

The background of the slide is a composite image. On the left, there is a large red diagonal shape. The rest of the background is a light blue and white image featuring a globe, a city skyline, and a complex circuit board pattern with lines and nodes.

ITmedia Inc.

The Six-Month Period Ended September 30, 2023

Earnings Briefing

October 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.



Understanding the Current Situation and Future Policies

FY23 Q2 Earnings Overview

BtoB Media Business

BtoC Media Business





FY23 Earnings Forecast

Company Business Overview

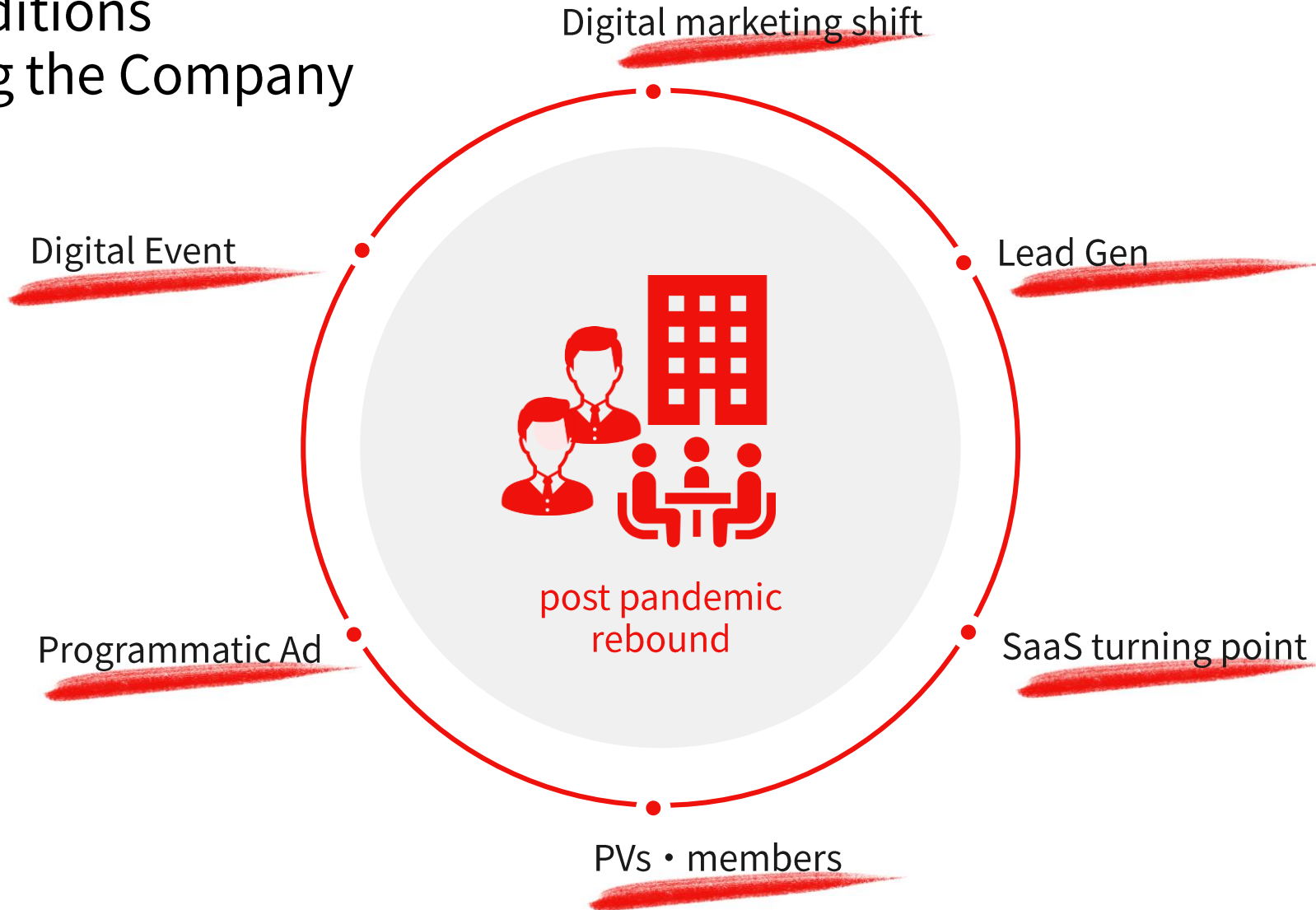
Growth Strategies and New Initiatives

Shareholder Return and Sustainability

Decreased revenue and profit. Q2 slightly below expectations but improved from Q1.

Unit: million yen	 Q1	 Q2	 Q2 cumulative	 Annual forecast
Revenue	1,802 (-9%)	2,039 (-8%)	3,841 (-9%)	8,320 (-5%)
Operating income	414 (-34%)	637 (-16%)	1,052 (-24%)	2,400 (-18%)
Net income	280 (-34%)	436 (-16%)	717 (-24%)	1,620 (-18%)

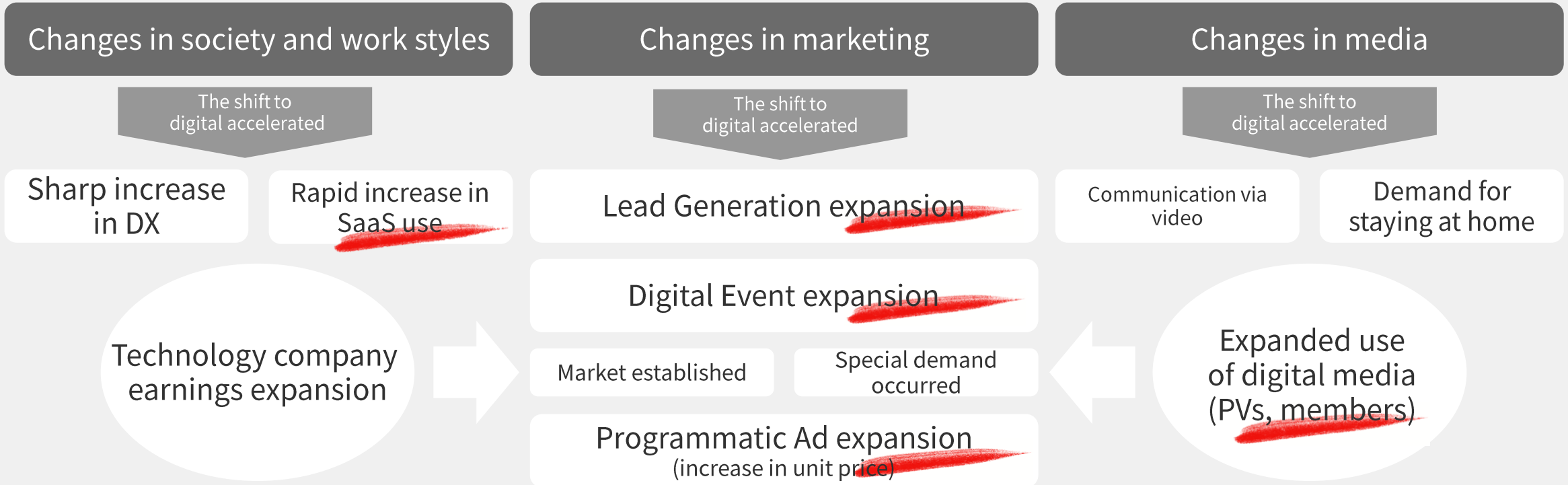
Market conditions surrounding the Company



End of the accelerated growth period triggered by COVID-19

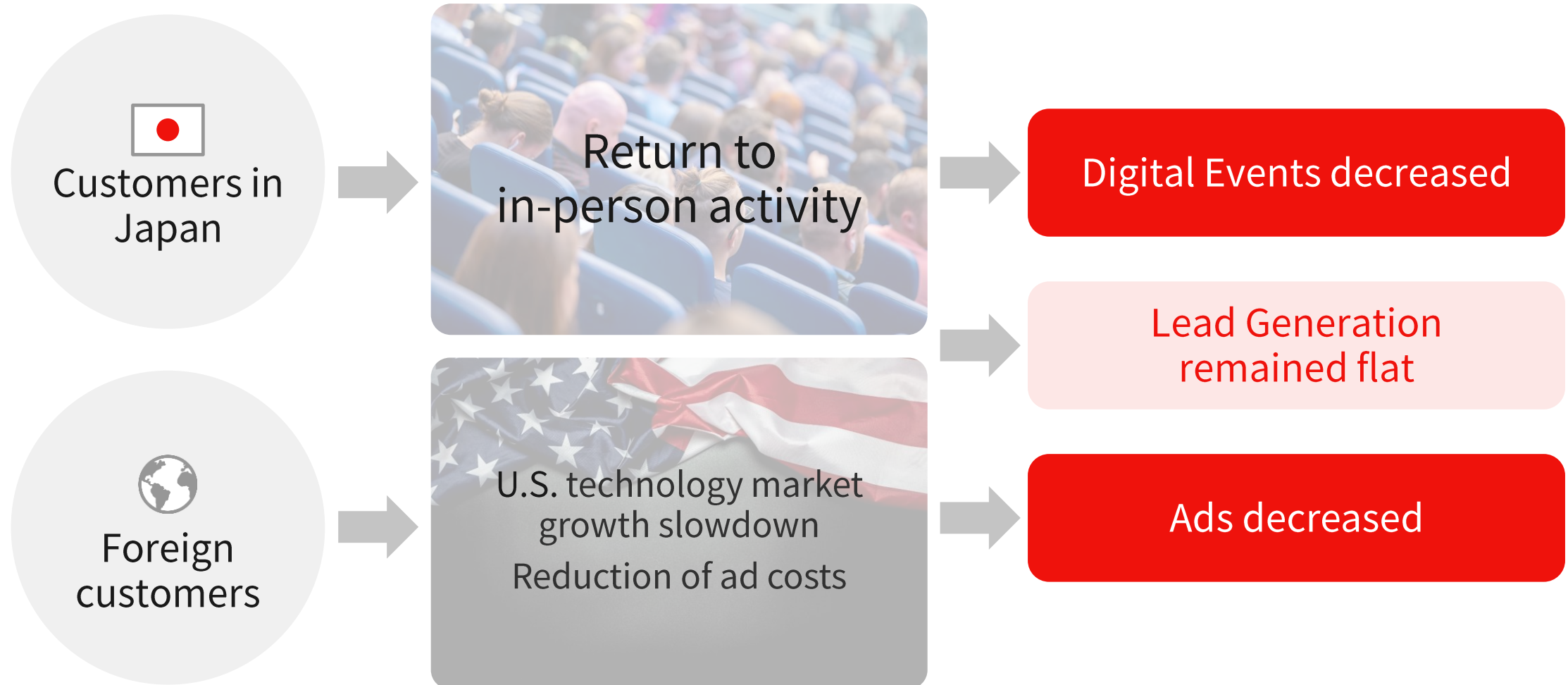
Growth slowdown and reactionary decline

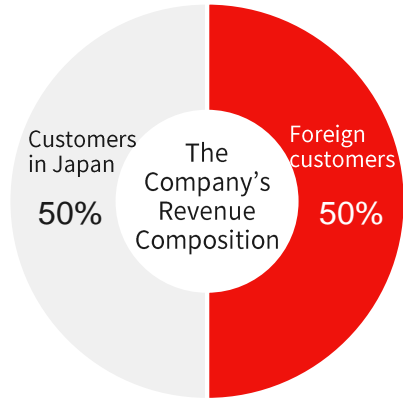
COVID-19 pandemic triggers



While the digital shift is certain to continue, the period of acceleration has temporarily ended, and there was a reactionary decline.

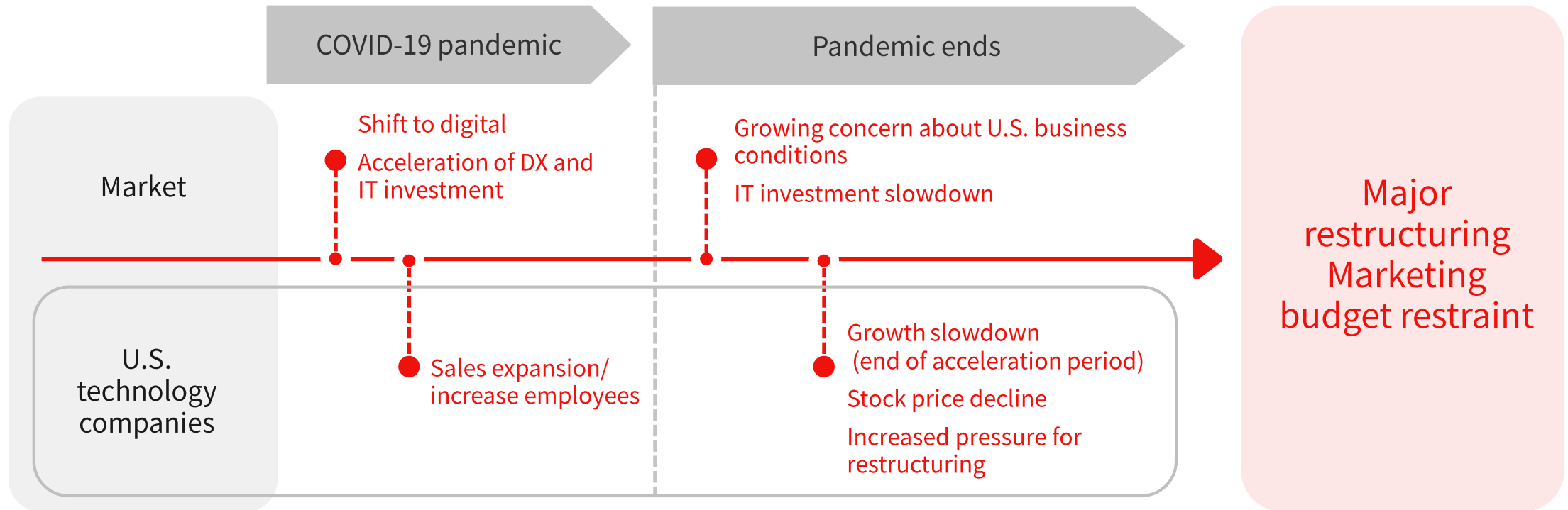
Impact of market conditions surrounding the Company continues

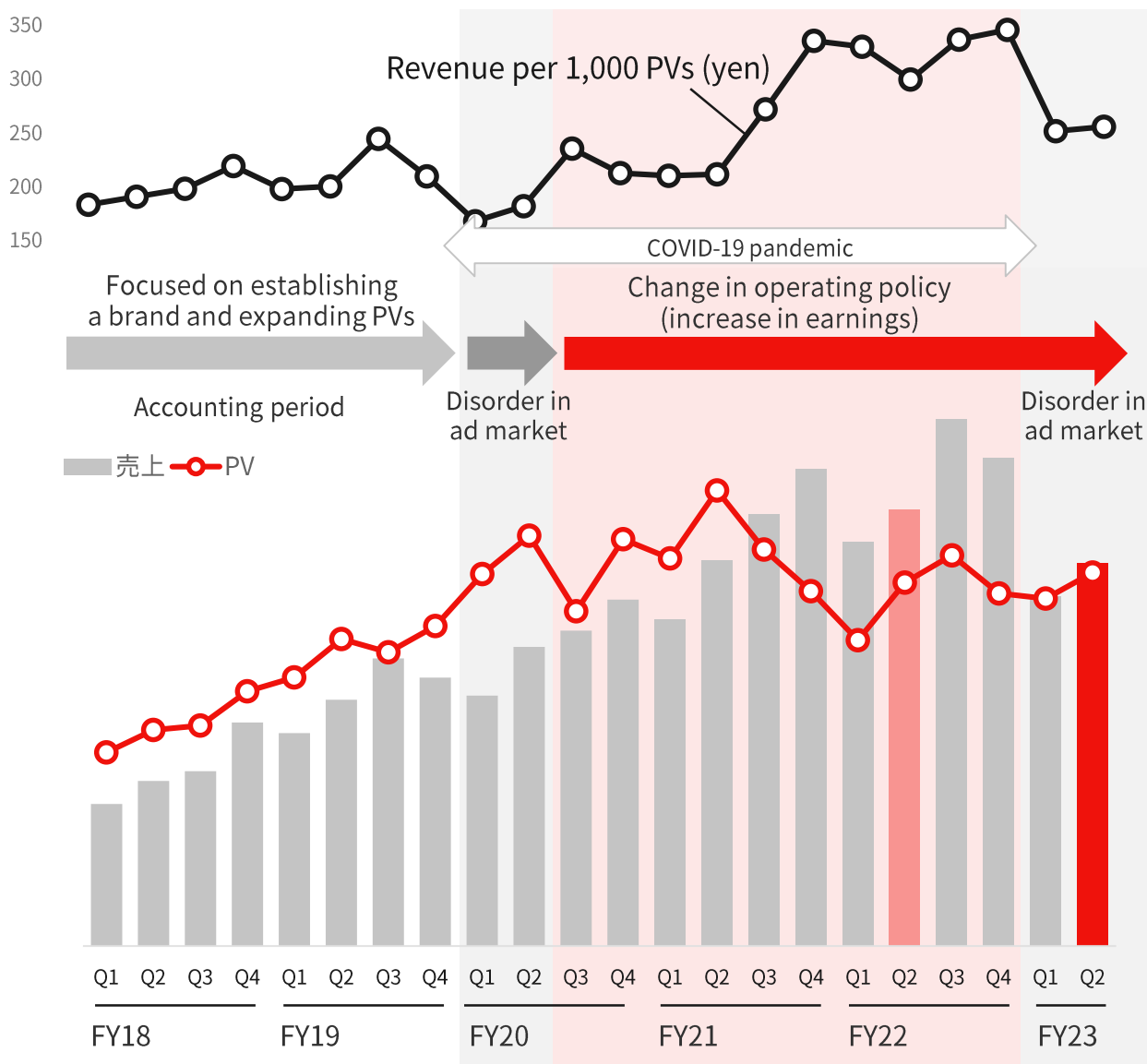




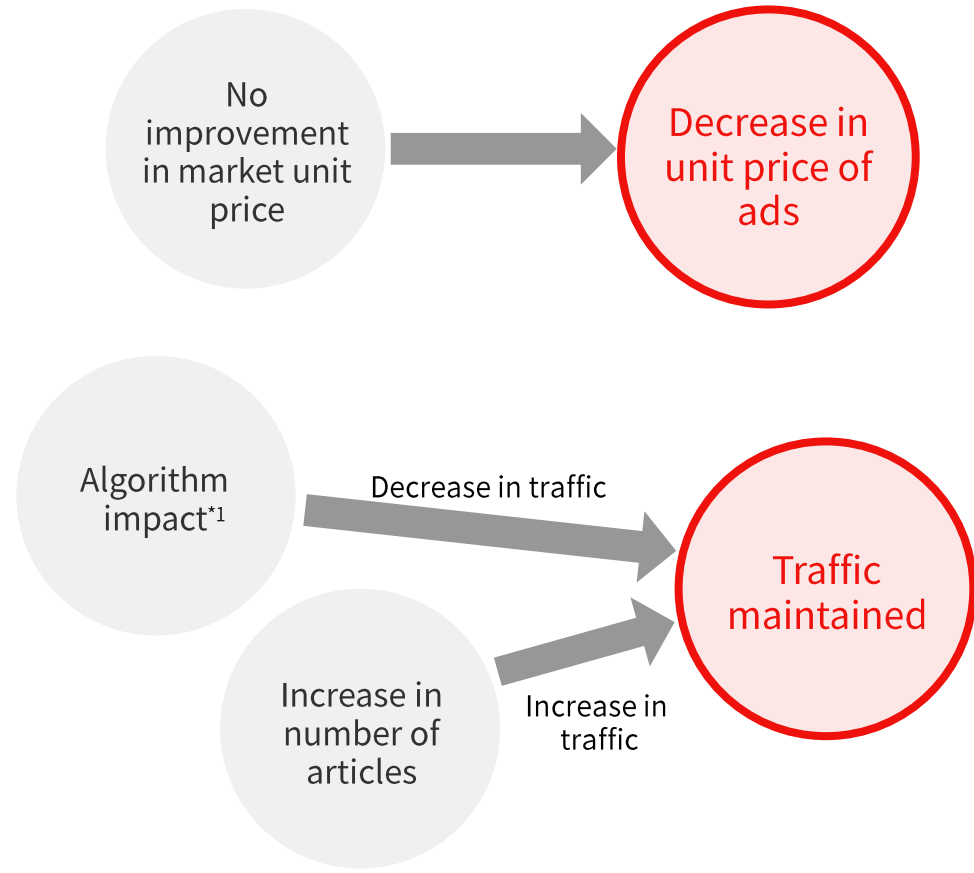
Growth of technology companies slows down as pandemic ends

Large-scale restructuring as a result of the above, coupled with concerns about U.S. business conditions



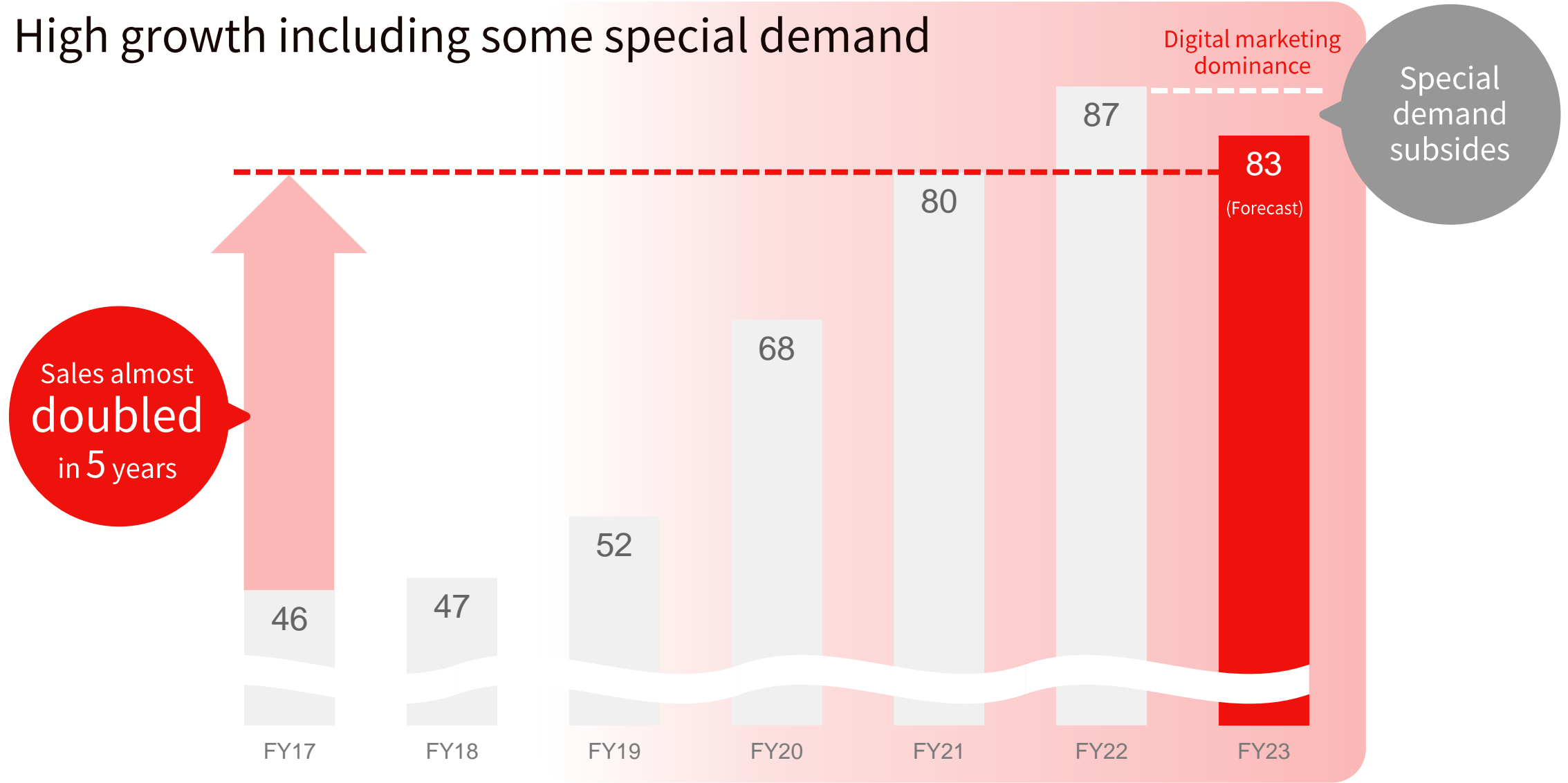


Reasons for decrease

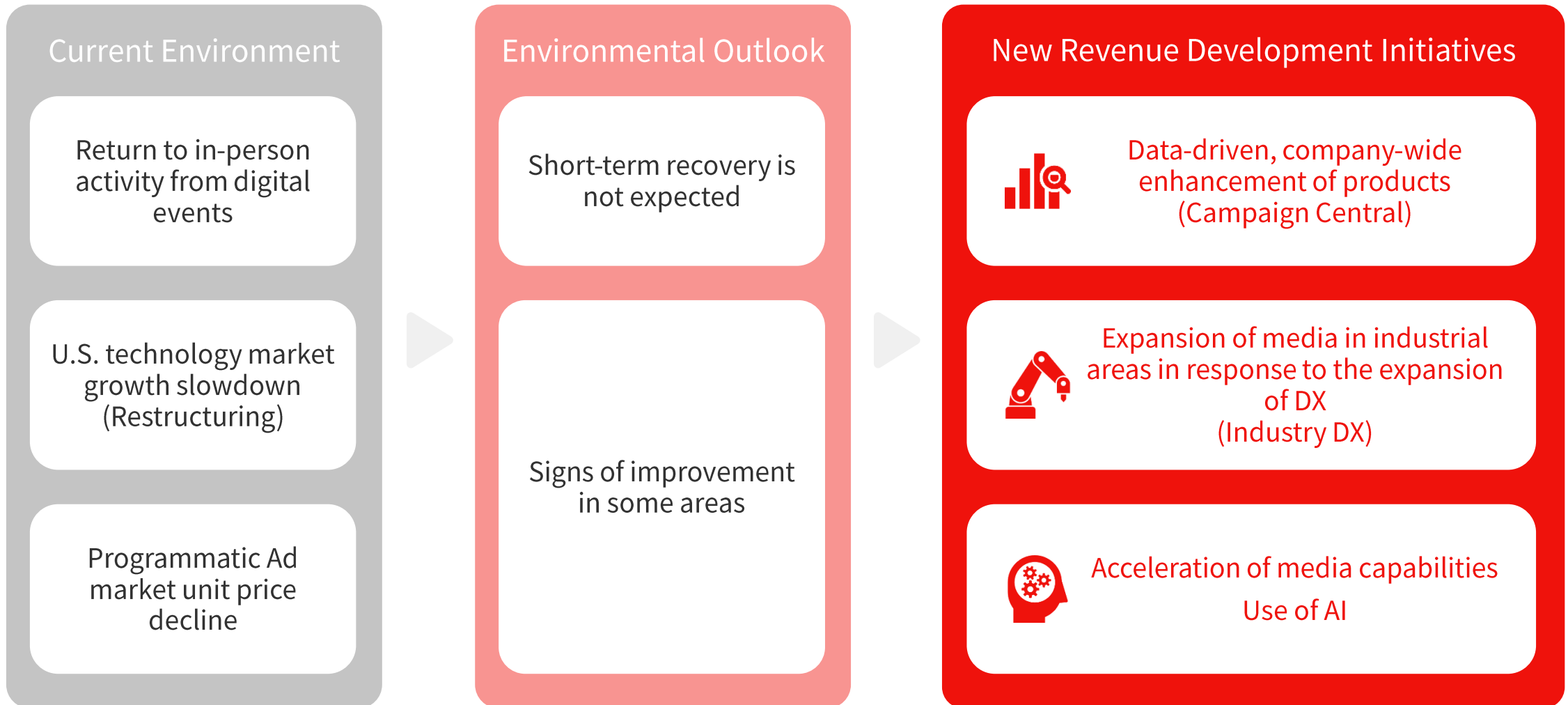


*1 Temporary traffic decay occurred on some search engine algorithms like Google's

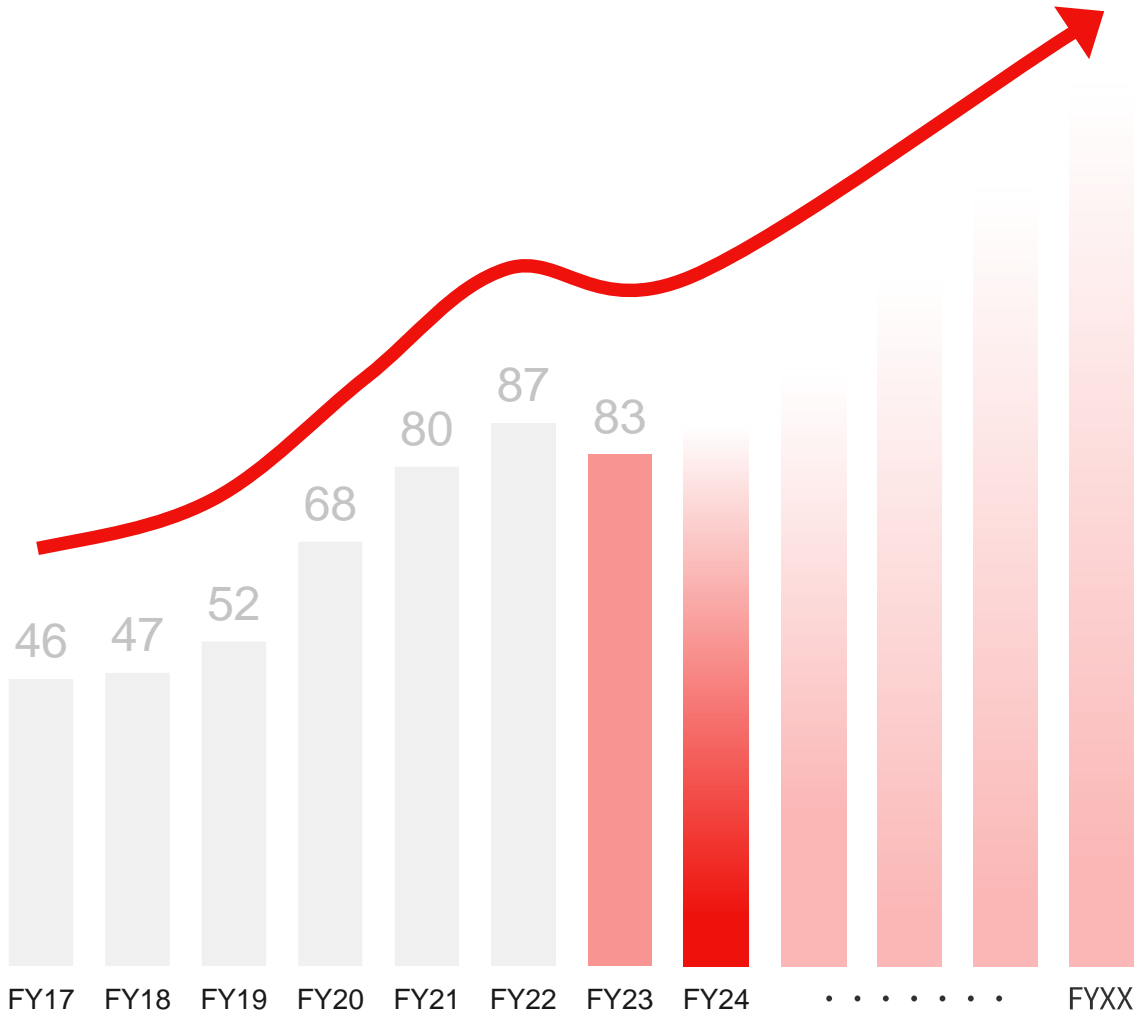
High growth including some special demand



Strengthen earnings development for the next fiscal year and beyond, with an eye on growth markets



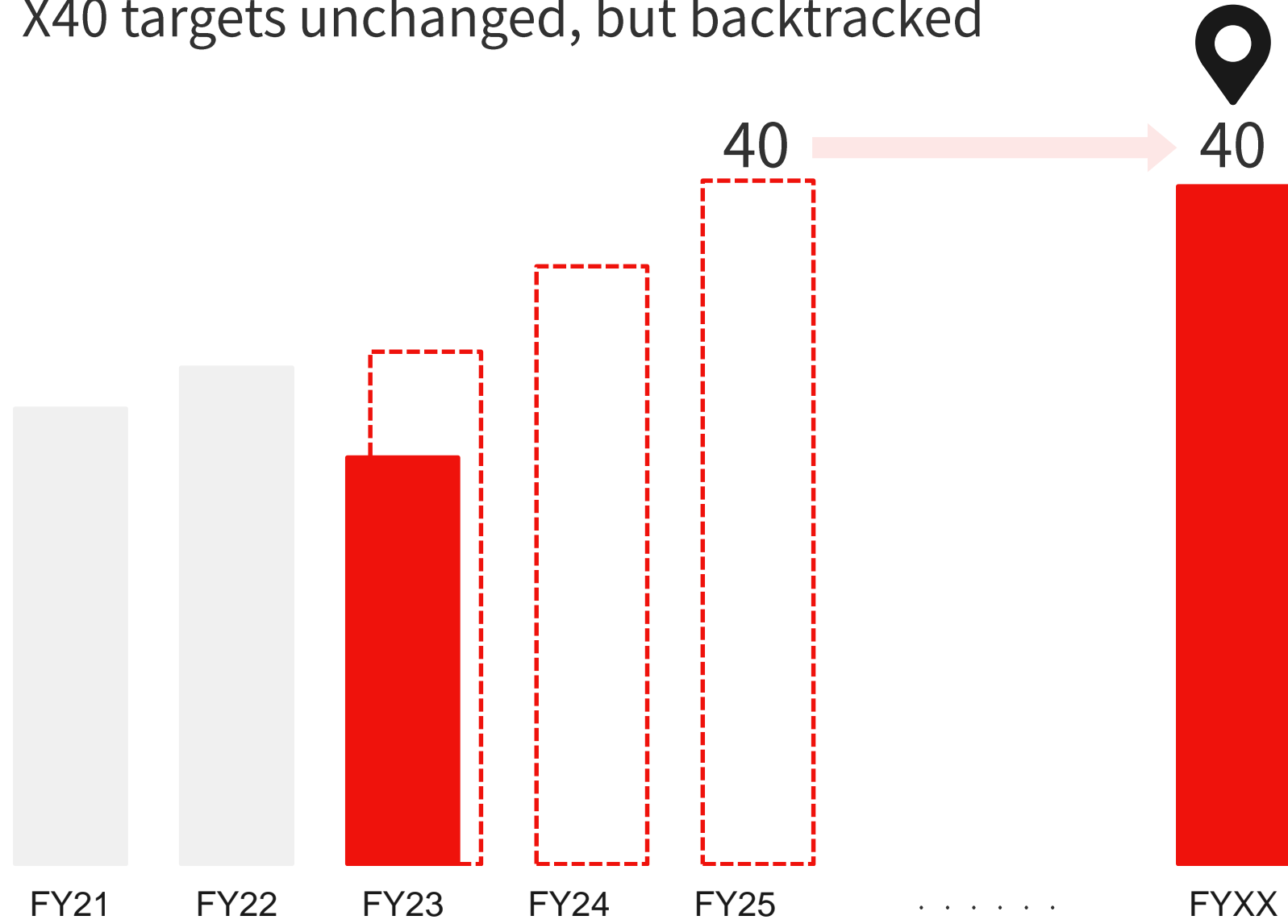
Aiming for S-shaped recovery with FY24 as a turning point



Medium-Term Outlook and Policies

- Impact of recovery from COVID-19 is larger than expected
- Progress of digital shift is certain in the mid- to long-term
- No restructuring or curbing significant costs
- New initiatives to boost growth
- Growth recovery trend in FY24-25

X40 targets unchanged, but backtracked



Operating income target

40 hundred million yen to be achieved

||

X40



Understanding the Current Situation and Future Policies

FY23 Q2 **Earnings Overview**

BtoB Media Business

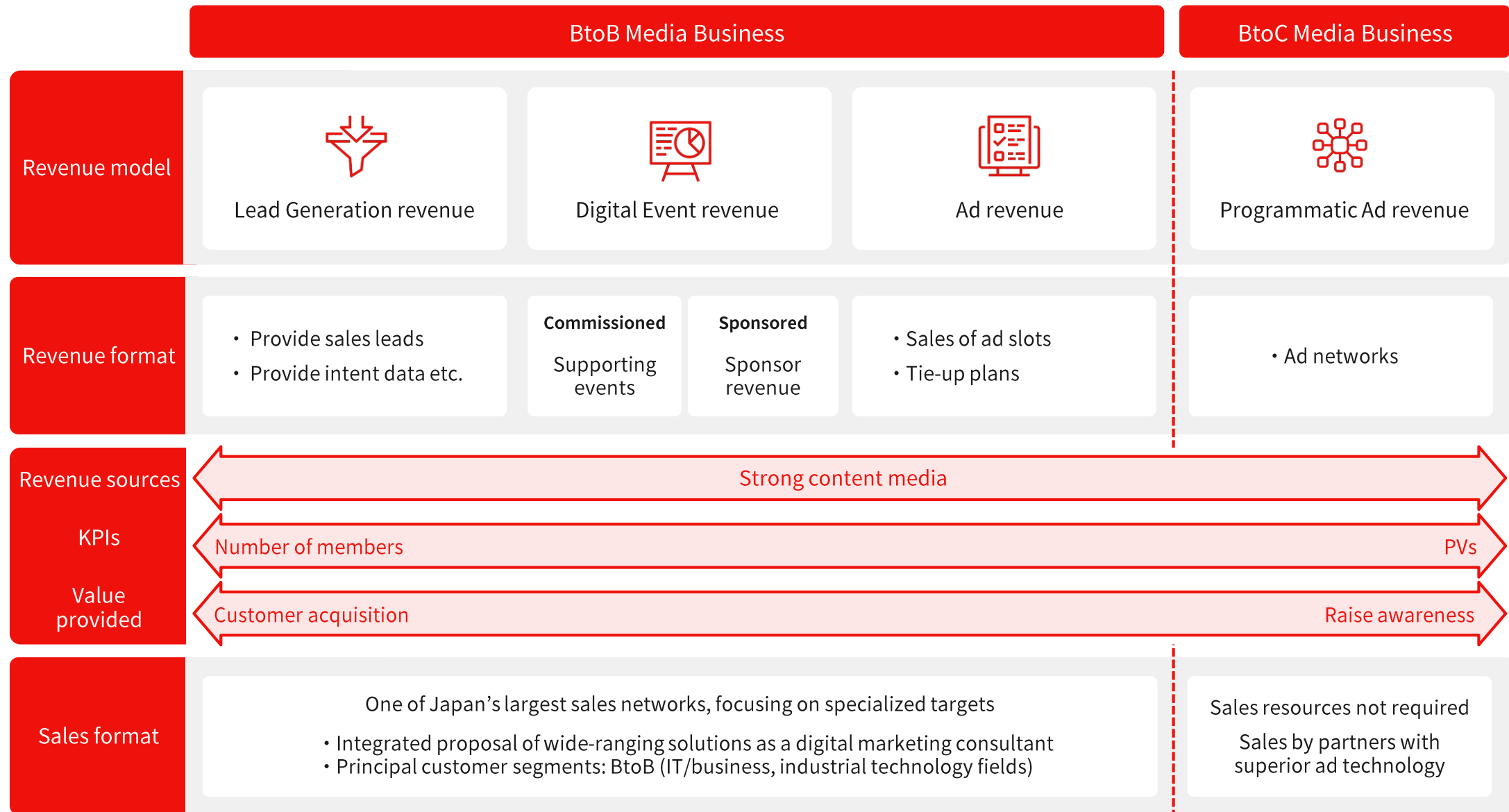
BtoC Media Business

FY23 Earnings Forecast

Company Business Overview

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Shareholder Return and Sustainability



Decreased revenue and profit. Q2 slightly below expectations but improved from Q1.
Impact of market deterioration expected to remain throughout FY23.

Earnings

External Environment & Overview

Q2 Actual

Decreased revenue and profit

Revenue : ¥3,841 million (-9%)

- Lead Generation revenue -2%
- Digital Event revenue -20%
- Ad revenue -6%
- Programmatic Ad revenue -12%

Operating income : ¥1,052 million (-24%)

Impact of market conditions surrounding the Company continued

U.S. technology market growth slowdown

- Decreased revenues from foreign customers

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

- Demand for digital events slowed down

Programmatic Ad market declined more than expected

Traffic decay occurred on some search engine algorithms

Earnings Forecast

Will remain within planned range

Revenue : ¥8,320 million (-5%)

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

We purchased own shares

Market conditions are expected to remain bearish

U.S. technology market growth slowdown

- Expected to improve in the second half onward

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

- Digital Events special demand subsidies

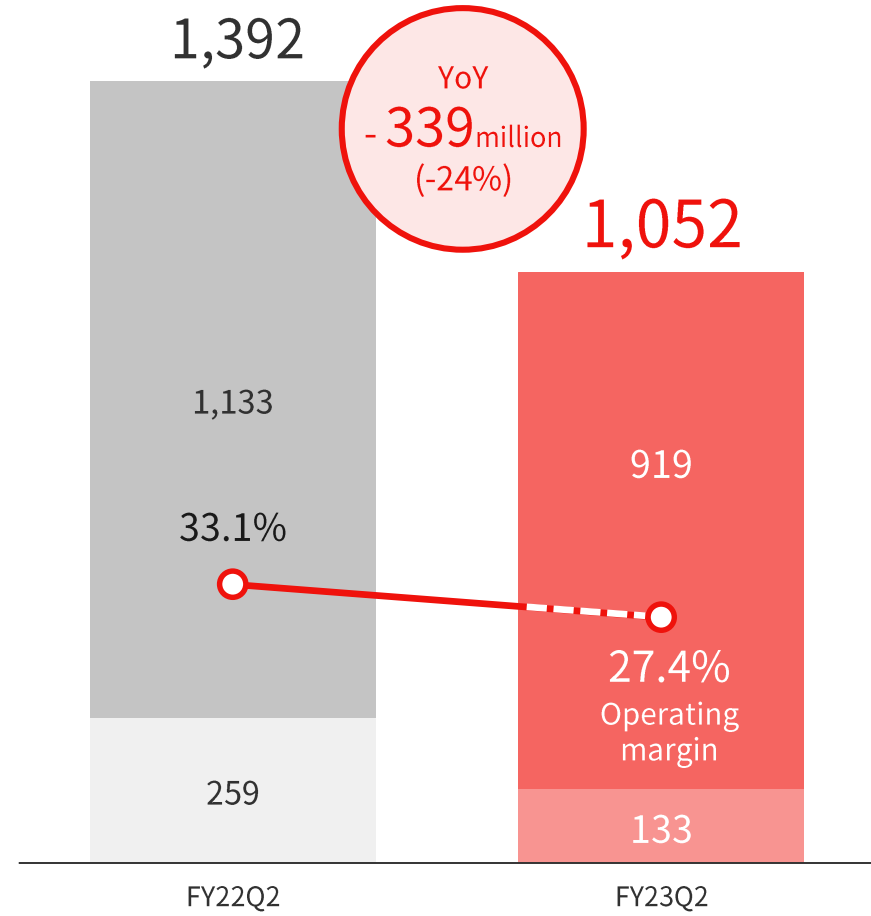
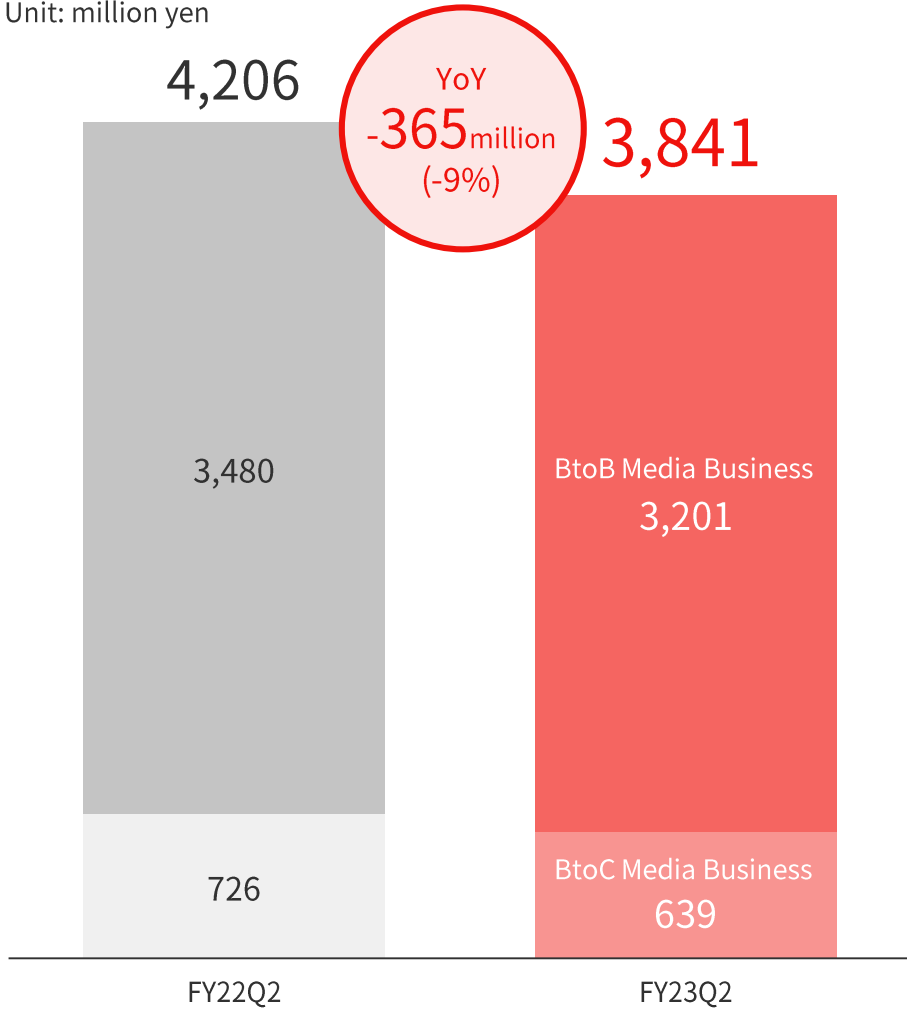
Programmatic Ad market

- Moderate improvement is expected

Revenue

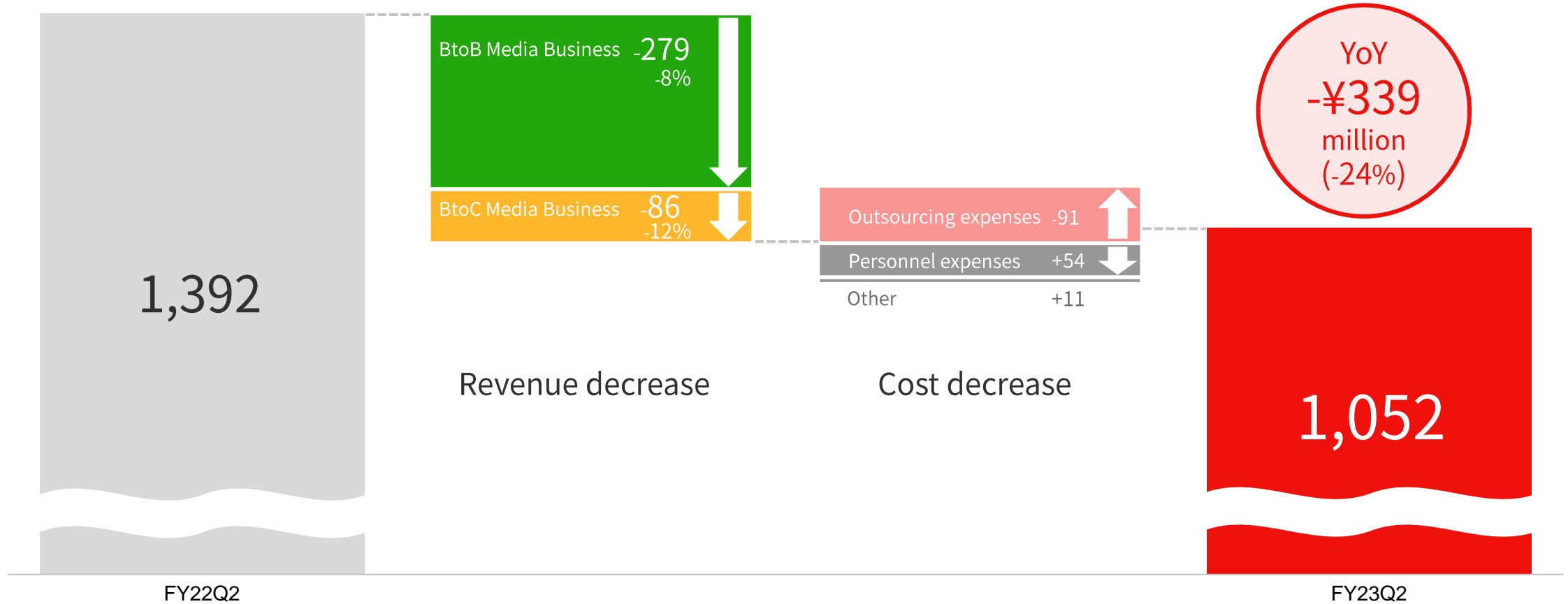
Operating income

Cumulative period
Unit: million yen



Decreased revenue and profit. Decreased total cost, mainly outsourcing expenses.

Cumulative period
Unit: million yen



Cumulative period Unit: million yen	FY22Q2		FY23Q2		Increase	% change
	Amount	As % of revenue	Amount	As % of revenue		
Revenue	4,206	100.0%	3,841	100.0%	(365)	(8.7)%
Total cost	2,814	66.9%	2,788	72.6%	(25)	(0.9)%
(of which are personnel expenses)	1,491	35.5%	1,546	40.3%	+54	+3.6%
EBITDA	1,525	36.3%	1,168	30.4%	(356)	(23.4)%
Operating income	1,392	33.1%	1,052	27.4%	(339)	(24.4)%
Income before income tax	1,390	33.0%	1,056	27.5%	(333)	(24.0)%
Net income	946	22.5%	717	18.7%	(228)	(24.2)%
Net income attributable to owners of parent	946	22.5%	717	18.7%	(228)	(24.2)%

* 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	FY22Q2	FY23Q2	Change
Cash flows from operating activities	727	775	+47
Cash flows from investing activities	(12)	(105)	(93)
Cash flows from financing activities	(316)	(724)	(408)
Change in cash and cash equivalents	398	(54)	(453)
Cash and cash equivalents at beginning of the period	6,815	7,978	+1,162
Cash and cash equivalents at end of the period	7,214	7,923	+709

Main items of operating CF

Net income (loss) before income tax	+1,056
Depreciation and amortization	+116
Decrease in trade and other receivables	+69
Income taxes paid	(472)

Main items of investing CF

Purchase of property, equipment, and intangible assets	(142)
Leasehold and guarantee deposits	+49

Main items of financing CF

Dividends paid	(276)
Purchase of treasury shares	(387)
Payments of lease liabilities	(63)

Unit: million yen		At the end of March 2023	At the end of September 2023	Change
Assets	Current assets	9,996	9,809	(187)
	Non-current assets	1,161	1,319	+158
	Total assets	11,158	11,129	(28)
Liabilities	Current liabilities	1,668	1,518	(149)
	Non-current liabilities	60	125	+64
	Total liabilities	1,729	1,644	(84)
Equity	Share capital/capital surplus	3,969	3,973	+3
	Retained earnings	6,603	7,044	+440
	Treasury stock	(1,144)	(1,532)	(387)
	Accumulated other comprehensive income	-	0	+0
	Total equity attributable to owners of parent	9,429	9,485	+56
	Total equity	9,429	9,485	+56
Equity attributable to owners of parent per share	¥476.37	¥487.21	+¥10.84	
Ratio of equity attributable to owners of parent to total assets	84.5%	85.2%	+0.7pt	

Total assets

Cash and cash equivalents	(54)
Trade and other receivables	(69)
Other current assets	(55)
Right-of-use assets	+195
Other financial assets	(49)

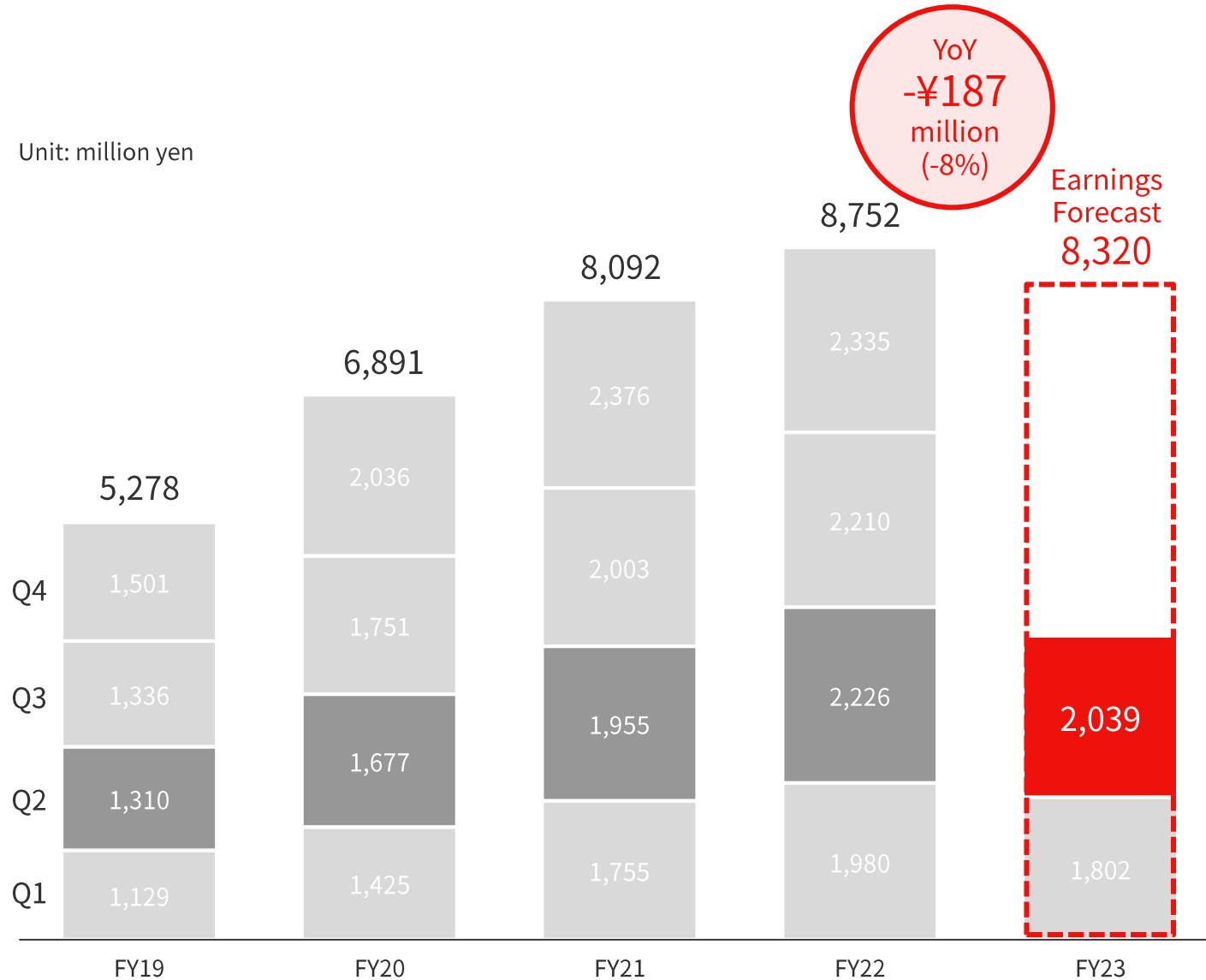
Total liabilities

Trade and other payables	(89)
Lease liabilities	+184
Income tax payable	(132)
Other current liabilities	(52)

Total equity

Retained earnings	+440
Of which is net income	+717
Of which are dividends from retained earnings	(277)
Treasury shares	(387)

Unit: million yen



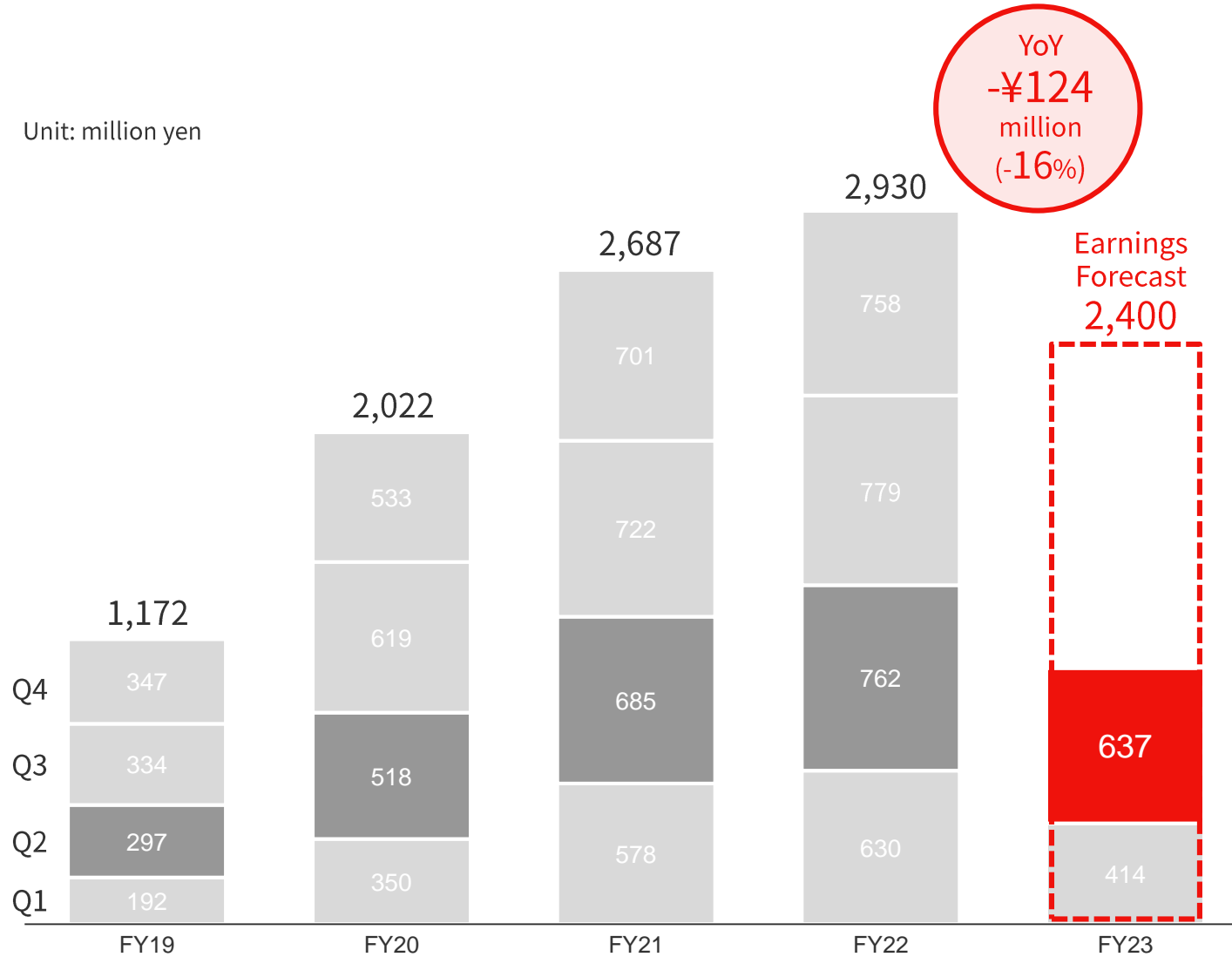
Decreased revenue

Q2 **¥2,039** million

YoY change

-¥187 million
(-8%)

Unit: million yen



YoY
-¥124 million
(-16%)

Earnings Forecast
2,400

Decreased profit
Improved compared to Q1

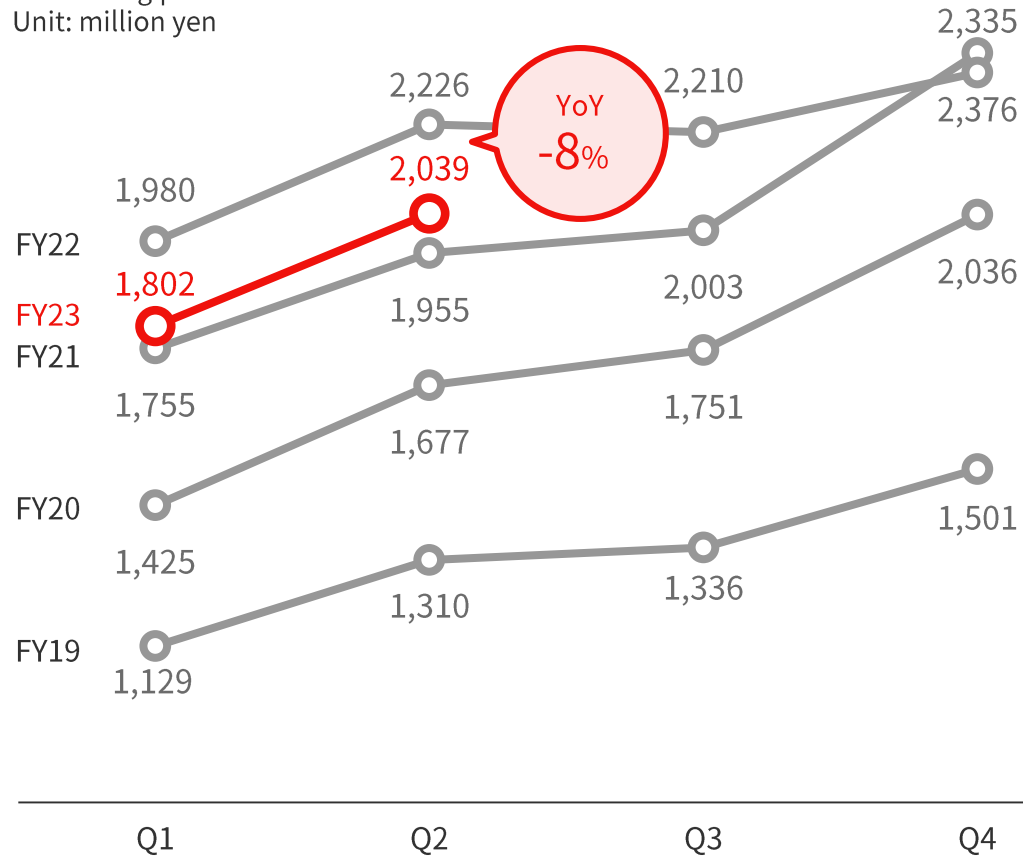
Q2 **¥637 million**

YoY change **-¥124 million (-16%)**

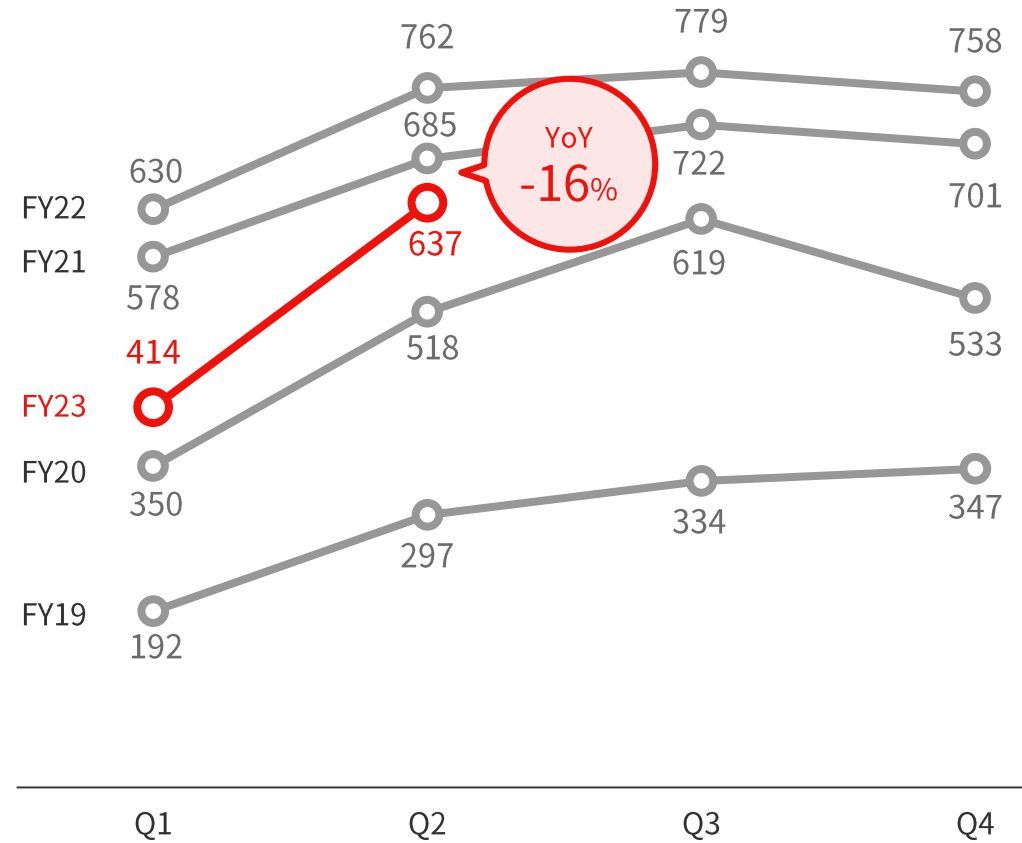
Decreased profit, Improved compared to Q1

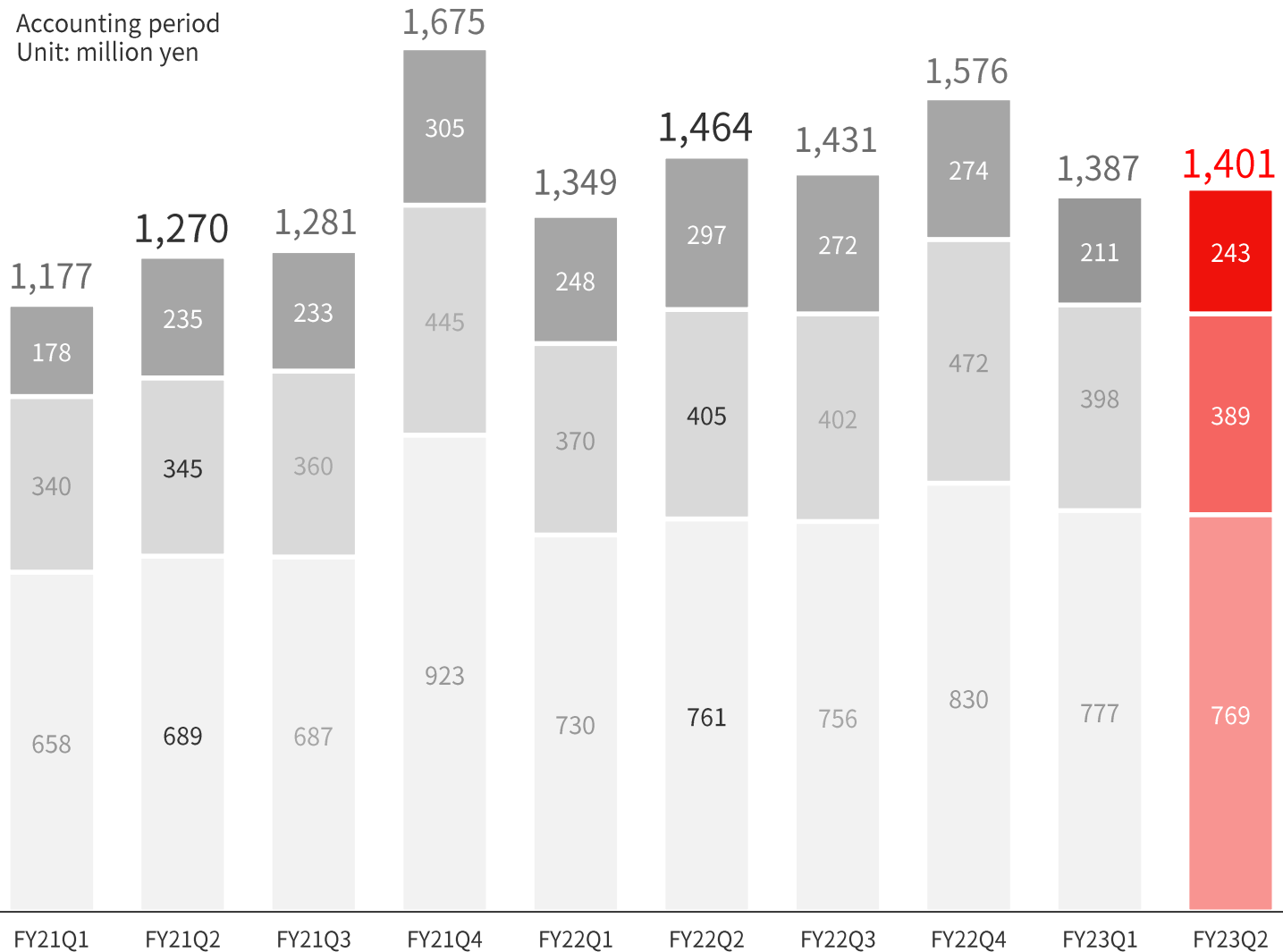
Revenue

Accounting period
Unit: million yen



Operating income

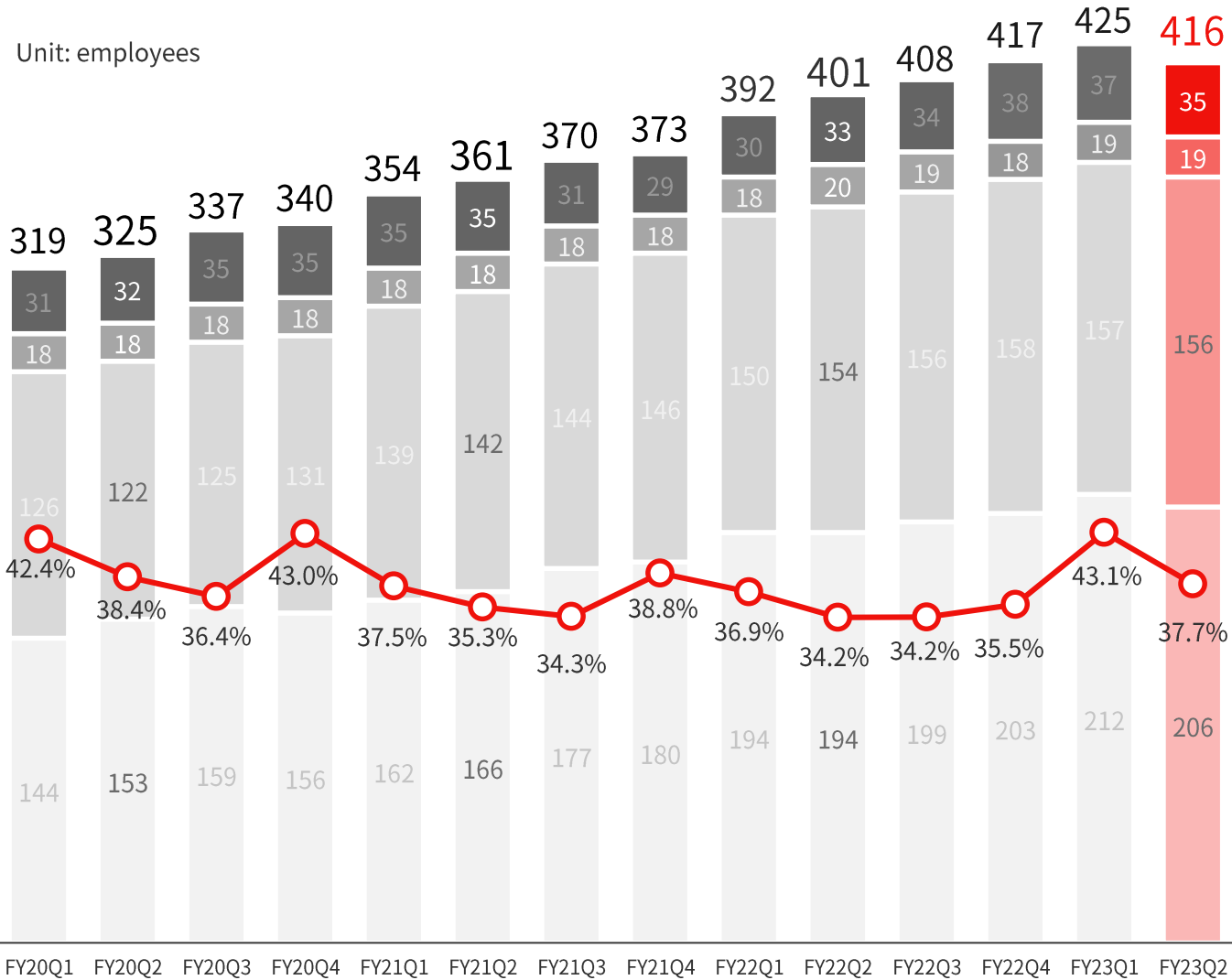




	Q2	YoY change	As percent of total
Total		-4.3%	100%
Outsourcing expenses		-18.1%	17.4%
Other		-4.1%	27.8%
Personnel expenses		+1.0%	54.9%

Main factors behind year on year change

- Personnel expenses: +7
 - Curtailed of new recruitment
 - Six new graduates joined the Company in the current fiscal year
- Outsourcing expenses: -53
 - Curtailed, especially for digital events
- Other: -16
 - Downsize offices

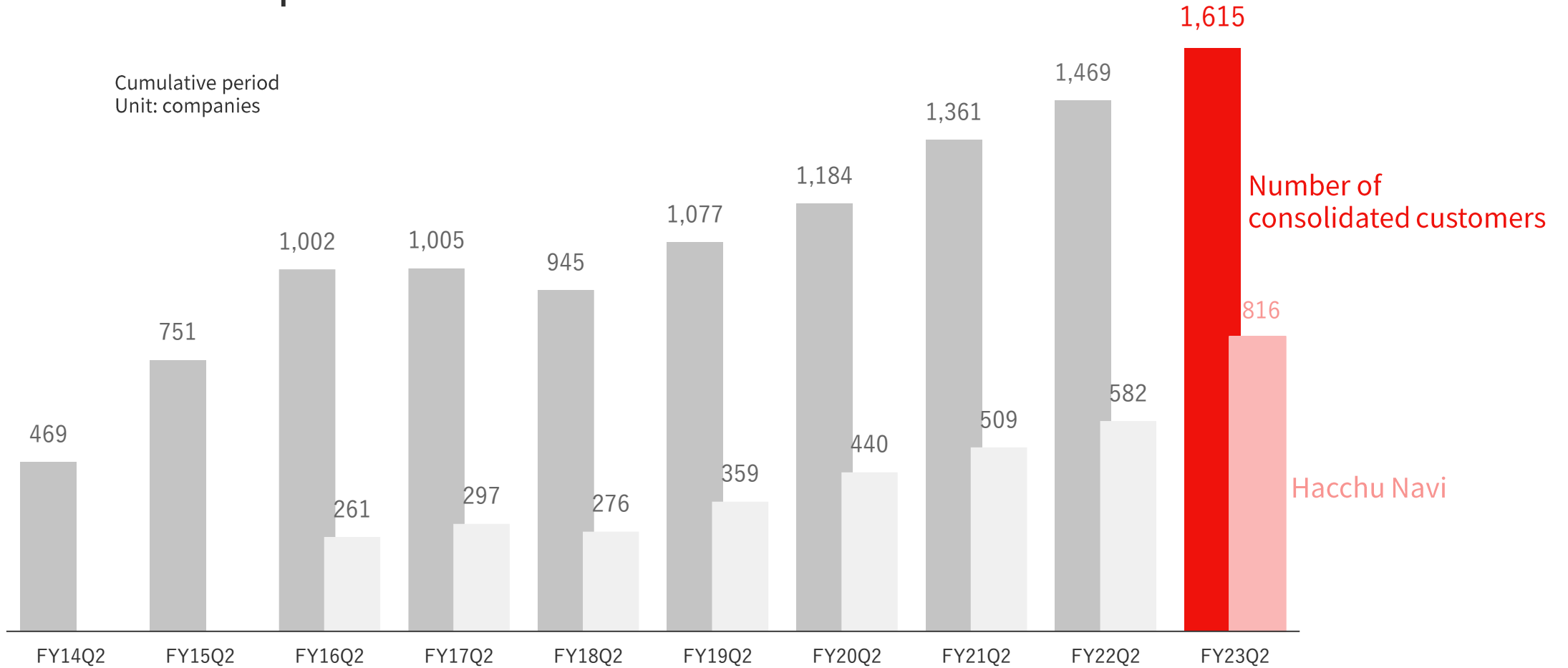


	Q2	YoY change	As percent of total
Total		+15	100%
Administrative and other		+2	8.4%
Technical		-1	4.6%
Sales and planning		+2	37.5%
Editing		+12	49.5%

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.



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

* Hacchu Navi has been consolidated since October 2015



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BtoC Media Business

FY23 Earnings Forecast

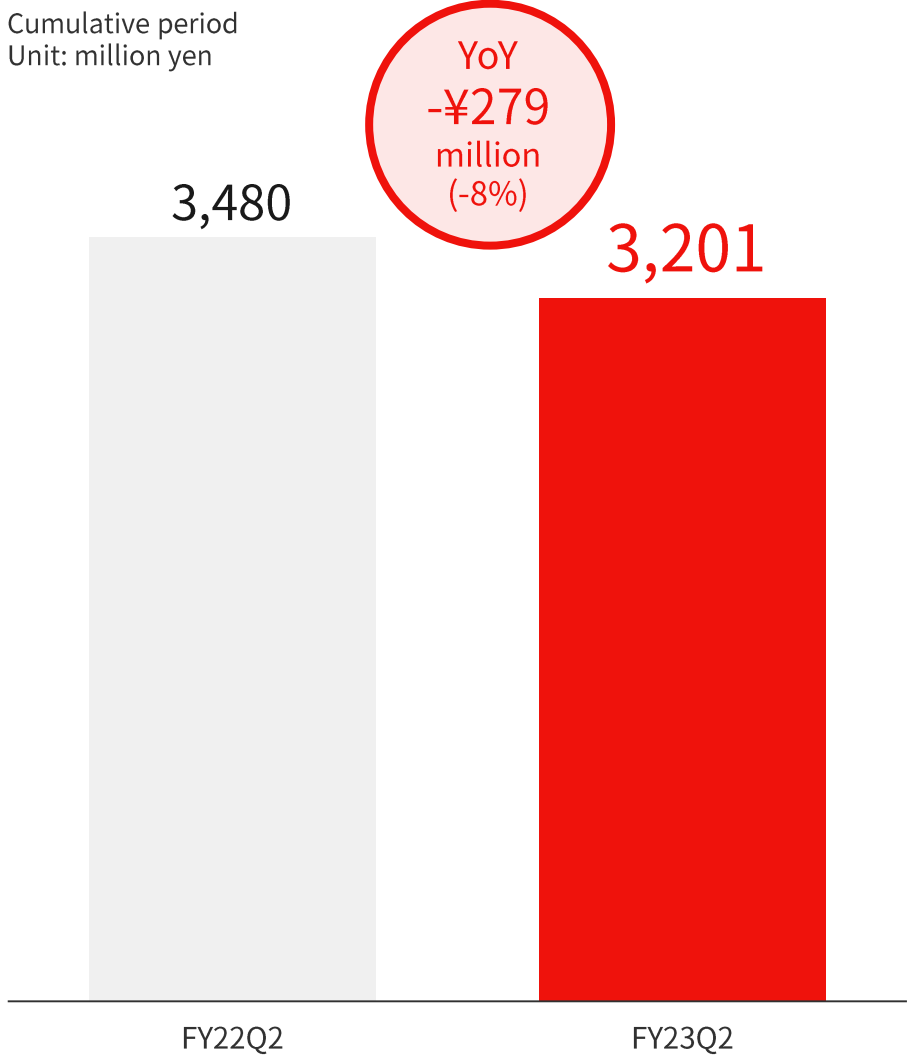
Company Business Overview

Growth Strategies and New Initiatives

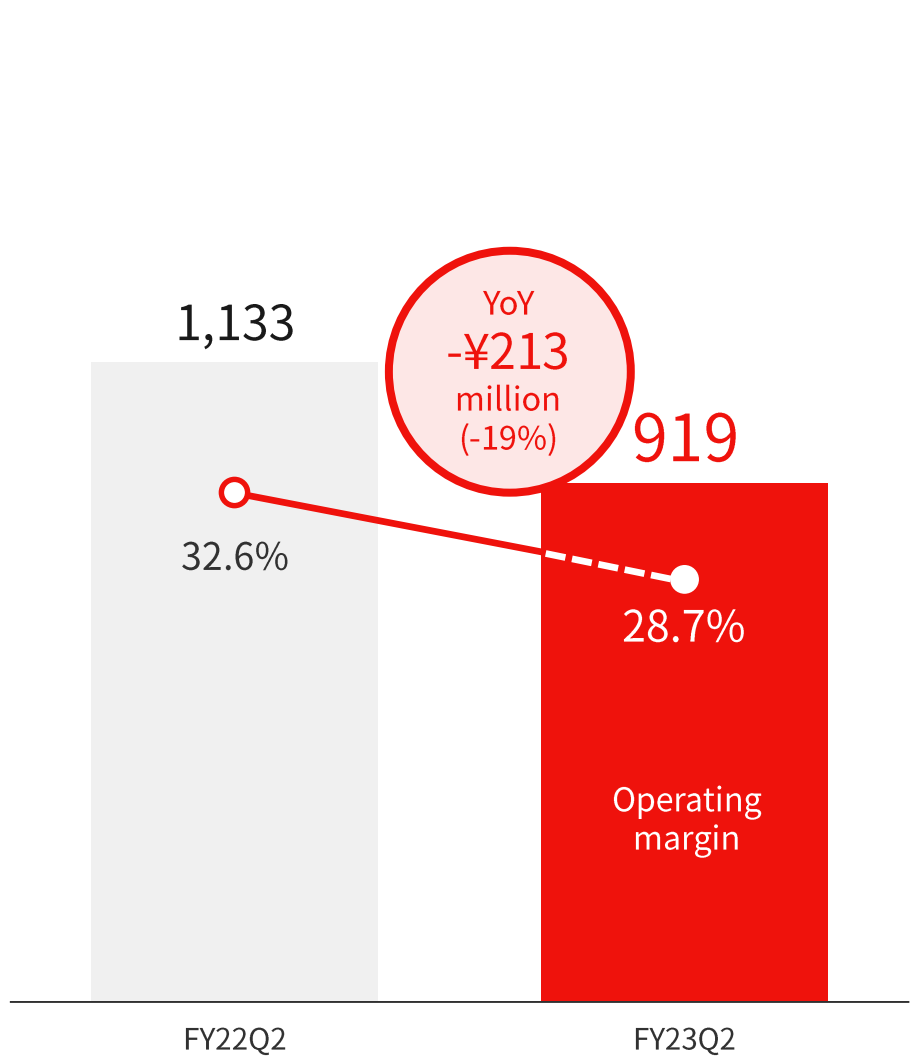
Shareholder Return and Sustainability

Revenue

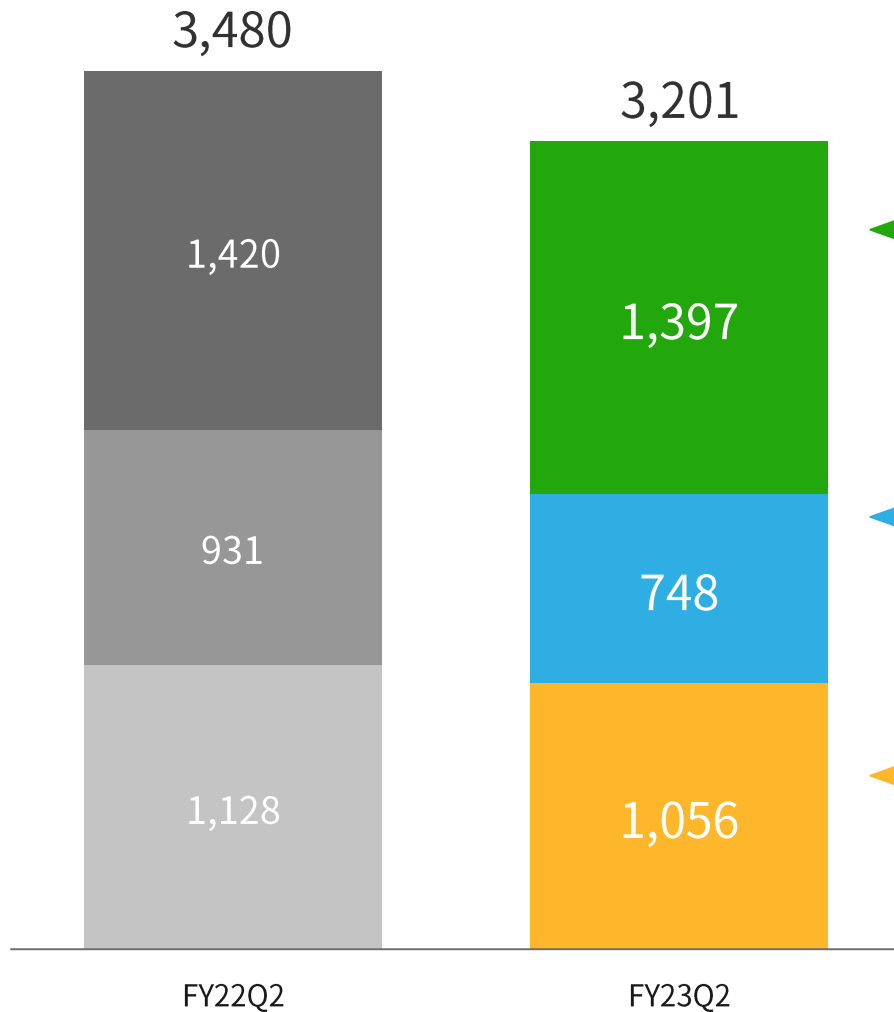
Cumulative period
Unit: million yen



Operating income



Cumulative period
Unit: million yen



Lead Generation revenue

Foreign company slows down
-¥23 million (-2% YoY)

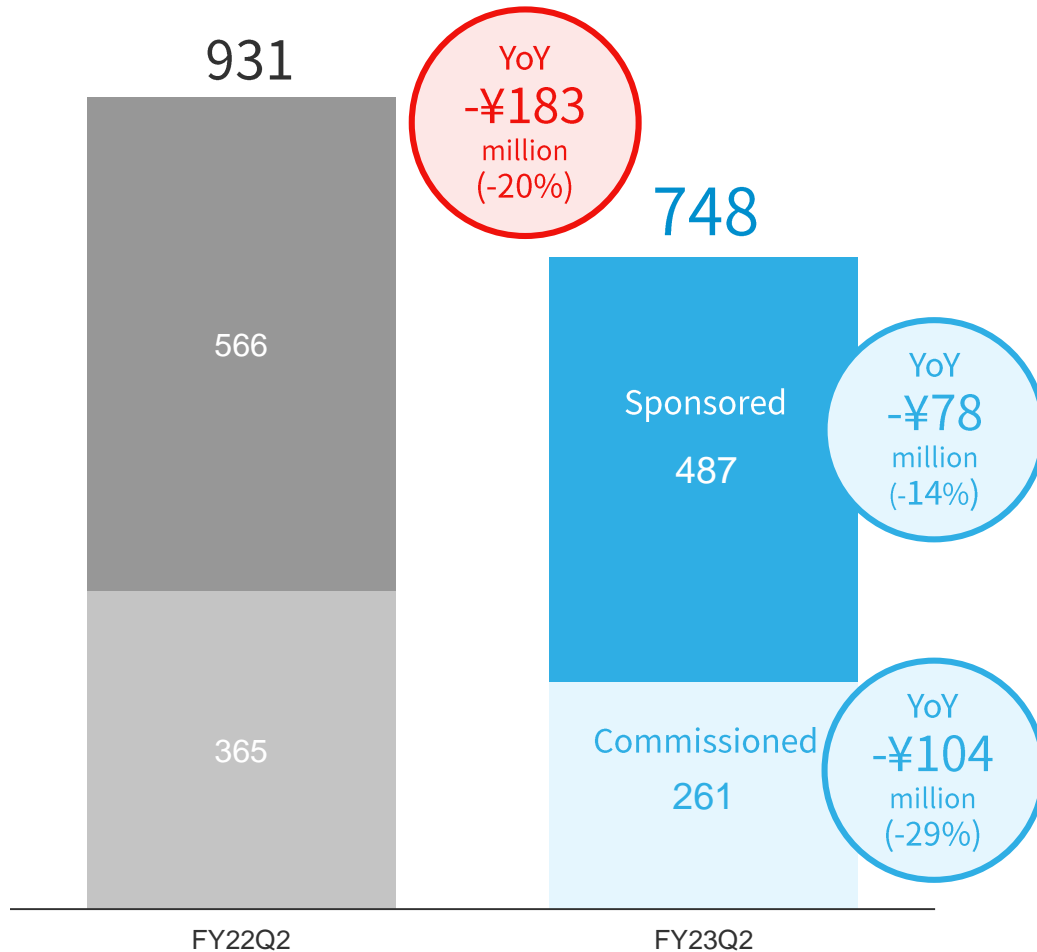
Digital Event revenue

Decrease due to the return to in-person activity
-¥183 million (-20% YoY)

Ad revenue

Decrease in revenue, mainly from foreign companies
-¥72 million (-6% YoY)

Cumulative period
Unit: million yen



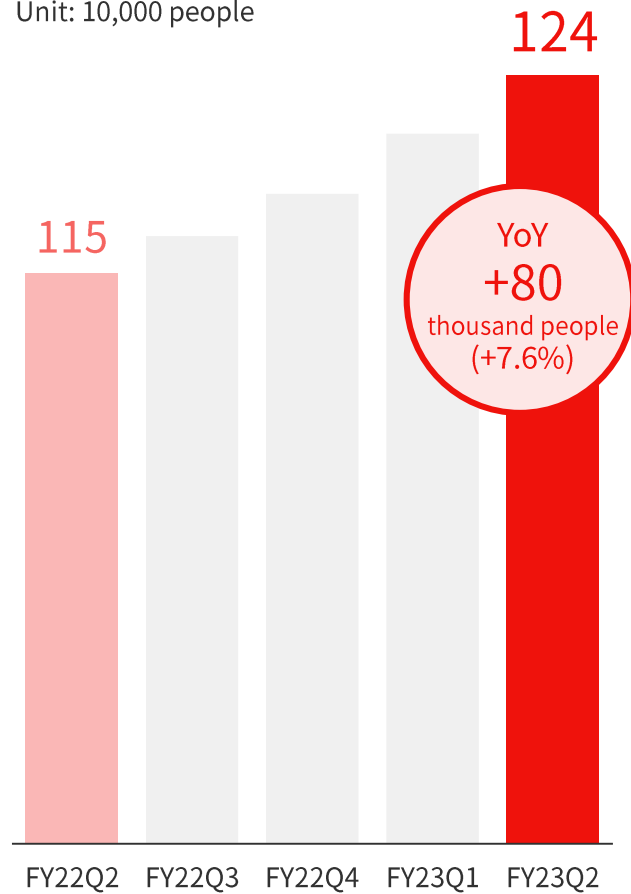
Established market from the pandemic, but special demand subsides

Digital Event examples



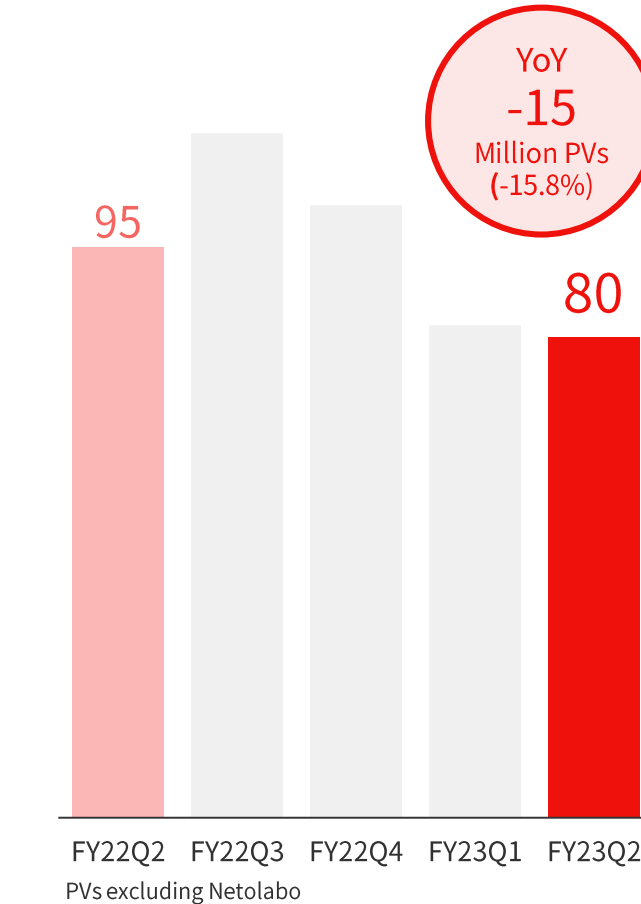
Number of Lead Generation members*1

Unit: 10,000 people



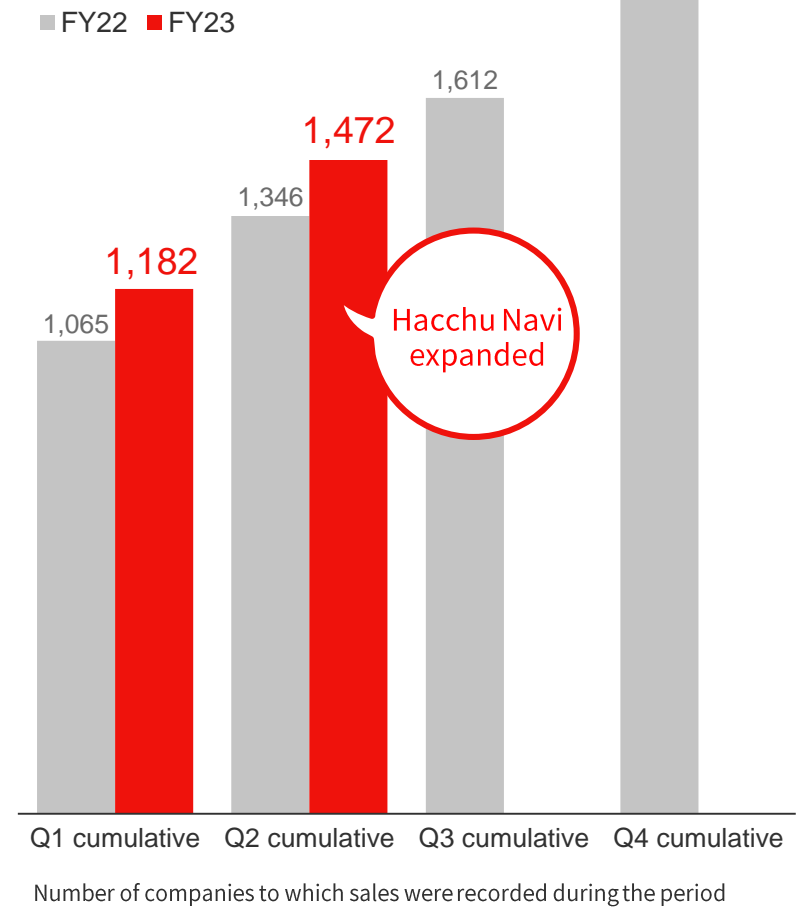
Number of PVs (monthly average)

Unit: million PVs



Number of customers

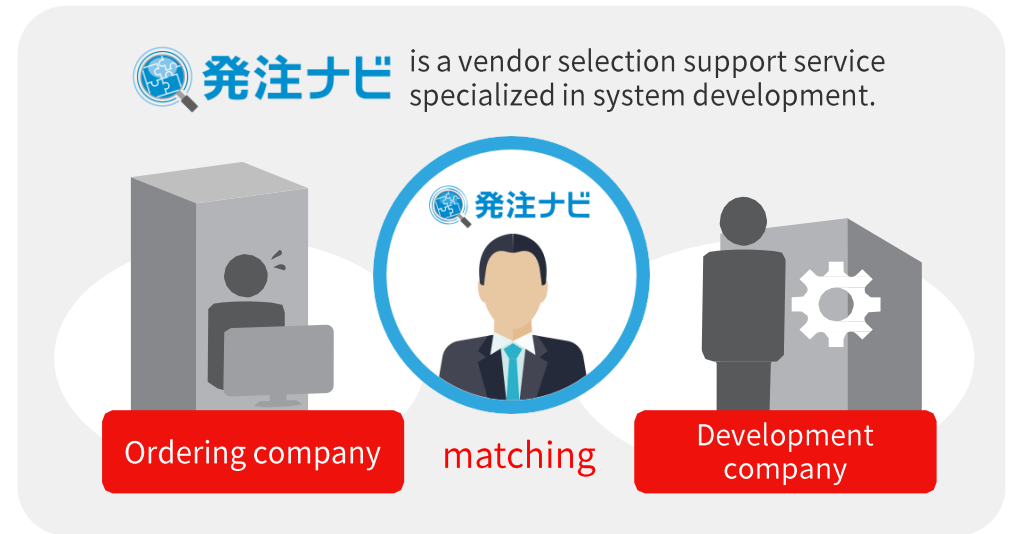
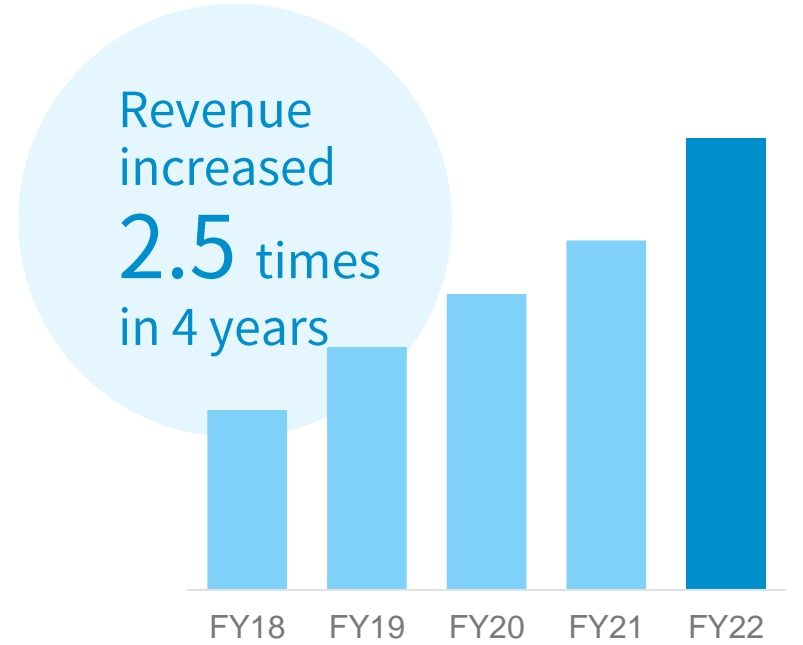
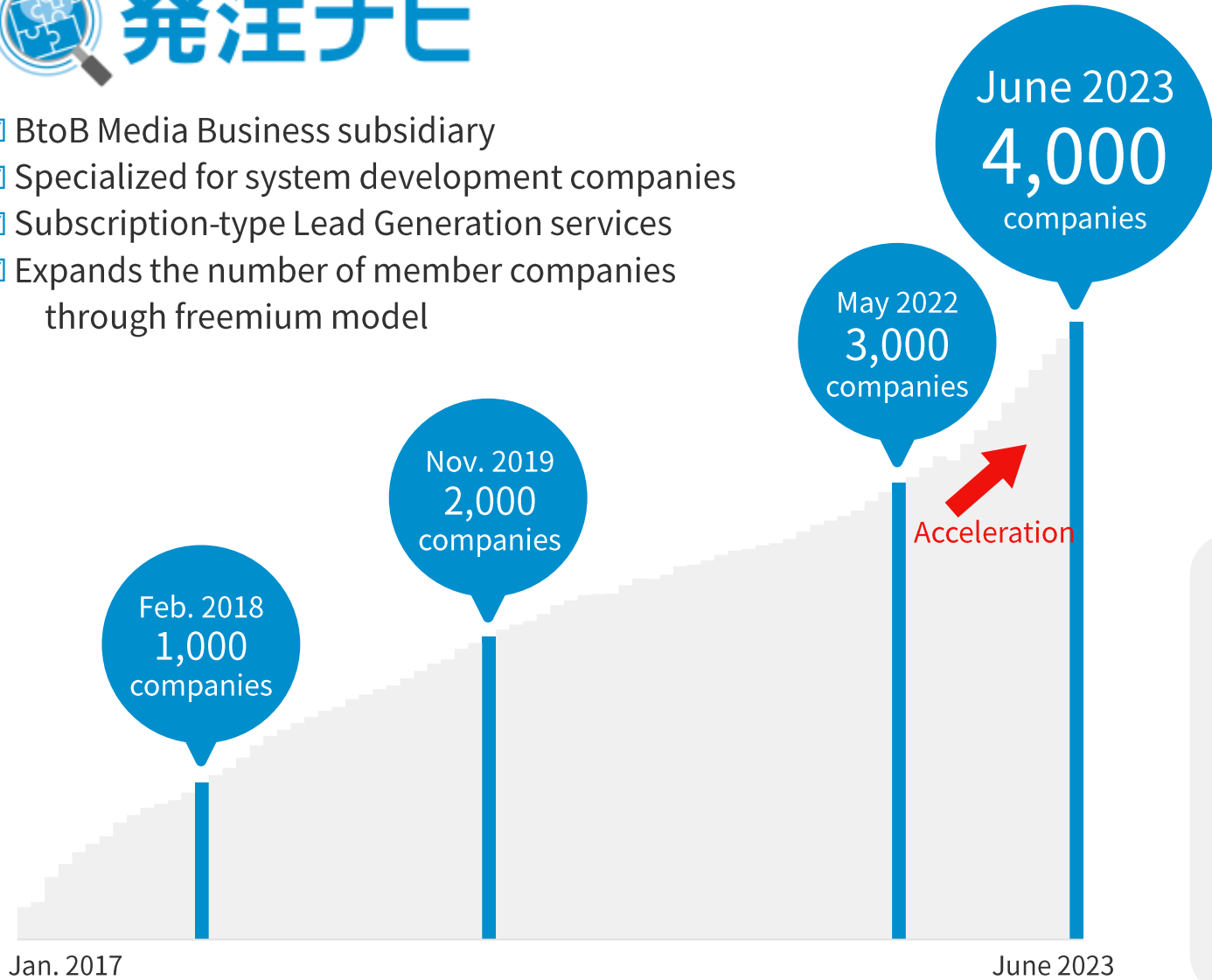
Unit: companies



*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





Understanding the Current Situation and Future Policies

FY23 Q2 **Earnings Overview**

BtoB Media Business

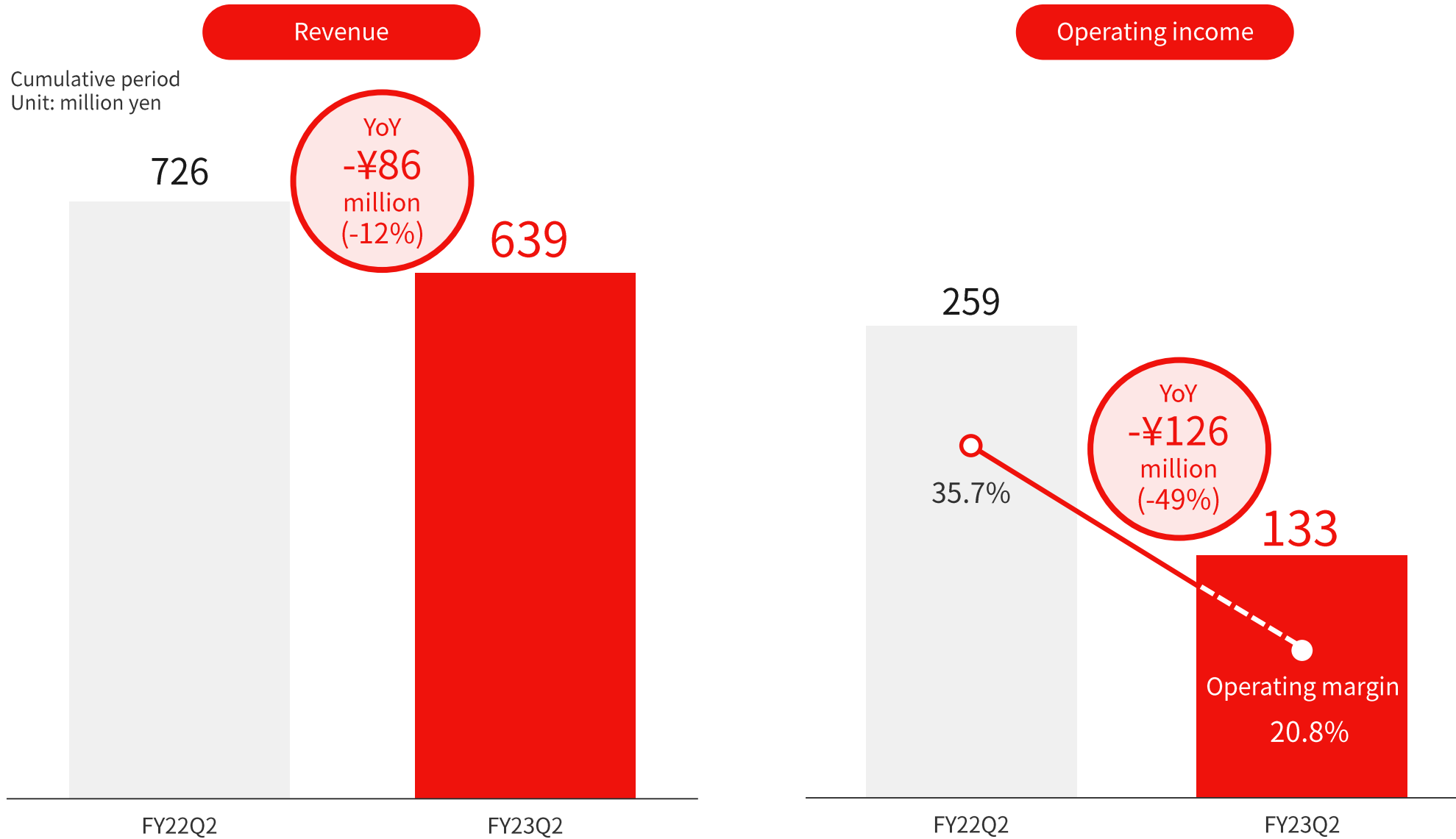
BtoC Media Business

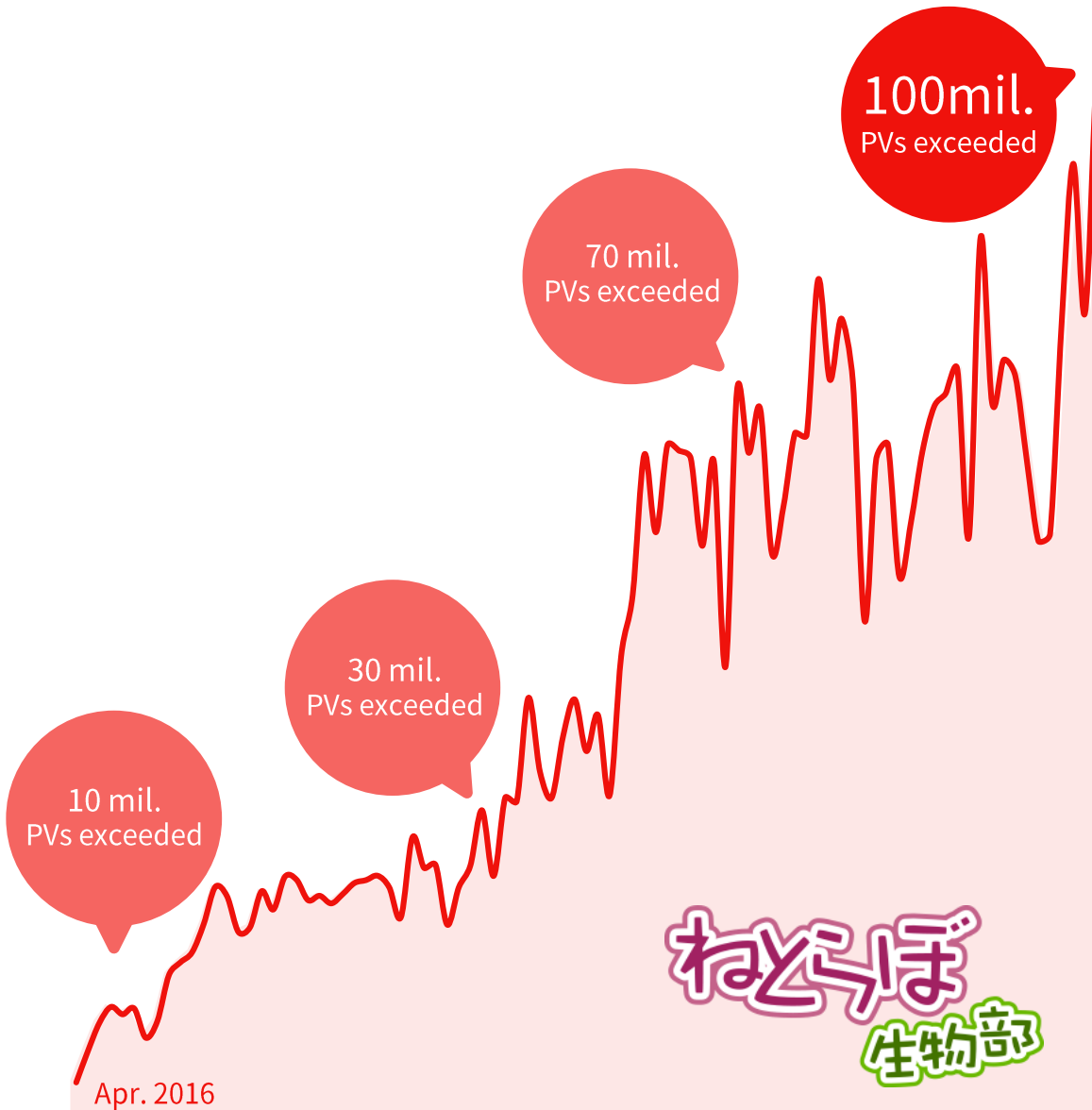
FY23 Earnings Forecast

Company Business Overview

Growth Strategies and New Initiatives

Shareholder Return and Sustainability



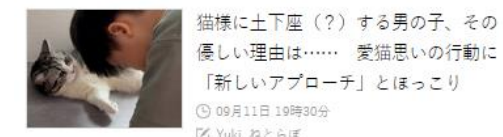


Netolabo channels dedicated to animals 100 million page views per month in August 2023

Expansion of content fields



Improved content production methods





Understanding the Current Situation and Future Policies

FY23 Q2 Earnings Overview

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- The impact will remain throughout the current fiscal year, decrease in revenue and profit is expected.
- Progressing as expected

▶ **Current forecasts are maintained**

Unit: million yen

	Revenue	Operating income	Net income attributable to owners of parent
full year	8,320	2,400	1,620
YoY change	(4.9%)	(18.1%)	(18.0%)
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.



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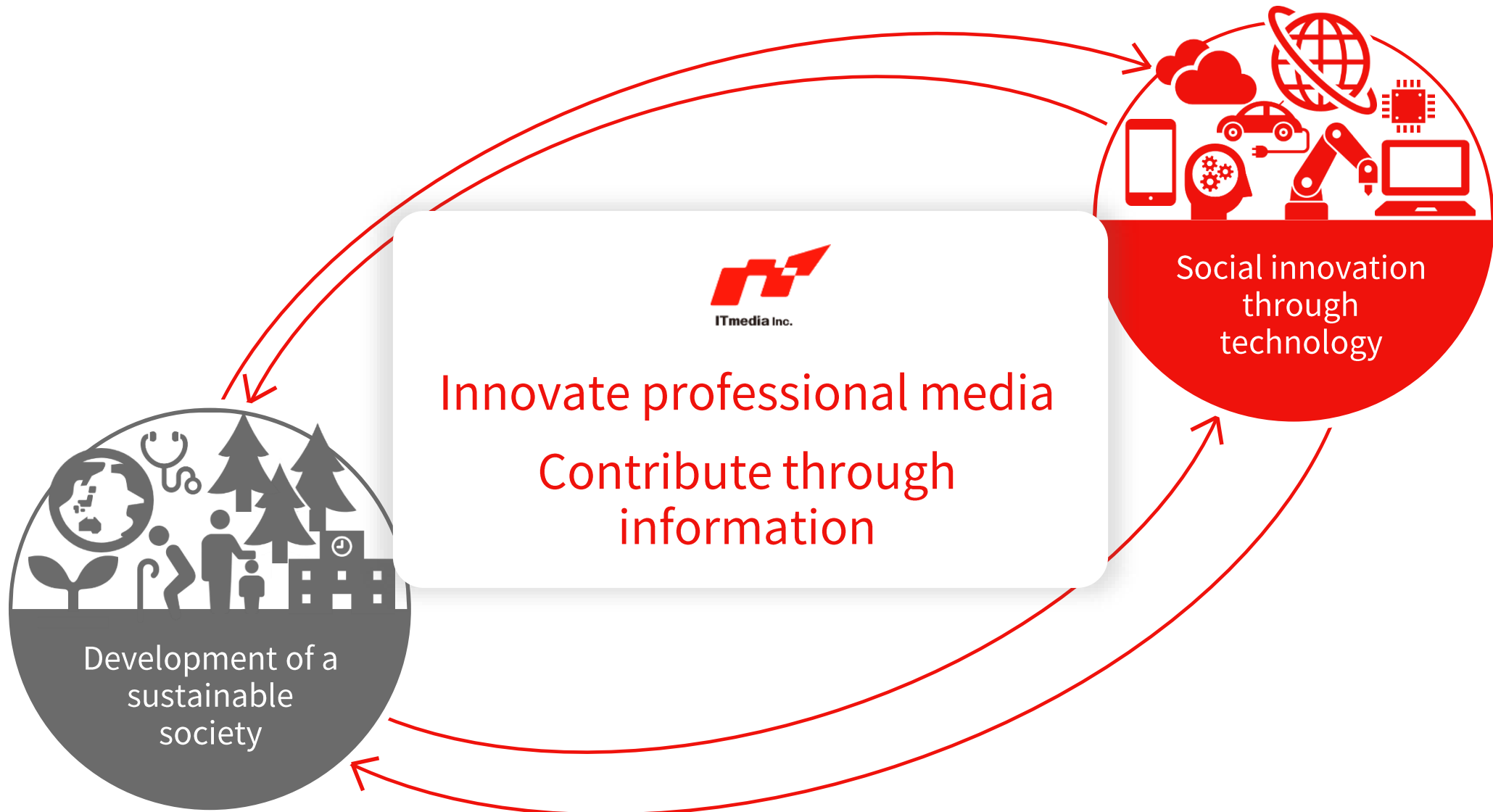
Shareholder Return and Sustainability



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





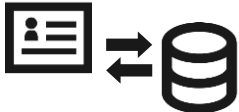
One of Japan's largest technology-focused digital media content provider



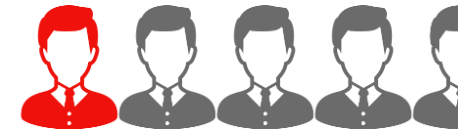
Monthly 400 million PVs

Total number of members 1.2 million people

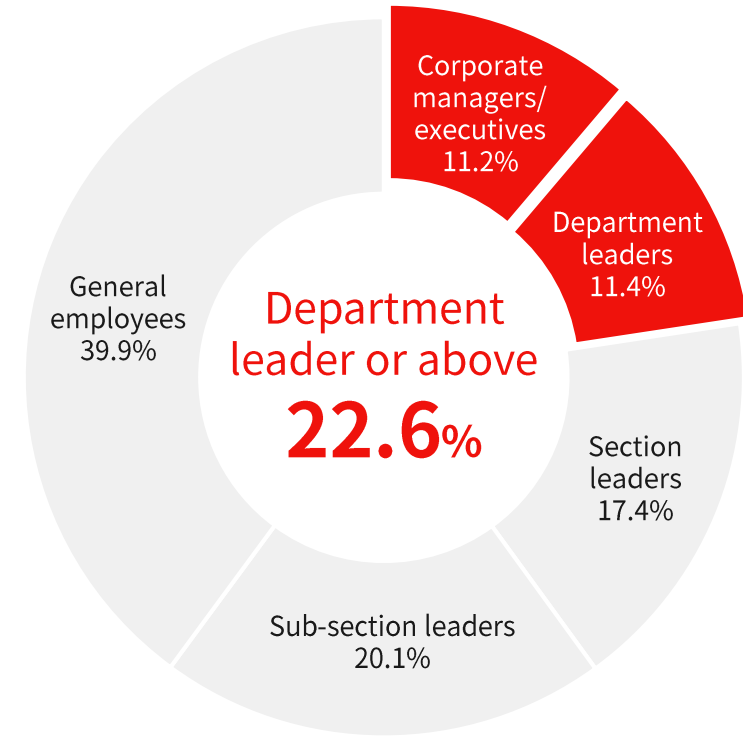
Number for new monthly articles 6,000 articles

 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


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

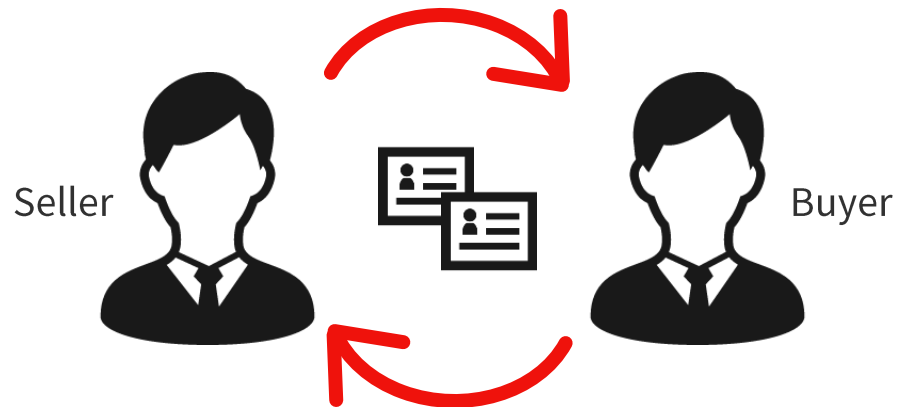
 Internal writers

100 writers



One of the largest media in the BtoB technology market

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



Contribute to digital transformation of Sales and Marketing

Data on purchasing behavior for BtoB technology products
Developing innovative services unique to digital



Lead Generation

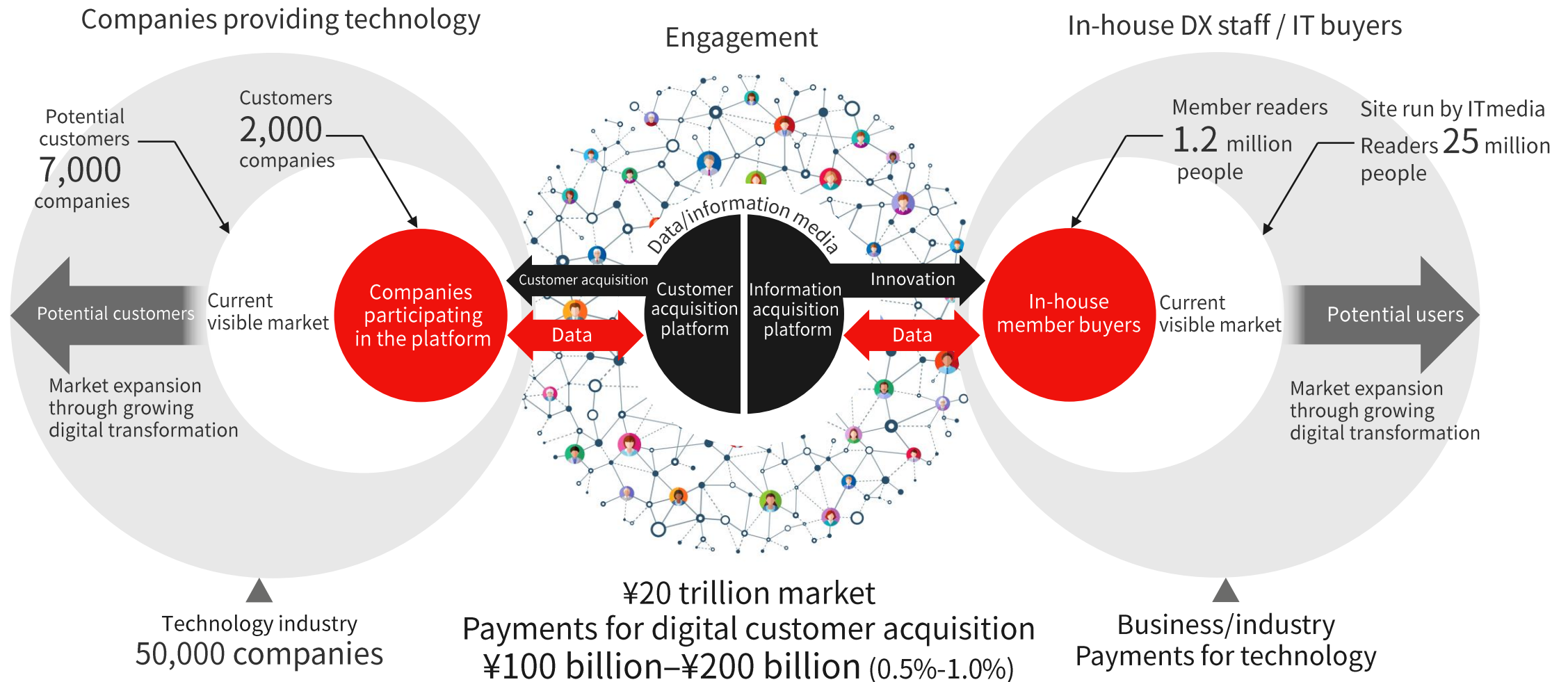


Digital Event

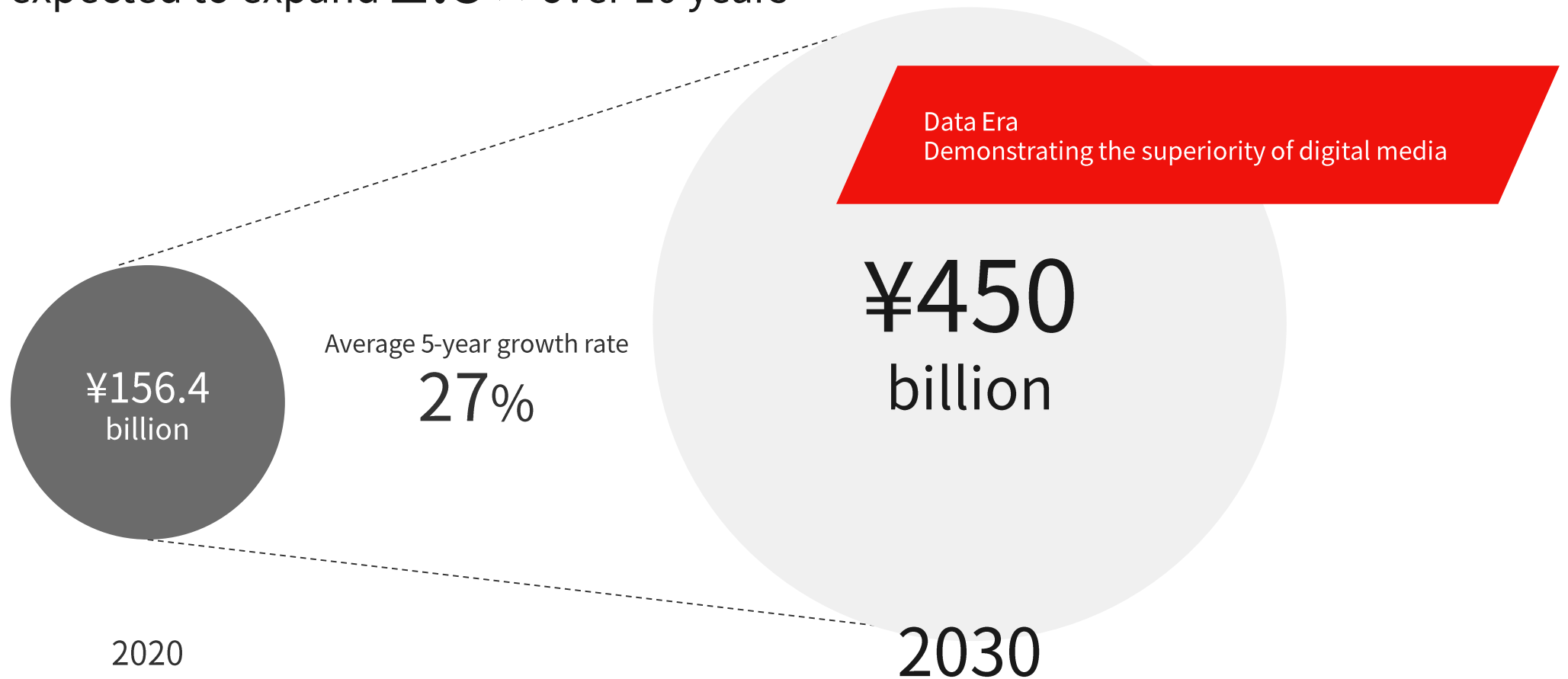


Ad

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

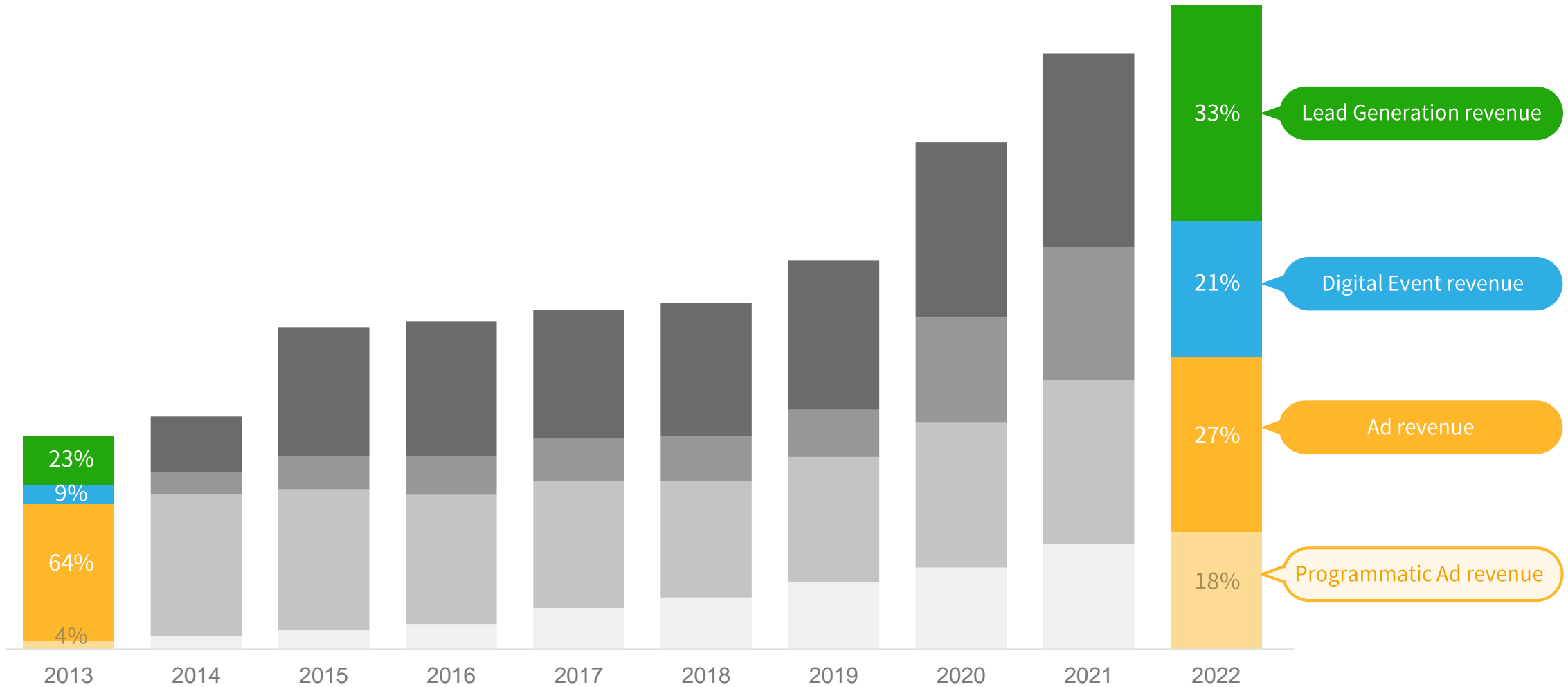


Our company engages in the digital transformation of Sales and Marketing
Market expected to expand **2.9**× over 10 years



“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



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Shareholder Return and Sustainability

Limitless possibilities of technology

Social development

Our growth

Automatic driving

AI

Wearable

Metaverse

Digital shift of society and industries

DX

Robotics

XR

Digital twin technology

Quantum computing

AI semiconductor

IoT

Cloud and SaaS

Blockchain

Computing

Semiconductor

Sensor

Device

Network

Security

Previously

In future



Innovation of society

Expansion on both buy-side and sell-side

IT

Manufacturing and
Electronics

Cloud and SaaS

Industry DX



Innovation of marketing

Increasingly sophisticated and diverse solutions

Lead Generation

Digital Events

Data Driven

Next-generation
Digital Events



Innovation of media

Adapting to innovative media technology. Developing the new markets that emerge

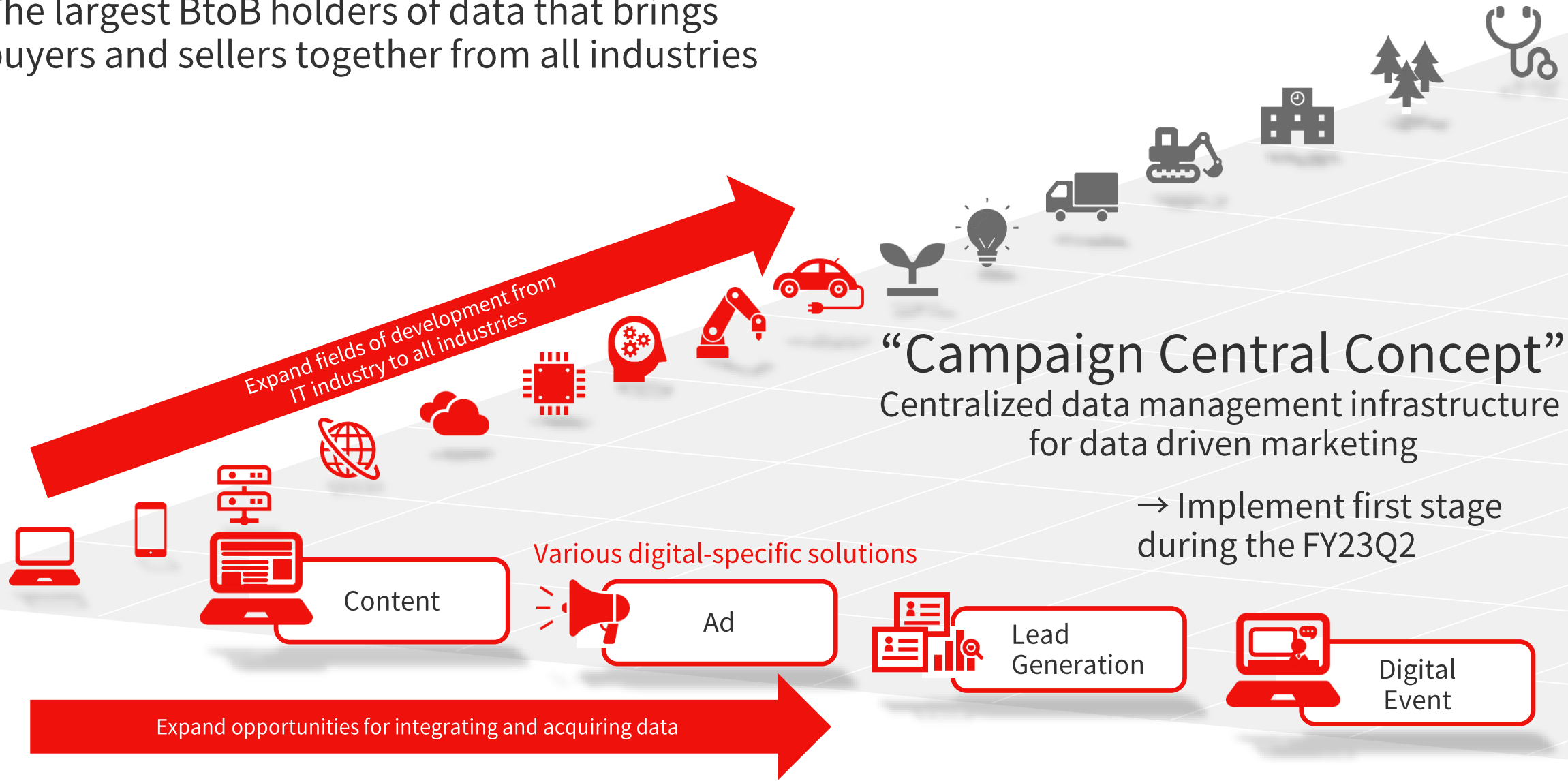
Established as a
dedicated online
business

Smart and Social

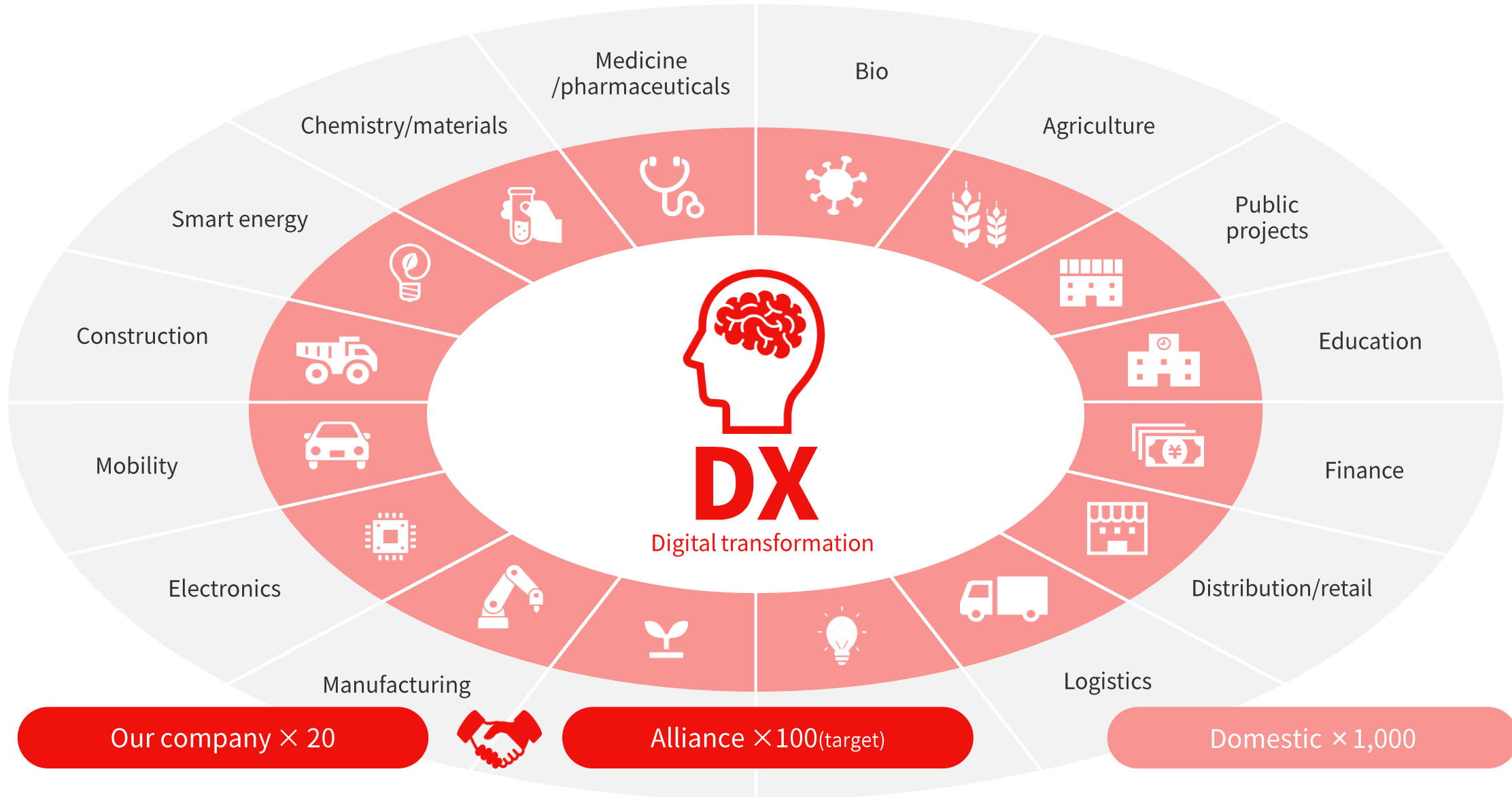
Metaverse

AI
(e.g. ChatGPT)

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



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



Finance, accounts, automotive, logistics, retail, etc.
Partner collaboration in Digital Events

The collage features several event banners:

- 金融DXカンファレンス 2023**: 開催日 2023年9月8日 (fri). Includes "LIVE ライブ配信セミナー" and "視聴無料".
- 金融サイバーセキュリティカンファレンス 2023**: 開催日 2023年5月19日 (fri). Includes "無料 ライブ配信セミナー".
- 自動車DXサミット 2023**: Includes "LIVE ライブ配信セミナー" and logos for MONOist and Merkmal.
- 物流革新**: 開催日 5.25 (木) 13:00-16:50. Includes "ライブ配信セミナー" and "LOGISTICS TODAY x ITmedia".
- リテールDXカンファレンス**: 開催日 6.15 (木) 13:00 開始. Includes "CX EX" and "リテールガイド".



—— 特別企画 ——



Jointly operated Account Zone with Zeimu Kenkyukai Inc. at SaaS EXPO, an exhibition-type digital event hosted by the Company

Leveraging partnerships with leading global media companies in industry DX



Enhancing translation of content



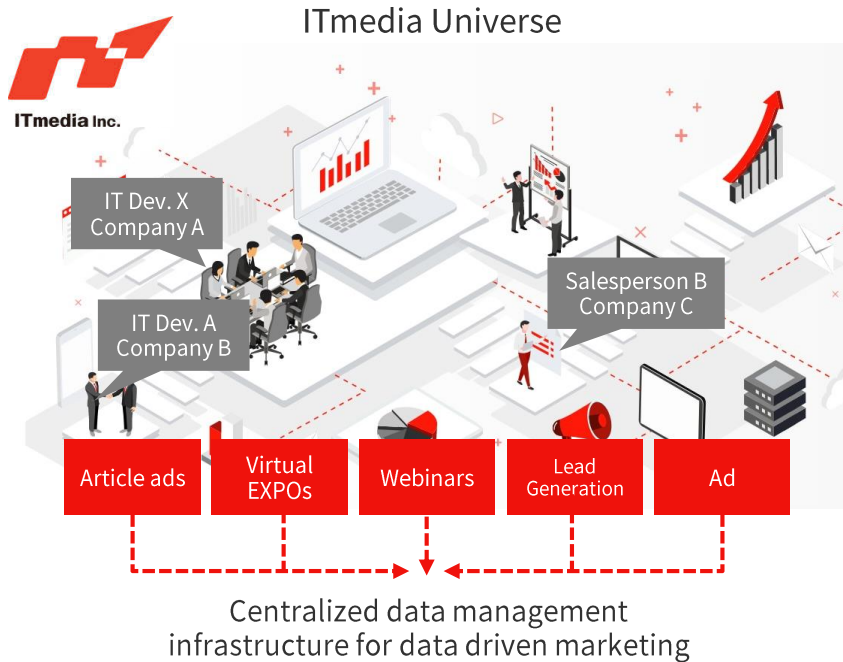
Sales collaborations and joint products



Digital events

Campaign Central

Revenue Base = Accumulated Buyer and Seller Data



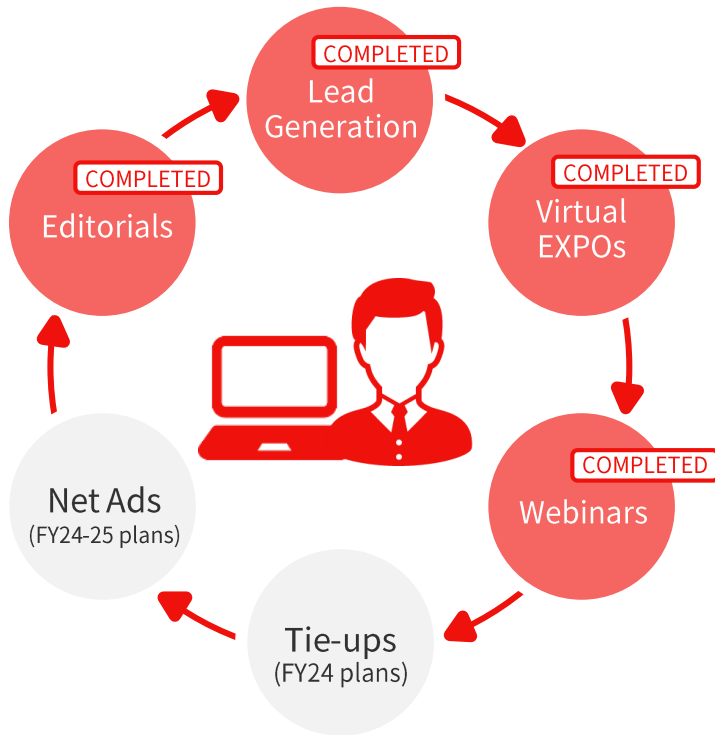
- 1 Audience data and leads from all customer campaigns are stored and tied to ITmedia IDs
- 2 Visualization and dashboarding of each customer's unique pipeline (prospect DB) are based on accumulated results and lead information
- 3 Creation of results (i.e., acquisition of business opportunities) is supported through pipeline operations by sales consultants with knowledge and expertise

Changing customer awareness of the campaign
from a one-time **COST** to an accumulative **investment**.

Completed development of infrastructure collaboration between Digital Events and Lead Generation

Back-end data integration

- FY23Q2 Digital Event and Lead Generation collaboration completed
- Continued to promote tie-ups, mail ads, and other advertising collaborations



Front-end features/UI development

- Developing functions to visualize and utilize integrated data
- Plans to develop sales support functions and customer dashboards on two fronts

Image of customer dashboard

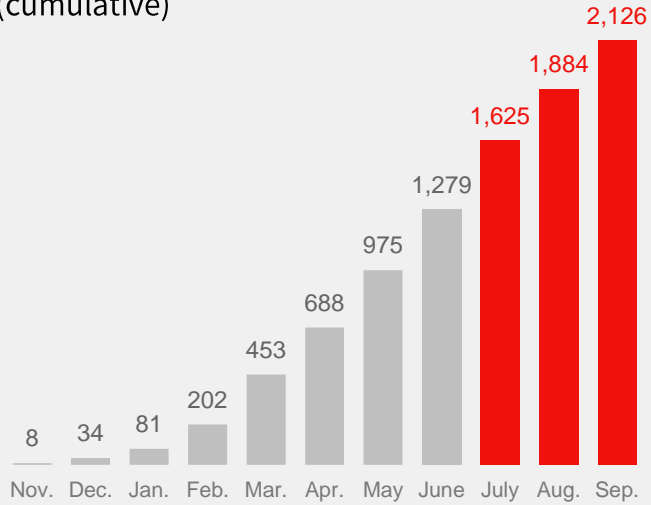


Image of customer campaigns



As a topic for content

Number of AI-related articles published (cumulative)

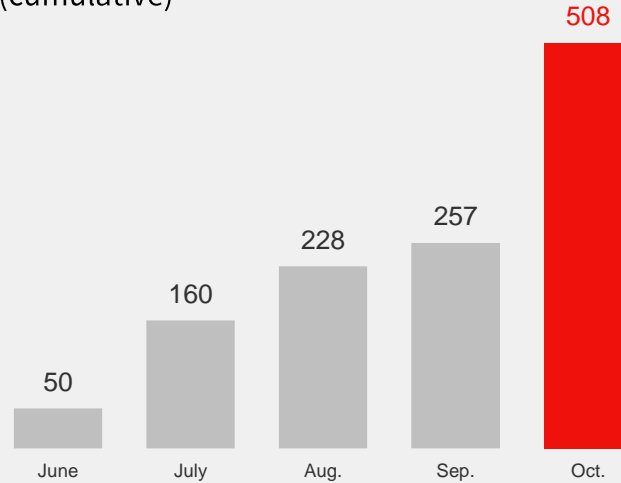


Development of No.1 media in the AI domain



For use in content creation

Number of articles produced with AI published (cumulative)



Dedicated AI Media Development Division launched in October 2023



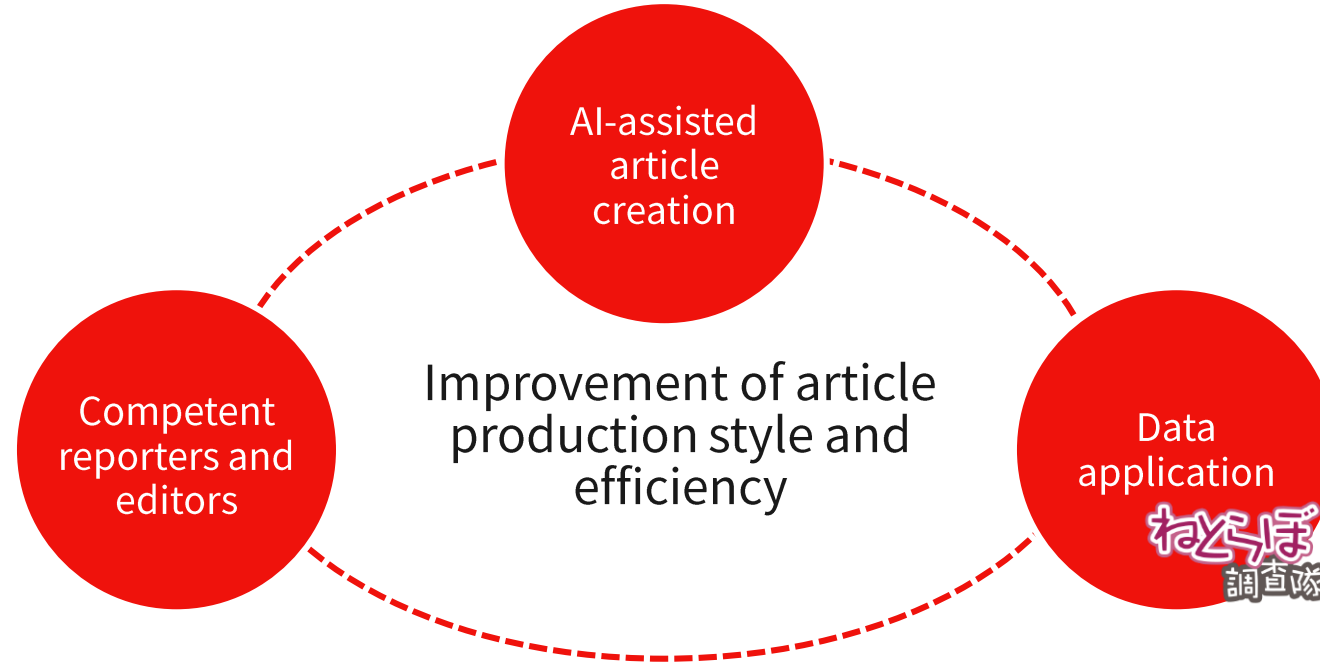
For use in business operations

Use of AI in various operations
Utilization of SaaS tools that use AI is underway

- Copywriting
- Ad serving & UI optimization
- Sales management
- Legal
- Office productivity etc.

Promoting further use

Digital transformation of content production



Dedicated AI Media Development Division launched in October 2023

In October, over 250 AI-assisted articles were produced (3% of the total)

Aiming for 1/4 cost and 4x time efficiency = max of 16x production efficiency

Reference: July 5, 2023 press release https://corp.itmedia.co.jp/pr/releases/2023/07/05/itmedia_ai/



Understanding the Current Situation and Future Policies

FY23 Q2 Earnings Overview

BtoB Media Business

BtoC Media Business

FY23 Earnings Forecast

Company Business Overview

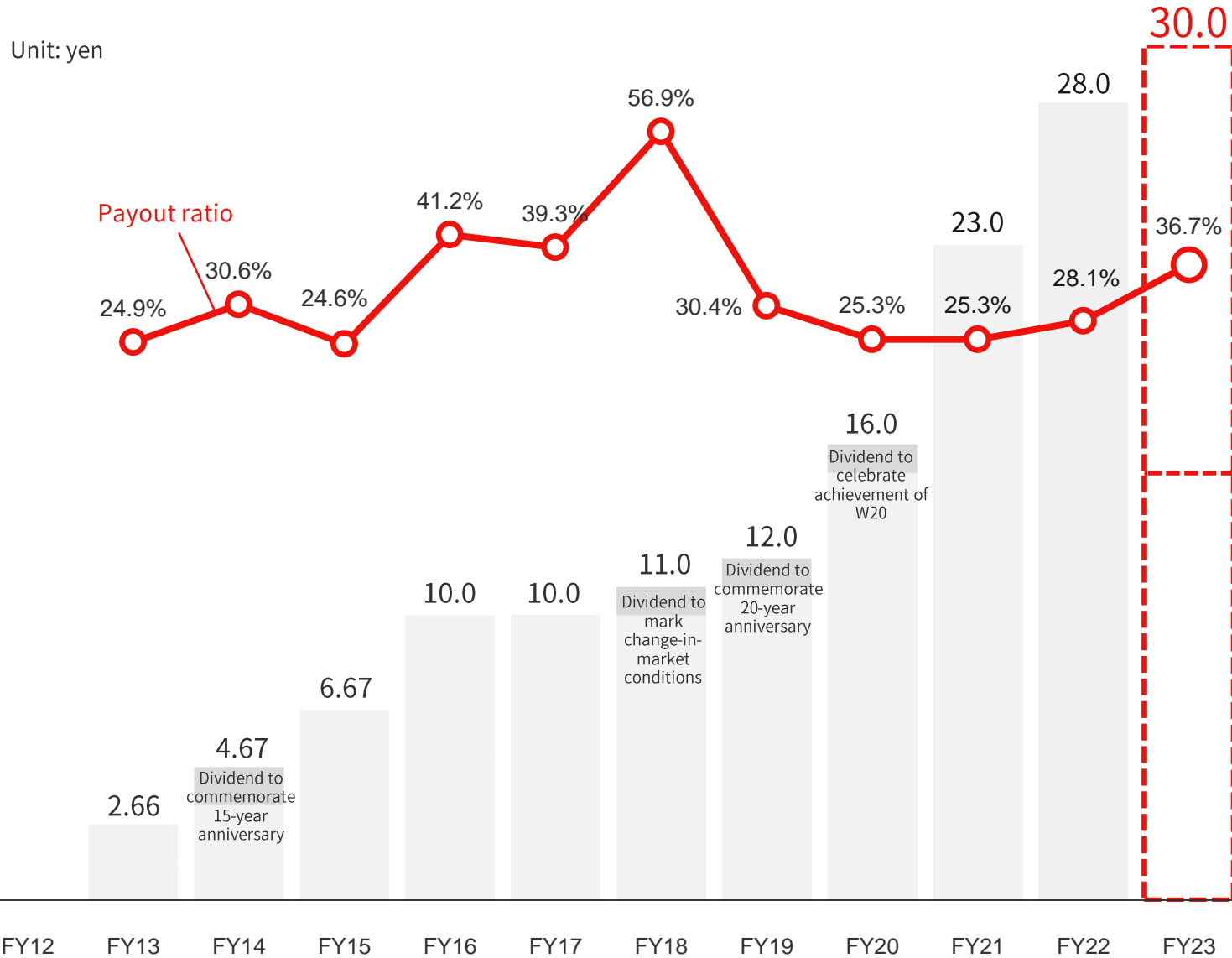
Growth Strategies and New Initiatives

Shareholder Return and Sustainability

We purchased own shares

Class of shares to be purchased	Common shares of the Company
Purchasing period	From August 1, 2023 to October 20, 2023
Total shares that can be purchased	500,000 shares (actual) (Ratio to the total number of issued shares excluding treasury stock: 2.5%)
Total value of share purchase	¥571,799,500 (actual)
Method of purchase	Market purchase by discretionary trading

Please see the news release “Notice Regarding the Status and Completion of Acquisition of Own Shares,” which was released October 20, 2023.

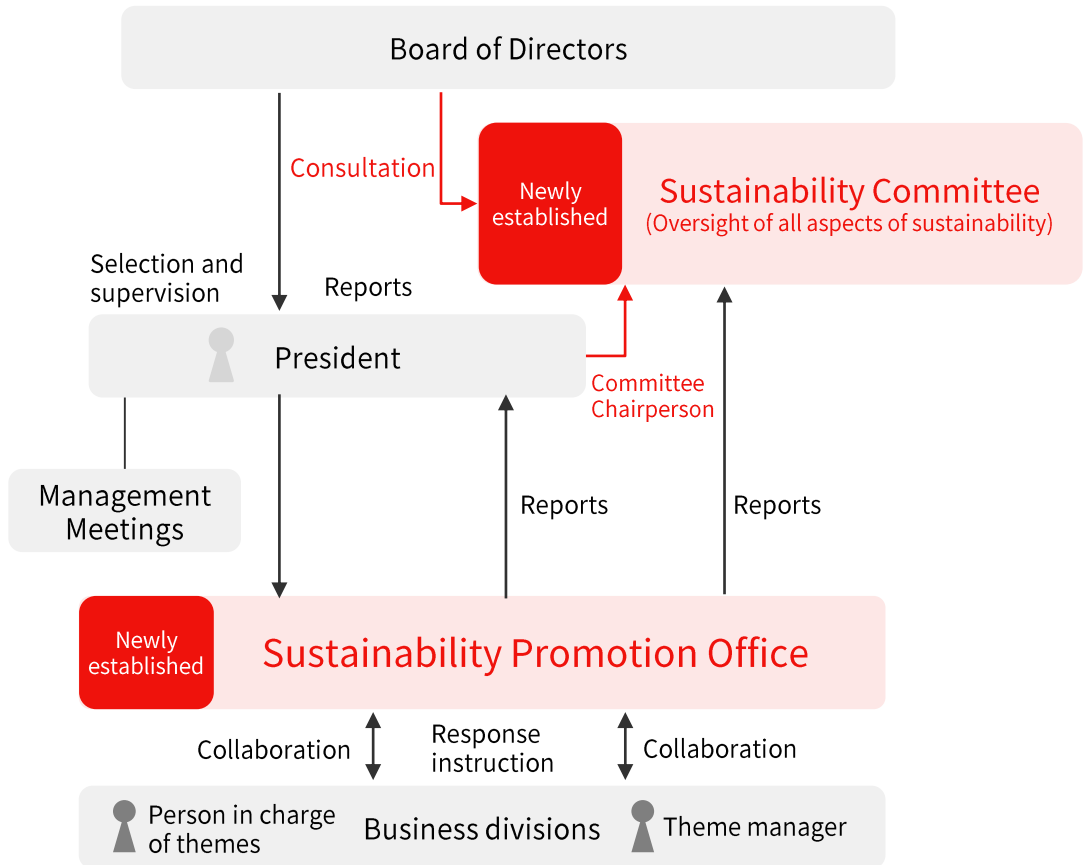


¥2 dividend increase
 For full fiscal year
¥30
 Payout ratio 36.7%

Here is a description of our quarterly progress

Effective October 1, 2023 strengthened systems
Establishment of a dedicated organization

Strengthened management base and governance topics



ERP renewal in October 2023

- Strengthened management base to support earnings growth
- SaaS application
- BPR, optimized input
- Strengthened data application
- Improved accuracy of business performance management

5 **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.

Materiality



Our Mission

Contribute to Information Revolution
by Innovating Professional Media



ITmedia Inc.

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