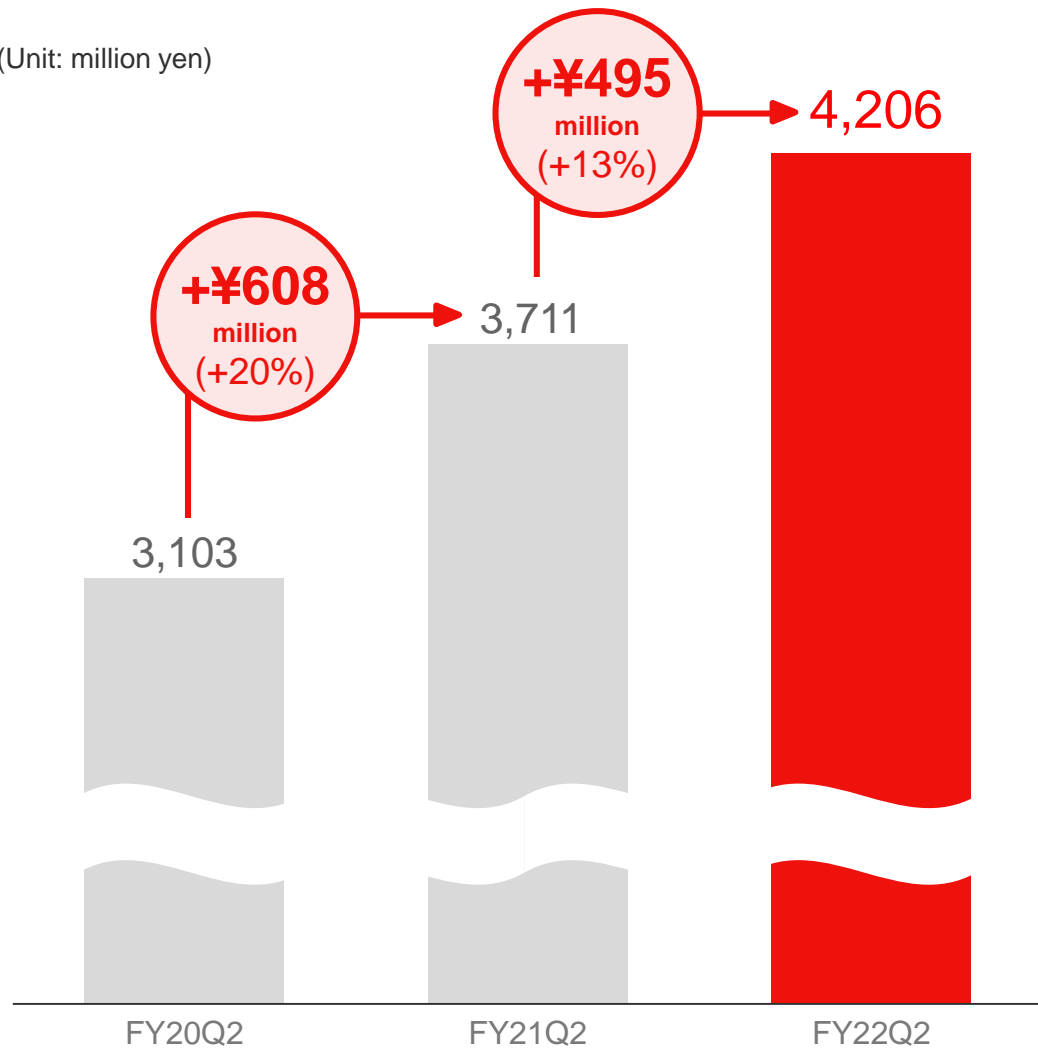
Operating income
¥1,392 million
(+10%)



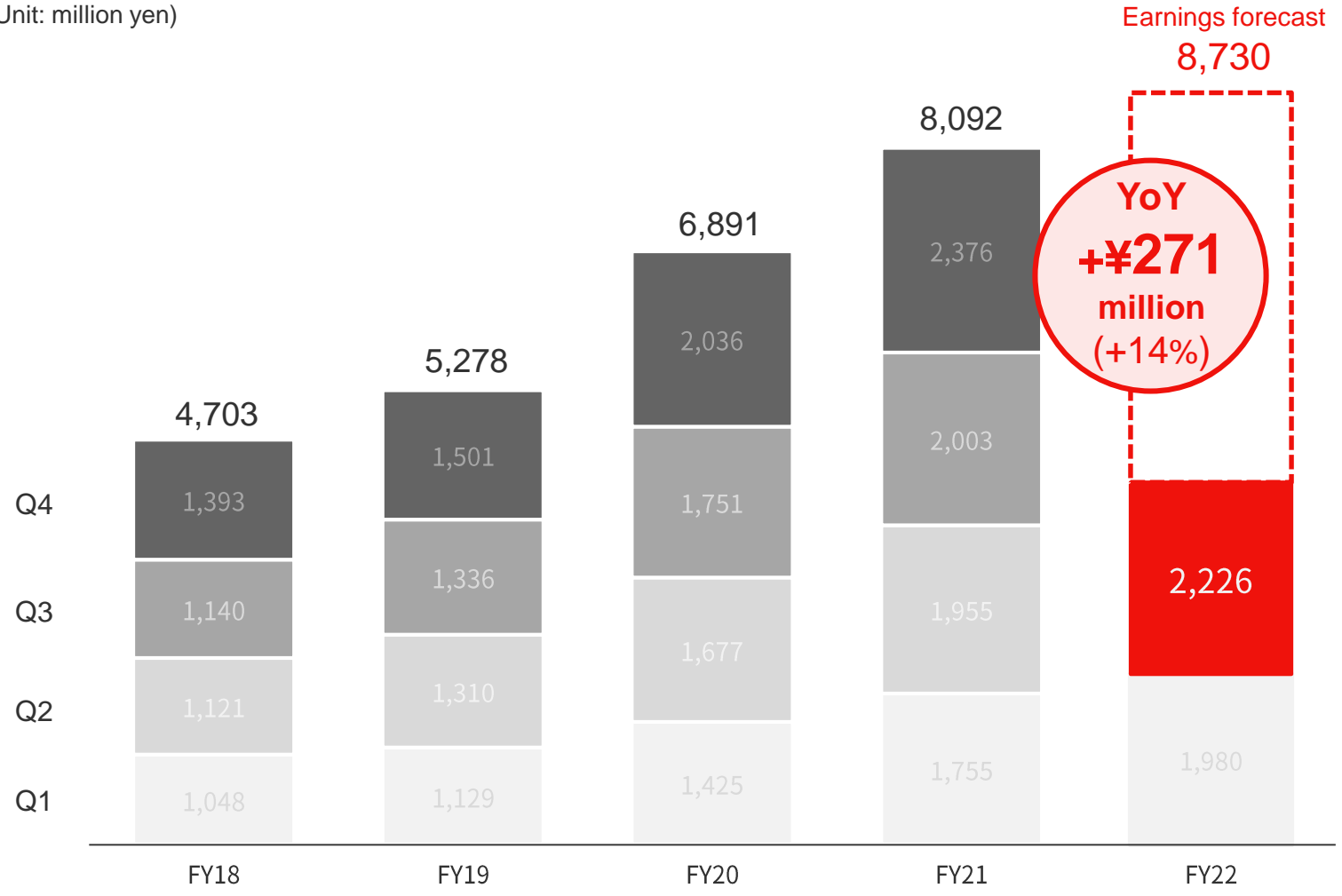
Revenue

Operating income

(Unit: million yen)



(Unit: million yen)



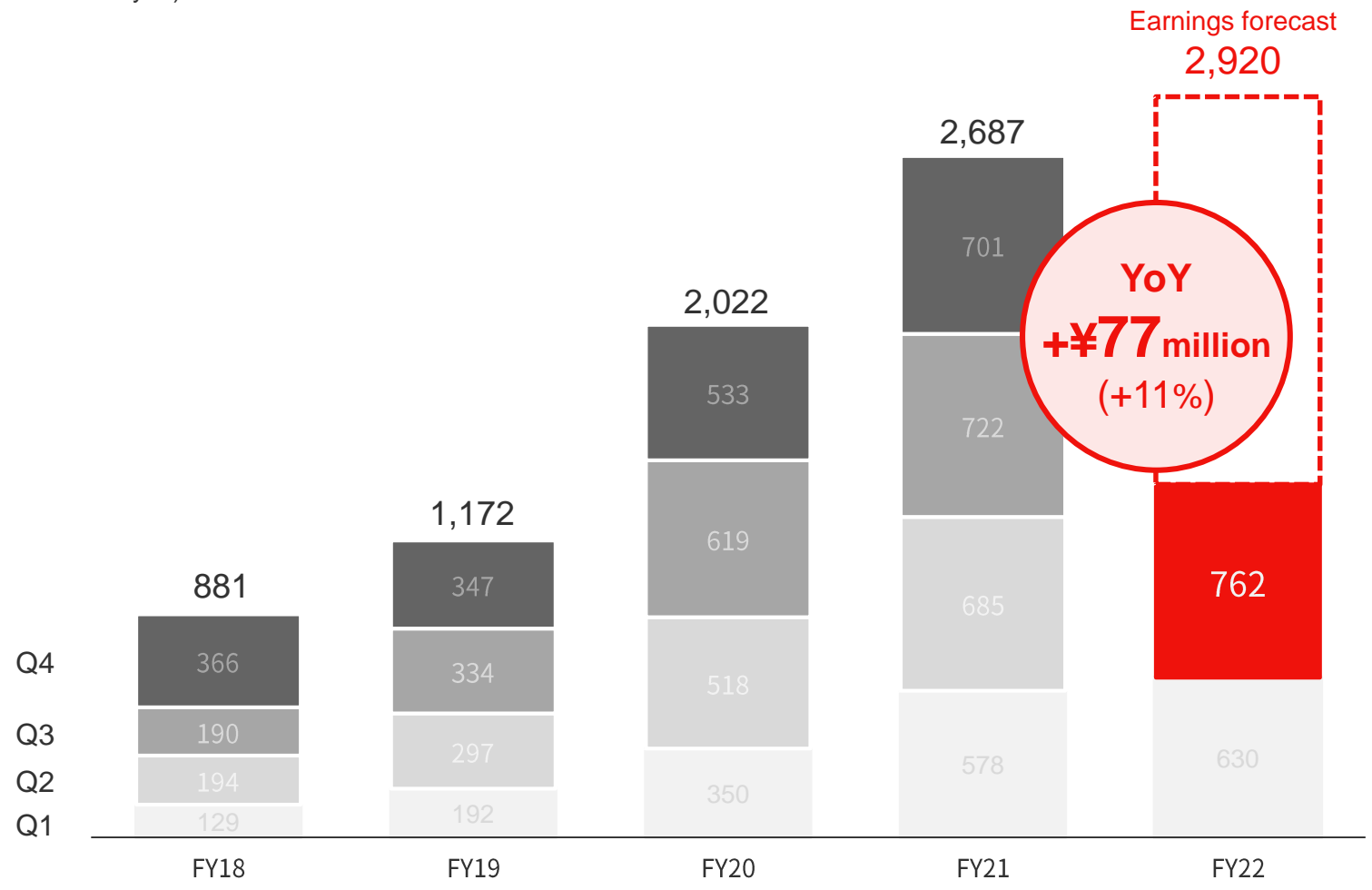
Historic Q2 revenue

Q2 **¥2,226**million

YoY change

+¥271 million
(+14%)

(Unit: million yen)



Historic Q2 revenue

Q2 **¥762**million

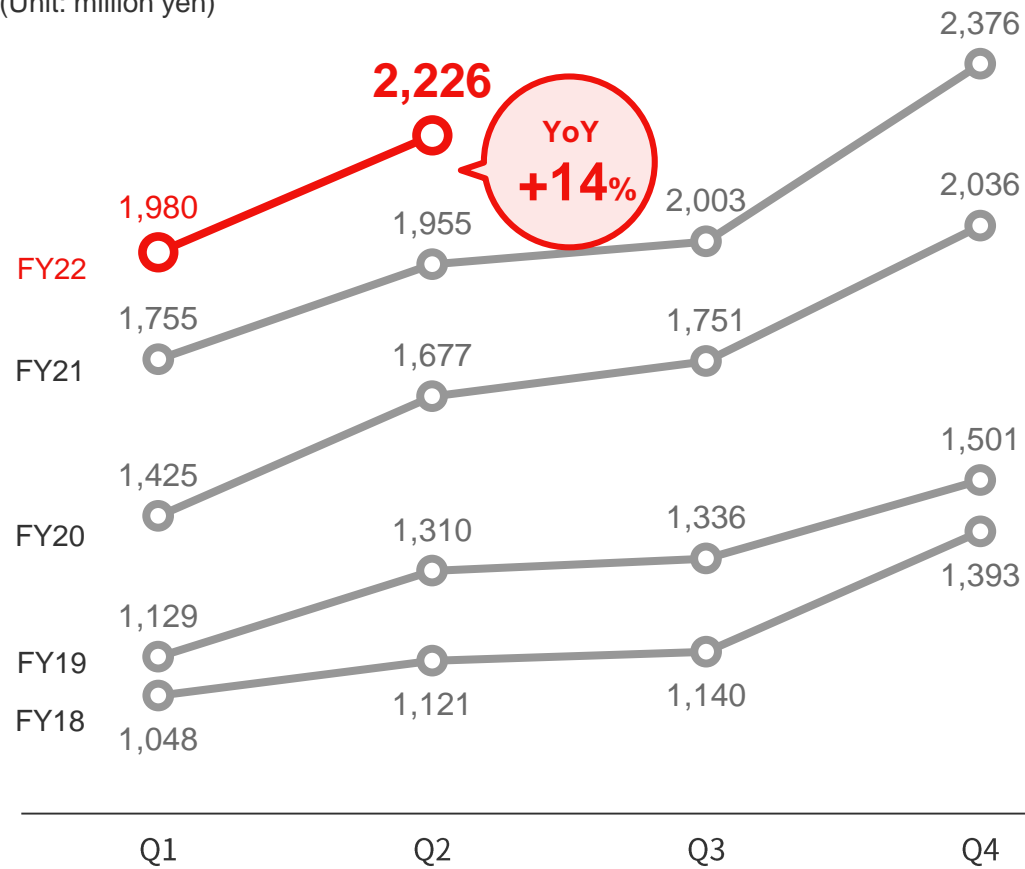
YoY change

+¥77million
(+11%)

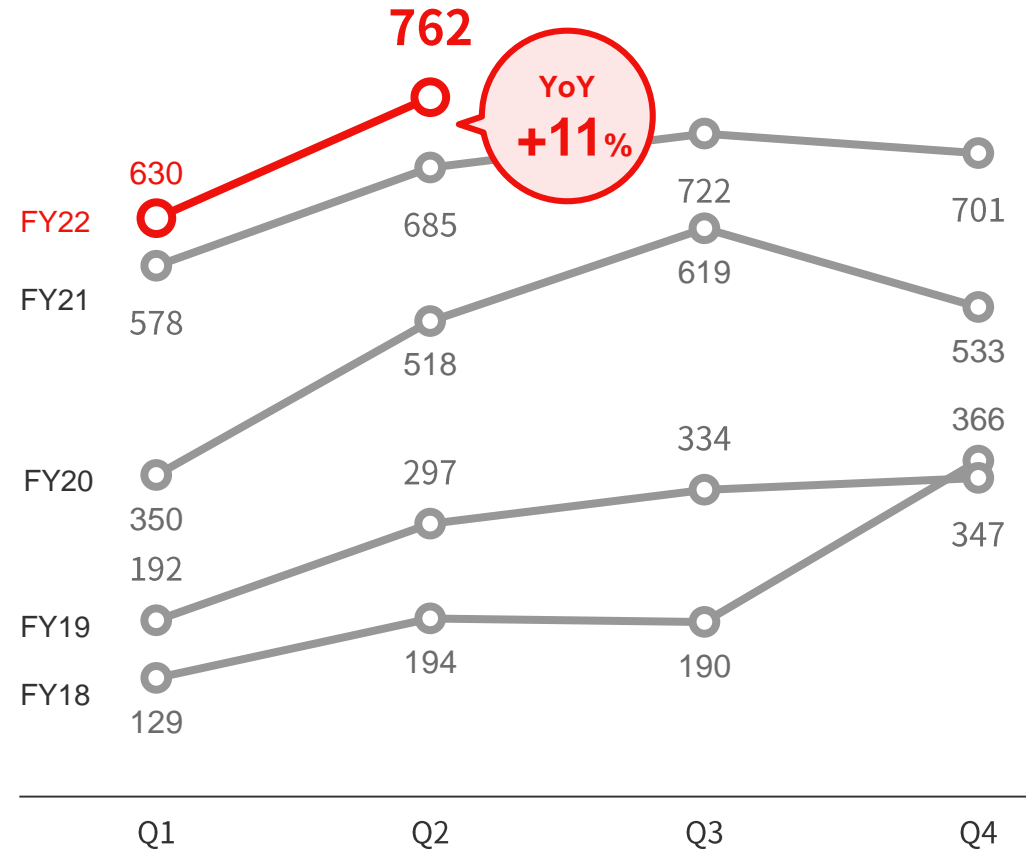
Quarterly trend will continue in the current fiscal year.
Good progress has been made.

Revenue

(Unit: million yen)



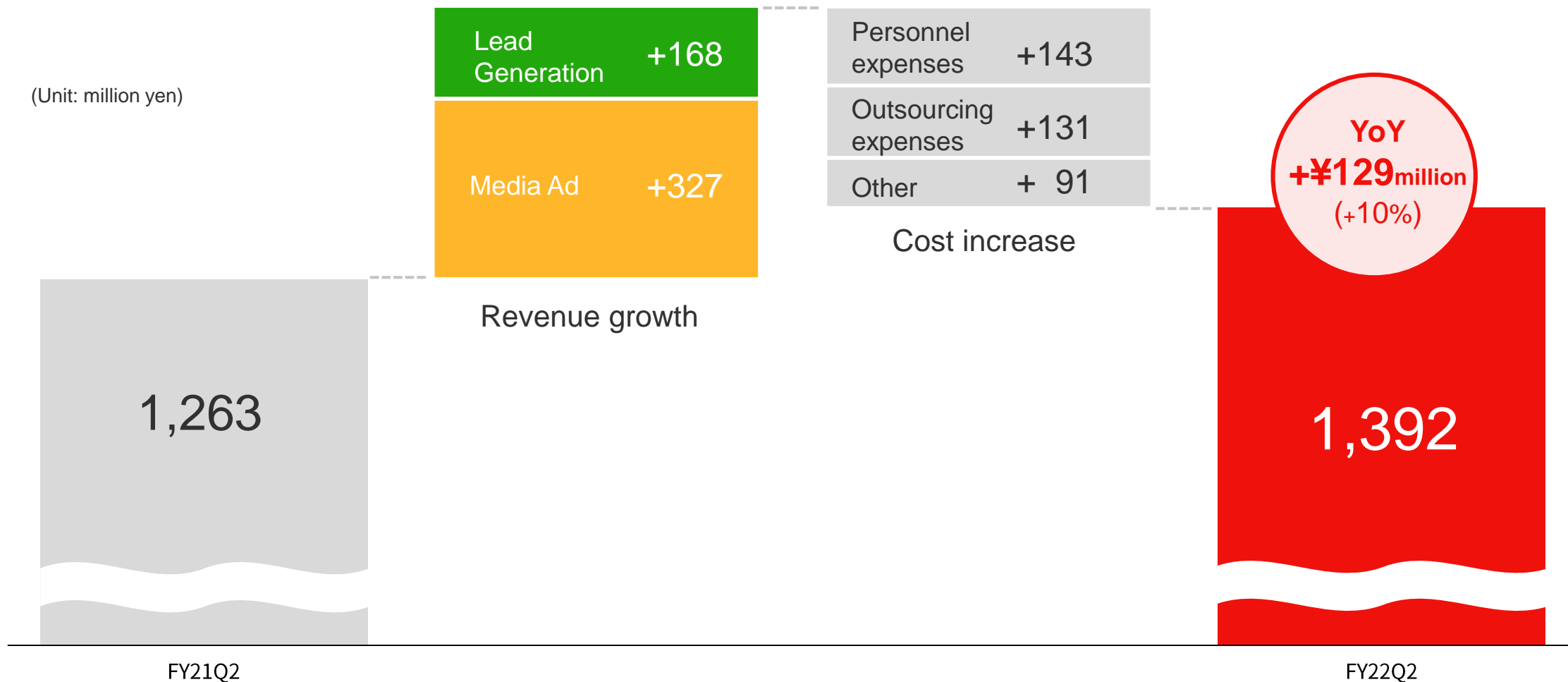
Operating income



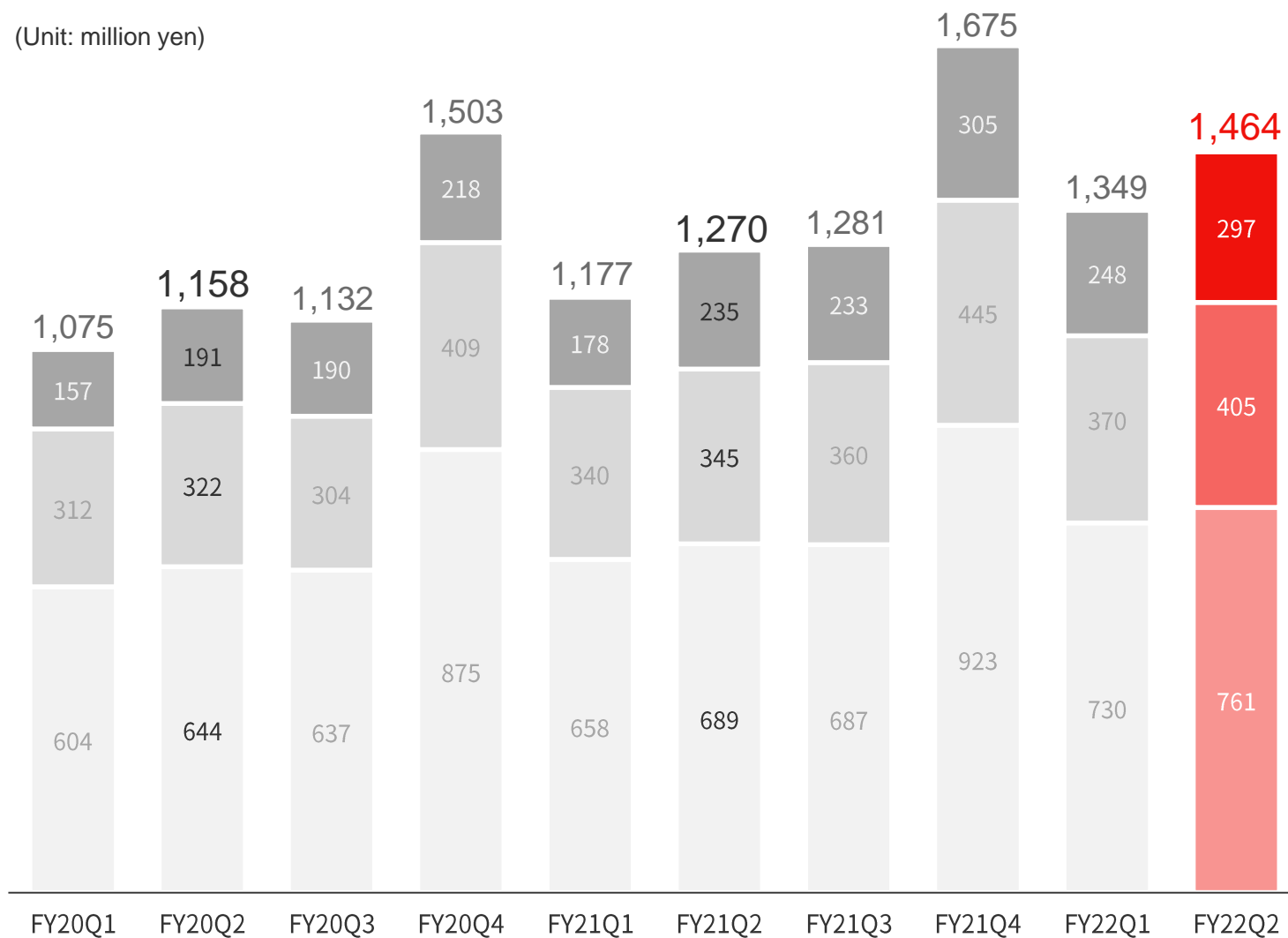
| (Unit: million yen) | FY21Q2 | | FY22Q2 | | Increase | % change |
|---|--------|-----------------|--------|-----------------|----------|----------|
| | Amount | As % of revenue | Amount | As % of revenue | | |
| Revenue | 3,711 | 100.0% | 4,206 | 100.0% | +495 | +13.3% |
| Total cost | 2,448 | 66.0% | 2,814 | 66.9% | +365 | +14.9% |
| (of which are personnel expenses) | 1,348 | 36.3% | 1,491 | 35.5% | +143 | +10.6% |
| EBITDA | 1,401 | 37.7% | 1,525 | 36.3% | +124 | +8.9% |
| Operating income | 1,263 | 34.0% | 1,392 | 33.1% | +129 | +10.2% |
| Income before income tax | 1,255 | 33.8% | 1,390 | 33.0% | +134 | +10.7% |
| Net income | 855 | 23.0% | 946 | 22.5% | +90 | +10.6% |
| Net income attributable to owners of parent | 855 | 23.0% | 946 | 22.5% | +90 | +10.6% |

* EBITDA: Operating income + depreciation + amortization on intangible assets + impairment loss + stock-based compensation expenses - other one-time revenue + other one-time expenses
 Stock-based compensation expenses were included in EBITDA from the disclosure of the Q4 financial results for the fiscal year ended March 31, 2022, and the amount for the previous fiscal year was calculated in the same way.

Income rose because of growth in revenue.
We strengthened content investment in growth fields.



(Unit: million yen)

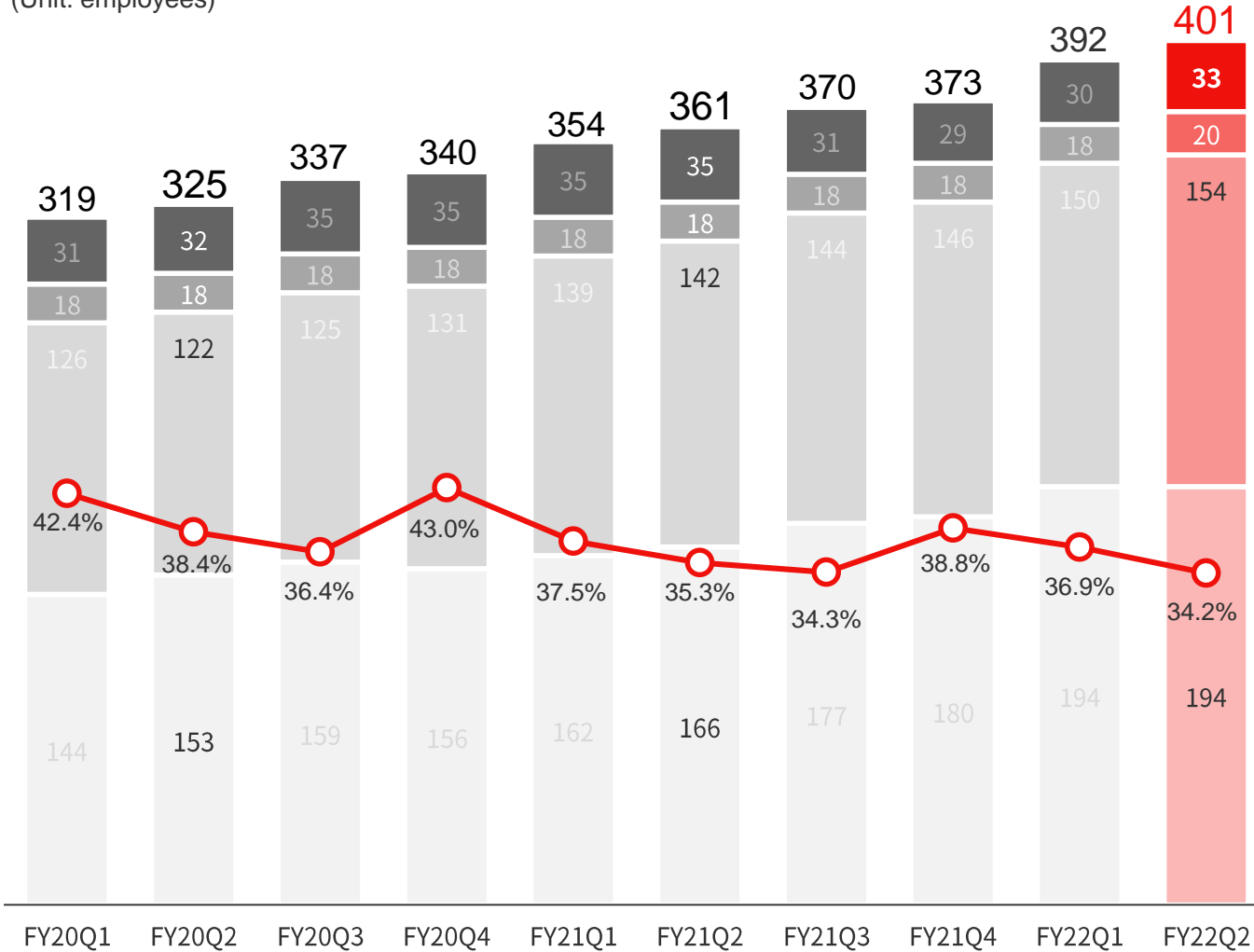


| Q2 | YoY change | As percent of total |
|----------------------|------------|---------------------|
| Total | +15.3% | 100% |
| Outsourcing expenses | +26.3% | 20.3% |
| Other | +17.4% | 27.7% |
| Personnel expenses | +10.4% | 52.0% |

Main factors behind year-on-year change

- Personnel expenses +71
 - Increase in number of employees in growth fields
- Outsourcing expenses +61
 - Increase in content investment
 - Linked to increase in digital events
 - Strengthened external ad placements
- Other +60
 - Business environment, system

(Unit: employees)



| | Q2 | YoY change | As percent of total |
|--------------------------|----|------------|---------------------|
| Total | | +40 | 100% |
| Administrative and other | | (2) | 8.2% |
| Technical | | +2 | 5.0% |
| Sales and planning | | +12 | 38.4% |
| Editing | | +28 | 48.4% |

• Includes contract, temporary, and part-time employees

Ratio of personnel expenses to revenue = $\frac{[\text{SG\&A expenses}] \text{ personnel expenses} + [\text{cost of sales}] \text{ labor costs}}{\text{Revenue}} \times 100$

| (Unit: million yen) | FY21Q2 | FY22Q2 | Change |
|--|--------|--------|--------|
| Cash flows from operating activities | 626 | 727 | +100 |
| Cash flows from investing activities | (9) | (12) | (2) |
| Cashflows from financing activities | (688) | (316) | +371 |
| Change in cash and cash equivalents | (71) | 398 | +469 |
| Cash and cash equivalents at beginning of the period | 5,877 | 6,815 | +938 |
| Cash and cash equivalents at end of the period | 5,806 | 7,214 | +1,408 |

Main items of operating CF

| | |
|--------------------------------------|--------|
| Income before income tax | +1,390 |
| Income taxes paid | (586) |
| Decrease in trade and other payables | +100 |

Main items of investing CF

| | |
|--|------|
| Purchase of property, equipment, and intangible assets | (12) |
|--|------|

Main items of financing CF

| | |
|-------------------------------|-------|
| Dividends paid | (237) |
| Payments of lease liabilities | (88) |

| (Unit: million yen) | | At the end of March 2022 | At the end of September 2022 | Change |
|--|---|-----------------------------|---------------------------------|--------|
| Assets | Current assets | 8,728 | 9,127 | +399 |
| | Non-current assets | 1,320 | 1,199 | (121) |
| | Total assets | 10,048 | 10,326 | +277 |
| Liabilities | Current liabilities | 2,051 | 1,619 | (431) |
| | Non-current liabilities | 64 | 61 | (2) |
| | Total liabilities | 2,115 | 1,681 | (434) |
| Equity | Share capital/capital surplus | 3,933 | 3,937 | +3 |
| | Retained earnings | 5,143 | 5,852 | +708 |
| | Treasury stock | (1,144) | (1,144) | - |
| | Accumulated other comprehensive income | - | - | - |
| | Total equity attributable to owners of parent | 7,932 | 8,644 | +712 |
| | Total equity | 7,932 | 8,644 | +712 |
| Equity attributable to owners of parent per share | ¥401.34 | ¥437.02 | +¥35.68 | |
| Ratio of equity attributable to owners of parent to total assets | 78.9% | 83.7% | + 4.8pt | |

Total assets

| | |
|---------------------------|------|
| Cash and cash equivalents | +398 |
| Right-of-use assets | (87) |
| Intangible assets | (30) |

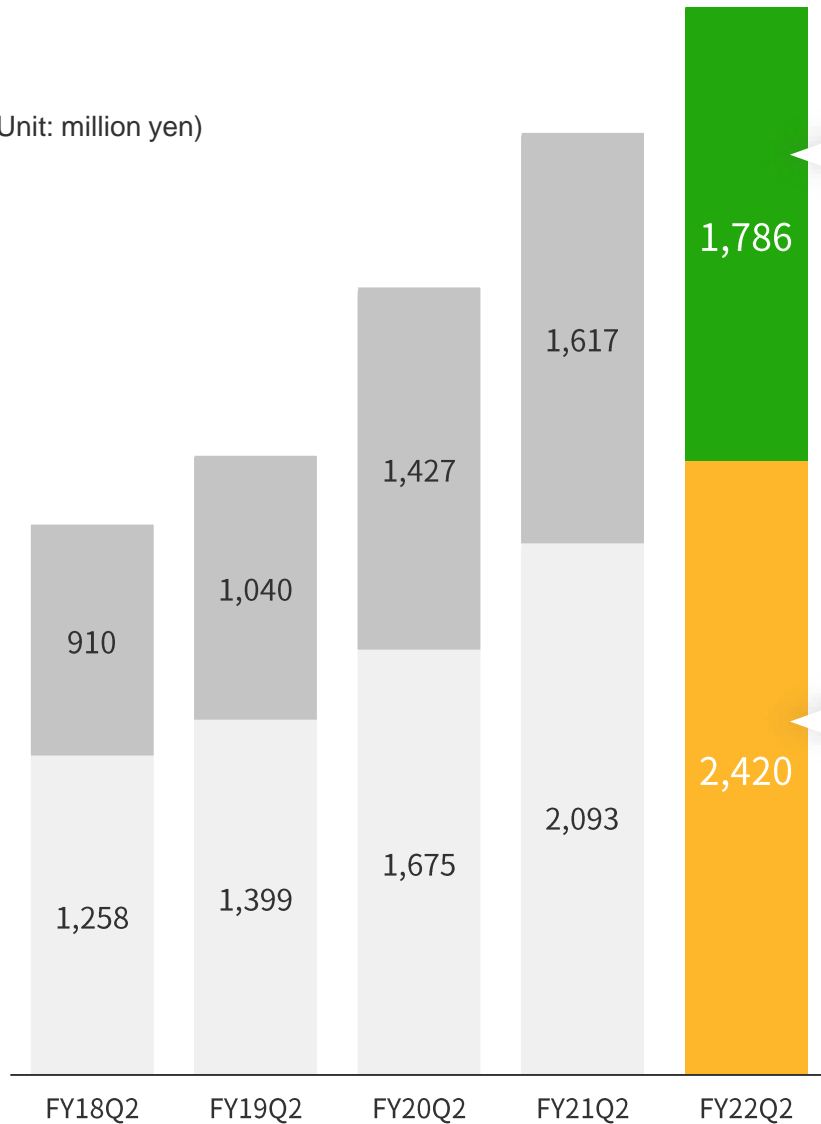
Total liabilities

| | |
|---------------------------|-------|
| Income tax payable | (140) |
| Trade and other payables | (93) |
| Lease liabilities | (88) |
| Other current liabilities | (68) |
| Contract liabilities | (41) |

Total equity

| | |
|--|-------|
| Retained earnings | +708 |
| Of which is net income (loss) | +946 |
| Of which is dividends from retained earnings | (237) |

(Unit: million yen)



Lead Generation Business

– Digital shift within marketing continued

| Quarter | Revenue (million yen) |
|---------|-----------------------|
| FY21Q2 | 1,617 |
| FY22Q2 | 1,786 |

YoY +¥168million (+10%)

Media Ad Business

– Stronger demand among manufacturing and cloud/SaaS customers because of accelerated DX

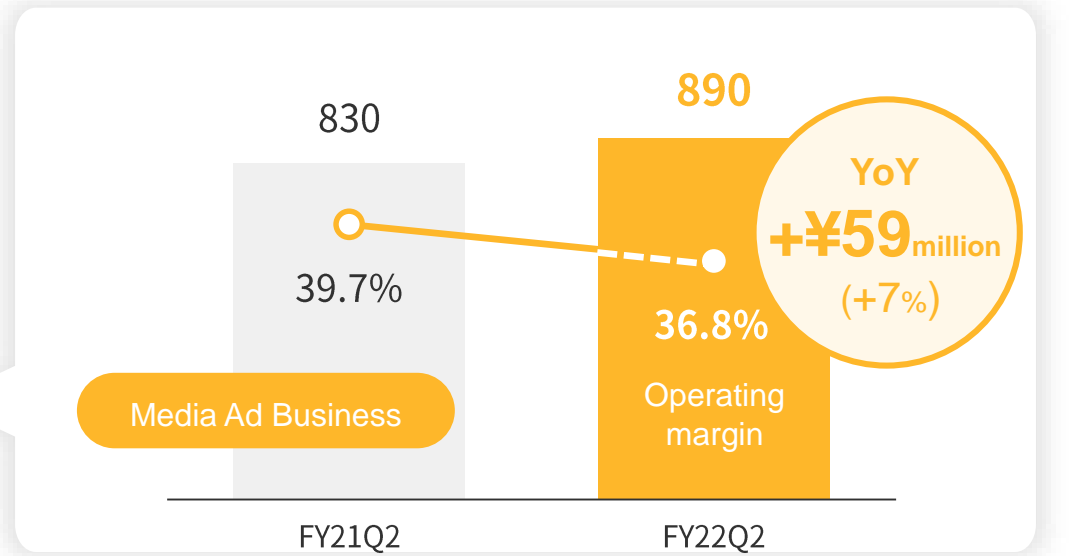
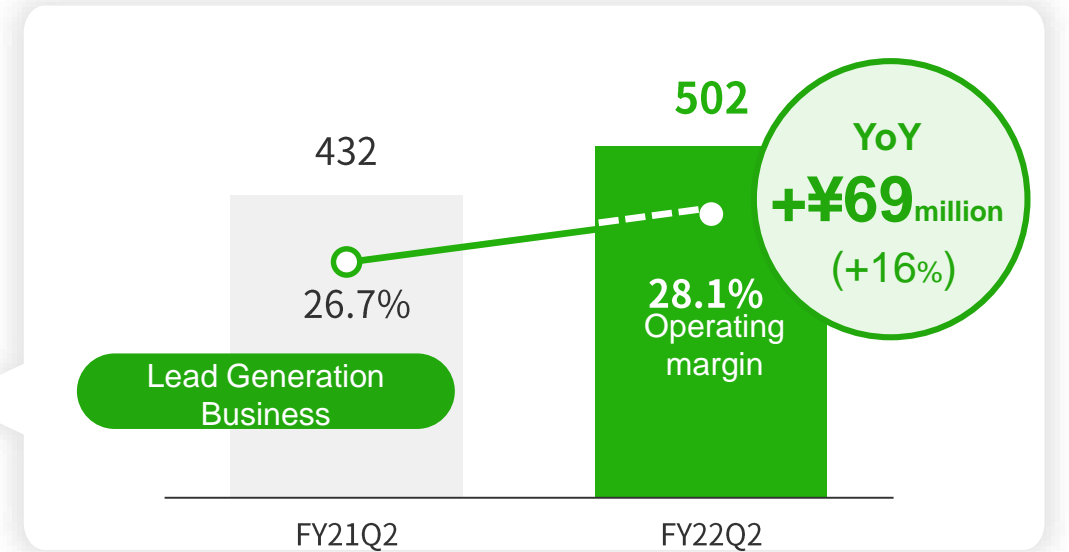
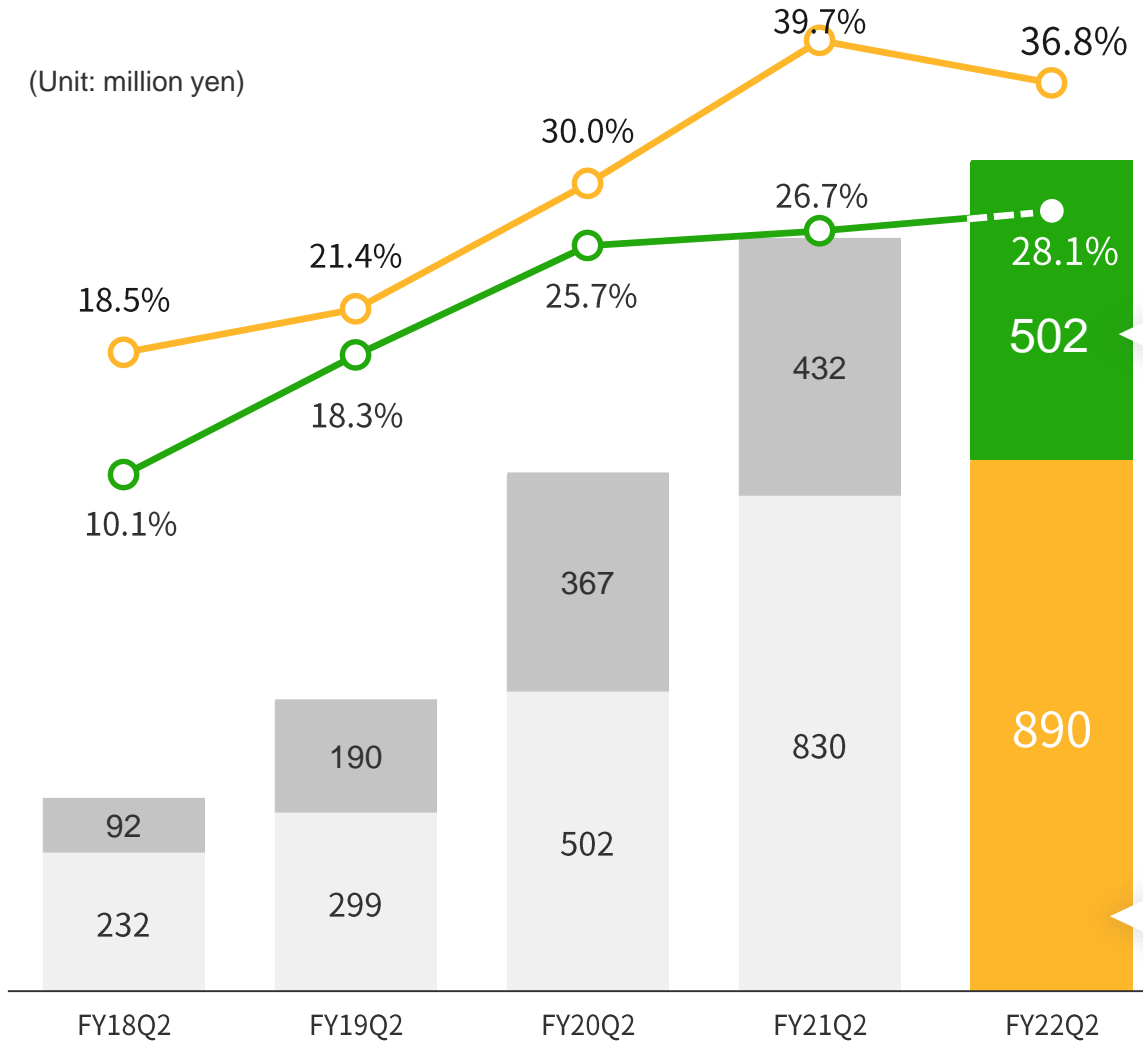
– Firm sponsored digital events

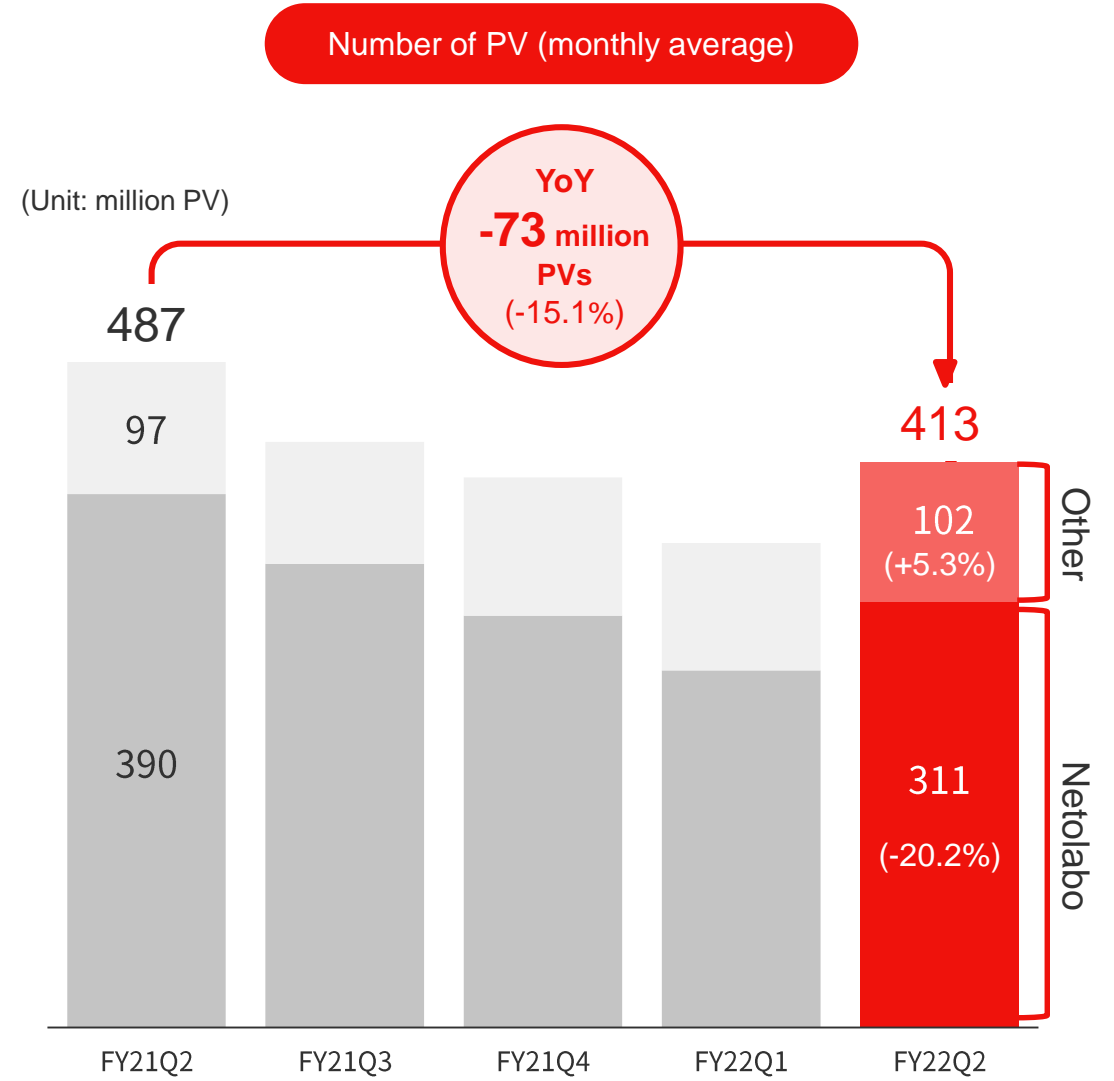
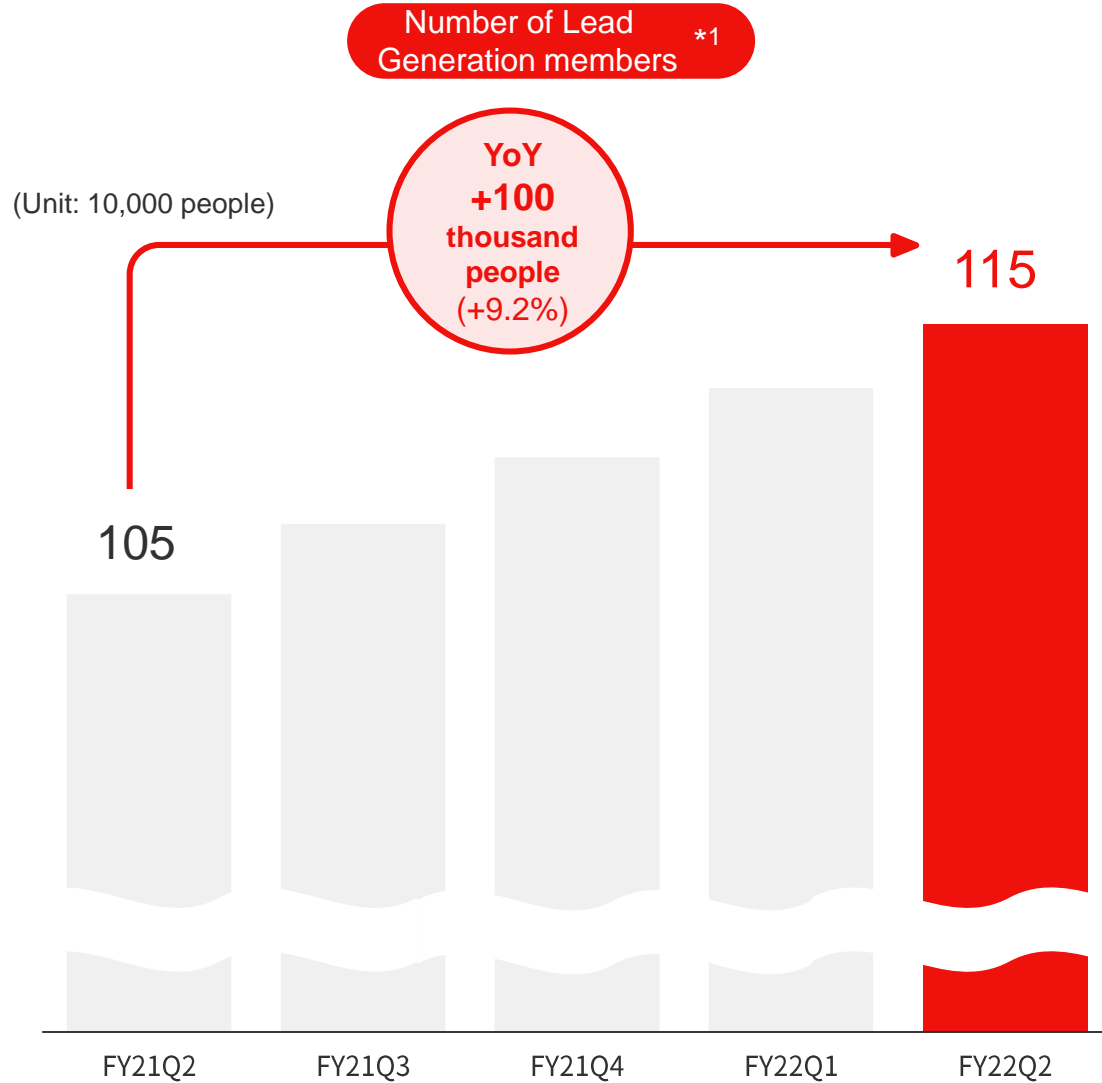
– Programmatic Ad revenue increased

| Quarter | Revenue (million yen) |
|---------|-----------------------|
| FY21Q2 | 2,093 |
| FY22Q2 | 2,420 |

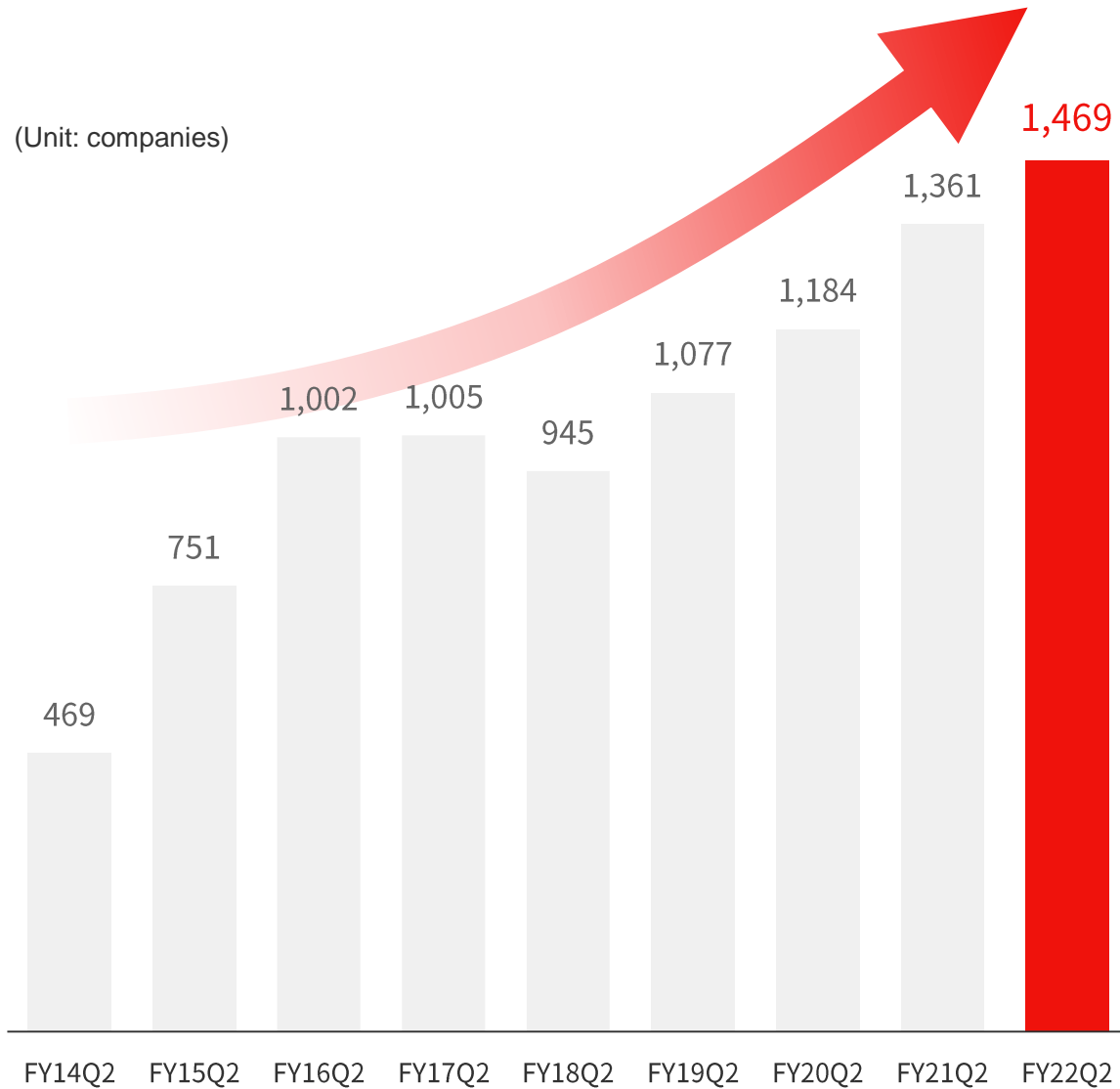
YoY +¥327million (+16%)

Operating Income by Segment





1. Members eligible for Lead Generation service because of ITmedia ID, common member platform



Strengthen contents in
cloud/SaaS
and industry DX fields



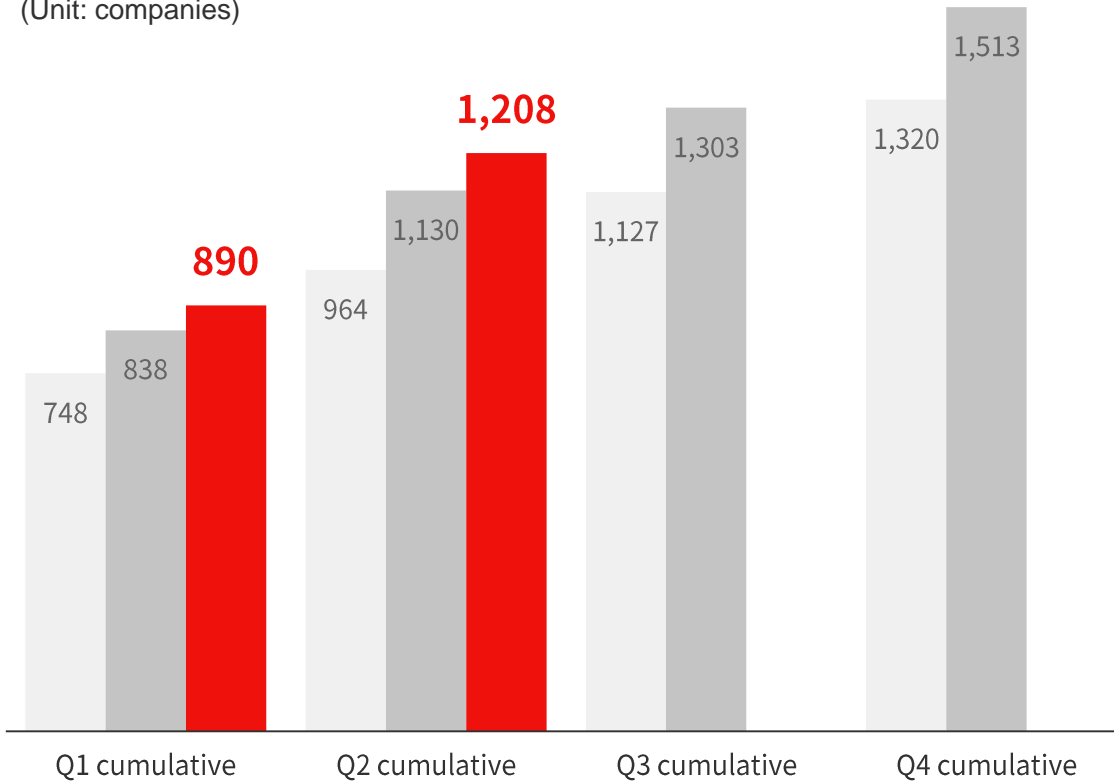
Increase in number of
customers in each field

* Number of companies to which sales were recorded during the period

Lead Generation

■ FY20 ■ FY21 ■ FY22

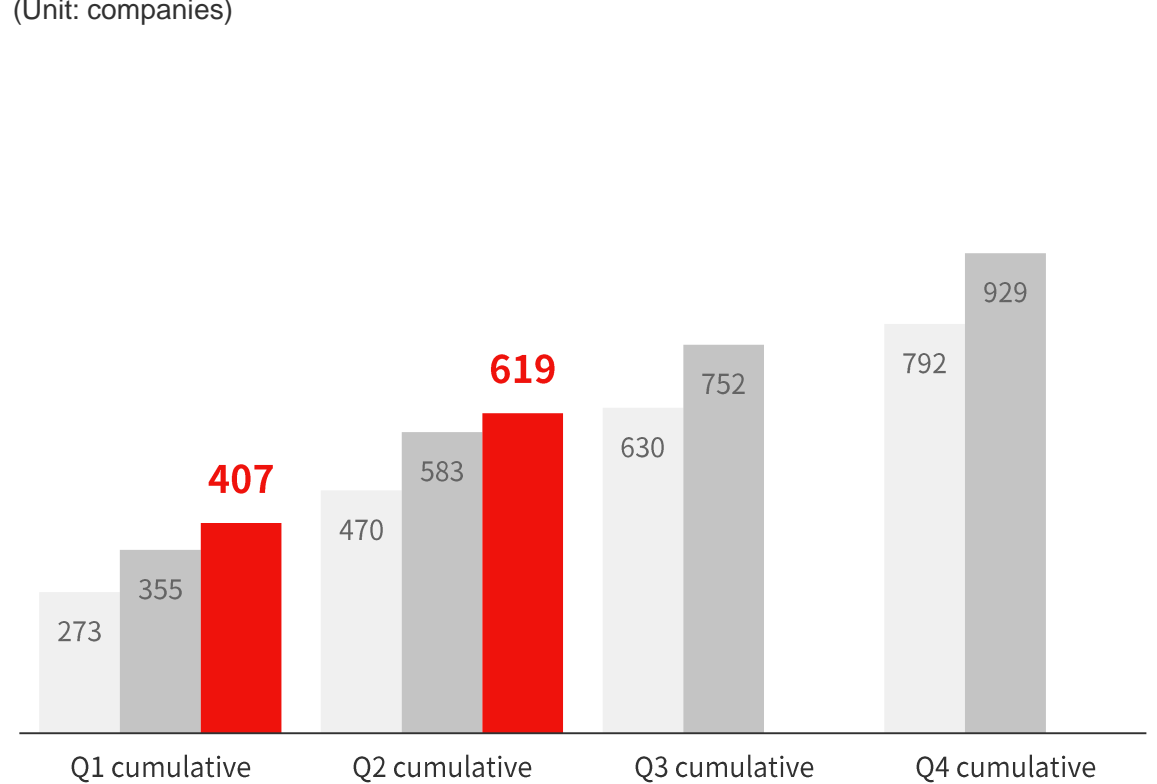
(Unit: companies)



Media Ad

■ FY20 ■ FY21 ■ FY22

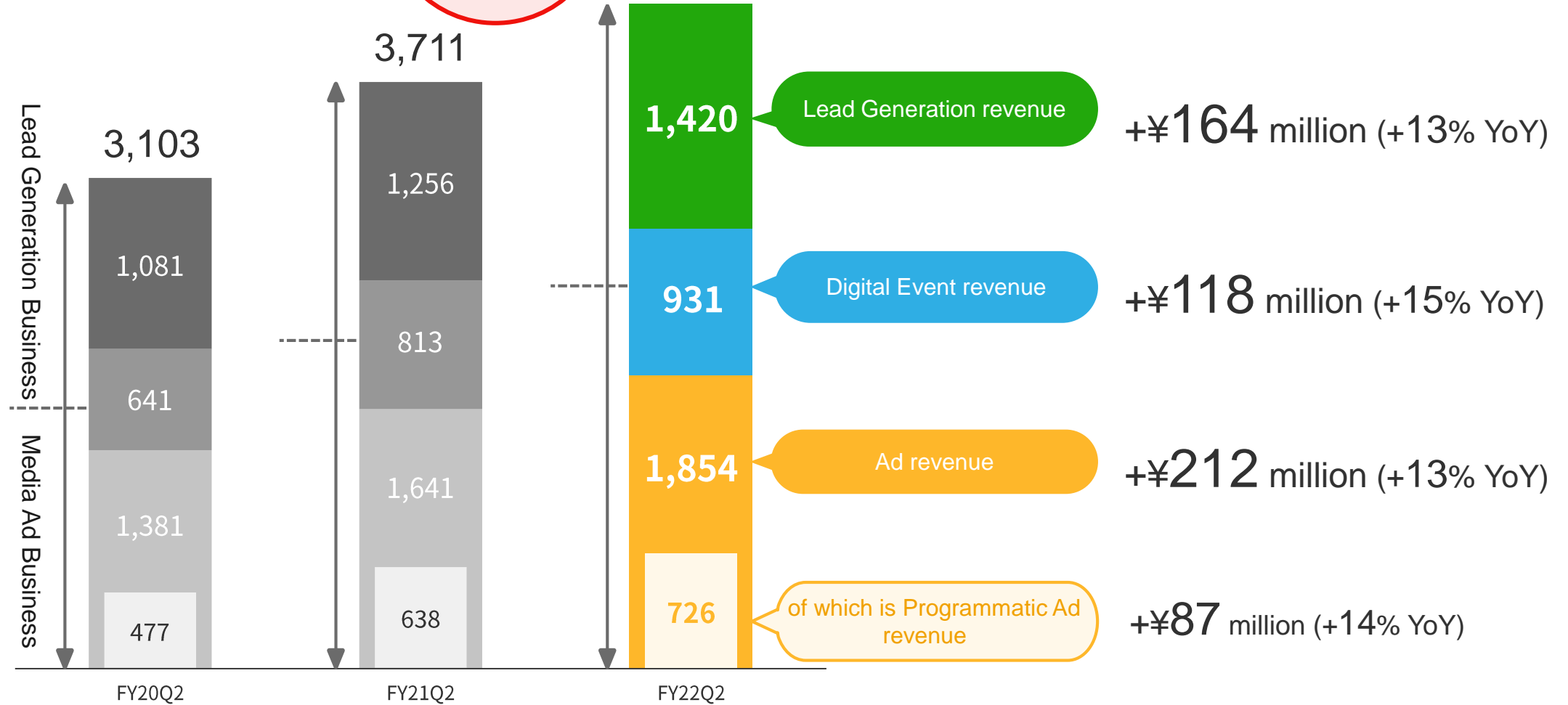
(Unit: companies)



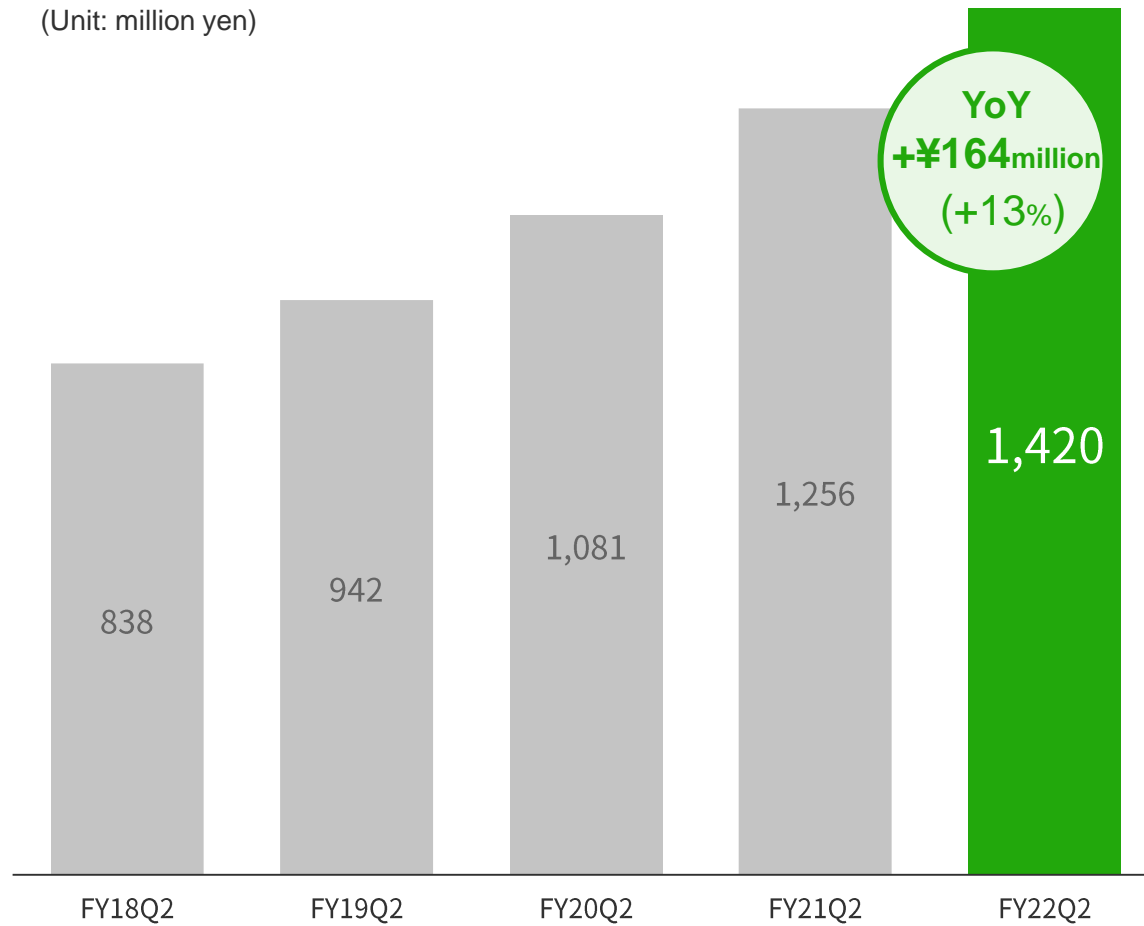
* Number of companies to which sales were recorded during the period

(Unit: million yen)

YoY
+¥495 million
 (+13%)



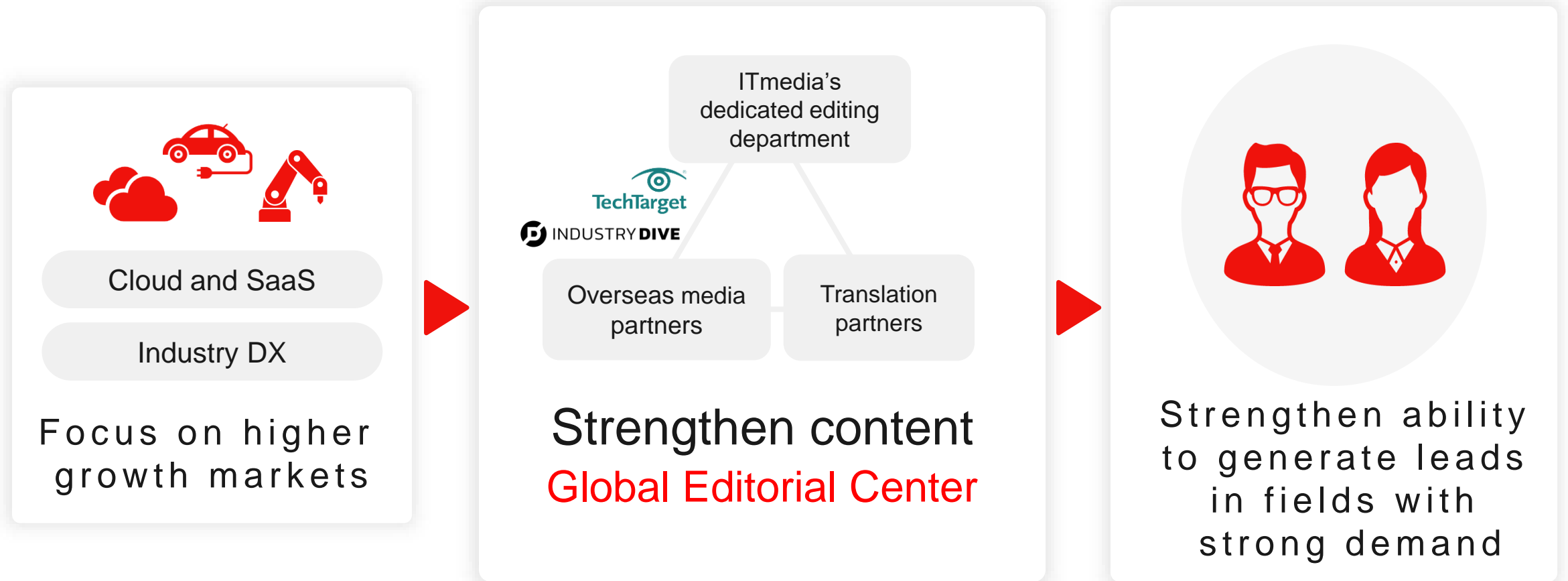
(Unit: million yen)



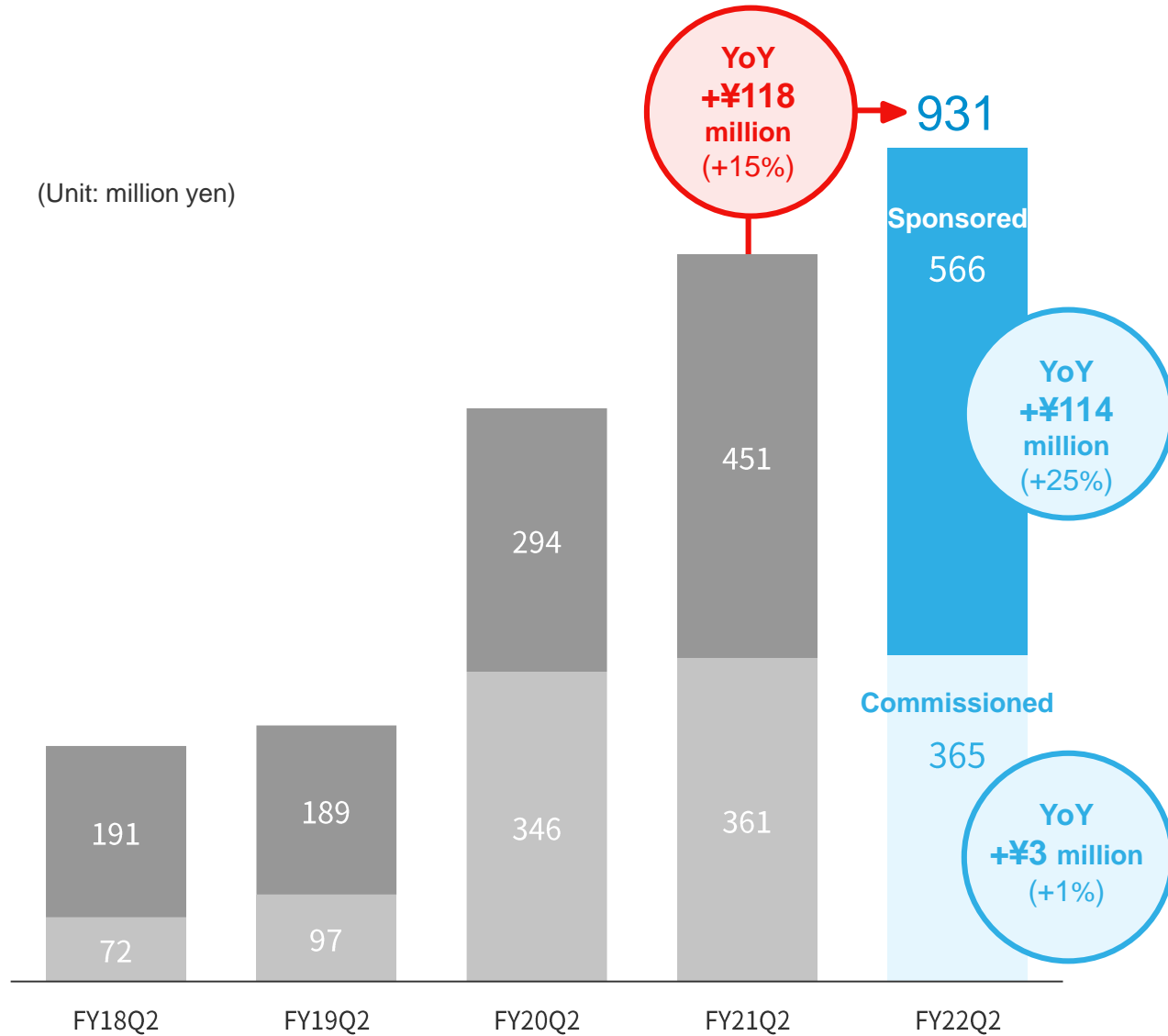
Demand continues to grow

Success in strengthening content

Strengthen content investment to achieve Medium-Term Target X40



(Unit: million yen)



Digital shift continued

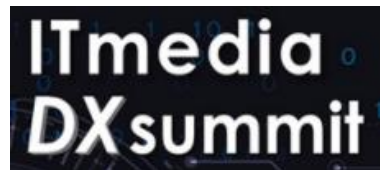
Growth mainly driven by sponsored events



ITmedia
SaaS EXPO
2022 Summer



ITmedia Virtual EXPO
2022 秋



(Related press releases)

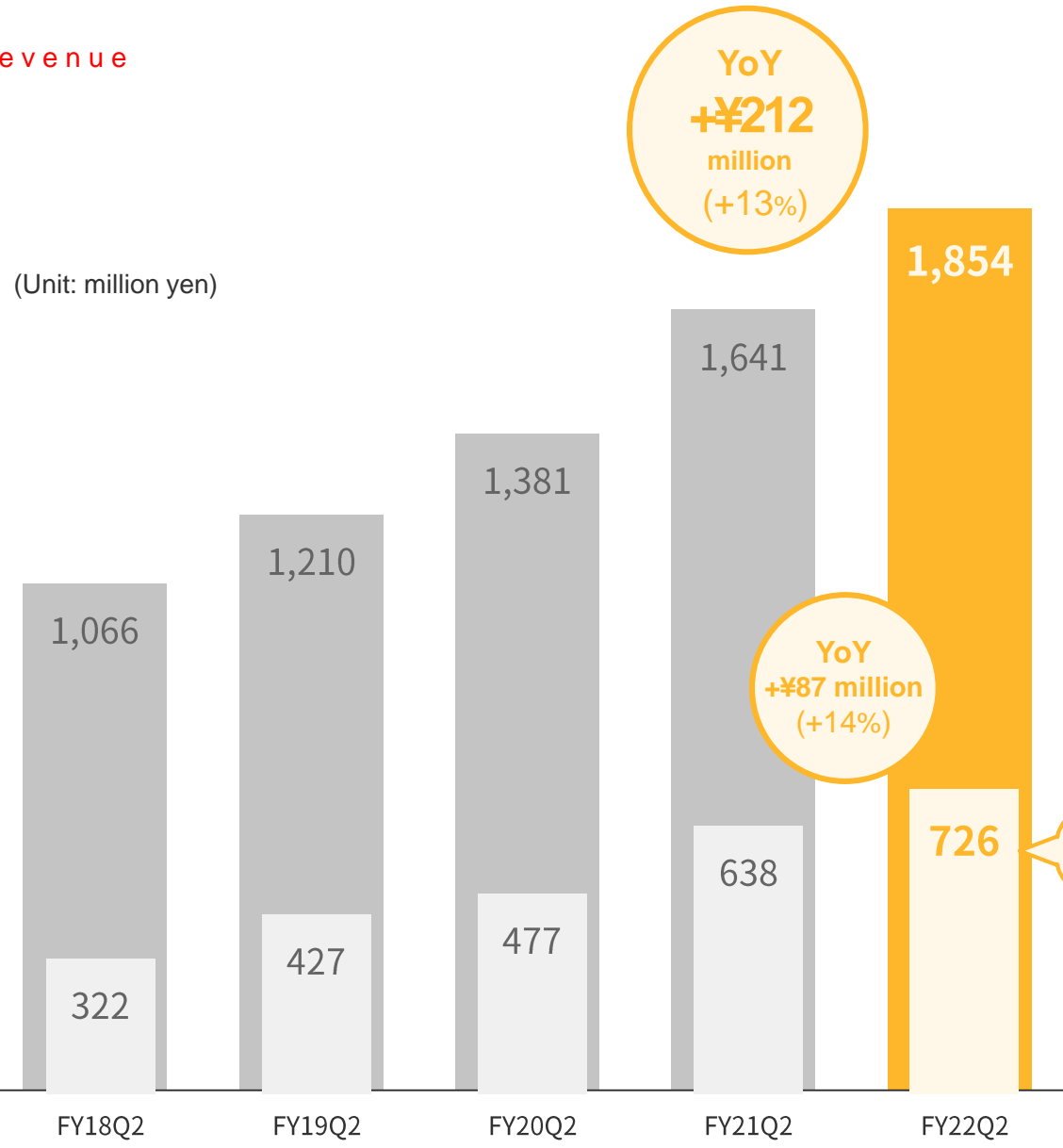
<https://corp.itmedia.co.jp/pr/releases/2022/09/05/securityweek/>

<https://corp.itmedia.co.jp/pr/releases/2022/10/11/digitalbusinessdays/>

Growth of event brands following ITmedia Virtual EXPO

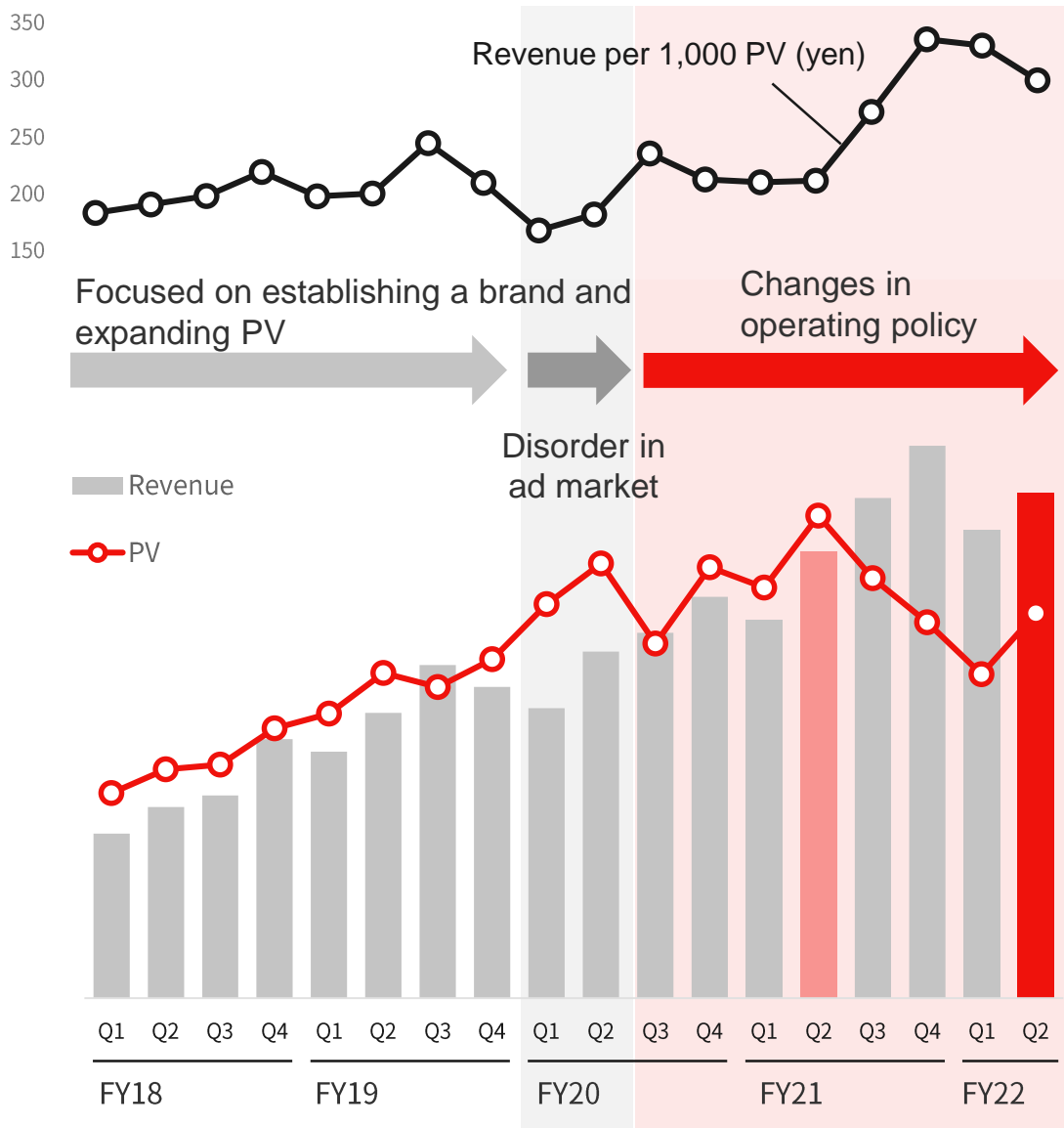
- Setting flagship event in each business field
- Enhancing existing brands
- Expansion of business fields and new events

Expand external ad placements to increase brand penetration and attract more customers (higher costs)



Smart and social Programmatic ads drive growth

of which is Programmatic Ad revenue



Projections for FY22

Fruits of changing policy since Q3 of FY20
 Total PVs growth will slow down
 High profit margin PVs will continue to grow
 +
 Ad market unit prices are expected to improve after the pandemic

Situation in 1H

Revenue continues to grow
 PV control is going well
 Ad market unit price improved, but slower than expected
 Updated programmatic ad management system



Company Overview







The Six-Month Period Ended
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Sustainability

Fiscal Year Ending March
31, 2023, Earnings Forecast
and Dividend Forecast

Here is a description of our quarterly progress

Sustainability: Priority topics for this fiscal year (announced on April 28, 2022)

| | | |
|--|---|--|
| <p>Done</p>  <p>Identify materiality (material issues)</p> | <p>Done</p>  <p>Broaden English disclosure</p> | <p>Topic</p>  <p>Respond to climate change (1) Expand decarbonization- related content</p> |
| <p>Done</p>  <p>Promote diversity</p> | <p>Topic</p>  <p>Expand SDGs-related content</p> | <p>Q3 and beyond plan</p>  <p>Respond to climate change (2) Disclosure of ESG data</p> |

Contribute to social innovation as a media outlet

Content example

A feature article on SDGs “The future of society as transformed by corporations”

<https://www.itmedia.co.jp/news/special/bz220206/index.html>

SDGs特集 「企業が変わる未来の社会」

by ITmedia NEWS & ITmedia ビジネスオンライン

企業活動が社会により良い影響を与え、持続可能な未来を描くこと——顧客やパートナーの信頼を勝ち取るためにこれらの視点は不可欠です。私たちはSDGsに取り組む企業を応援しています。



未来を創る、企業の挑戦



貧困や飢餓、気候変動、天然資源の枯渇、教育機会とジェンダーの不平等など、世界の国や地域が抱えるさまざまな問題を解決するために、193の国連加盟国は2015年、今後の15年間で達成すべき目標として、SDGs (Sustainable Development Goals : 持続可能な開発目標) を掲げました。そして、この17の分野にわたる大きな挑戦は、いまだ多くの企業で注目されています。

Content example

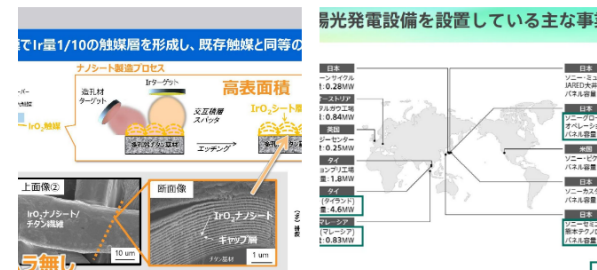
The challenge of becoming carbon neutral -What should the manufacturing industry do now?-

<https://monoist.itmedia.co.jp/mn/subtop/features/carbonneutral/>



カーボンニュートラルへの挑戦 製造業は今、何をすべきか

脱炭素動向 脱炭素ソリューション 脱炭素事例



脱炭素：省イリジウムな水電解用電極の大型化技術開発、東芝が2023年以降商用化を目指す

10月7日 08時00分

製造マネジメントニュース：AI倫理対策や2040年のネットゼロ実現、加速するソニーのサステナビリティ施策

9月21日 08時00分



おすすめブックレット

三菱重工が脱炭素に2兆円/5G基地局のCO2排出量半減

4 Materiality

Promote work styles that respect diversity

Creating an environment in which a diverse workforce can fulfill their abilities without anxiety, thereby increasing employees' motivation and productivity while pursuing sustainable corporate growth.



Diversity

Projecting the promotion of female participation and career advancement

▶ An action plan is under development

Target ratio of females in management 30%



Smart work

▶ Expansion of smart work system

Employees can choose to work in remote locations

▶ Optimize remote work and work environment

Reduce the space in Kioicho office

Use flexible office to address the headcount growth in the future

Flexible space adjustment

Promote making variable costs

Higher cost is expected in 2H FY22

(Accelerated depreciation of existing buildings and facilities: around ¥40 million)

Press release on October 3, 2022

<https://corp.itmedia.co.jp/pr/releases/2022/10/03/smartwork2/>



Company Overview

The Six-Month Period Ended
September 30, 2022,
Earnings Overview

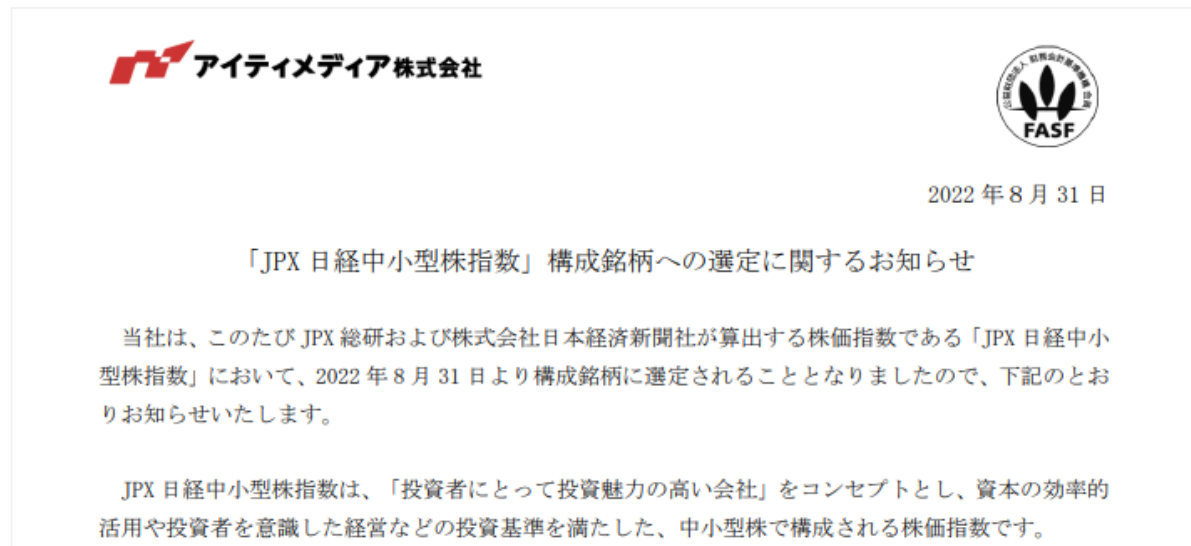
Sustainability

Fiscal Year Ending March
31, 2023, Earnings Forecast
and Dividend Forecast

ITmedia was selected as a component of the “JPX-Nikkei Mid and Small Cap Index” (From August 31, 2022)

We are fully committed to sustainability in response to the heightened expectations of our stakeholders associated with our transition to the prime market.

We will continue our efforts to further enhance our corporate value to meet the expectations of our shareholders, investors, and other stakeholders.





COVID-19

Situation in Ukraine

Weak yen
Inflation concerns

No sign of calming, and uncertainty increased in the short term
Earnings slowdown in some companies, especially major foreign firms

Envisioned due to pandemic being gotten under control

- Digital shift within marketing will continue
- Digital Event revenue: slow down in the short term  Minor than initially expected
- Programmatic Ad revenue: unit price will improve  Slower than initially expected

- Steady in 1H
- Increased uncertainty in business conditions
- Temporary cost addition in 2H

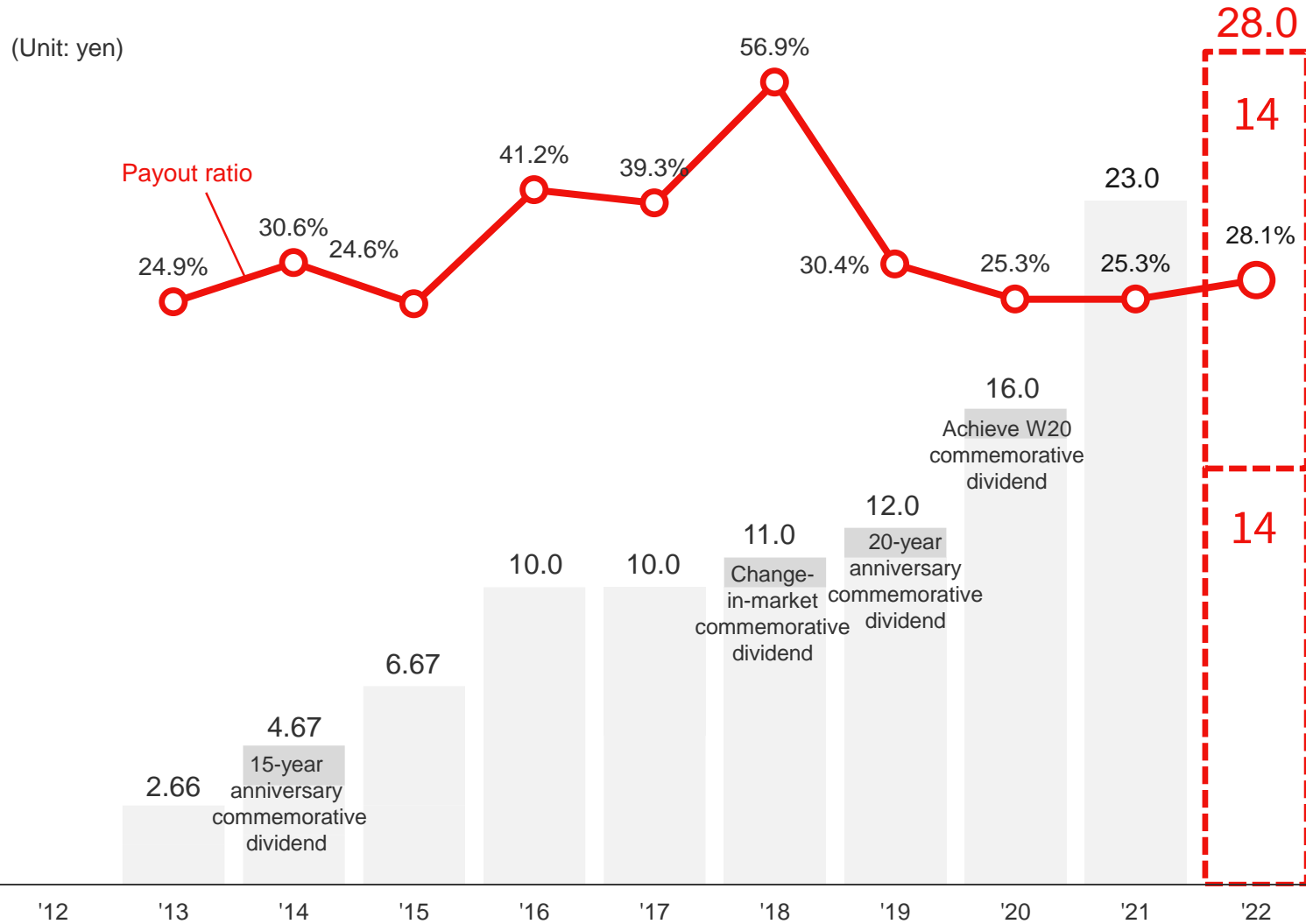


Current forecasts are maintained

(Accelerated depreciation of an office *P44)

| (Unit: million yen) | Revenue | Operating income | Net income attributable to owners of parent |
|---------------------|---------|------------------|---|
| Full fiscal year | 8,730 | 2,920 | 1,970 |
| YoY change | (+7.9%) | (+8.7%) | (+9.4%) |
| FY21 Actual | 8,092 | 2,687 | 1,800 |

Forward-looking comments noted above, such as earnings outlooks, are based on information available when the material was created and certain assumptions deemed rational, and the Company does not guarantee they will occur. Actual earnings may substantially differ due to various factors.



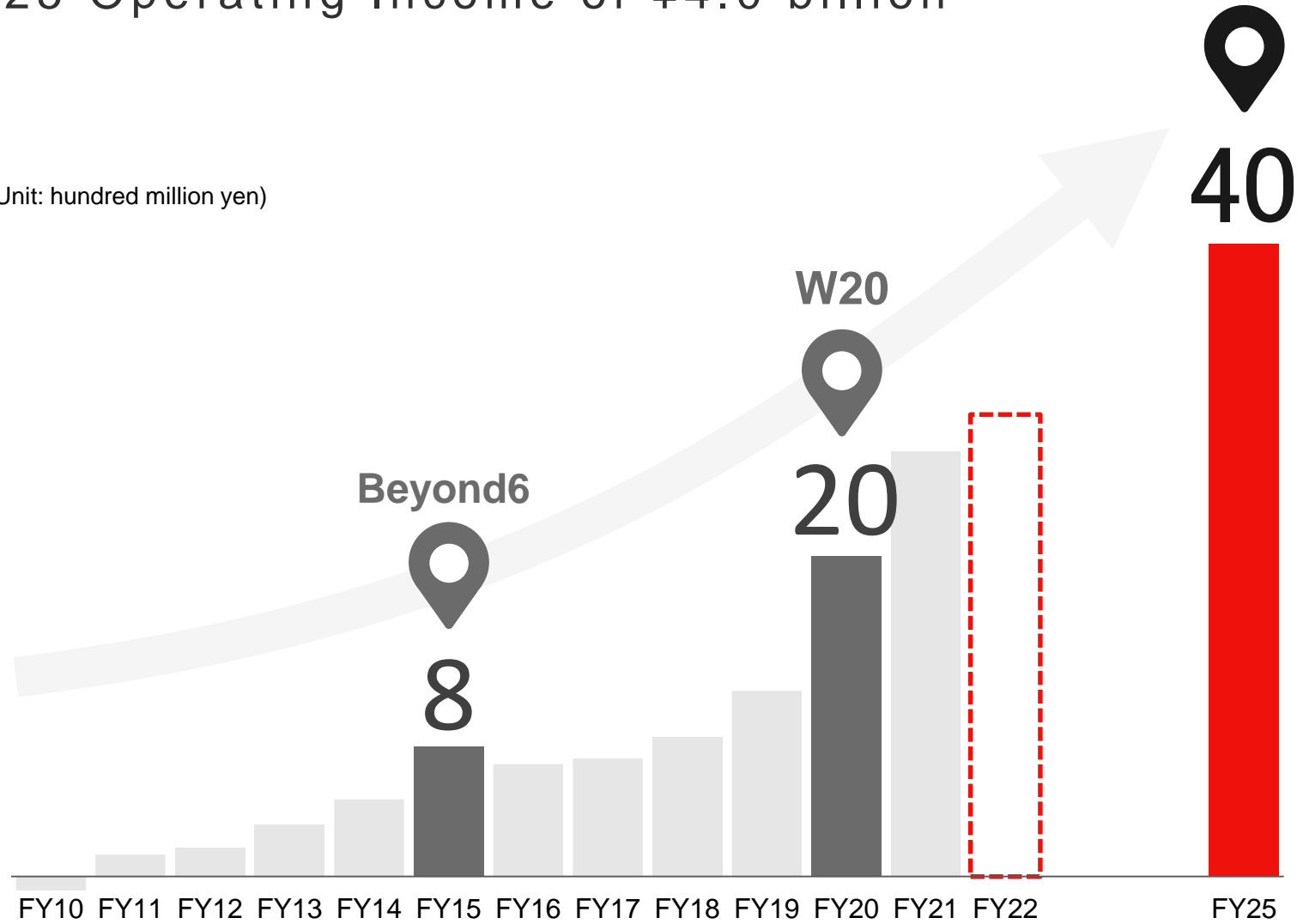
No change to our original forecast

For full fiscal year
28yen

* Payout ratio 28.1%

FY25 Operating Income of ¥4.0 billion

(Unit: hundred million yen)



FY25 Operating Income

40 hundred million yen achieved
||
X40



ITmedia Inc.

Our Mission

Contribute to Information
Revolution by Innovating
Professional Media



ITmedia Inc.

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