

ITmedia Inc.

The Three-Month Period Ended June 30, 2023

# Earnings Briefing

July 31, 2023

Securities code: 2148

Tokyo Stock Exchange Prime Market



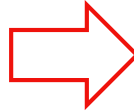


*This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.*

- Forward-looking statements, 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, 2023. 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.
- The information included in this material has been carefully prepared, but readers should be aware that we do not guarantee the accuracy or certainty of that information.
- This material is not intended to solicit investments. We shall advise you to make your final investment decision at your own risk.
- The unauthorized use of this material and data is 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 operation because of the transfer of shares. Income and losses arising from discontinued operations are given separately from continuing operations in the Condensed Interim Statement of Income. Revenue and operating income are the monetary amount of continuing operations. We have applied this classification to the Condensed Interim Statement of Income for the fiscal year ended March 31, 2019.

## Reclassification of Reportable Segments Effective from FY2023

Lead Generation Business  
Media Ad Business



BtoB Media Business  
BtoC Media Business

Former classification

New classification

### Lead Generation Business

Revenue ¥816 million

Operating income  
¥182 million

Lead Generation

Commissioned  
Digital Events

### Media Ad Business

Revenue ¥986 million

Operating income  
¥232 million

Sponsored  
Digital Events

Ads

Programmatic Ads

### BtoB Media Business

Revenue ¥1,500 million

Operating income  
¥361 million

Lead Generation

Commissioned  
Digital Events

Sponsored  
Digital Events

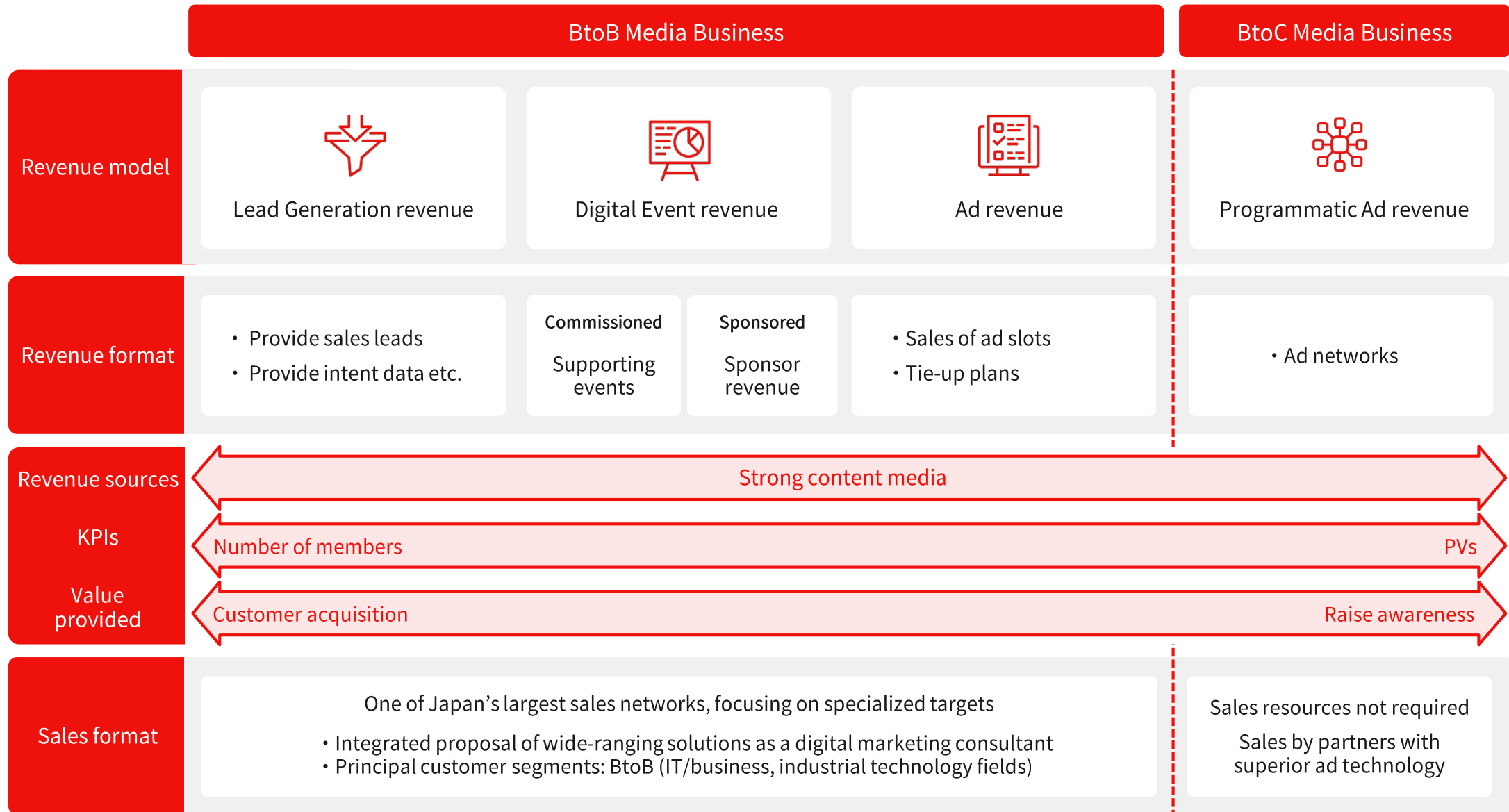
Ads

### BtoC Media Business

Revenue ¥301 million

Operating income  
¥53 million

Programmatic Ads





## FY23 Q1 Earnings Overview

BtoB Media Business

BtoC Media Business

FY23 Earnings Forecast

Company Business Overview and Growth Strategy

Shareholder Return & Sustainability



Decreased revenue and profit in Q1. Uncertain external environment worse than expected  
Impact is expected to last throughout the current period

Earnings

External Environment & Overview

Q1 actual

Decreased revenue and profit

Revenue ¥1,802 million (-9%)

- Lead Generation revenue +0%
- Digital Event revenue -17%
- Ad revenue -11%
- Programmatic Ad revenue -14%

Operating income ¥414 million (-34%)

Impact of market conditions surrounding the Company increased in the short term

U.S. technology market declined

- Ad placements by foreign companies slowed down

There was a return to in-person activity due to the expected end of the pandemic

- Demand for digital events, especially from Japanese companies, slowed down

Programmatic Ad market declined more than expected

Traffic decay occurred on some search engine algorithms

Earnings forecast

Slowdown is expected to peak in the first quarter

Impact is expected to last throughout the current period

Revenue ¥8,320 million (-5%)

Operating income ¥2,400 million (-18%)

We will repurchase common shares

Market conditions are expected to remain bearish

U.S. technology market expected to decline

- Expected to improve in the second half onward

There will be a return to in-person activity due to the expected end of the pandemic

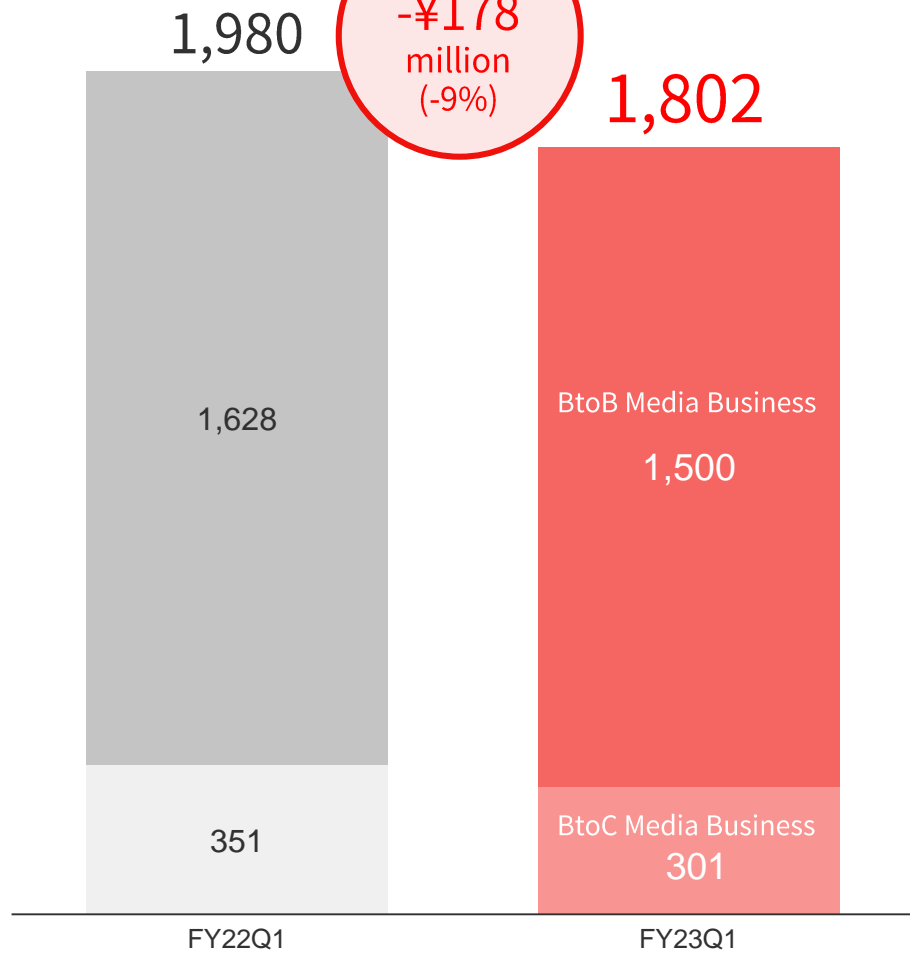
- This return is expected to peak in the first half

Programmatic Ad market

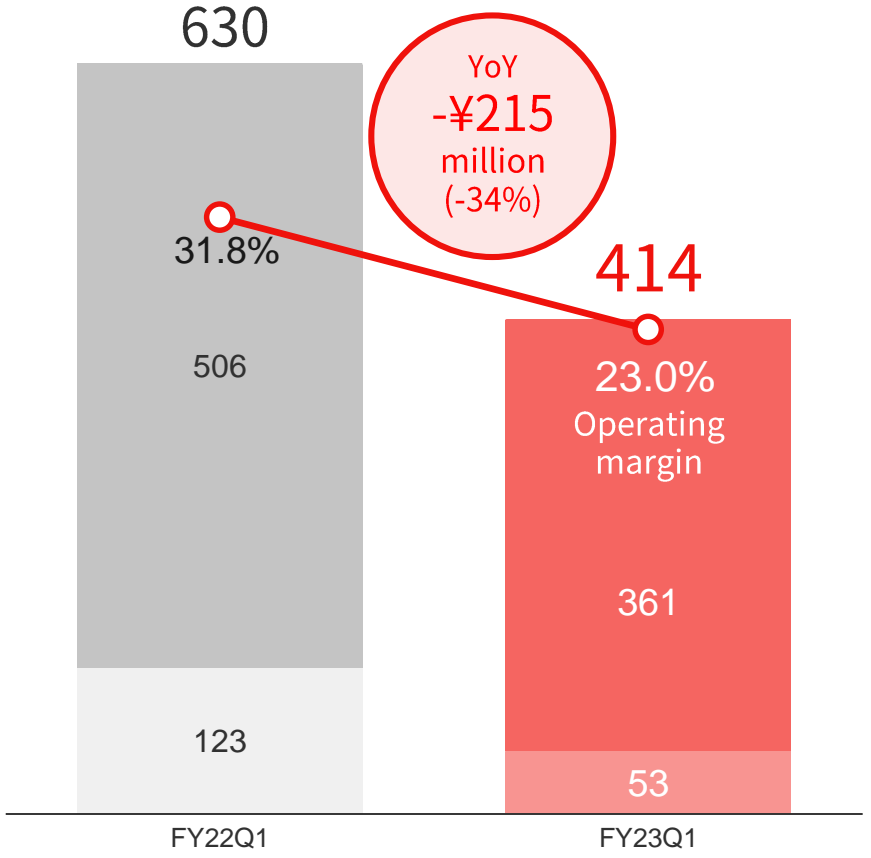
- Moderate improvement is expected

Revenue

Cumulative period  
Unit: million yen

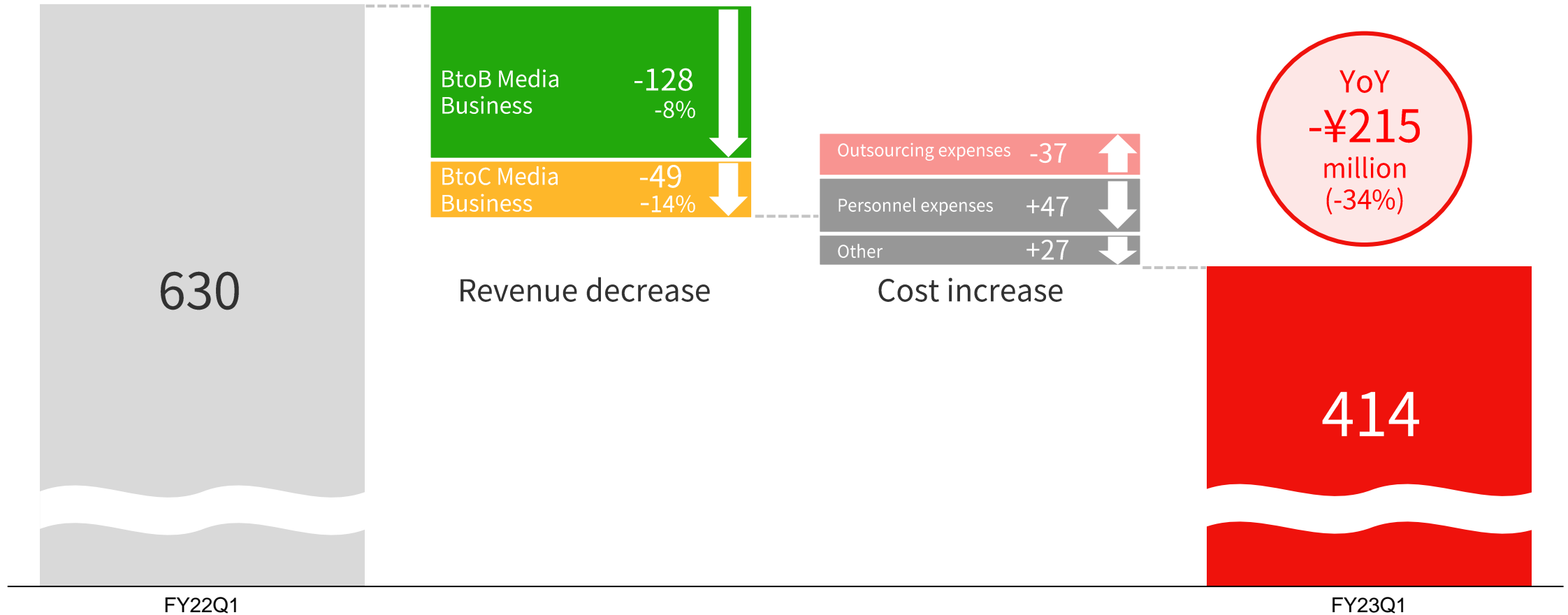


Operating income



Decreased revenue and profit.  
 Personnel expenses increased while we curbed outsourcing expenses.

Cumulative period  
 Unit: million yen





Cumulative period Unit: million yen	FY22Q1		FY23Q1		Increase	% change
	Amount	As % of revenue	Amount	As % of revenue		
Revenue	1,980	100.0%	1,802	100.0%	(178)	(9.0)%
Total cost	1,349	68.2%	1,387	77.0%	+37	+2.8%
(of which are personnel expenses)	730	36.9%	777	43.1%	+47	+6.4%
EBITDA	693	35.0%	482	26.7%	(211)	(30.5)%
Operating income	630	31.8%	414	23.0%	(215)	(34.2)%
Income before income tax	629	31.8%	417	23.2%	(212)	(33.7)%
Net income	428	21.6%	280	15.6%	(147)	(34.5)%
Net income attributable to owners of parent	428	21.6%	280	15.6%	(147)	(34.5)%

\* EBITDA: Operating income + depreciation + amortization on intangible assets + impairment loss + stock-based compensation expenses - other one-time revenue + other one-time expenses

Cumulative period Unit: million yen	FY22Q1	FY23Q1	Change
Cash flows from operating activities	77	148	+71
Cash flows from investing activities	(5)	(125)	(119)
Cash flows from financing activities	(273)	(301)	(27)
Change in cash and cash equivalents	(201)	(277)	(75)
Cash and cash equivalents at beginning of the period	6,815	7,978	+1,162
Cash and cash equivalents at end of the period	6,613	7,701	+1,087

### Main items of operating CF

Net income (loss) before income tax	+417
Depreciation and amortization	+67
Decrease in trade and other receivables	+243
Decrease in trade and other payables	(93)
Income taxes paid	(472)

### Main items of investing CF

Purchase of property, equipment, and intangible assets	(113)
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### Main items of financing CF

Dividends paid	(268)
Payments of lease liabilities	(34)

Unit: million yen		At the end of March 2023	At the end of June 2023	Change
Assets	Current assets	9,996	9,450	(546)
	Non-current assets	1,161	1,395	+234
	Total assets	11,158	10,845	(312)
Liabilities	Current liabilities	1,668	1,254	(413)
	Non-current liabilities	60	156	+95
	Total liabilities	1,729	1,411	(317)
Equity	Share capital/capital surplus	3,969	3,971	+1
	Retained earnings	6,603	6,607	+3
	Treasury stock	(1,144)	(1,144)	-
	Accumulated other comprehensive income	-	0	+0
	Total equity attributable to owners of parent	9,429	9,434	+5
	Total equity	9,429	9,434	+5
Equity attributable to owners of parent per share	¥476.37	¥476.55	+¥0.18	
Ratio of equity attributable to owners of parent to total assets	84.5%	87.0%	+2.5pt	

### Total assets

Cash and cash equivalents	(277)
Trade and other receivables	(243)
Other current assets	(23)
Right-of-use assets	+224

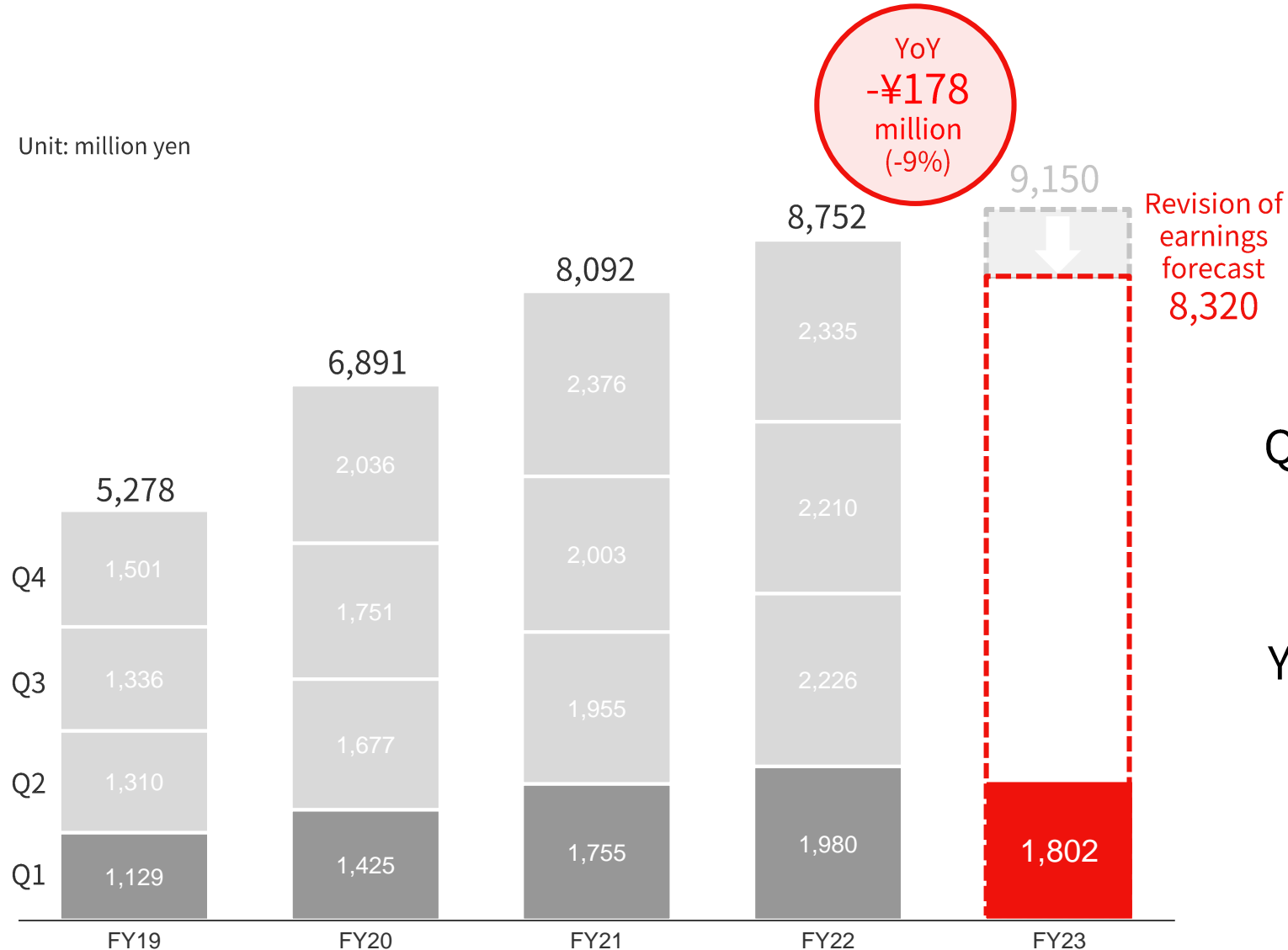
### Total liabilities

Trade and other payables	(169)
Lease liabilities	+214
Income tax payable	(335)
Other current liabilities	(27)

### Total equity

Retained earnings	+3
Of which is net income	+280
Of which are dividends from retained earnings	(277)

Unit: million yen



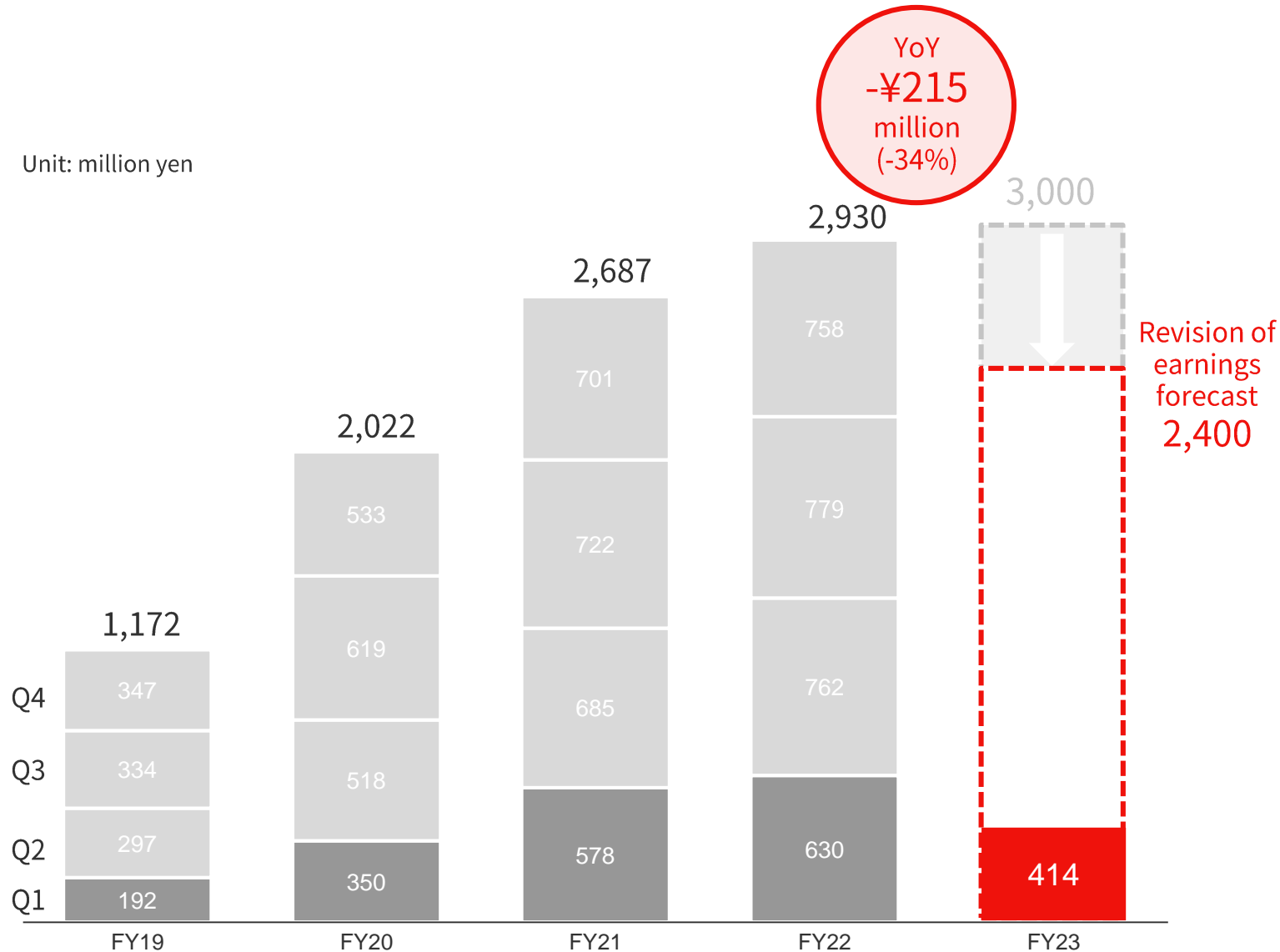
Decrease revenue

Q1 **¥1,802** million

YoY change

**-¥178** million  
(-9%)

Unit: million yen



Decrease profit

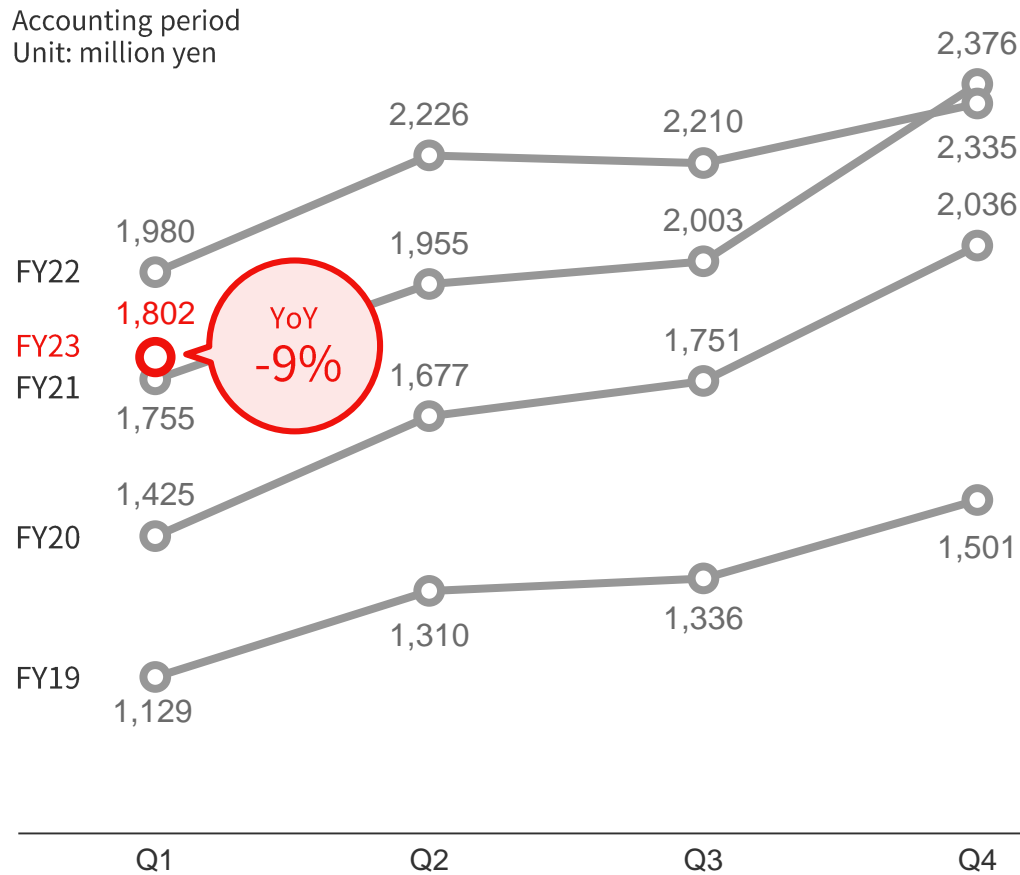
Q1 **¥414** million

YoY change

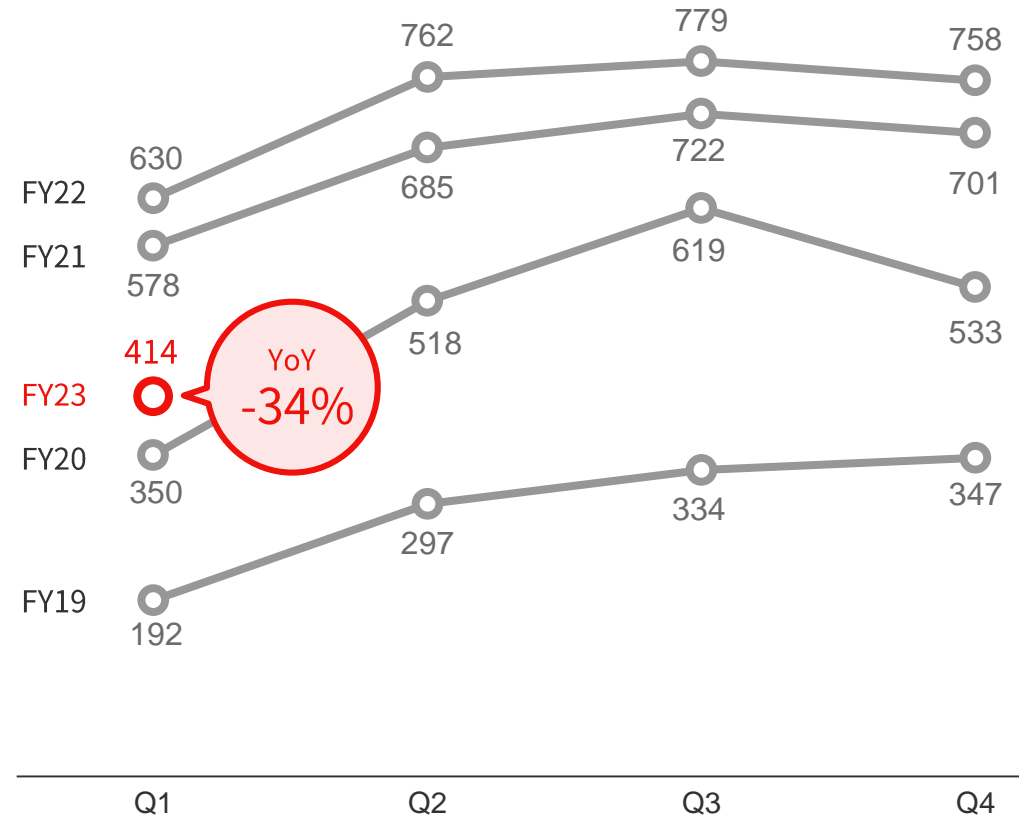
**-¥215** million  
**(-34%)**

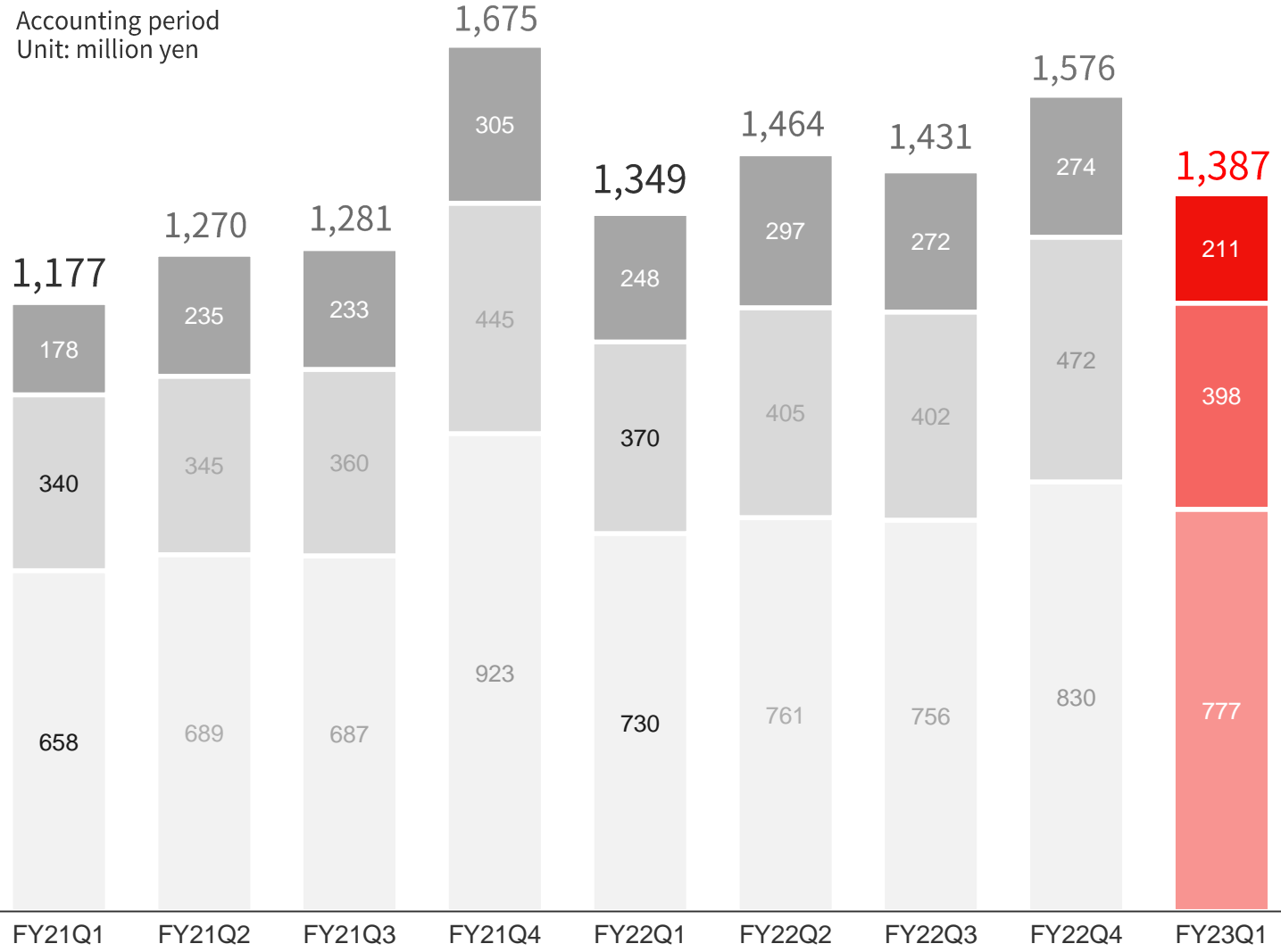
# Q1: Profit decline accelerated in comparison to revenue decline due to a large proportion of fixed costs

Revenue



Operating income



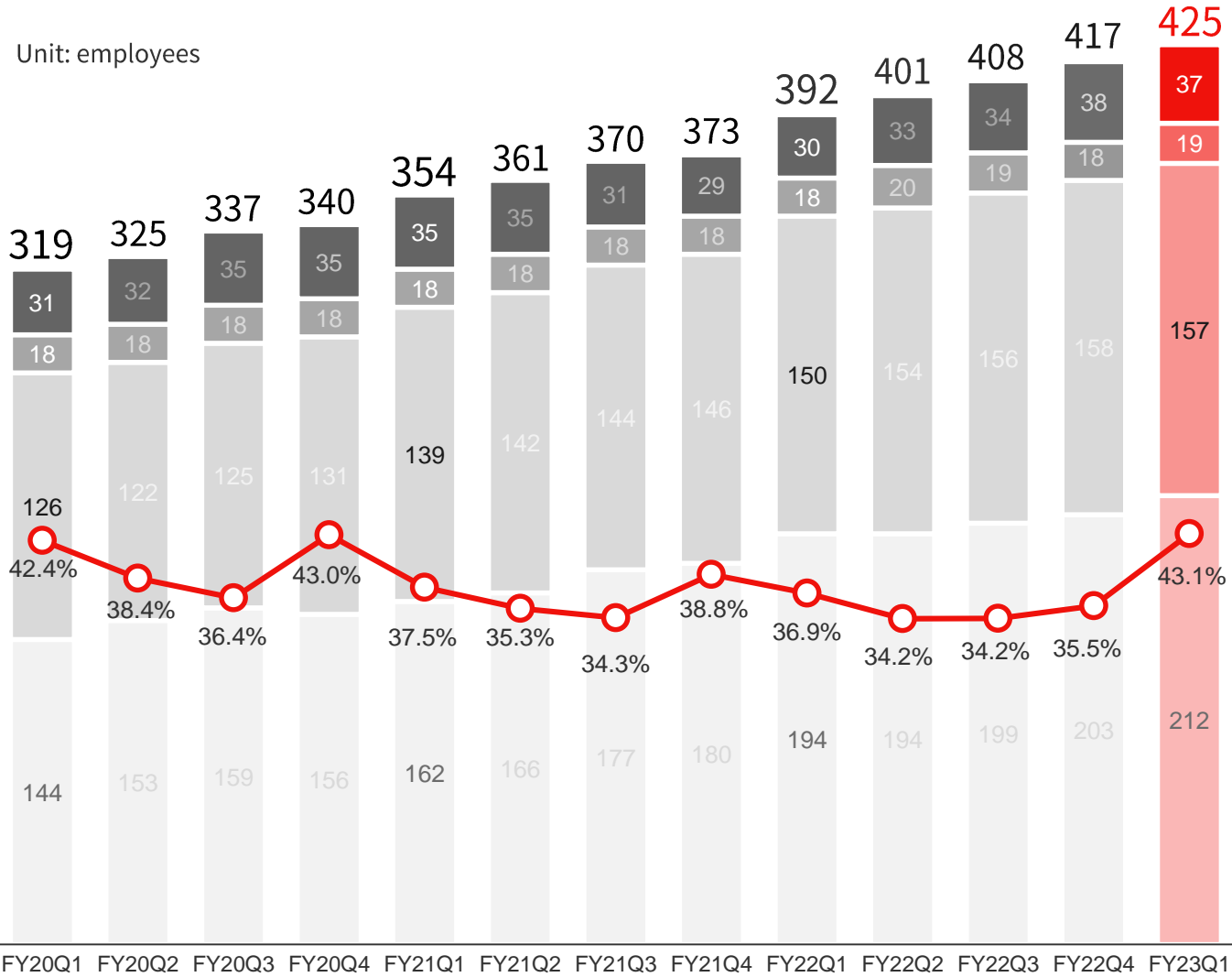


	Q1	YoY change	As percent of total
Total		+2.8%	100%
Outsourcing expenses		-15.0%	15.2%
Other		+7.5%	28.8%
Personnel expenses		+6.4%	56.0%

Main factors behind year on year change

- Personnel expenses: +47
  - Increase in the number of employees (hired in the previous fiscal year)
  - Six new graduates joined the Company in the current fiscal year
- Outsourcing expenses: -37
  - Curtailed, especially for digital events
- Other: +27
  - Business environment, system



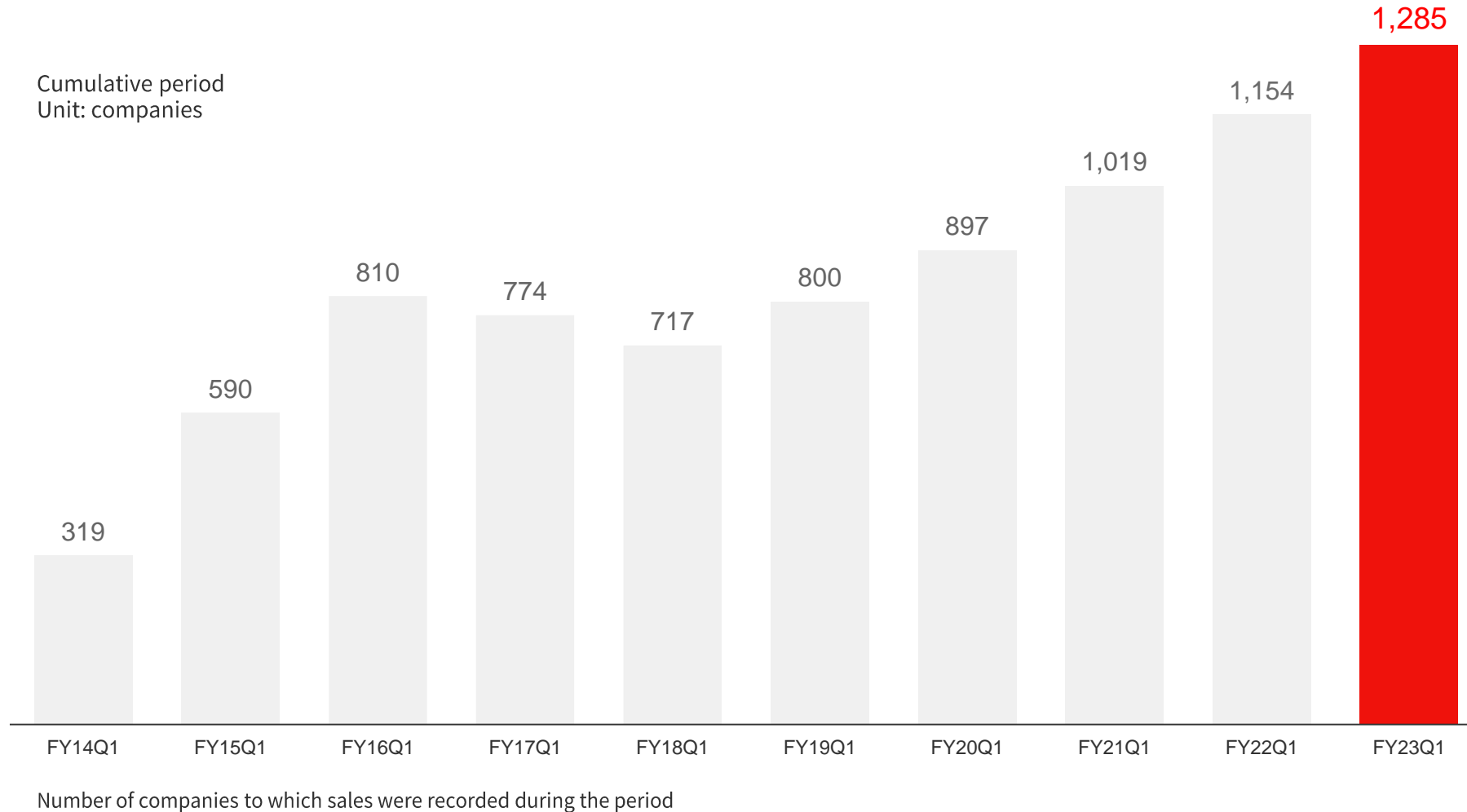


	Q1	YoY change	As percent of total
Total		+33	100%
Administrative and other		+7	8.7%
Technical		+1	4.5%
Sales and planning		+7	36.9%
Editing		+18	49.9%

Includes contract, temporary, and part-time employees

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

# Number of customers increased despite decrease in revenue. Hacchu Navi expanded.





FY23 Q1 Earnings Overview

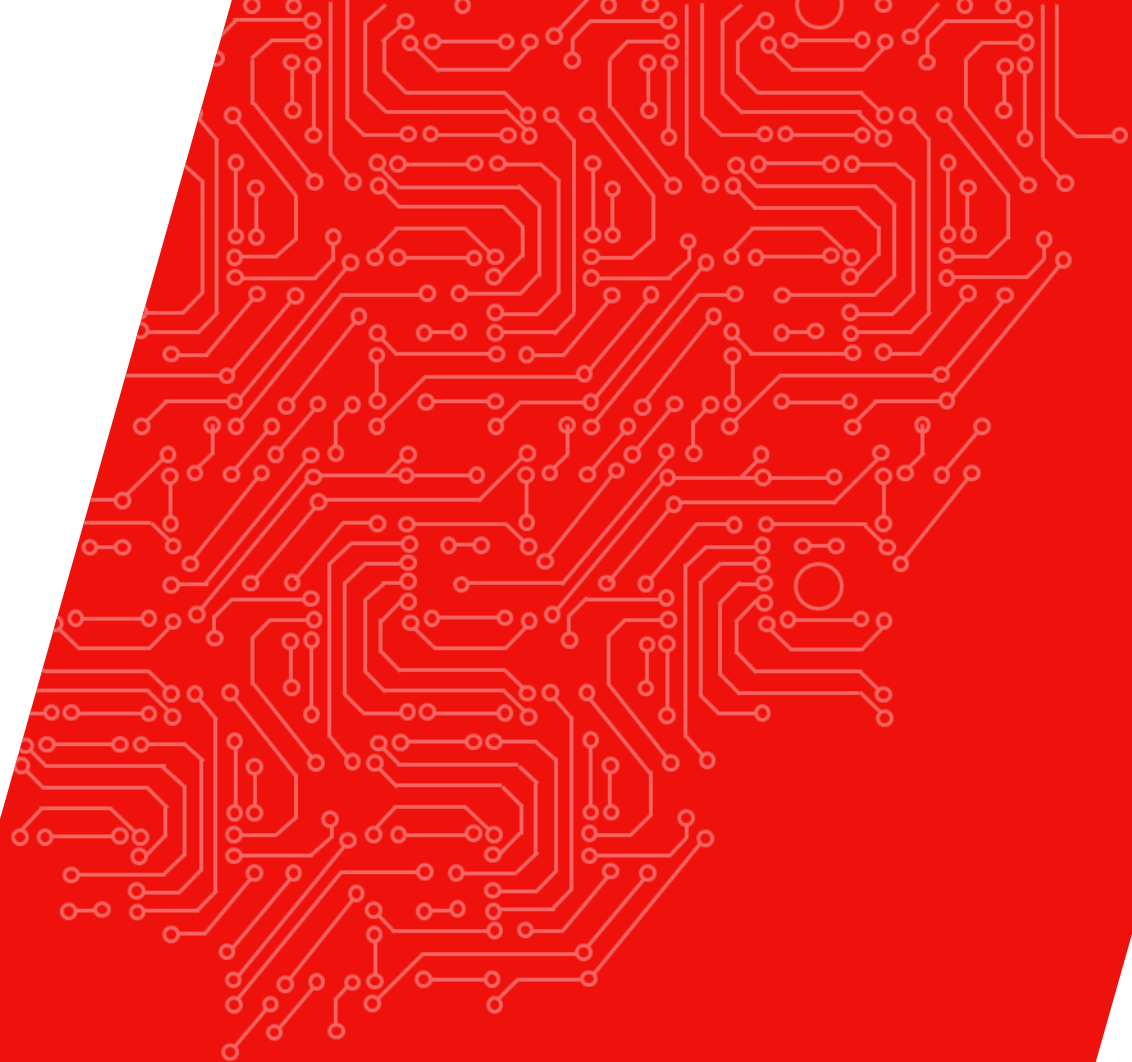
BtoB Media Business

BtoC Media Business

FY23 Earnings Forecast

Company Business Overview and Growth Strategy

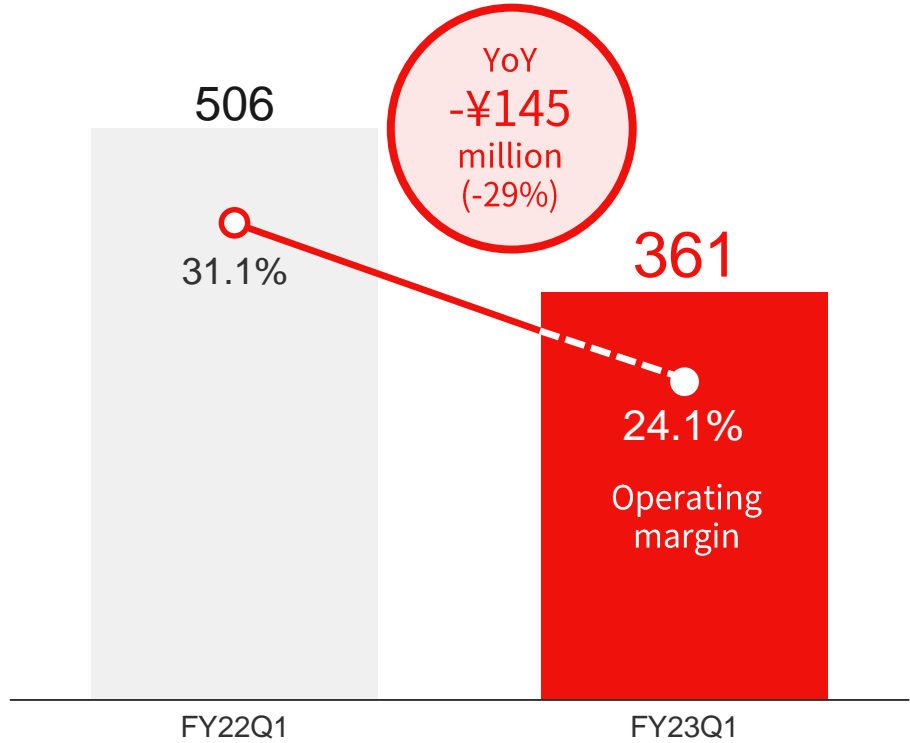
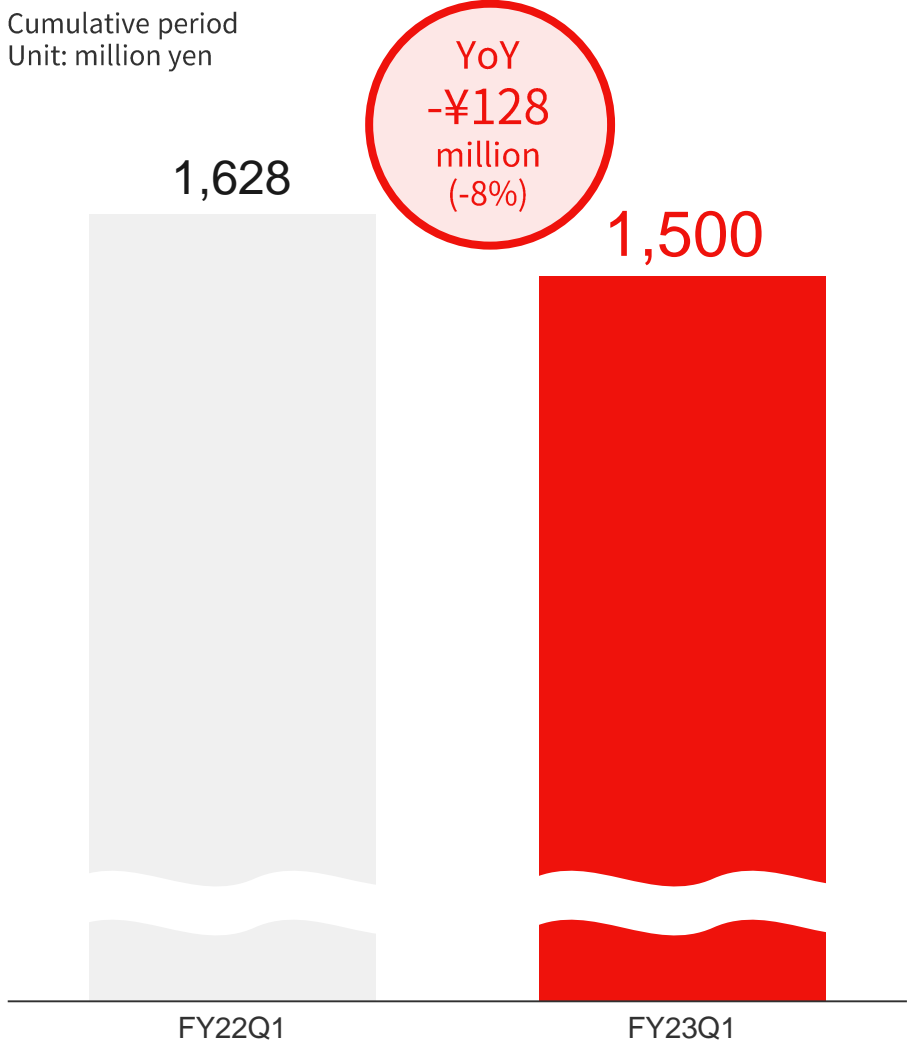
Shareholder Return & Sustainability



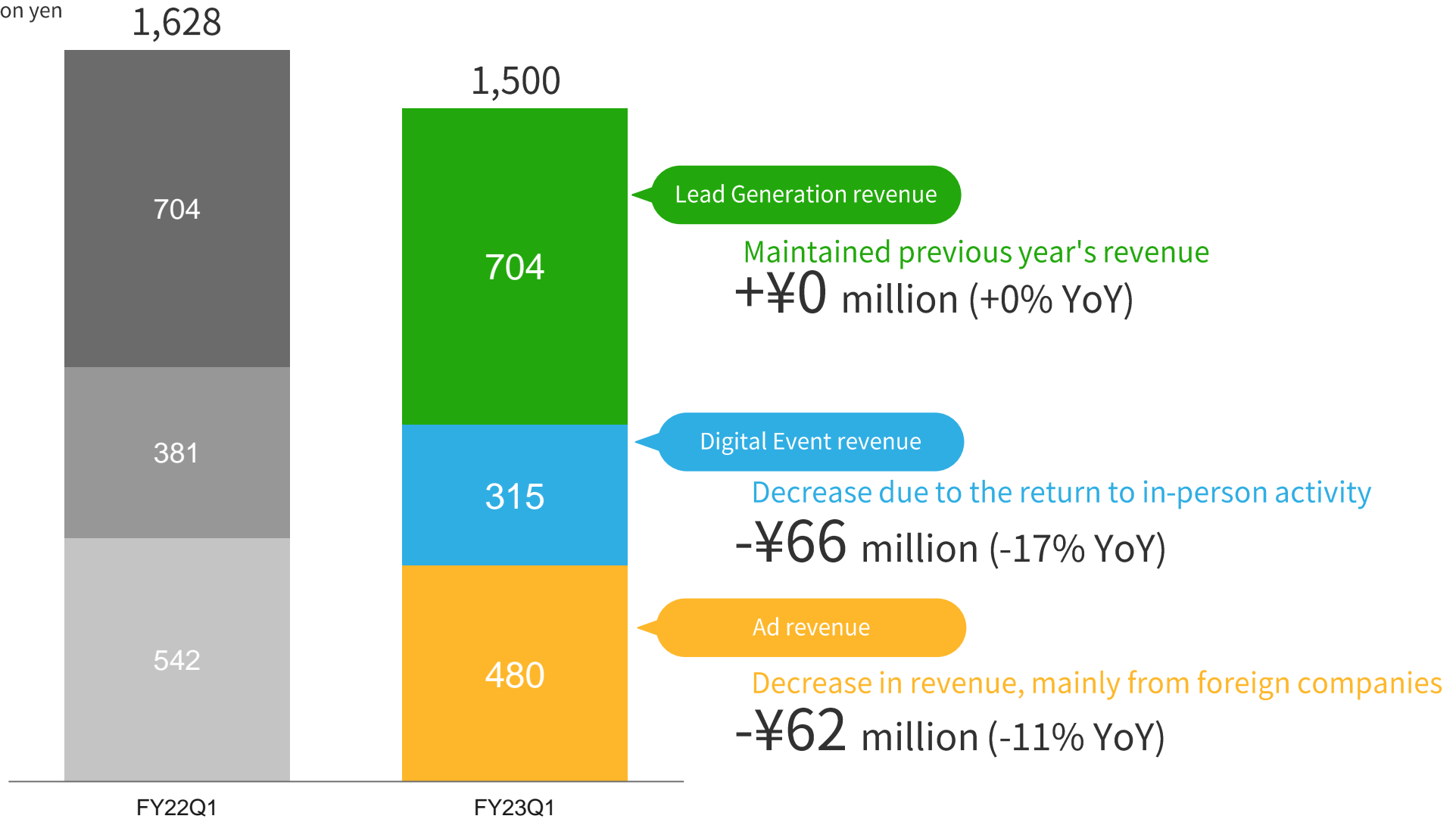
Revenue

Operating income

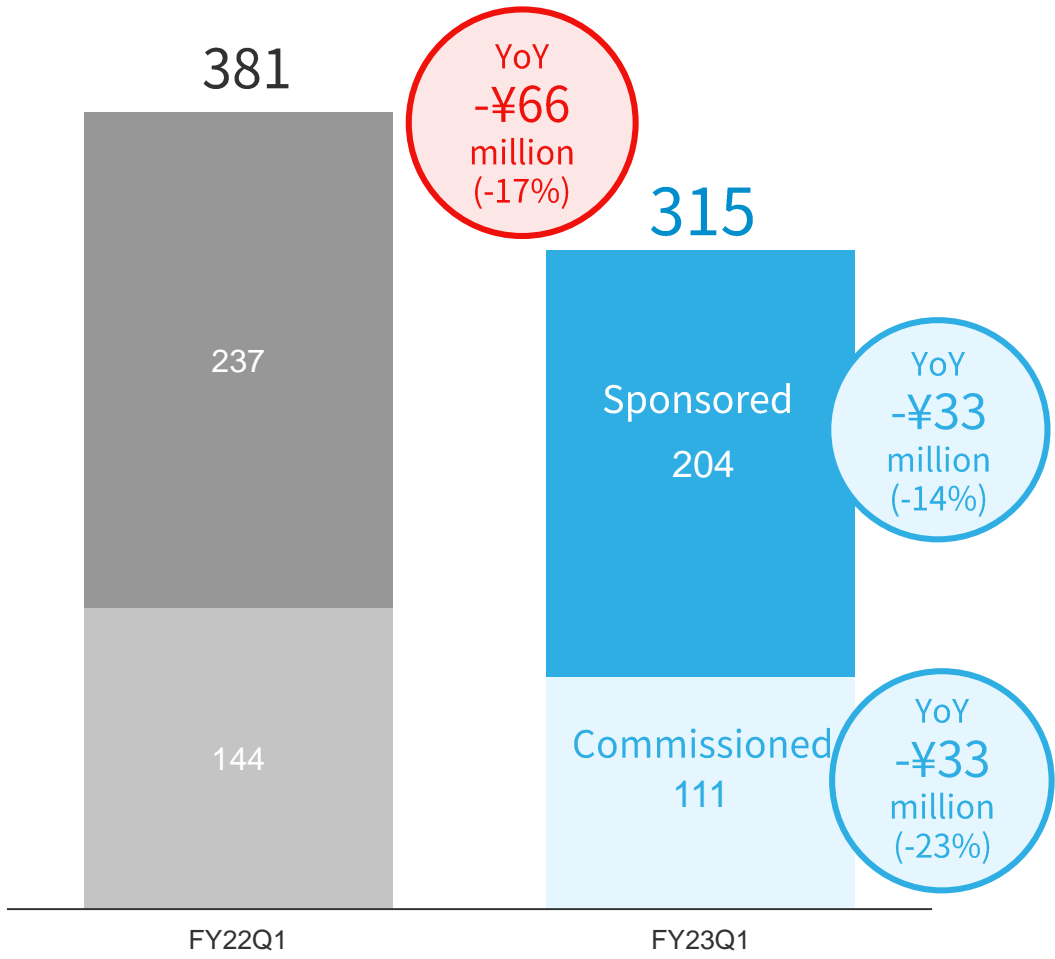
Cumulative period  
Unit: million yen



Cumulative period  
Unit: million yen



Cumulative period  
Unit: million yen

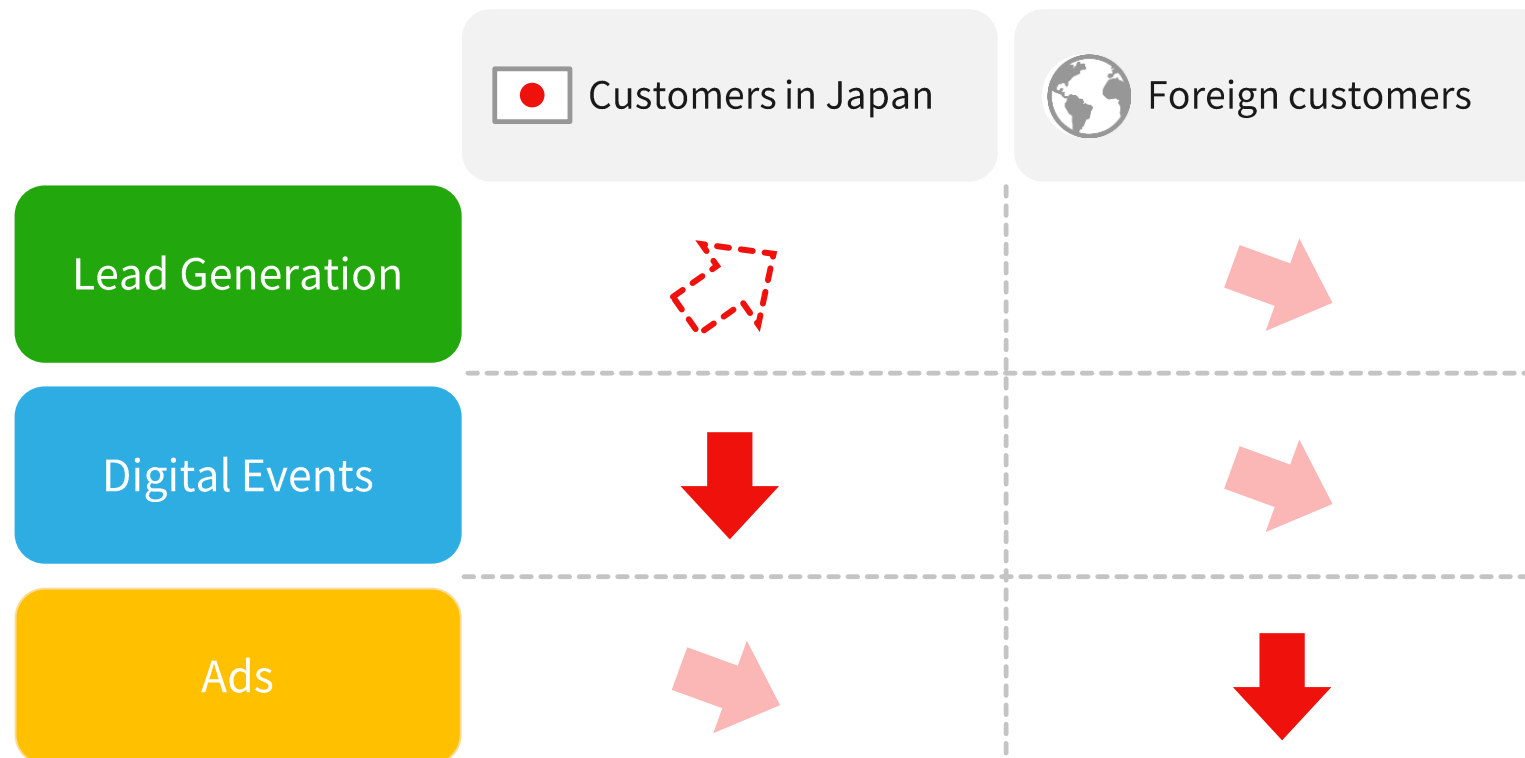


First half expected to be the peak of the return to in-person activity



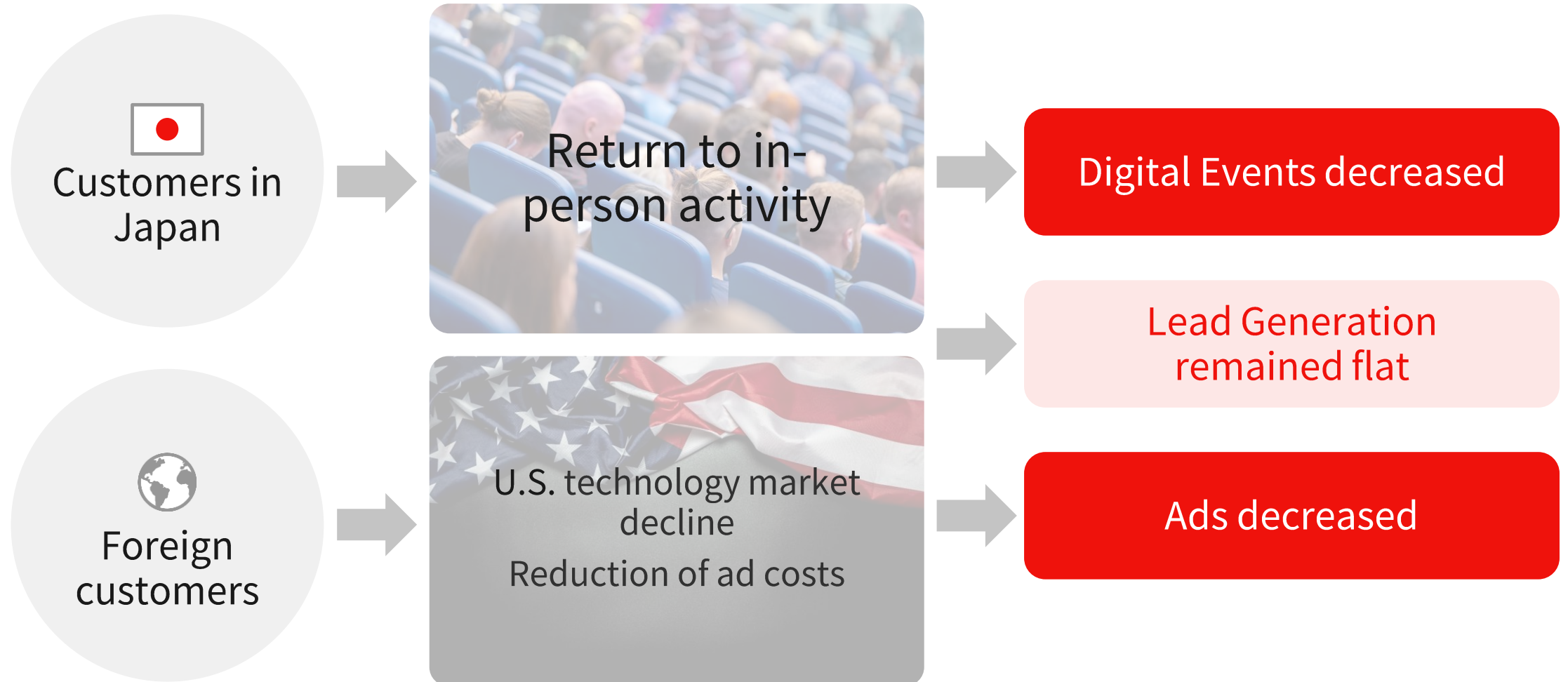
## Reasons for decrease

- Digital Event revenue from customers in Japan
- Ad revenue from foreign customers

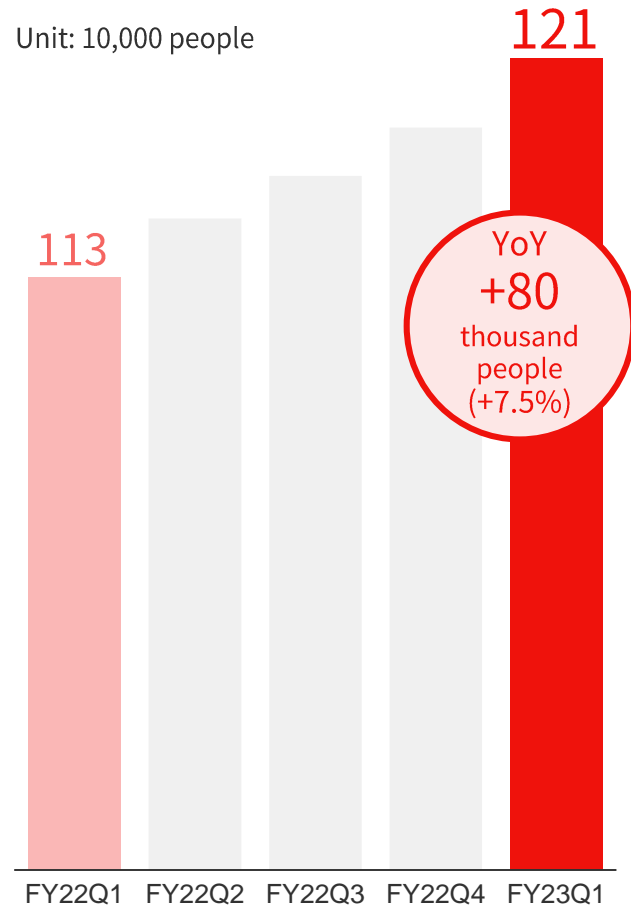




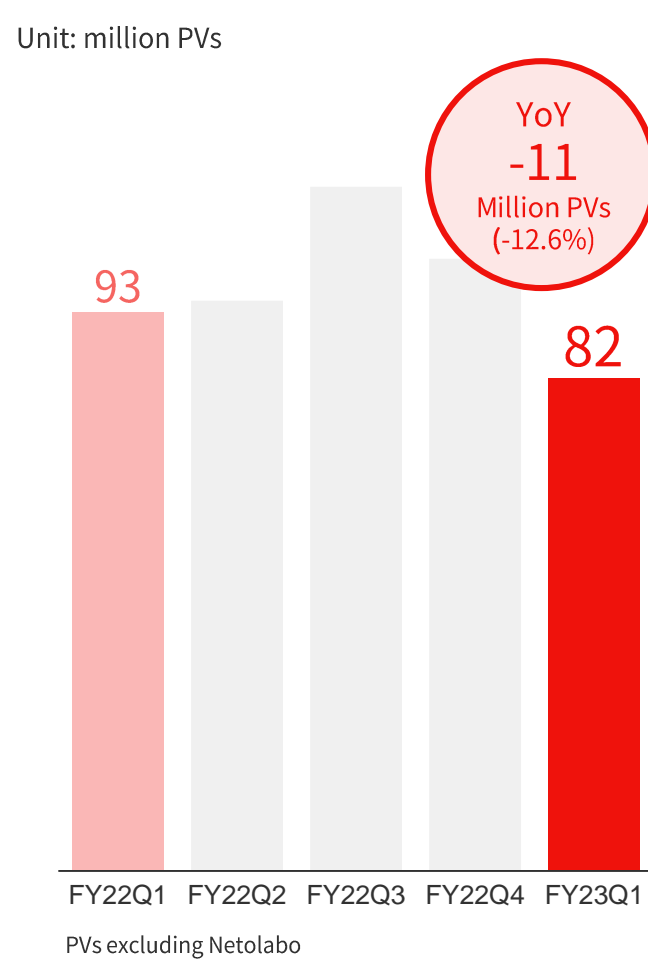
# Impact of market conditions surrounding the Company increased in the short term



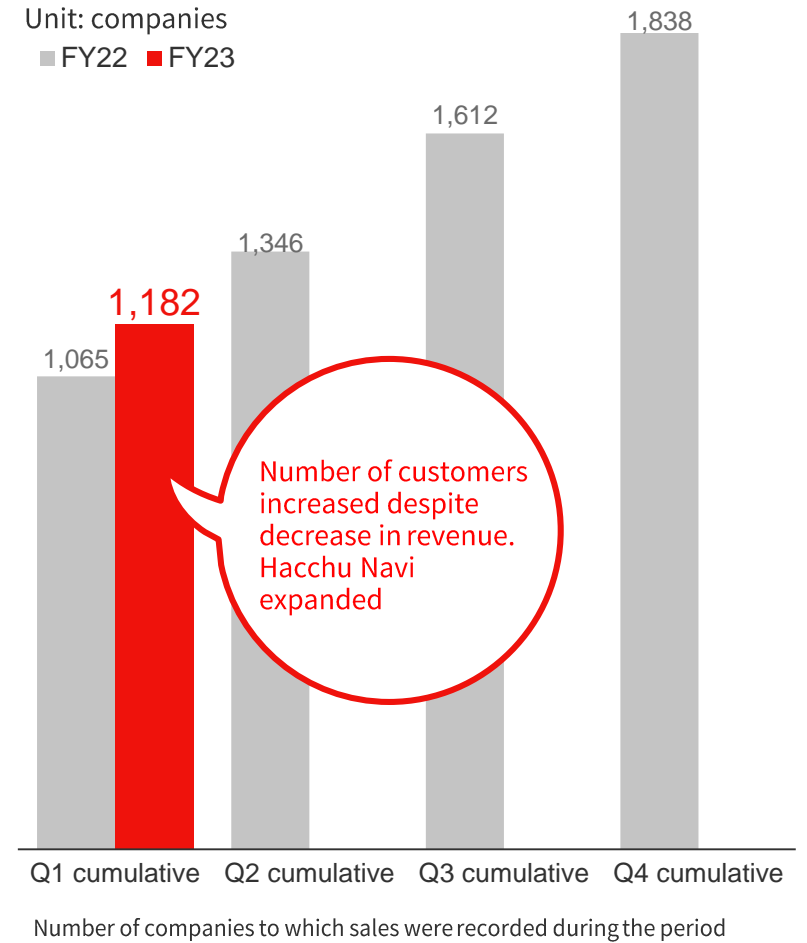
Number of Lead Generation members\*1



Number of PVs (monthly average)



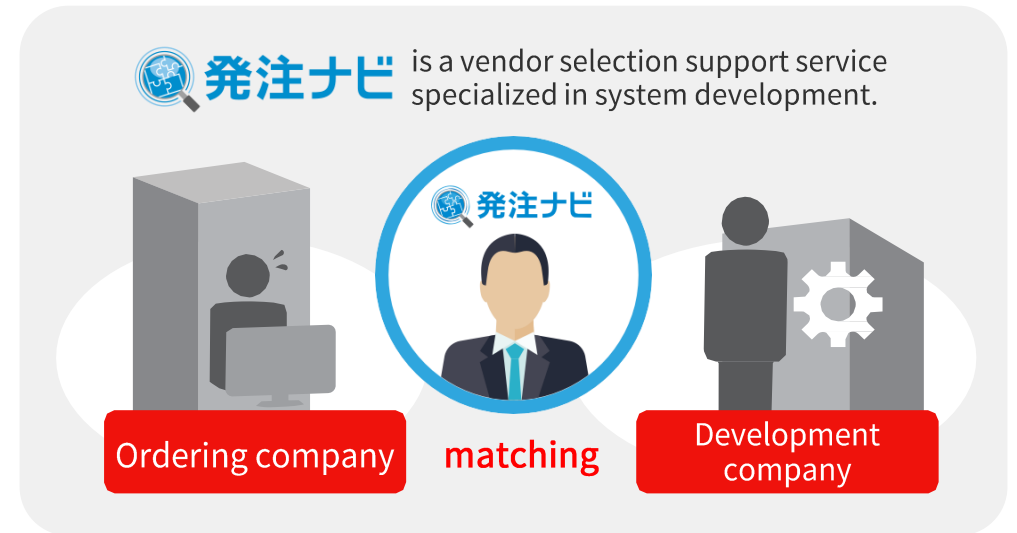
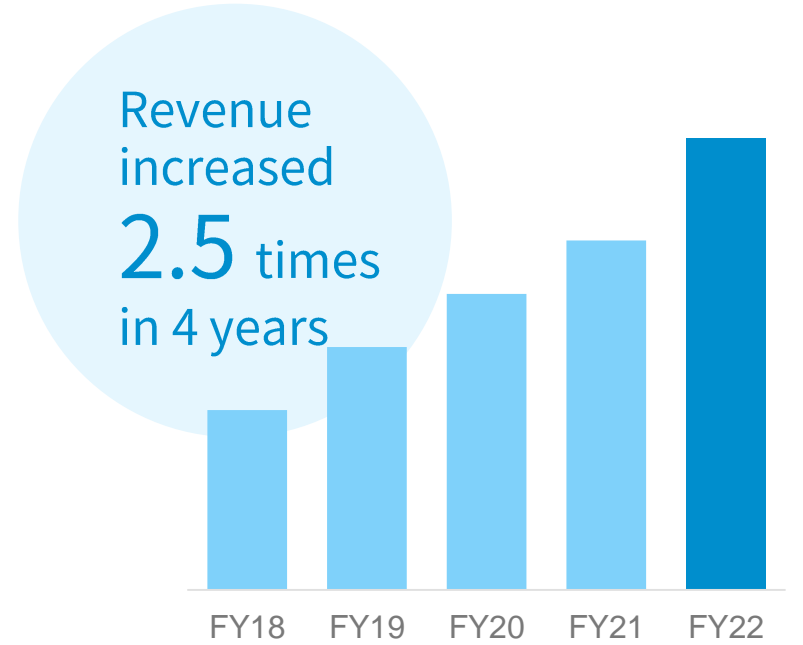
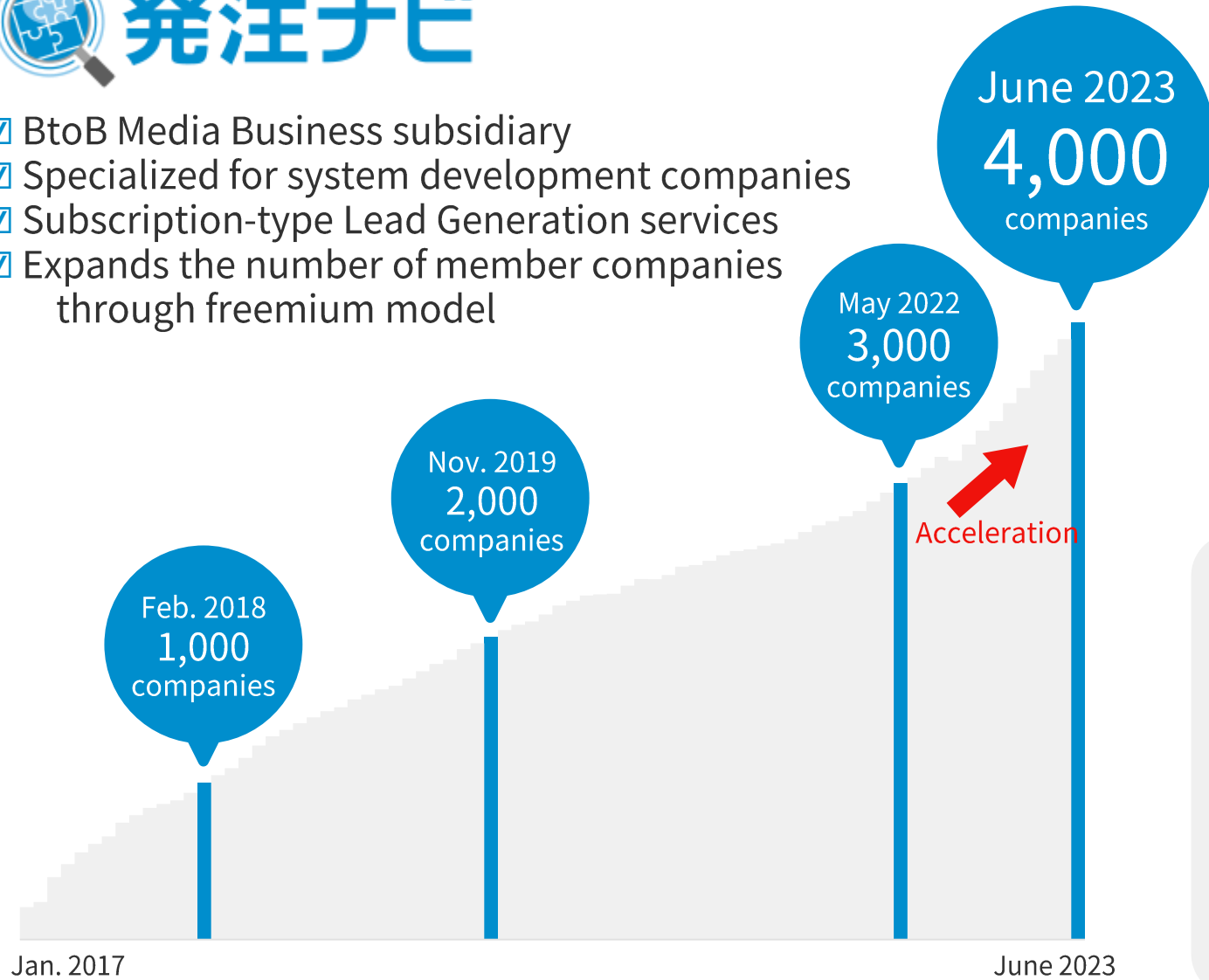
Number of customers



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

# 発注ナビ

- ✓ BtoB Media Business subsidiary
- ✓ Specialized for system development companies
- ✓ Subscription-type Lead Generation services
- ✓ Expands the number of member companies through freemium model





FY23 Q1 Earnings Overview

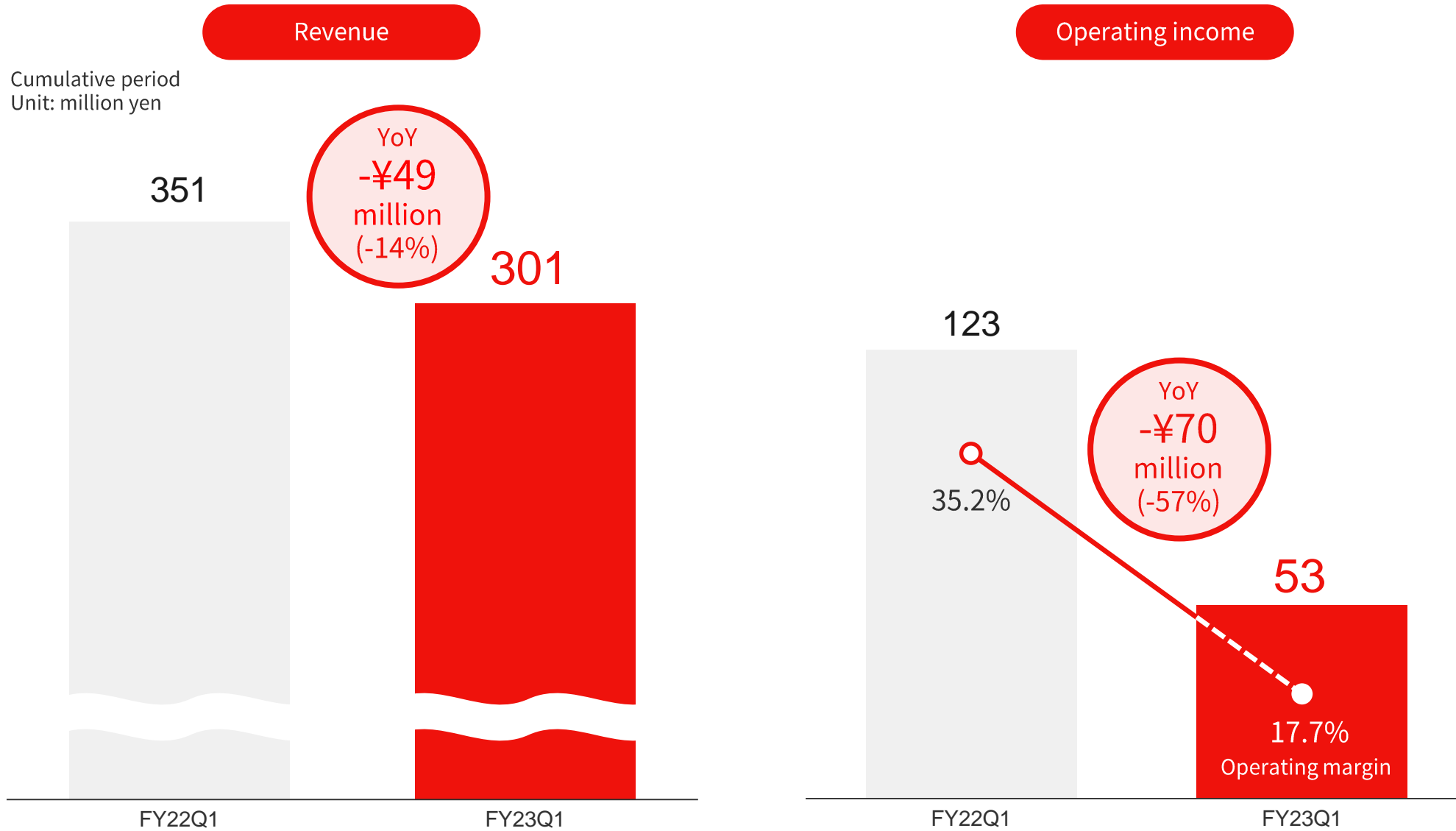
BtoB Media Business

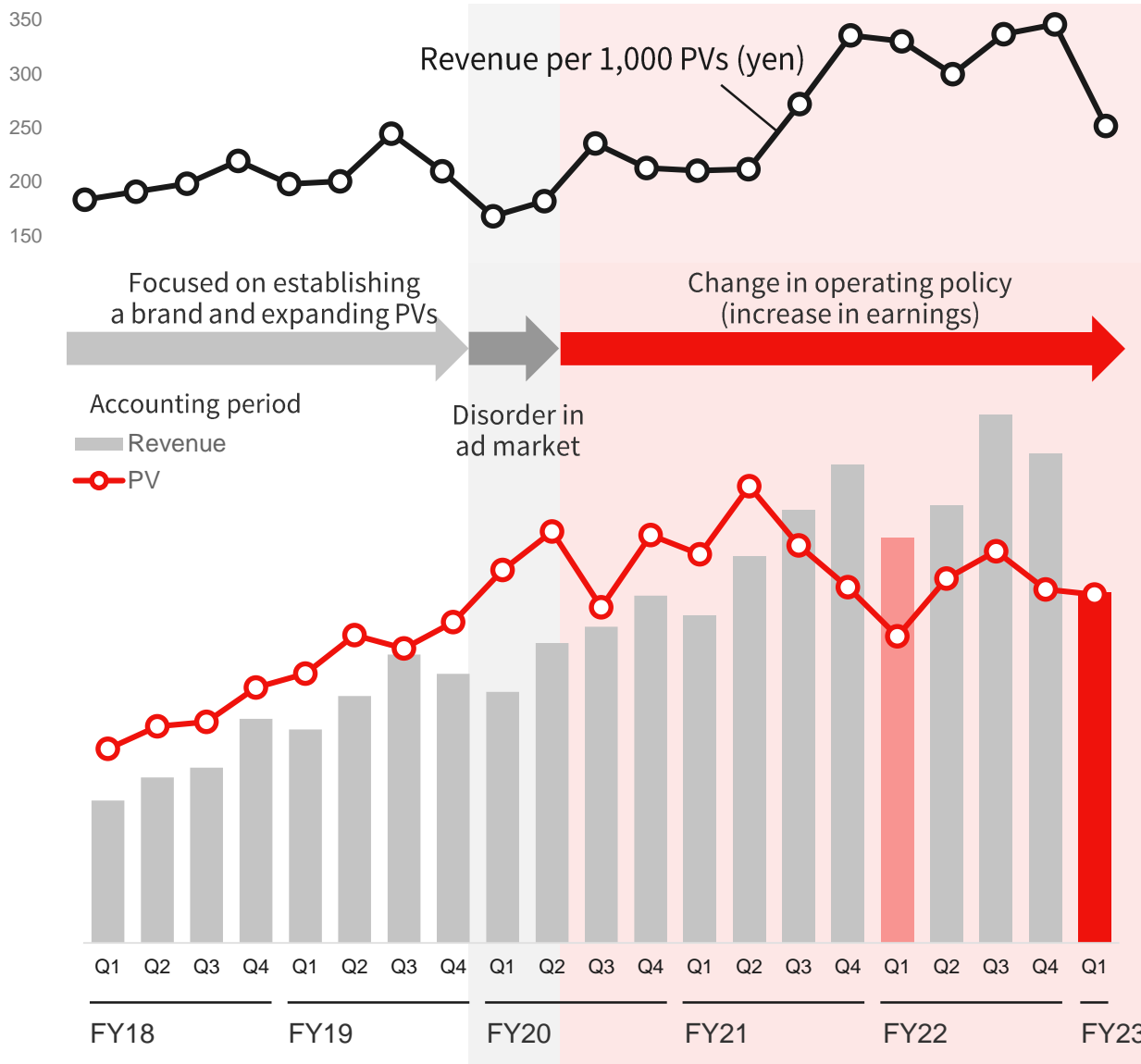
**BtoC Media Business**

FY23 Earnings Forecast

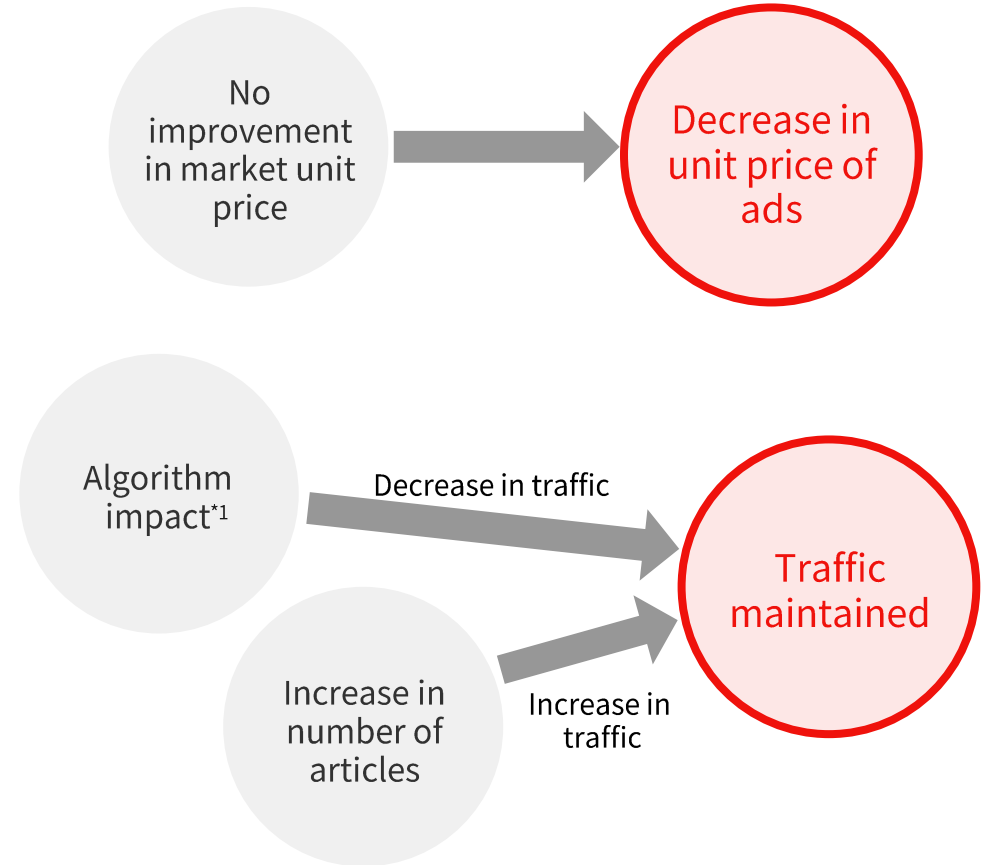
Company Business Overview and Growth Strategy

Shareholder Return & Sustainability





Reasons for decrease



\*1 Temporary traffic decay occurred on some search engine algorithms like Google's



FY23 Q1 Earnings Overview

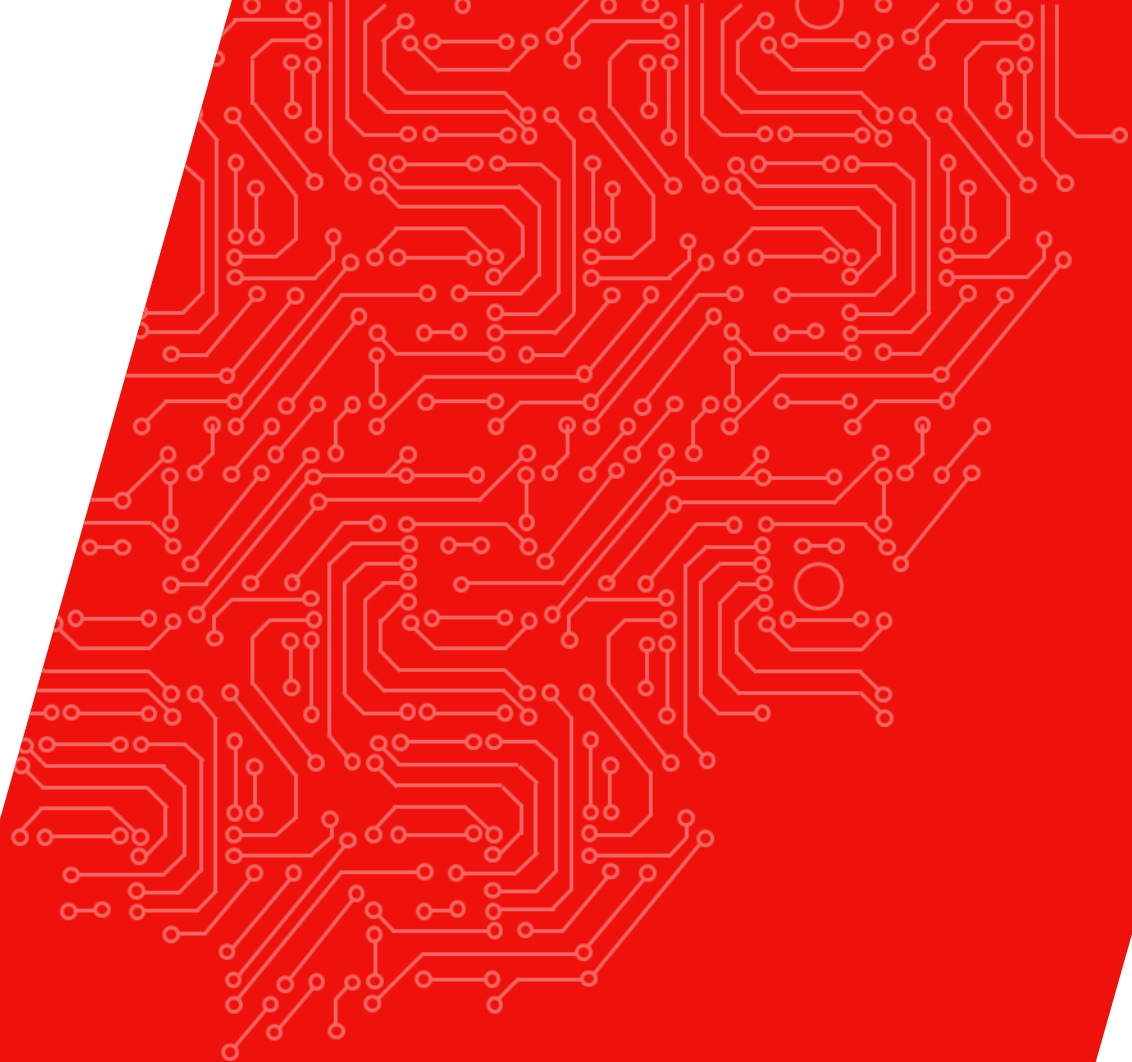
BtoB Media Business

BtoC Media Business

**FY23 Earnings Forecast**

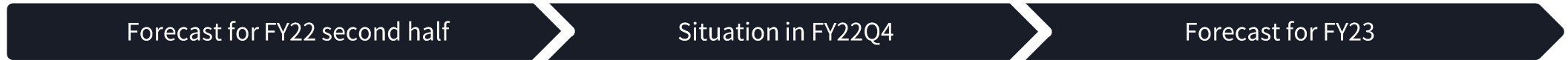
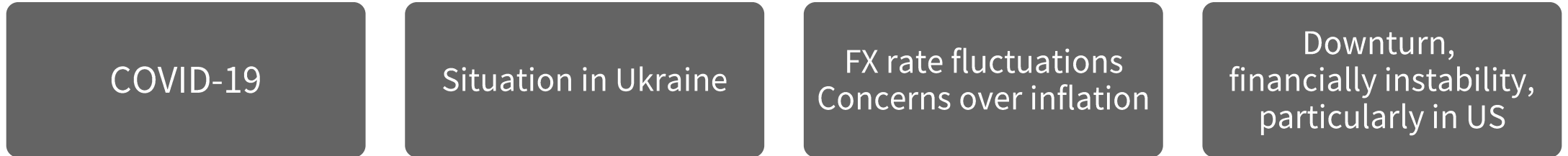
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Risks expected to emerge within predicted scope.  
 Situation expected to continue, particularly during first half.



Negative	Growing short term unpredictability, particularly among overseas clients	Growing downturn in US	Situation continues, particularly during first half
	Temporary slow down in Digital Event business	Growing expectation over the end of the COVID-19 pandemic	
Positive	Continuing digital shift within marketing	Maintain growth in the Lead Generation Business	Digital shift within marketing will continue

Worse than initially expected. Improvement is expected after bottoming out in Q1, but the impact will remain throughout FY23



U.S. technology market decline



Return to in-person activity



Media  
Bearish media and ad industry

## Worse than initially expected. Improvement is expected after bottoming out in Q1, but the impact will remain throughout FY23

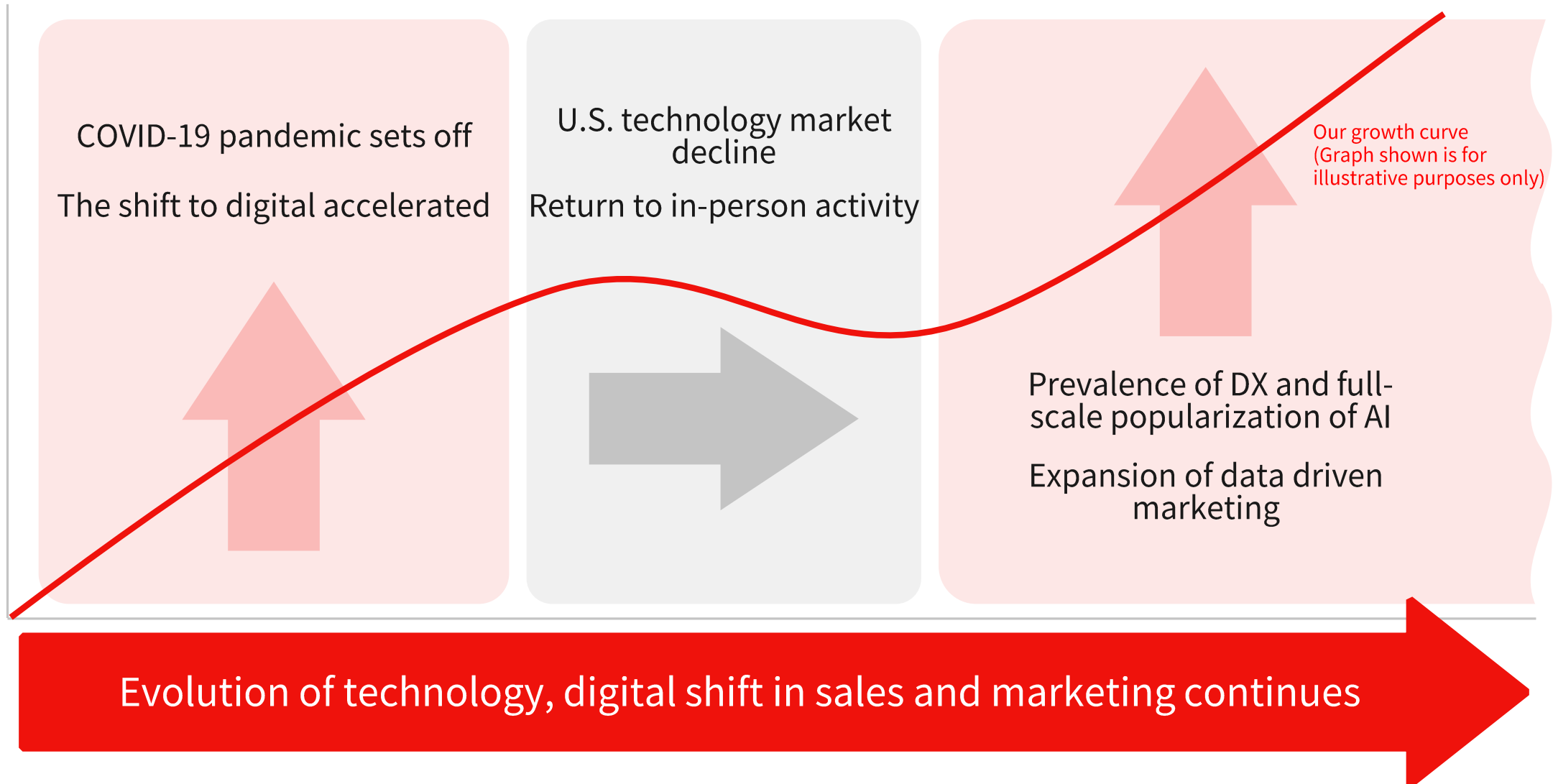
Unit: million yen

First half	Revenue	Operating income	Quarterly net income attributable to owners of parent
Revised forecast	3,960	1,100	740
YoY change	[-5.9%]	[-21.0%]	[-21.8%]
Previous forecast	4,210	1,210	820
Revised increase/decrease	[-250]	[-110]	[-80]
FY22, 1st half (actual)	4,206	1,392	946

Full year	Revenue	Operating income	Net income attributable to owners of parent
Revised forecast	8,320	2,400	1,620
YoY change	[-4.9%]	[-18.1%]	[-18.0%]
Previous forecast	9,150	3,000	2,020
Revised increase/decrease	[-830]	[-600]	[-400]
FY22, full year (actual)	8,752	2,930	1,974

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.

## Despite slowdown, medium- to long-term growth scenario remains unchanged





FY23 Q1 Earnings Overview

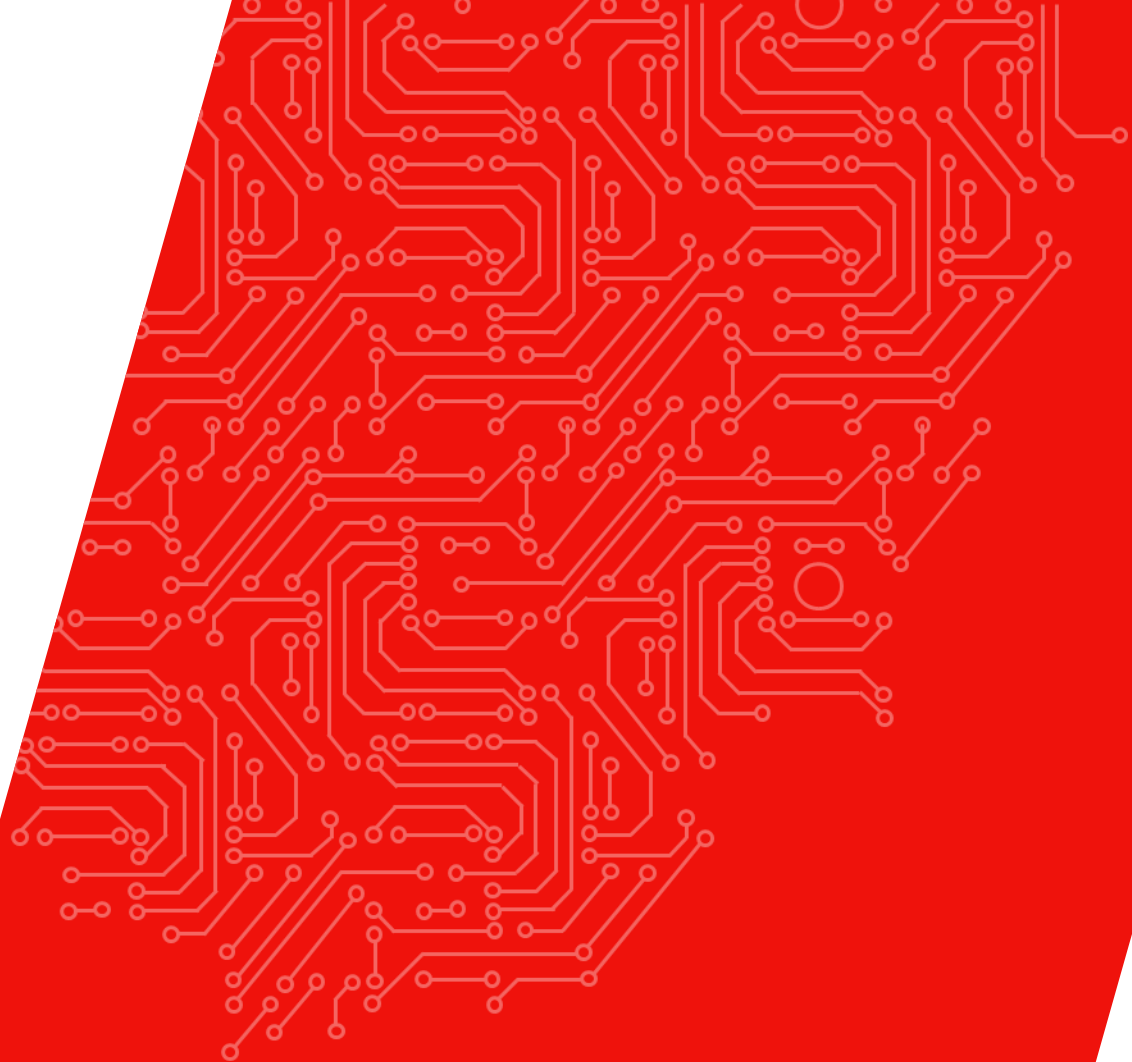
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FY23 Earnings Forecast

**Company Business Overview and Growth Strategy**

Shareholder Return & Sustainability

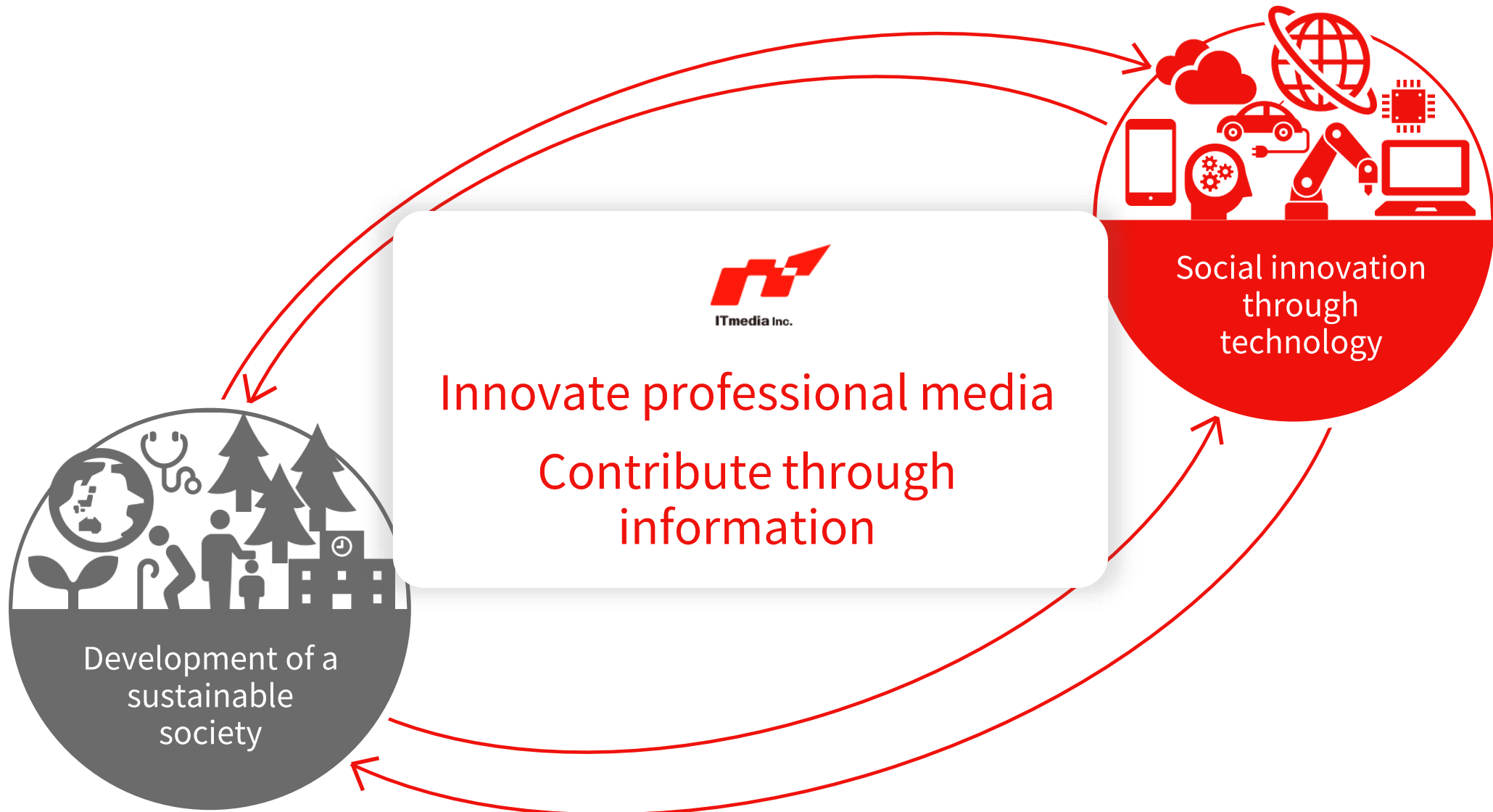





## Our Mission

# 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



Customer/user scale

 Number of potential customers

**7,000**  
companies

 (Sellers)  
Number of customers

**2,000**  
companies


 (Buyers)  
Profile members

**1.2**  
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

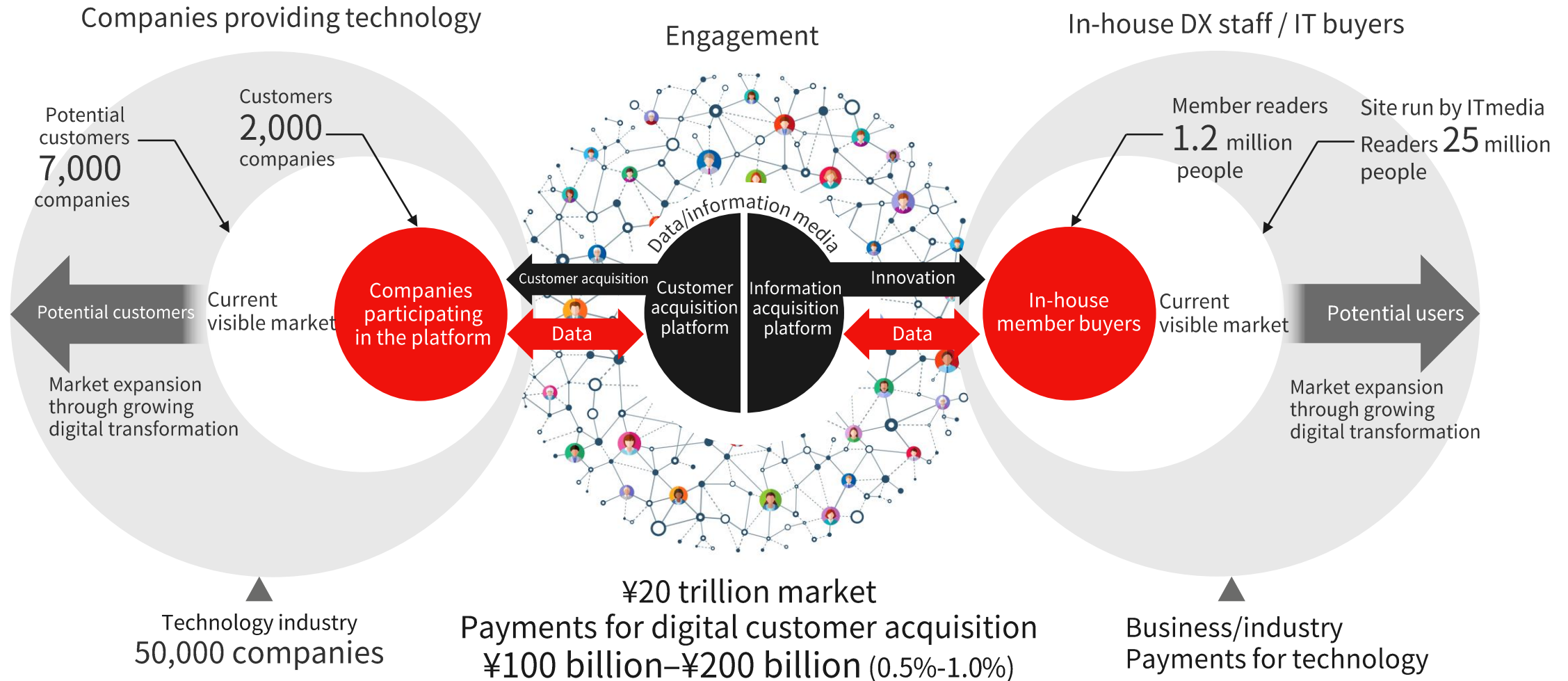
**1,000** writers

 Internal writers

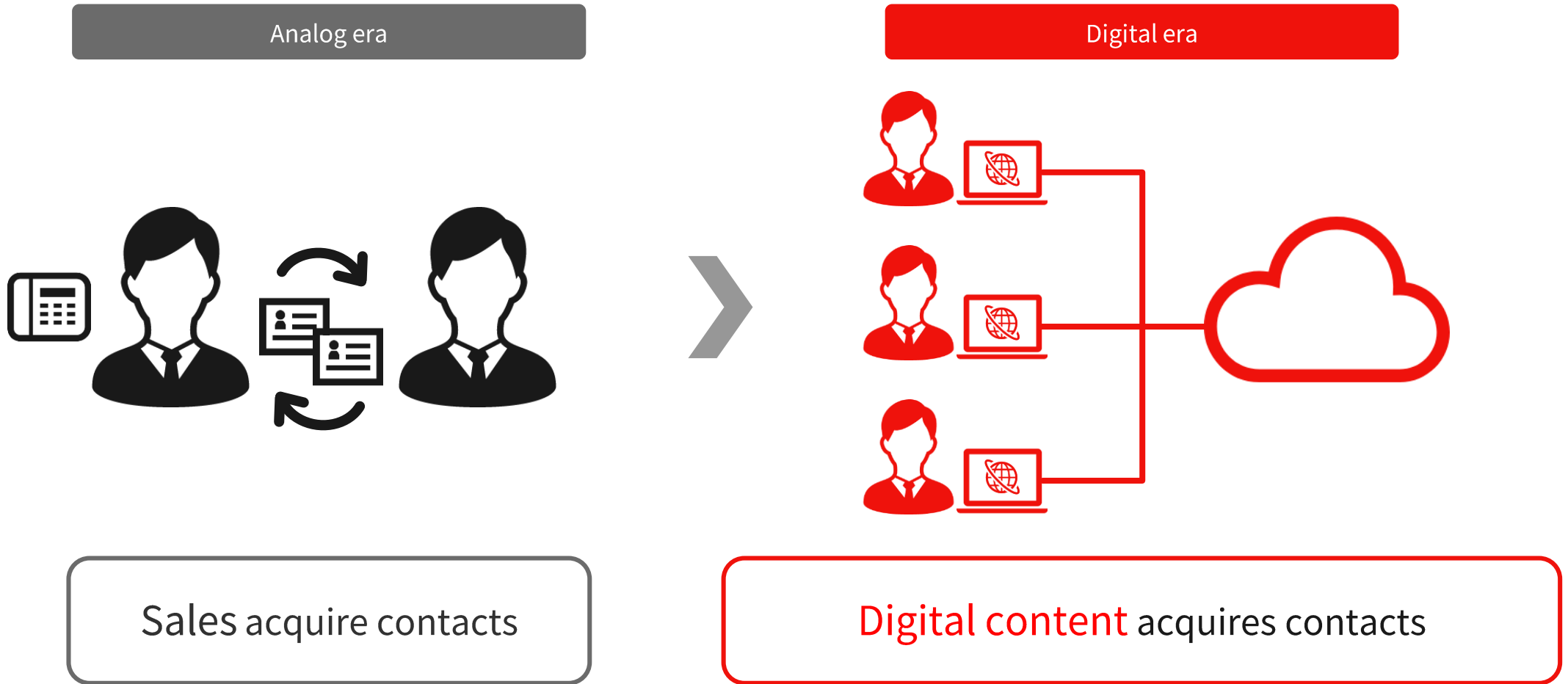
**100** writers



# One of the largest holders of data in Japan that brings technology buyers and sellers together

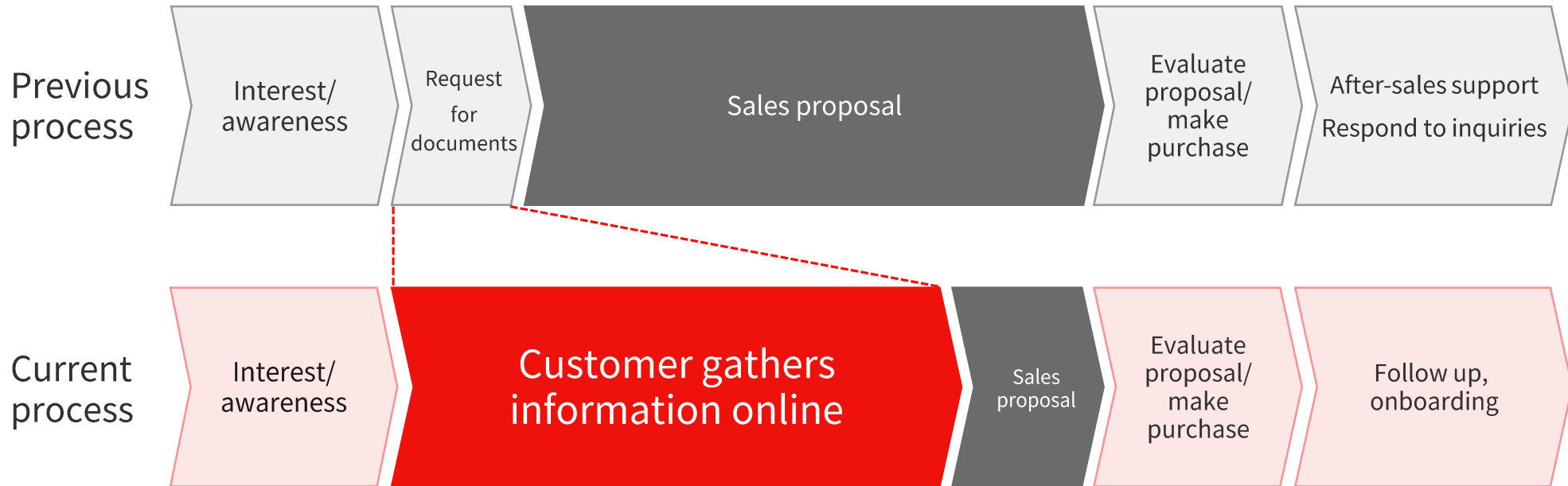


# Service that allows digital media and content to perform sales functions (exchanging business cards)



# Major changes in BtoB purchasing processes

The availability of specialized information online has removed the sales side's information advantage



**Digital media content** now fulfills the role of sales



One of Japan's largest technology-focused digital media content provider



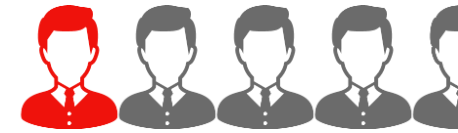
Monthly  
**400 million** PVs

Total number of members  
**1.2 million** people

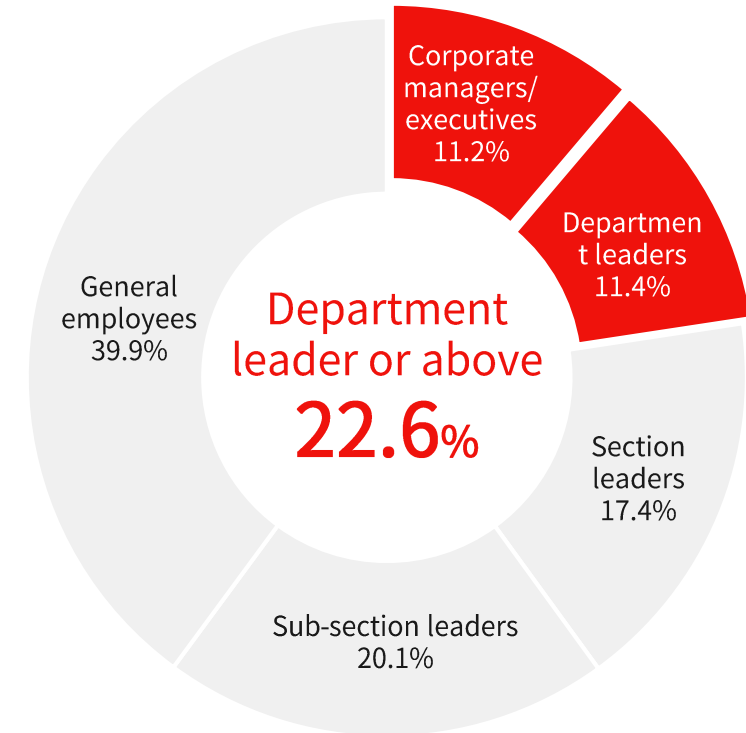
Number for new monthly articles  
**6,000** articles

**100% first-party data\***

\* User information collected by the company's own site. First-party data is more liable and provides greater added value than standard third-party data.



1 in 4.5 members are  
**corporate managers, company executives, department leaders**



From registration information on Lead Generation members

## Improving sales productivity is a major social problem for Japanese companies



Reason why sales productivity in Japan is lower than global standards \*1

**Low** net sales per sales employee is low

- The role of the sales employee is unclear and inefficient
- There are numerous tasks of responding to customers outside of the sales approach (handling complaints, etc.)
- There are many miscellaneous tasks outside of sales activities

**Low** sales efficiency (= high sales cost component)

- Slowness in transitioning to digital-based sales
- Room for cost-cutting in areas across multiple businesses

**High** personnel expenses per sales employee

- Inefficient salary systems and incentive designs amid a lack of clarity in skill requirements and evaluation systems

 Companies want digital-based solutions



Value provided by the Company

Concentration on core operations

- Enabling sales reps to concentrate on approaches to the prospective customers by having our services supporting lead (potential-customer) acquisition and lead nurturing

Optimization through CRM and other digital processes, and improving efficiency

- Switching to digital-based sales processes by combining digital tools with our data. Enabling efficient sales that are not personnel oriented
- Specifying sales priorities based on data, such as companies to approach. Improvement in order efficiency
- Better quality of business administration using process visualization

ROI clarification in marketing investment

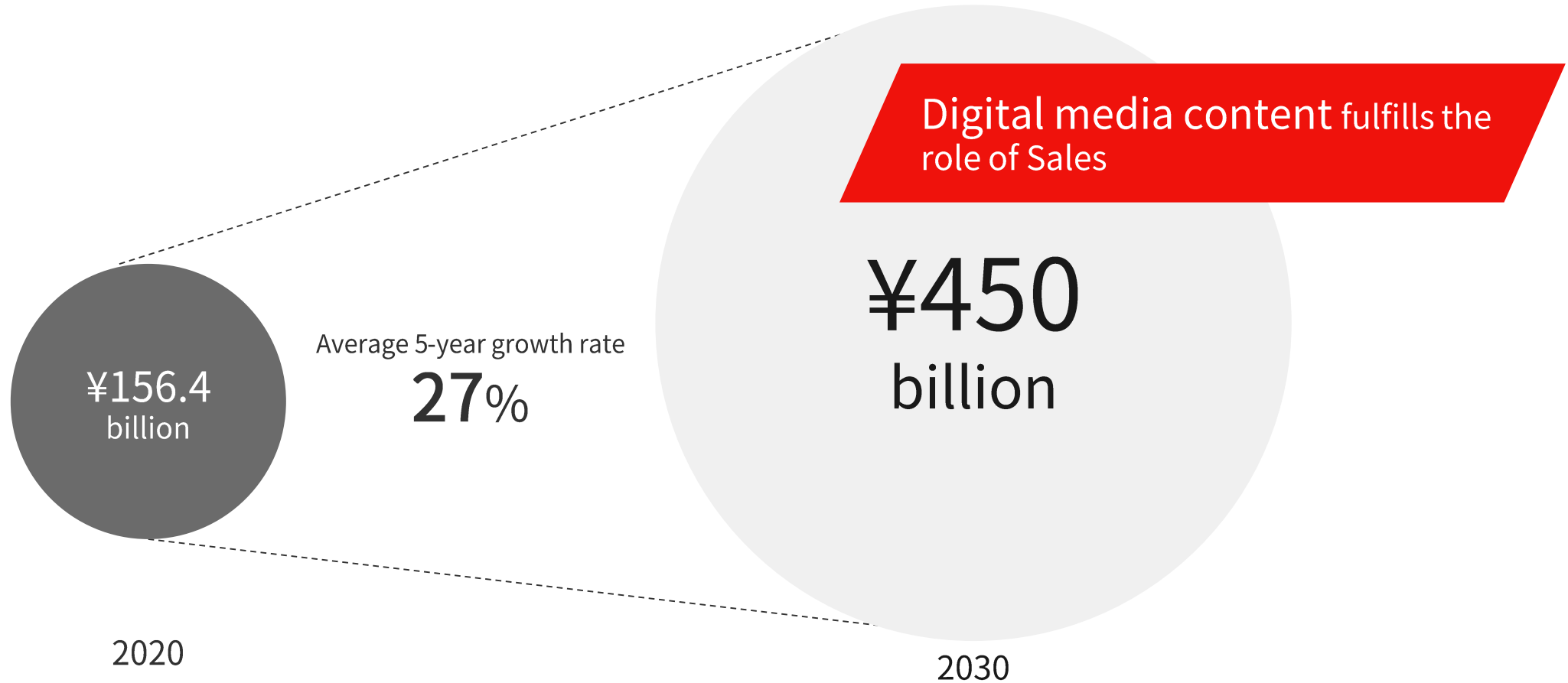
- Services that make customer prioritization and ROI analysis of marketing and sales easier.
- Proposals by sales reps to customers of optimal marketing mixes

 Achieving “sales DX” through digital data

\*1 Reference: McKinsey & Company “Why is Japan sales productivity so low?” (February 2021)

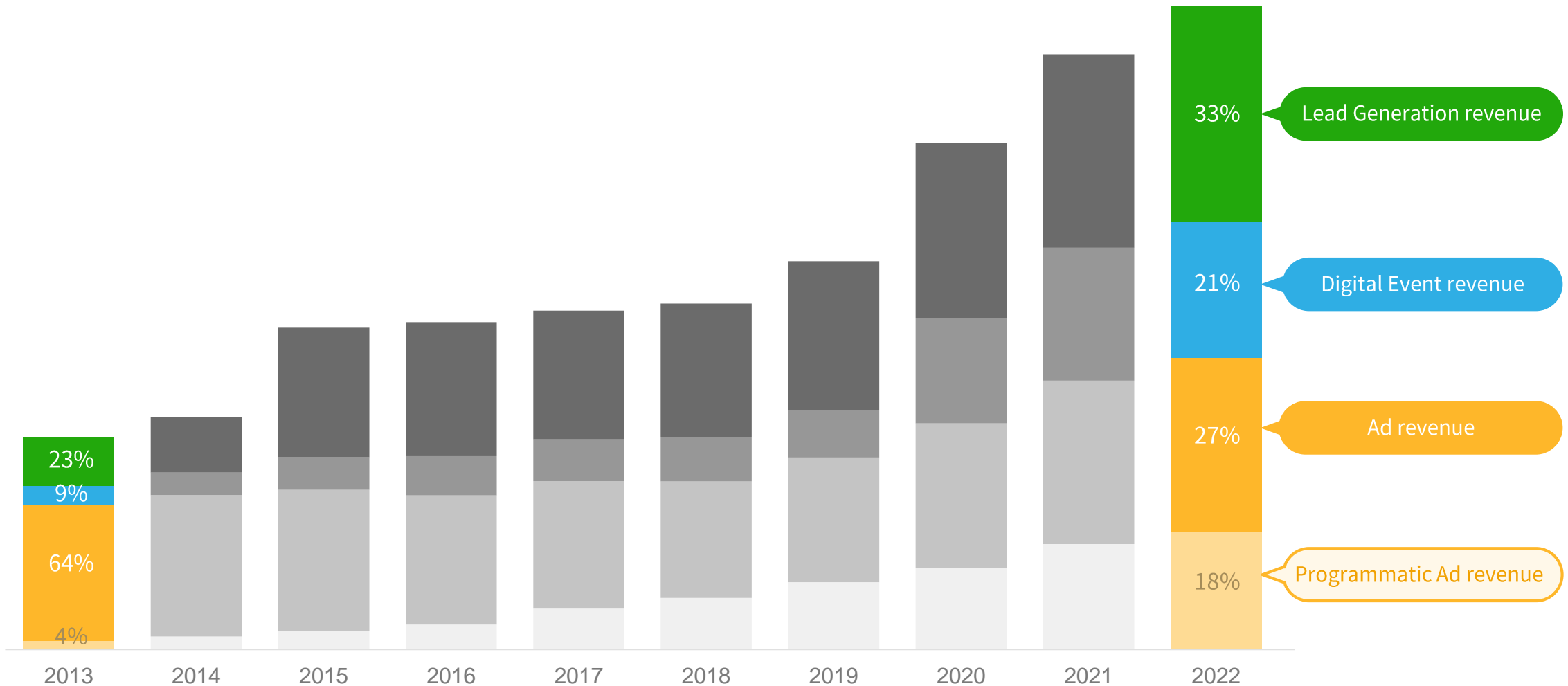
[https://www.mckinsey.com/jp/~/\\_media/McKinsey/Locations/Asia/Japan/Our%20Insights/Why%20is%20Japan%20sales%20productivity%20so%20low%20Japanese.pdf](https://www.mckinsey.com/jp/~/_media/McKinsey/Locations/Asia/Japan/Our%20Insights/Why%20is%20Japan%20sales%20productivity%20so%20low%20Japanese.pdf)

Our company engages in the digital transformation of Sales and Marketing  
Market expected to expand **2.9**× over 10 years



“Future outlook for the digital transformation market; market edition/vendor strategy edition” summary (published March 15, 2022, number 22025) Fuji Chimera Research Institute, Inc. <https://www.fcr.co.jp/pr/22025.htm>

Transformation from being advertising centric to being centered on services close to customer acquisition using lead generation, digital events, etc.



\* Label: Percentage of total sales



Limitless possibilities of technology

Social development

Our growth

Automatic driving

AI

Digital shift of society and industries

Wearable

Metaverse

Robotics

DX

XR

Digital twin technology

Quantum computing

AI semiconductor

IoT

Cloud and SaaS

Blockchain

Computing

Semiconductor

Sensor

Device

Network

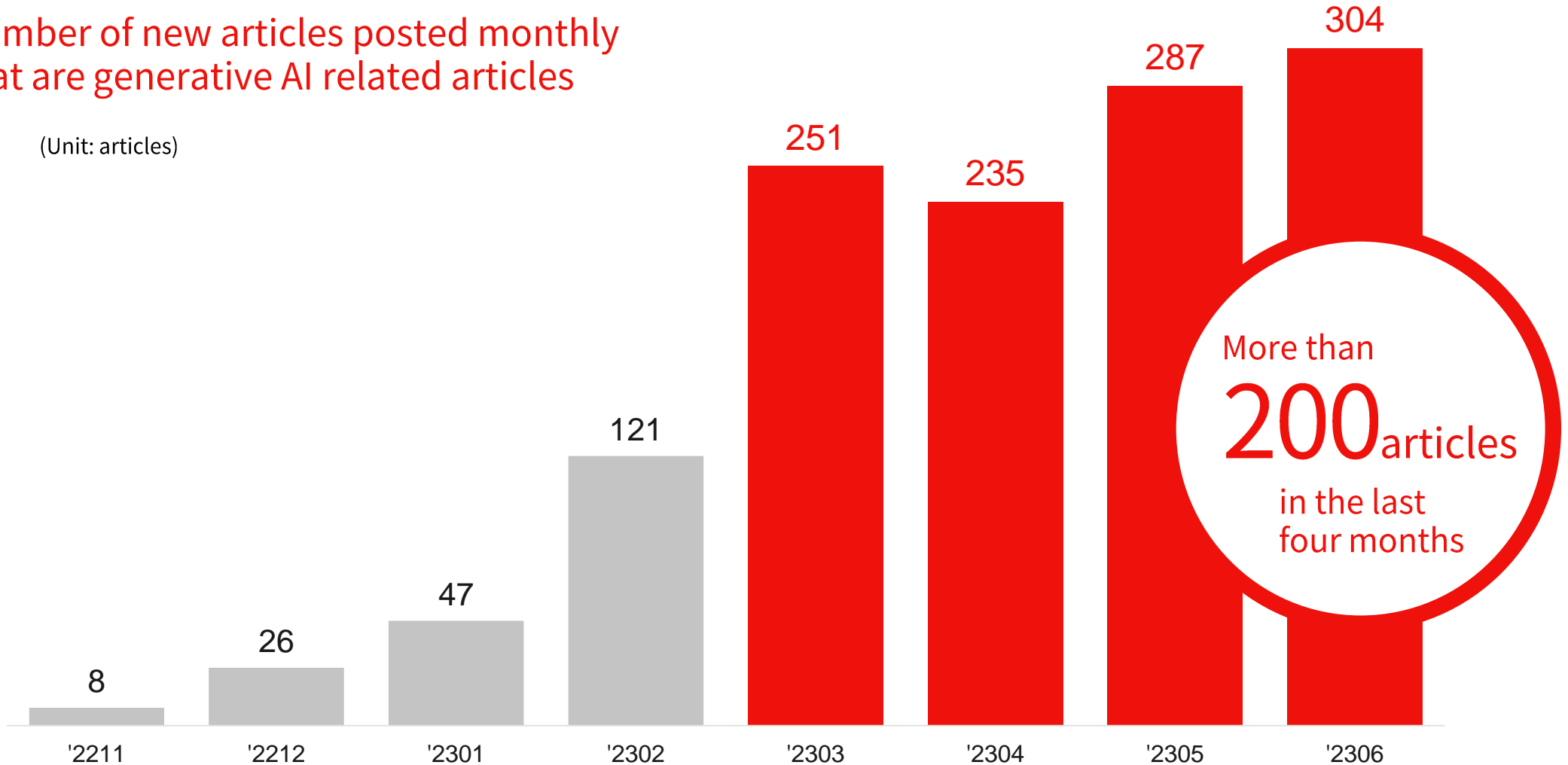
Security



# Response to information needs for ChatGPT

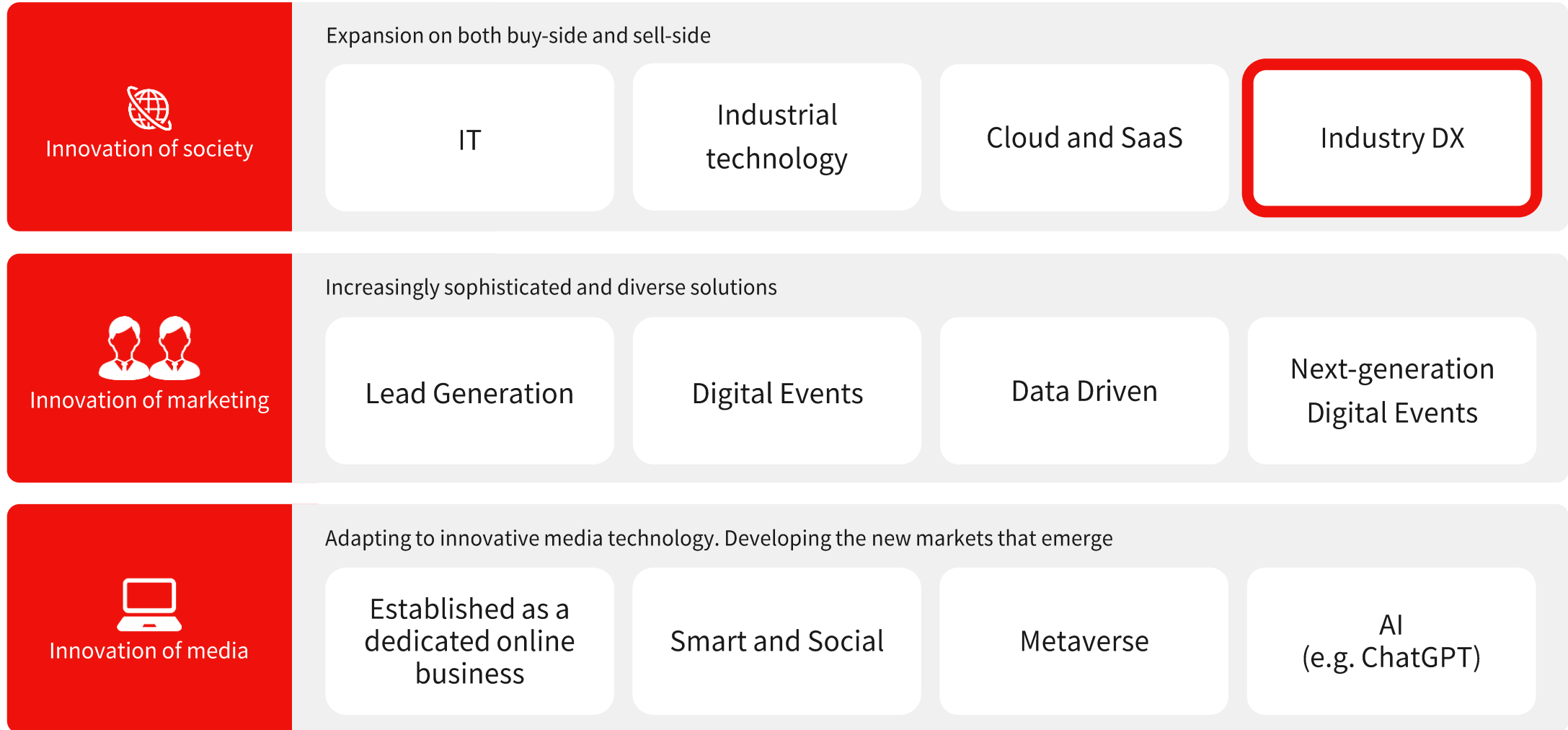
Number of new articles posted monthly that are generative AI related articles

(Unit: articles)



Previously

In future





**ITmedia Inc.**

Our Mission

Contribute to information  
revolution by innovating  
professional media

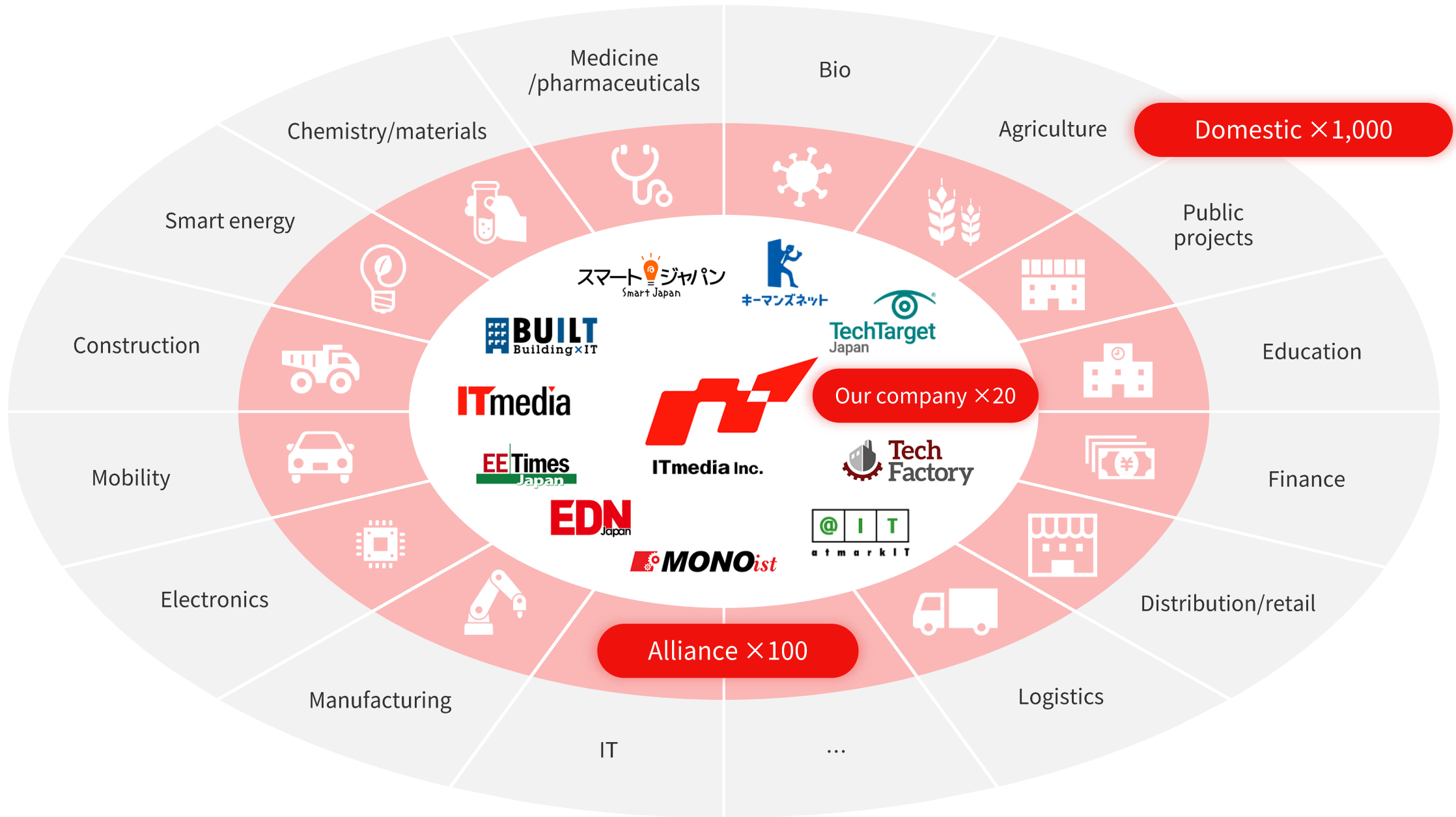
Partnership



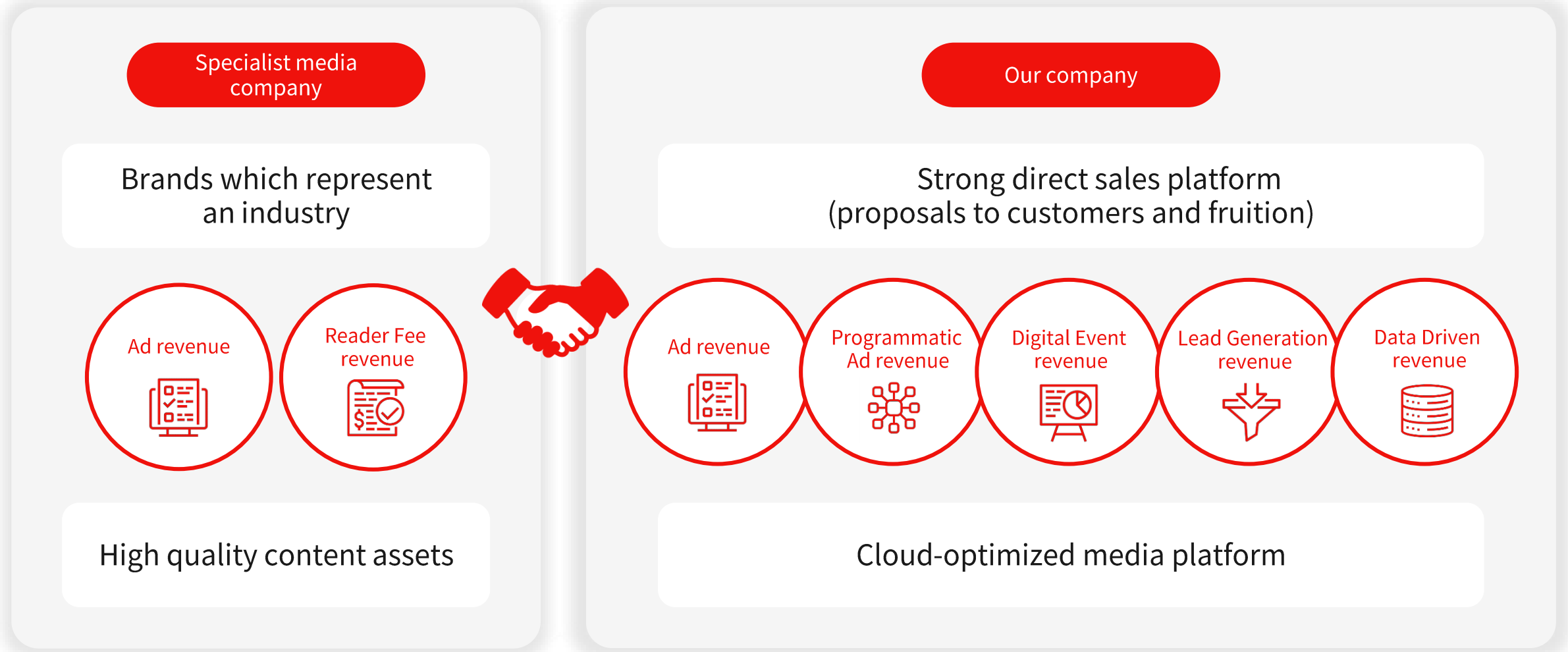
Multiple specialist media  
corporations in various  
industries

Cooperating to provide edification on digital  
transformation in each industry

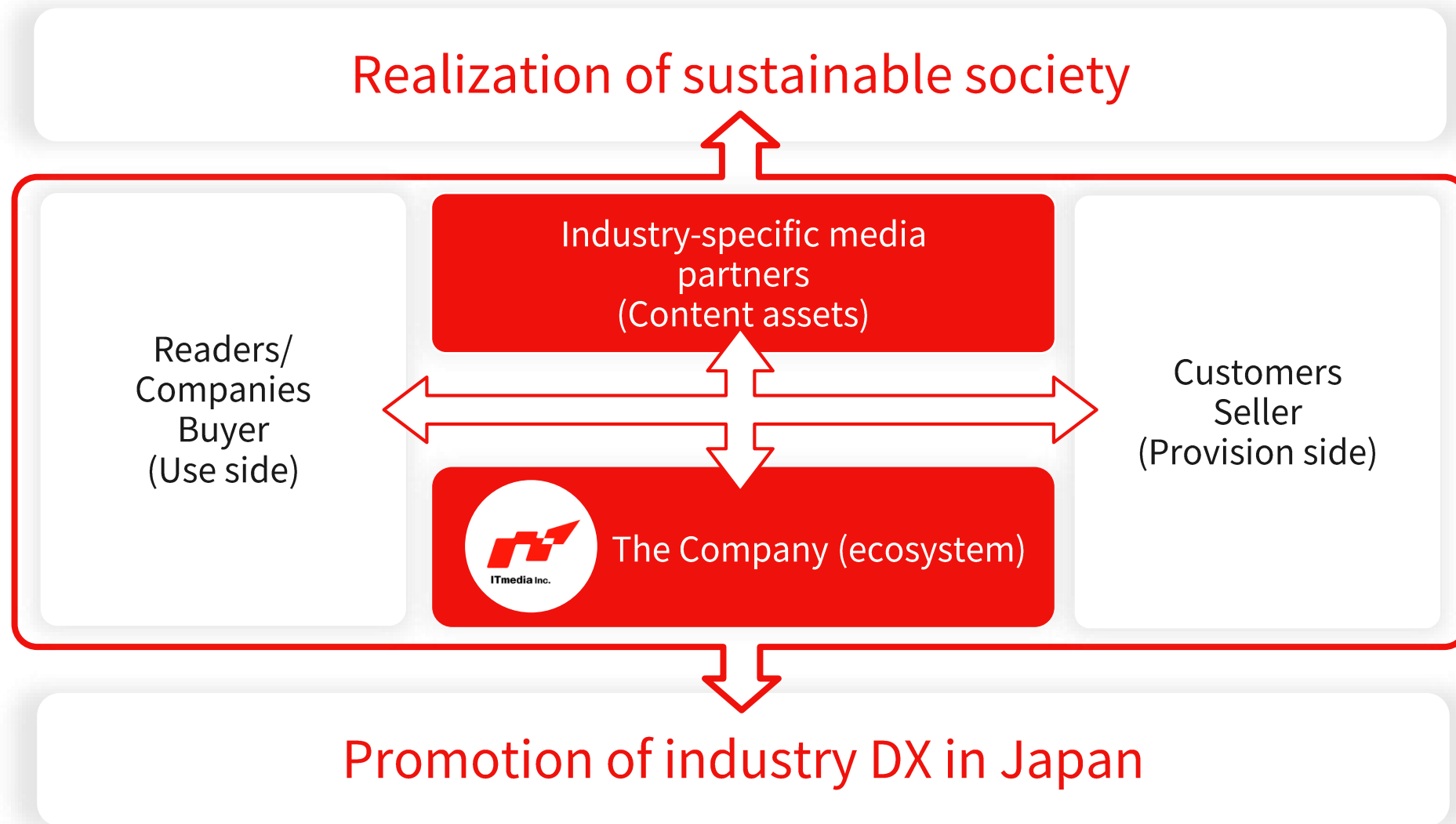
Contributing to the media industry



# Expansion of mutual revenue opportunities through alliances with specialist media of various industries



## Contributions to media companies: Promotion of DX awareness in society



# Preemptively form alliances with some specialist media companies for digital event collaboration

石油・化学産業向けDXサミット  
開催日時: 2023年03月13日(月)  
申込締切: 2023年1月13日(金)

無料 ライブ配信セミナー Live Streaming  
金融サイバーセキュリティカンファレンス2023  
開催日 2023 5/19 (fri)

リテールDXカンファレンス  
激動する **CX EX**  
小売・流通の働き方  
LIVE ライブ配信セミナー 視聴無料  
LOGISTICS TODAY  
ITmedia ITW-プライズ  
date  
2023 5/25 (thu)

主催 一般社団法人 金融財政事情研究会 企画協力 @IT編集部

SaaS expo  
Digital Business Days  
Accounting

金融DXカンファレンス2022  
開催日 2022

建設ICTで施工現場に変革を

建設ITワールド Construction IT World  
BUILT Building x IT

オンラインセミナー  
学びの“カタチ”を見つめなおす  
～ICT教育を実りあるものにするための小さな工夫～  
日時 2022年 12/17 (土) 13:00～15:30  
参加無料

変わる教育  
教職員と子どものための「学び」を探る

ZEIMUKENKYUKAI  
ZEIKEN SESSION



# Preemptively form alliances with some specialist media companies for digital event collaboration

Chemistry/materials

Finance

Distribution/retail

Logistics

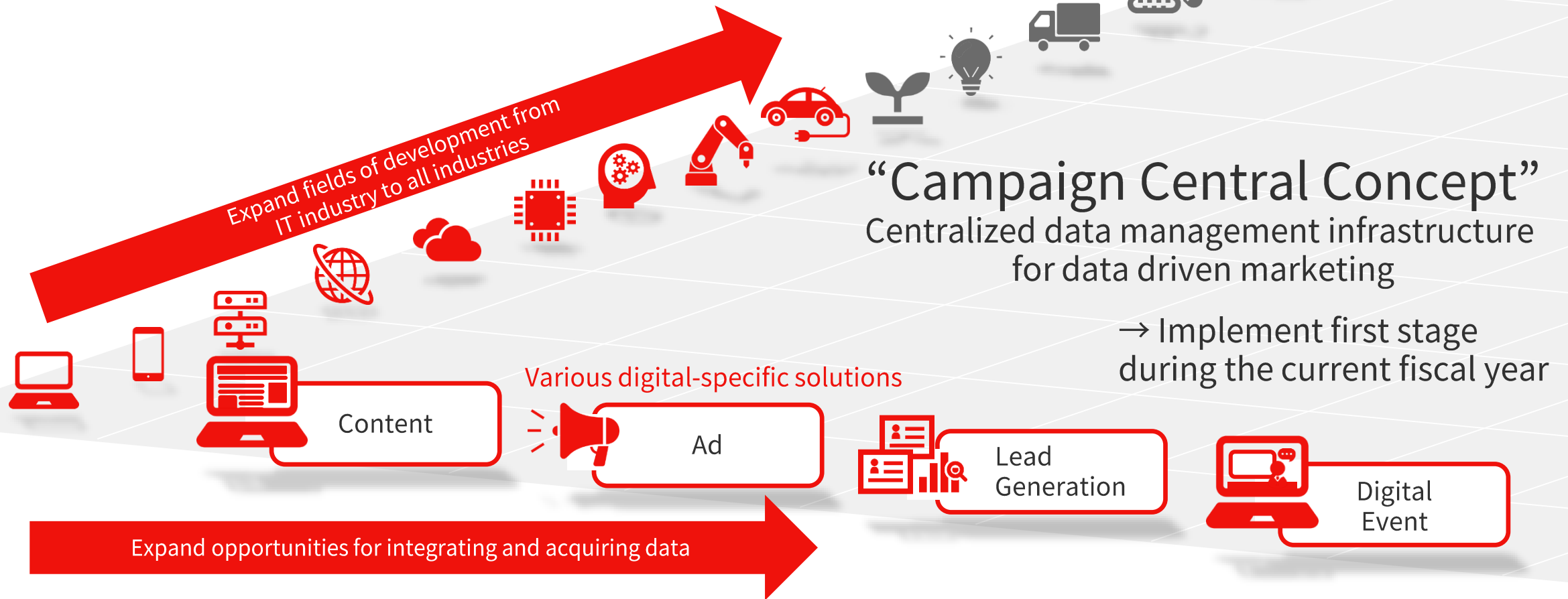
Financial accounting

Construction

Education



The largest BtoB holders of data that brings buyers and sellers together from all industries





FY23 Q1 Earnings Overview

BtoB Media Business

BtoC Media Business

FY23 Earnings Forecast

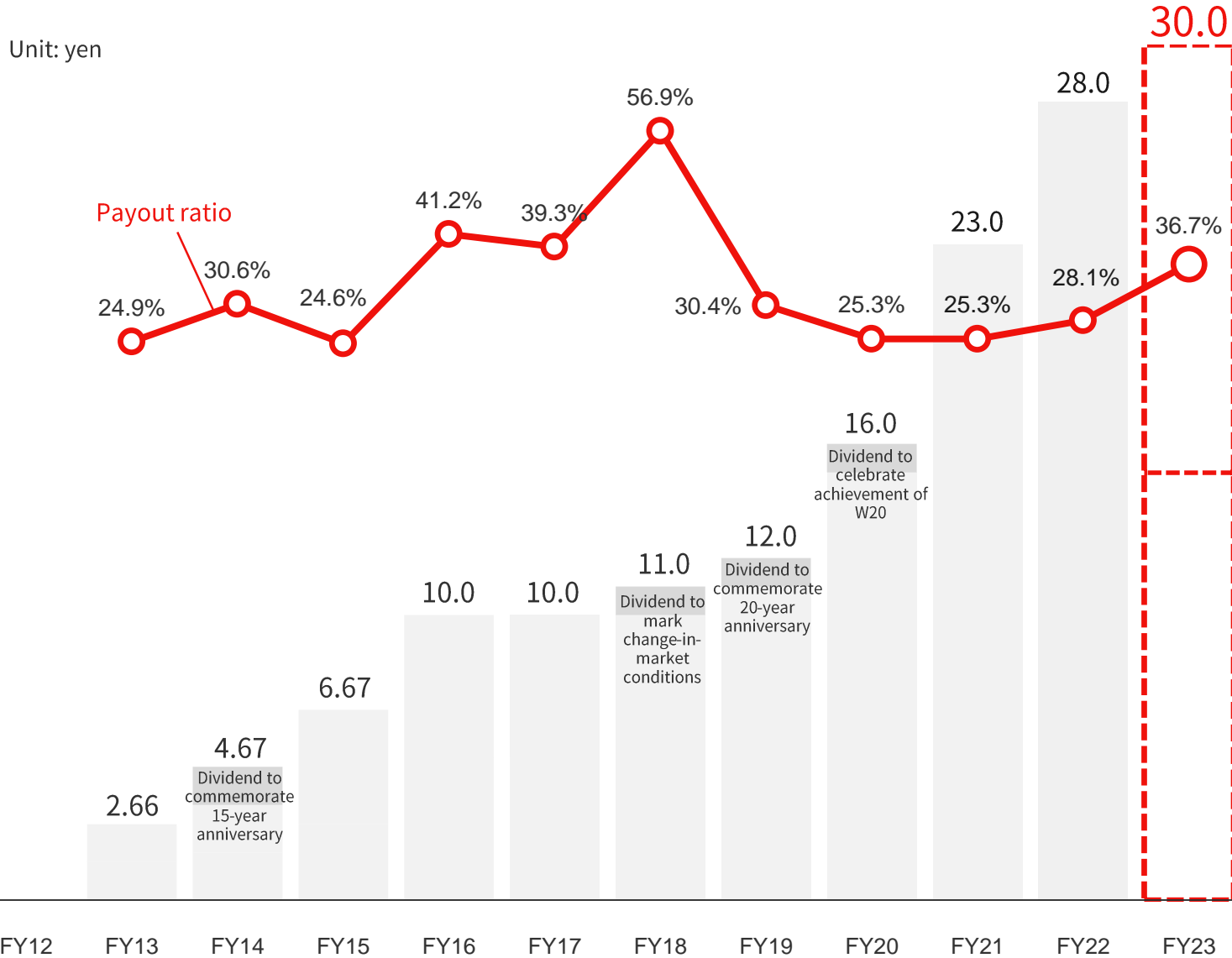
Company Business Overview and Growth Strategy

Shareholder Return & Sustainability

We determined today to purchase own shares to allow us to bolster shareholder return and implement agile capital strategy as required for the changes in the business environment

Class of shares to be purchased	Common shares of the Company
Purchasing period	From August 1, 2023 to October 31, 2023
Total shares that can be purchased	500,000 shares (maximum) (Ratio to the total number of issued shares excluding treasury stock: 2.5%)
Total value of share purchase	¥0.65 billion (maximum)
Method of purchase	Market purchase by discretionary trading

Please see the news release “Notice of Decision on Matters Related to Purchase of Own Shares,” which was released today.



¥2 dividend increase  
 For full fiscal year  
**¥30**  
 Payout ratio 36.7%

# Here is a description of our quarterly progress

## Disclosed our ESG data book FY2022 edition

アイティメディア ESGデータブック 2022年度版

アイティメディア株式会社  
最終更新日:2023年6月26日

アイティメディアの事業活動におけるESG(環境、社会、ガバナンス)に関わるデータを集約したデータブックです。

報告対象期間: 2022年度(2022年4月1日~2023年3月31日)

報告対象組織: グループ連結(単体を使用する場合は「対象範囲」に記載)

E(環境) >

S(社会) >

G(ガバナンス) >

アイティメディア株式会社 サステナビリティ情報サイト  
~ 基本的な方針やマテリアリティなどを掲載しております ~  
<https://corp.itmedia.co.jp/sustainability/>



<https://corp.itmedia.co.jp/sustainability/>

## (In Q2 and later) Strengthening our ESG promotion system







Our Mission

Contribute to Information Revolution  
by Innovating Professional Media



Inquiries

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Tokyo 102-0094

Inquiries: [ir@sml.itmedia.co.jp](mailto:ir@sml.itmedia.co.jp)