

ITmedia Inc.

The Fiscal Year Ended March 31, 2023

Earnings Briefing

April 28, 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, 2022. 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 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 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 Condensed Interim Statement of Income for the fiscal year ended March 31, 2019.



The Fiscal Year Ended March 31, 2023, Earnings Overview

The Fiscal Year Ending March 31, 2024,
Earnings Forecast and Dividend Forecast

Company Business Overview and Growth Strategy

Record Revenue and Operating Income

Revenue and operating
income continuing growth

Earnings forecast
achieved despite
Q4 slow down



Revenue

¥8,752 million

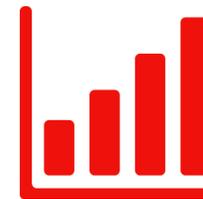
(+8%)

Lead Generation revenue	+12%
Digital Event revenue	+3%
Ad revenue	+8%
of which is Programmatic Ad revenue	+11%

Operating income

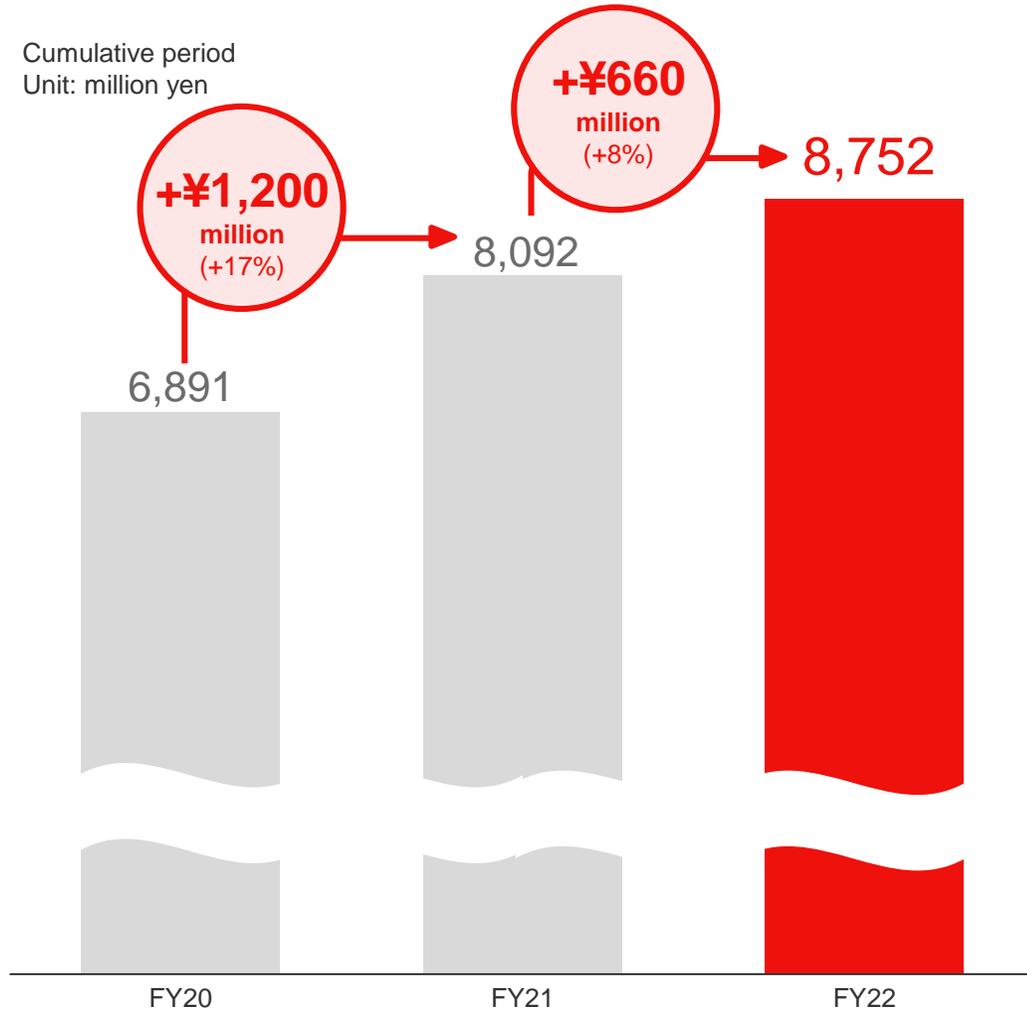
¥2,930 million

(+9%)

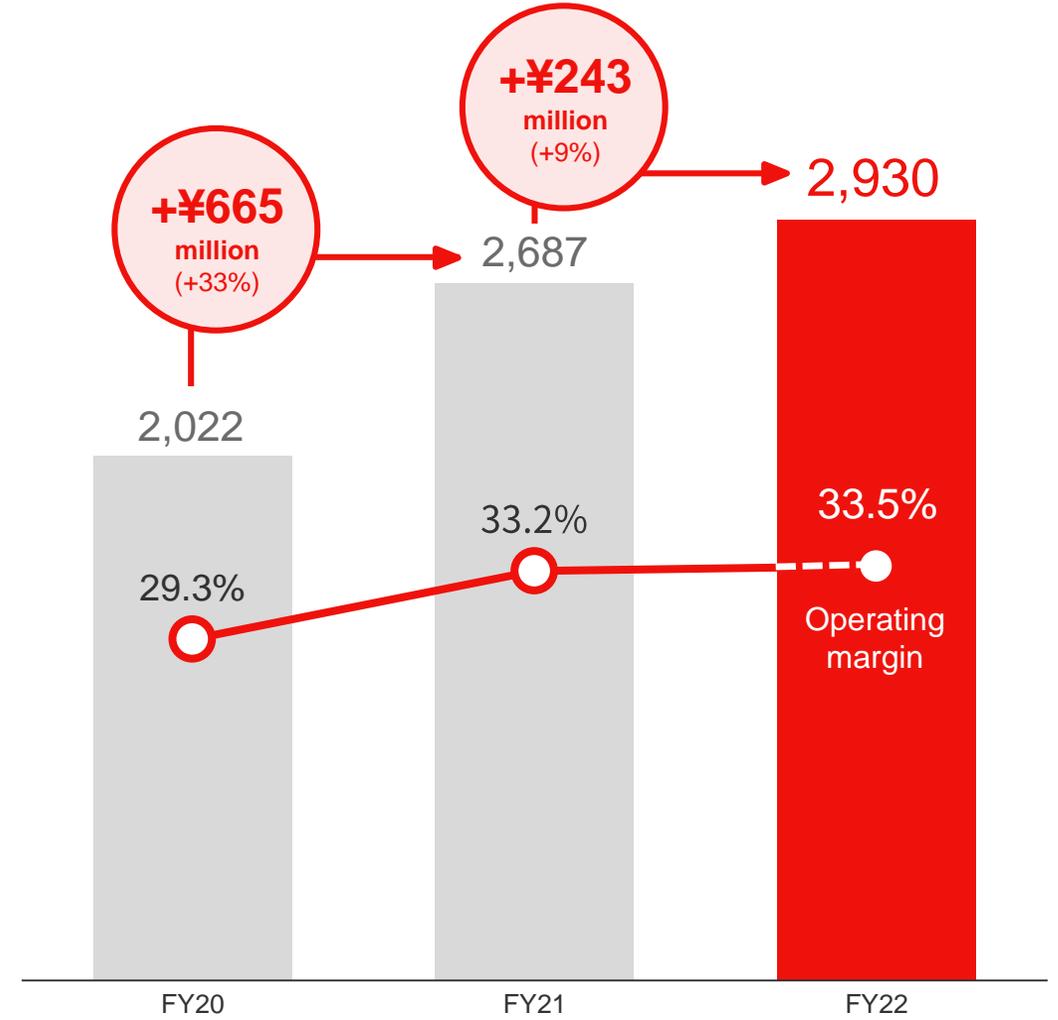


Revenue

Cumulative period
Unit: million yen

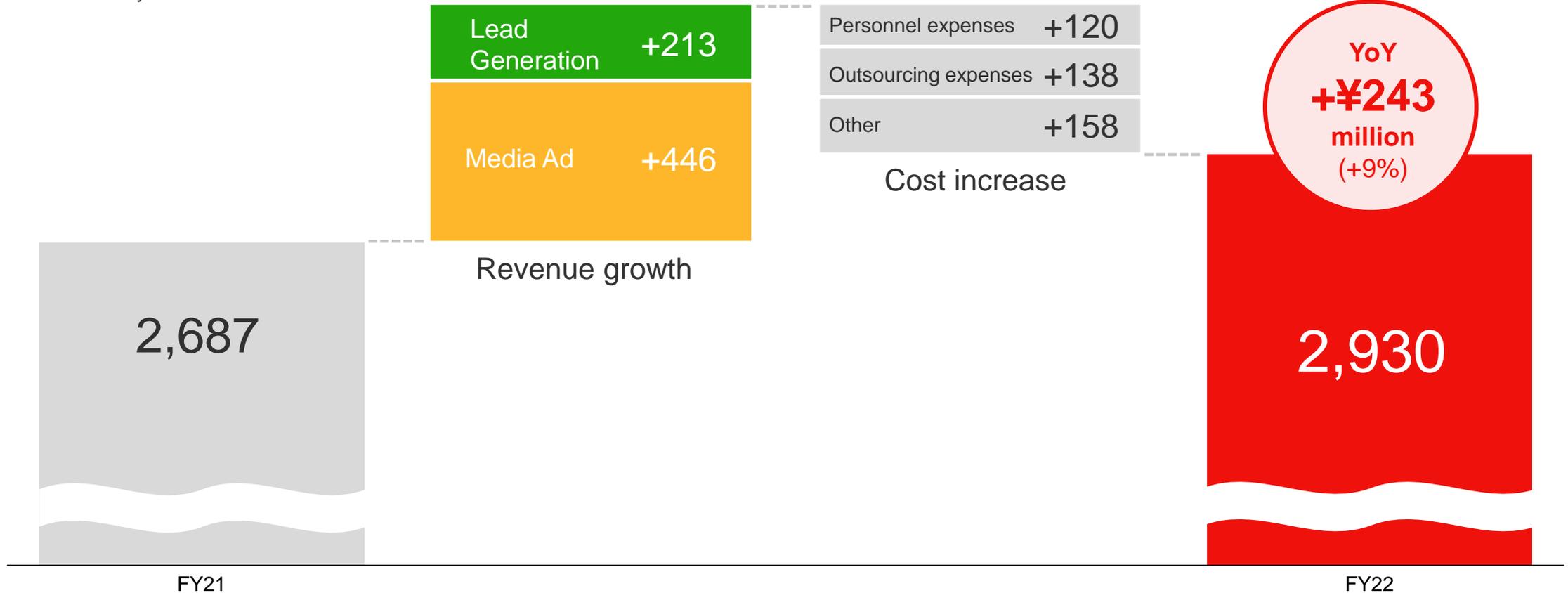


Operating income



Income rose because of growth in revenue.
 Unplanned increase in costs during Q4. See p.15

Cumulative period
 Unit: million yen



Cumulative period Unit: million yen	FY21		FY22		Increase	% change
	Amount	As % of revenue	Amount	As % of revenue		
Revenue	8,092	100.0%	8,752	100.0%	+660	+8.2%
Total cost	5,404	66.8%	5,822	66.5%	+417	+7.7%
(of which are personnel expenses)	2,958	36.6%	3,078	35.2%	+120	+4.1%
EBITDA*	3,068	37.9%	3,242	37.0%	+174	+5.7%
Operating income	2,687	33.2%	2,930	33.5%	+243	+9.0%
Income before income tax	2,680	33.1%	2,923	33.4%	+243	+9.1%
Net income	1,800	22.3%	1,974	22.6%	+173	+9.6%
Net income attributable to owners of parent	1,800	22.3%	1,974	22.6%	+173	+9.6%

*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.

Cumulative period Unit: million yen	FY21	FY22	Change
Cash flows from operating activities	1,989	1,876	(112)
Cash flows from investing activities	152	(53)	(205)
Cash flows from financing activities	(1,203)	(660)	+542
Change in cash and cash equivalents	938	1,162	+224
Cash and cash equivalents at beginning of the period	5,877	6,815	+938
Cash and cash equivalents at end of the period	6,815	7,978	+1,162

Main items of operating CF

Income before income tax	+2,923
Depreciation and amortization	+290
Increase in trade and other receivables	(45)
Decrease in trade and other payables	(58)
Decrease in contract liabilities	(84)
Income taxes paid	(1,057)

Main items of investing CF

Purchase of property, equipment, and intangible assets	(53)
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Main items of financing CF

Dividends paid	(514)
Payments of lease liabilities	(162)

Unit: million yen		At the end of March 2022	At the end of March 2023	Change
Assets	Current assets	8,728	9,996	+1,268
	Non-current assets	1,320	1,161	(159)
	Total assets	10,048	11,158	+1,109
Liabilities	Current liabilities	2,051	1,668	(382)
	Non-current liabilities	64	60	(4)
	Total liabilities	2,115	1,729	(386)
Equity	Share capital/capital surplus	3,933	3,969	+36
	Retained earnings	5,143	6,603	+1,460
	Treasury stock	(1,144)	(1,144)	–
	Accumulated other comprehensive income	–	–	–
	Total equity attributable to owners of parent	7,932	9,429	+1,496
	Total equity	7,932	9,429	+1,496
Equity attributable to owners of parent per share		¥401.34	¥476.37	+¥75.03
Ratio of equity attributable to owners of parent to total assets		78.9%	84.5%	+5.6pt

Total assets

Cash and cash equivalents	+1,162
Fixed assets	+53
Right-of-use assets	(175)

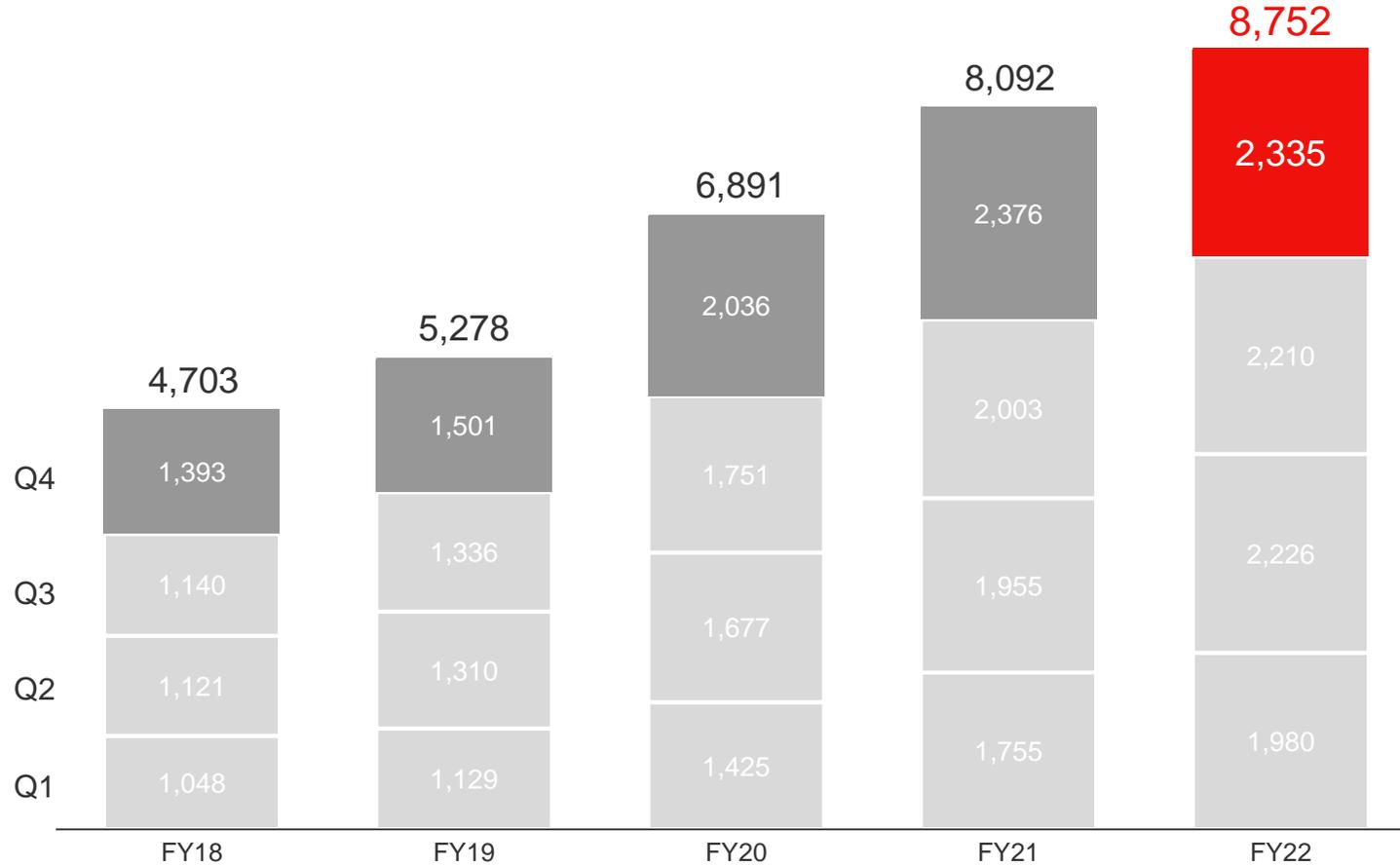
Total liabilities

Lease liabilities	(162)
Income tax payable	(114)
Contract liabilities	(84)

Total equity

Retained earnings	+1,460
Of which is net income	+1,974
Of which are dividends from retained earnings	(514)

Unit: million yen



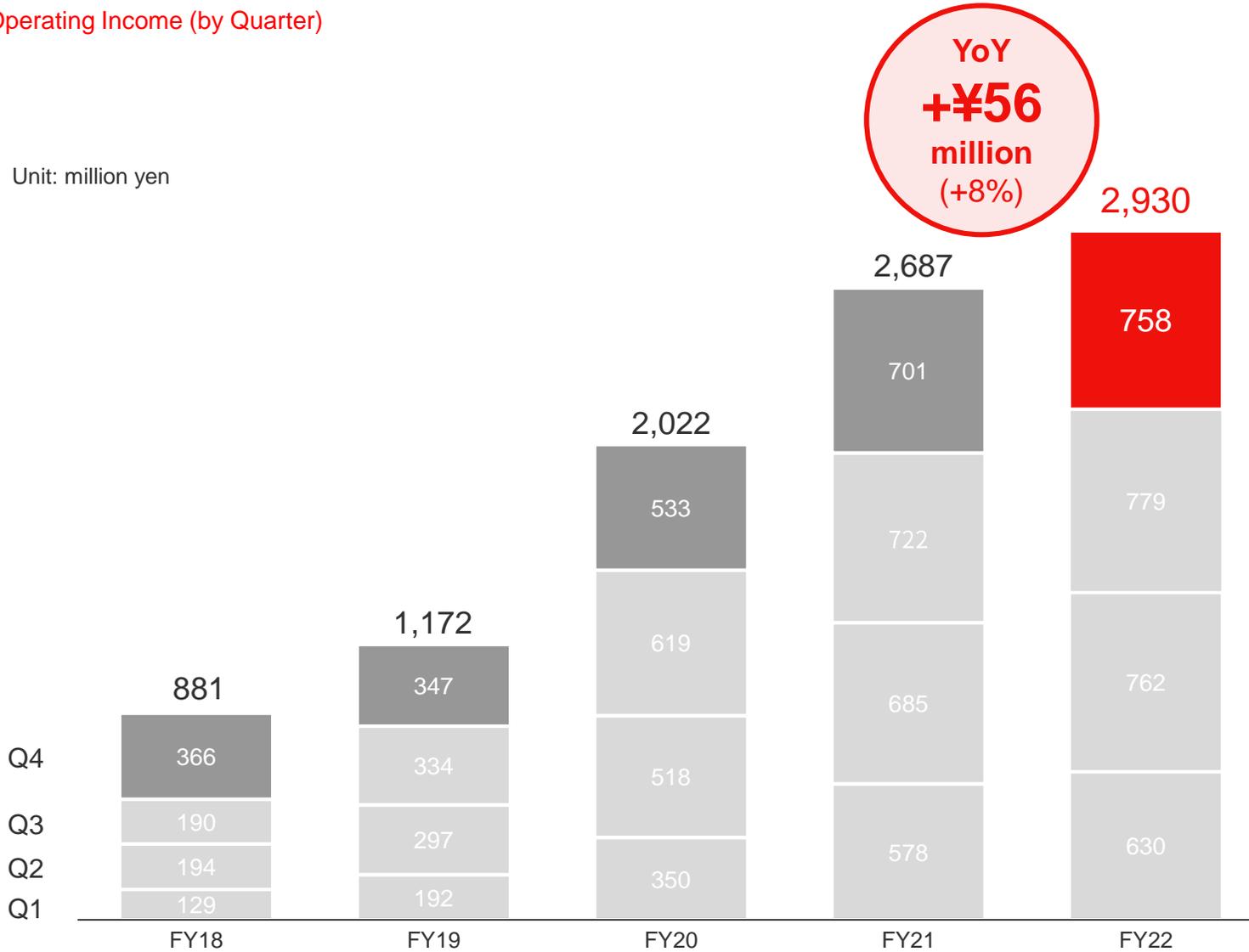
Revenue decrease in Q4

Q4 **¥2,335**million

YoY change

-¥41 million
(-2%)

Unit: million yen



YoY
+¥56 million
(+8%)

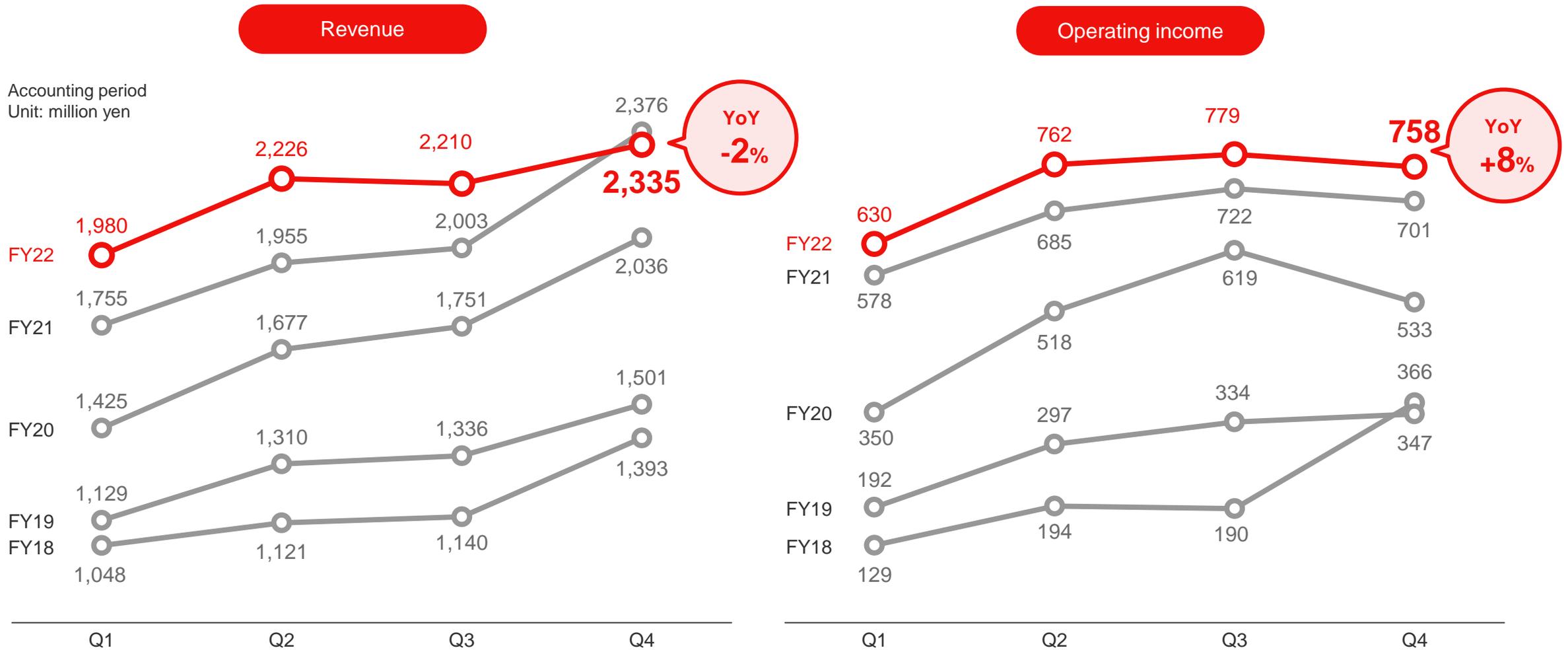
Historic Q4 operating income
Higher income despite lower revenue

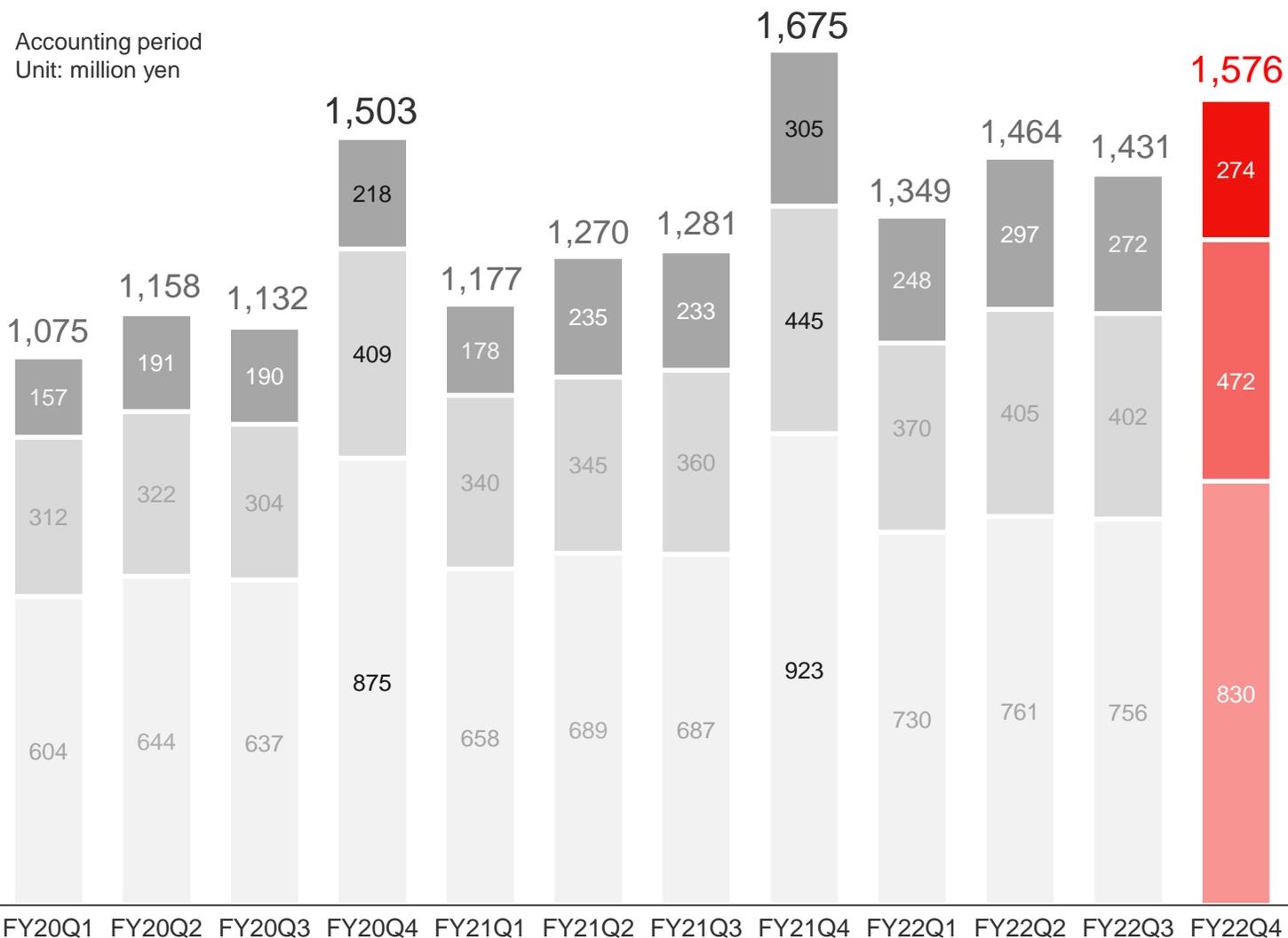
Q4 **¥758 million**

YoY change

+¥56 million
(+8%)

Operating income marked record Q4

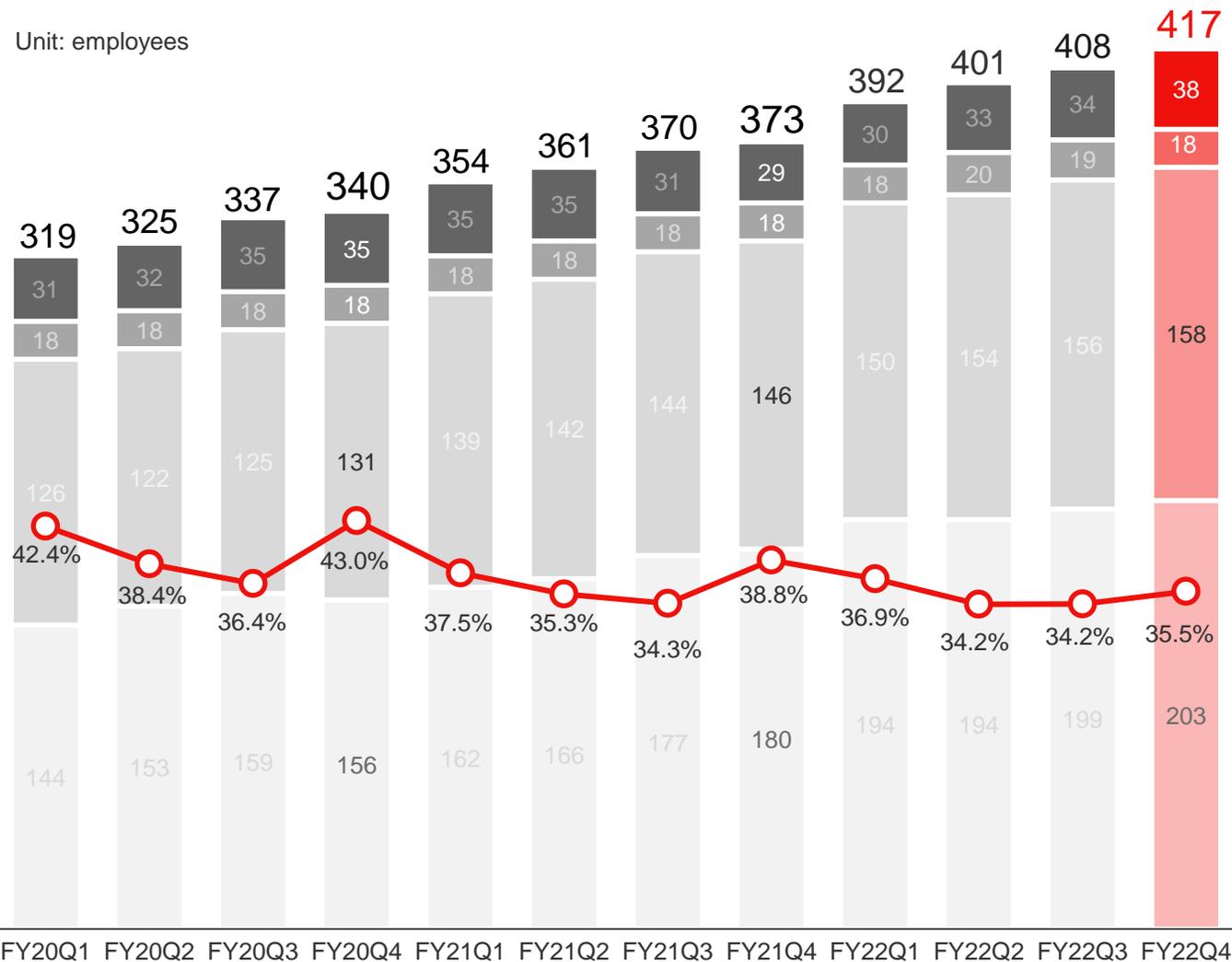




	Q4	YoY change	As percent of total
Total		-5.9%	100%
Outsourcing expenses		-10.4%	17.4%
Other		+5.9%	30.0%
Personnel expenses		-10.1%	52.7%

Main factors behind year-on-year change

- Personnel expenses: -92
 - Reduction in one-time payments + stock-based compensation expenses
FY21Q4: ¥184 million; FY22Q4: ¥52 million
- Outsourcing expenses: -31
 - Reduction in costs linked to revenue from sales from digital events etc.
- Other: +26
 - Business environment, system
 - Acceleration of depreciation in line with decision to downsize offices



Q4	YoY change	As percent of total
Total	+44	100%
Administrative and other	+9	9.1%
Technical	± 0	4.3%
Sales and planning	+12	37.9%
Editing	+23	48.7%

Includes contract, temporary, and part-time employees

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

Continuation of Smart Work Shift

Continuation of remote work
post-pandemic

Cancellation of contract for
1/3 of Kioicho Office

- Increasing costs of ¥25 million during periods due to accelerated depreciation and amortization etc.
- Decrease in rental fees from next fiscal year; estimated at ¥50 million annually

Increase in employee home
office costs due to higher
energy prices

Extraordinary increase in
smart work allowance

¥27 million recorded in FY22 Q4

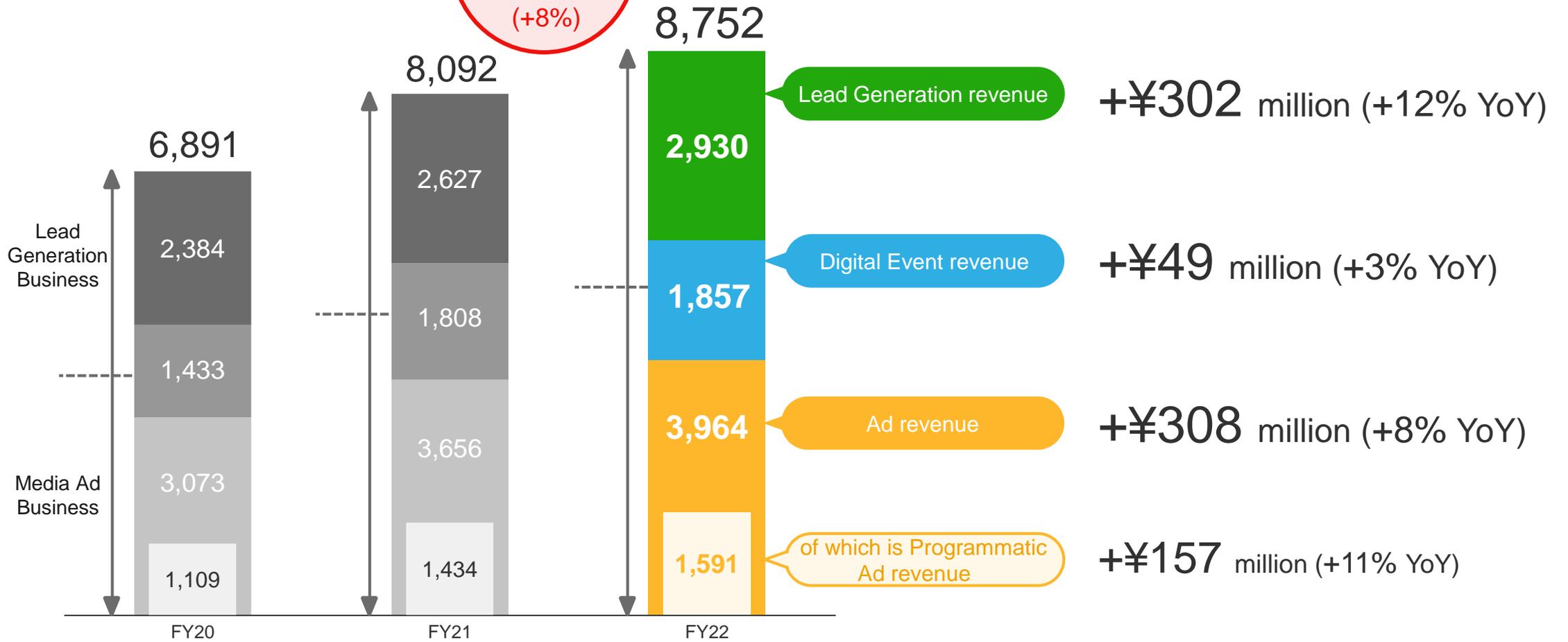
Optimization of office functions
including digital events

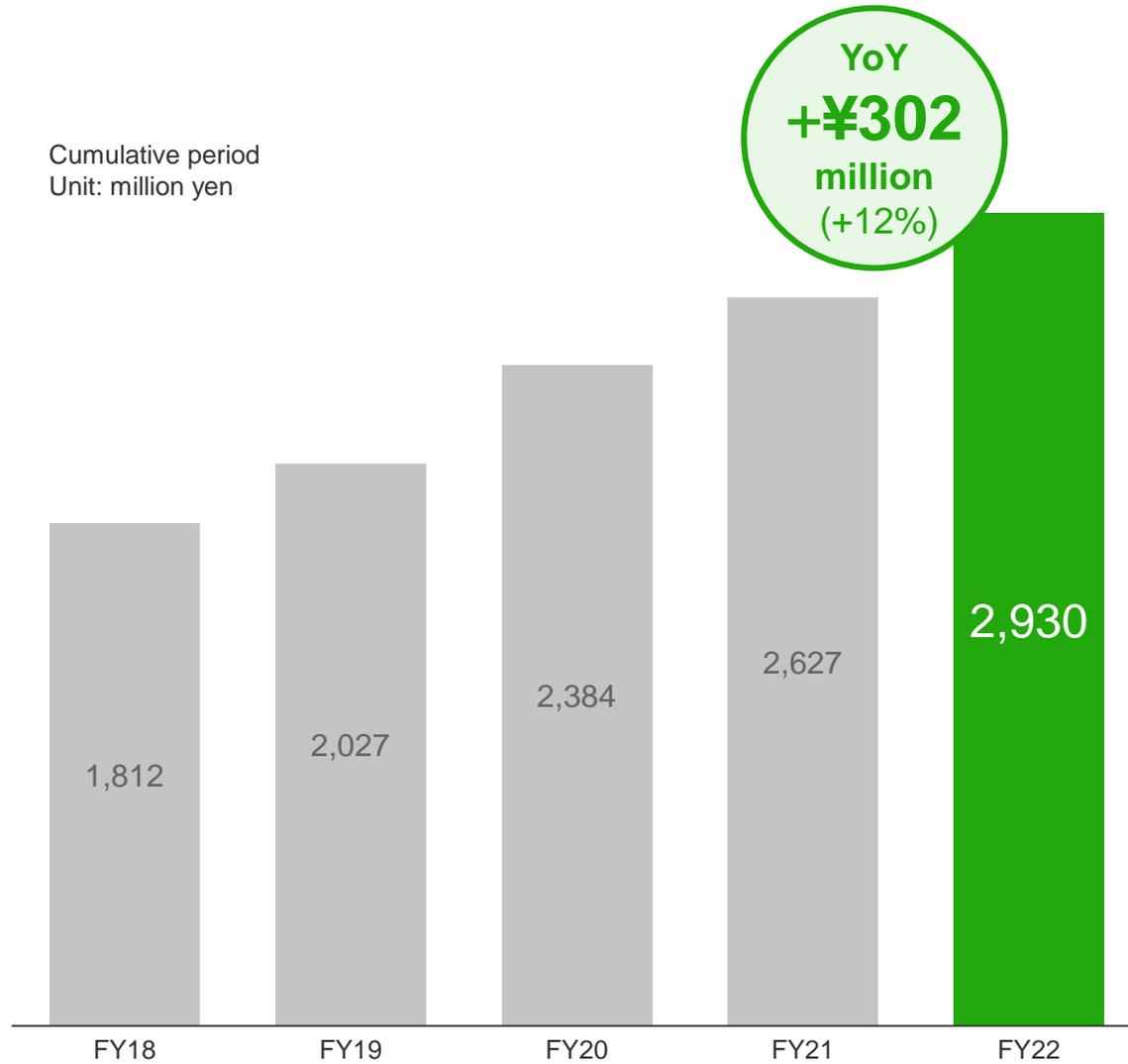


Illustration of the new office

Cumulative period
Unit: million yen

YoY
+¥660 million
(+8%)

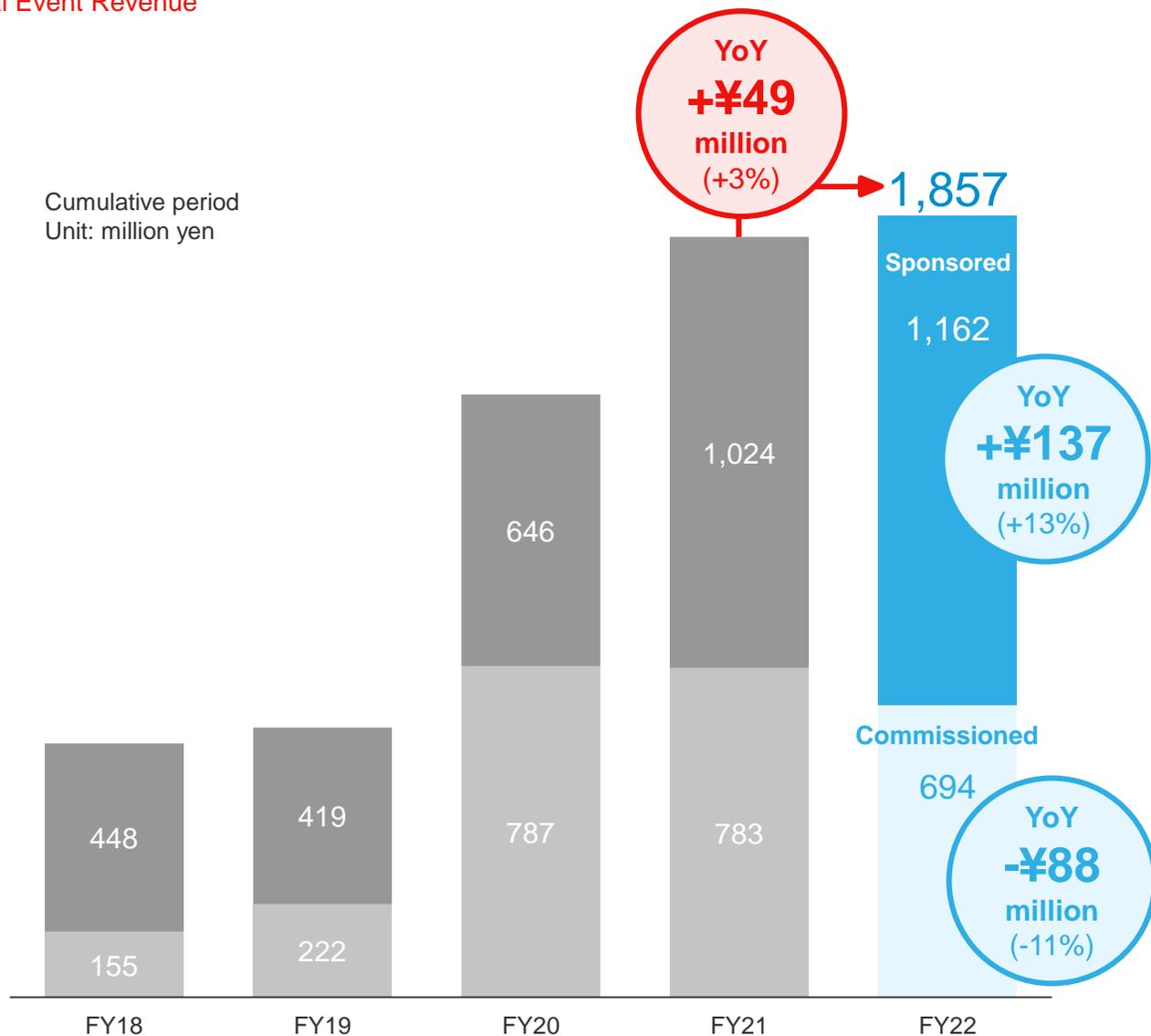




Demand continues to grow

Success in strengthening content

Cumulative period
Unit: million yen



Sponsored > Commissioned

ITmedia Virtual EXPO 2023 春

Security Week
アイティメディア セキュリティウィーク 2023 春

SaaS expo

Digital Business Days

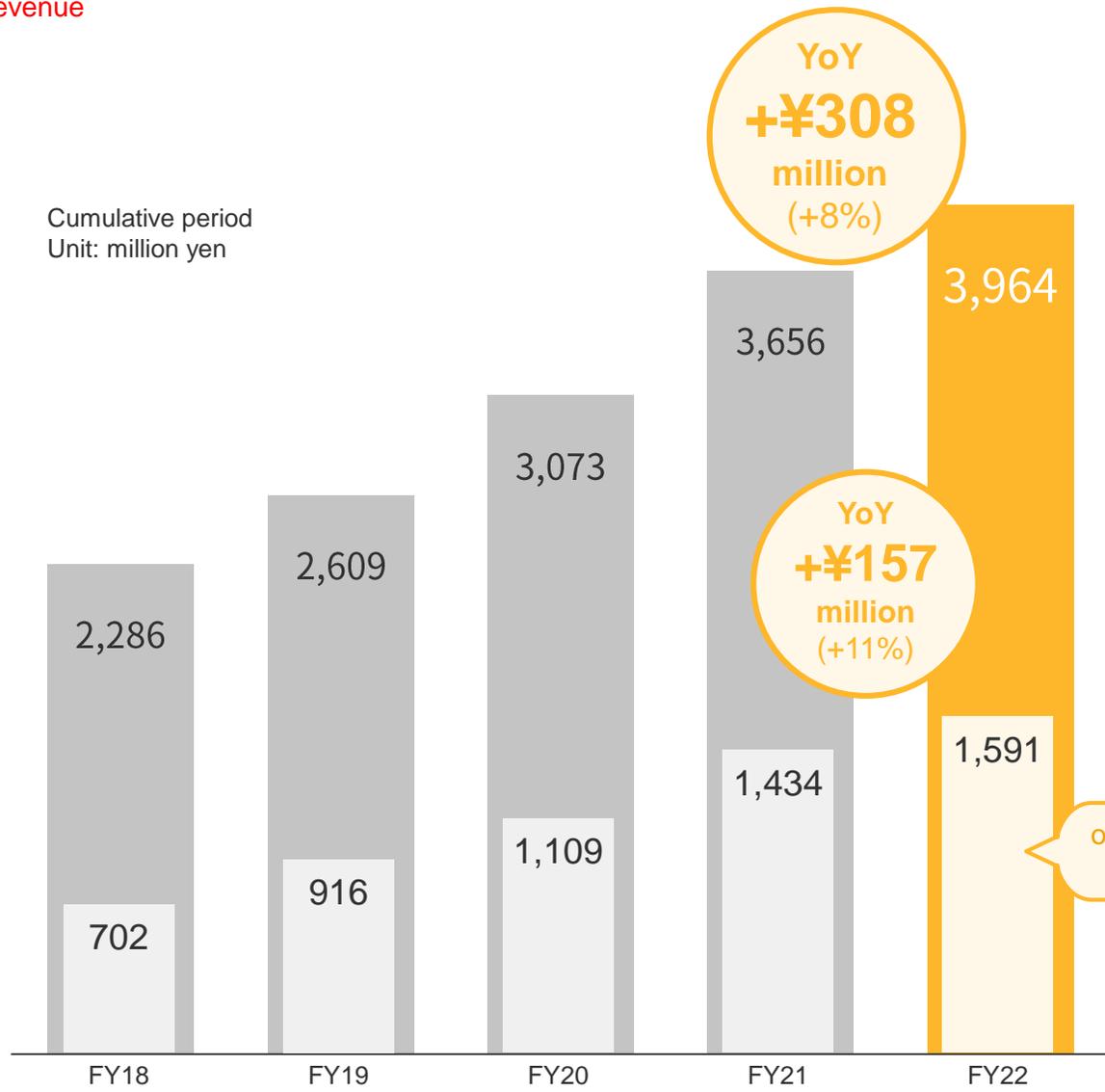
ITmedia Cloud Native Week 2023 spring

ITmedia DX Summit vol.15

LIVE ライブ配信セミナー
石油・化学産業向け DXサミット
開催日 2023 3/13(木)～14(金) 無料

化学工業日報
MONOist

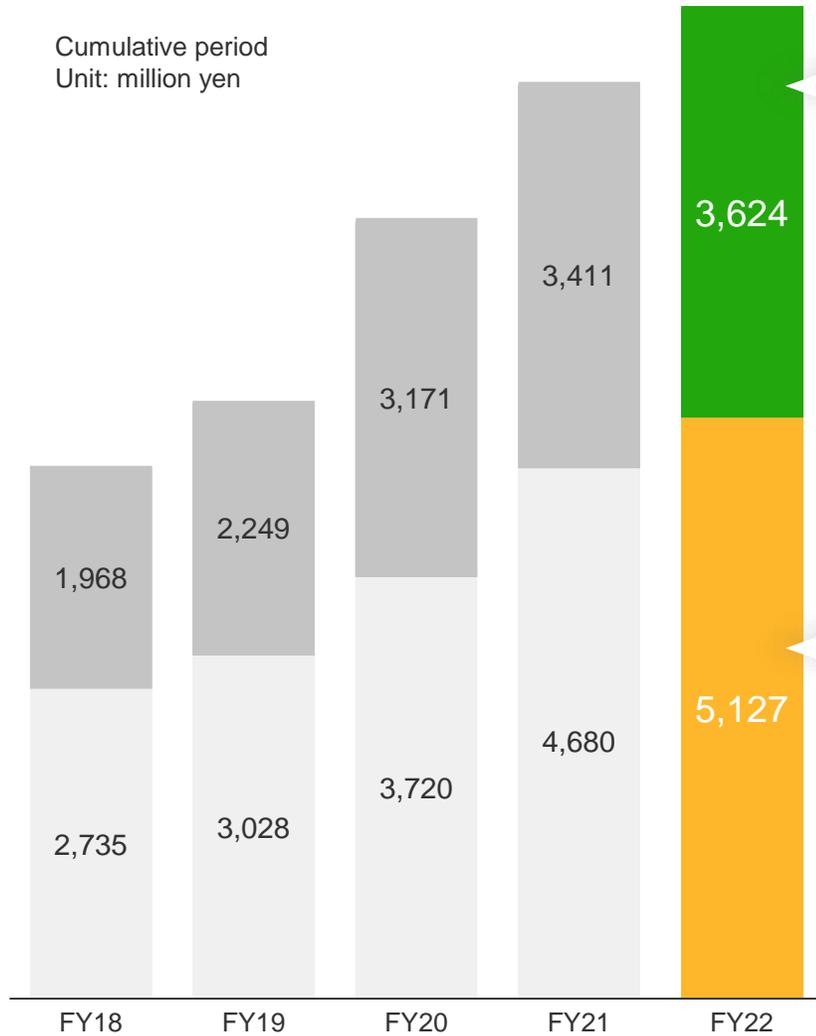
Cumulative period
Unit: million yen



Smart and social Programmatic ads drive growth

of which is Programmatic
Ad revenue

Cumulative period
Unit: million yen



YoY
+¥213 million
(+6%)

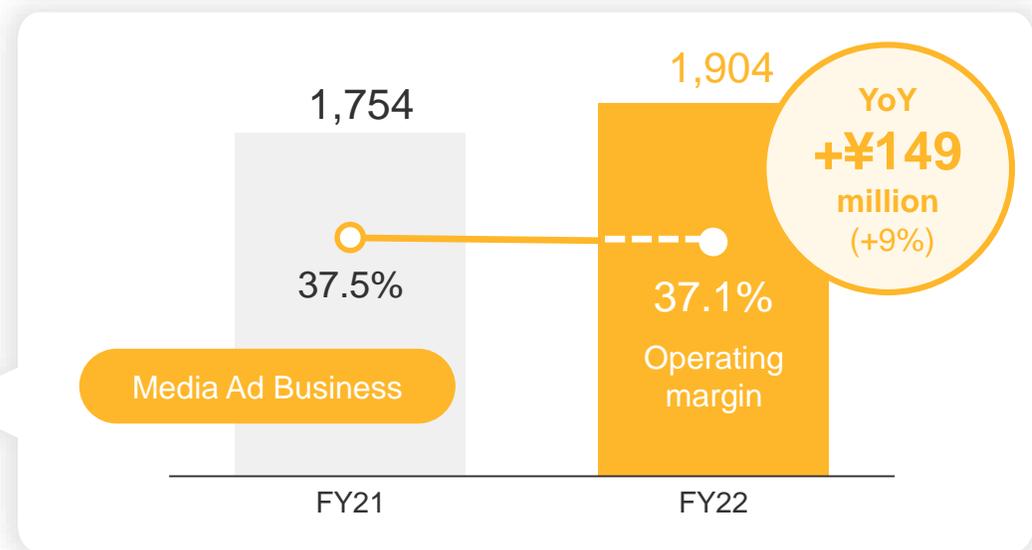
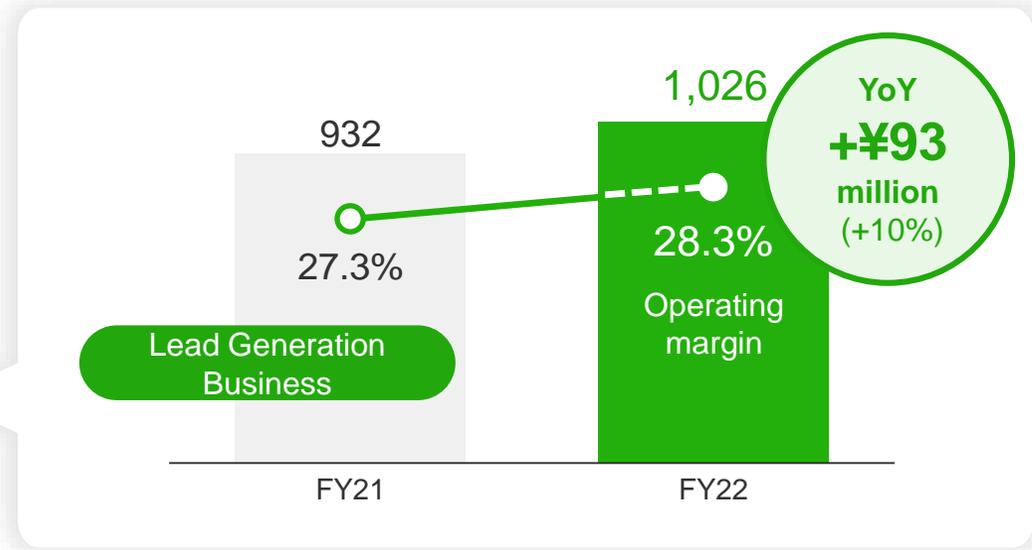
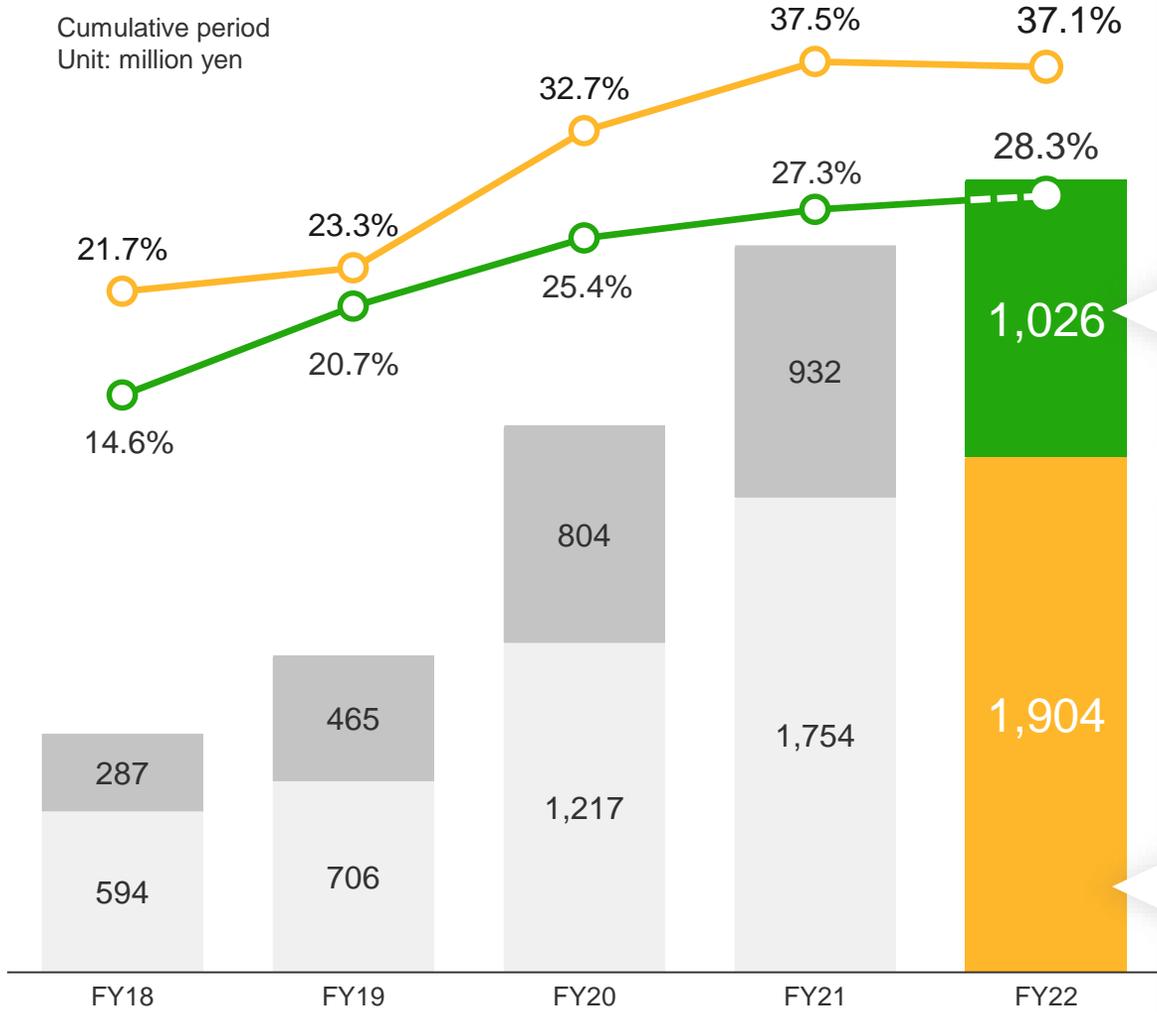
Lead Generation Business

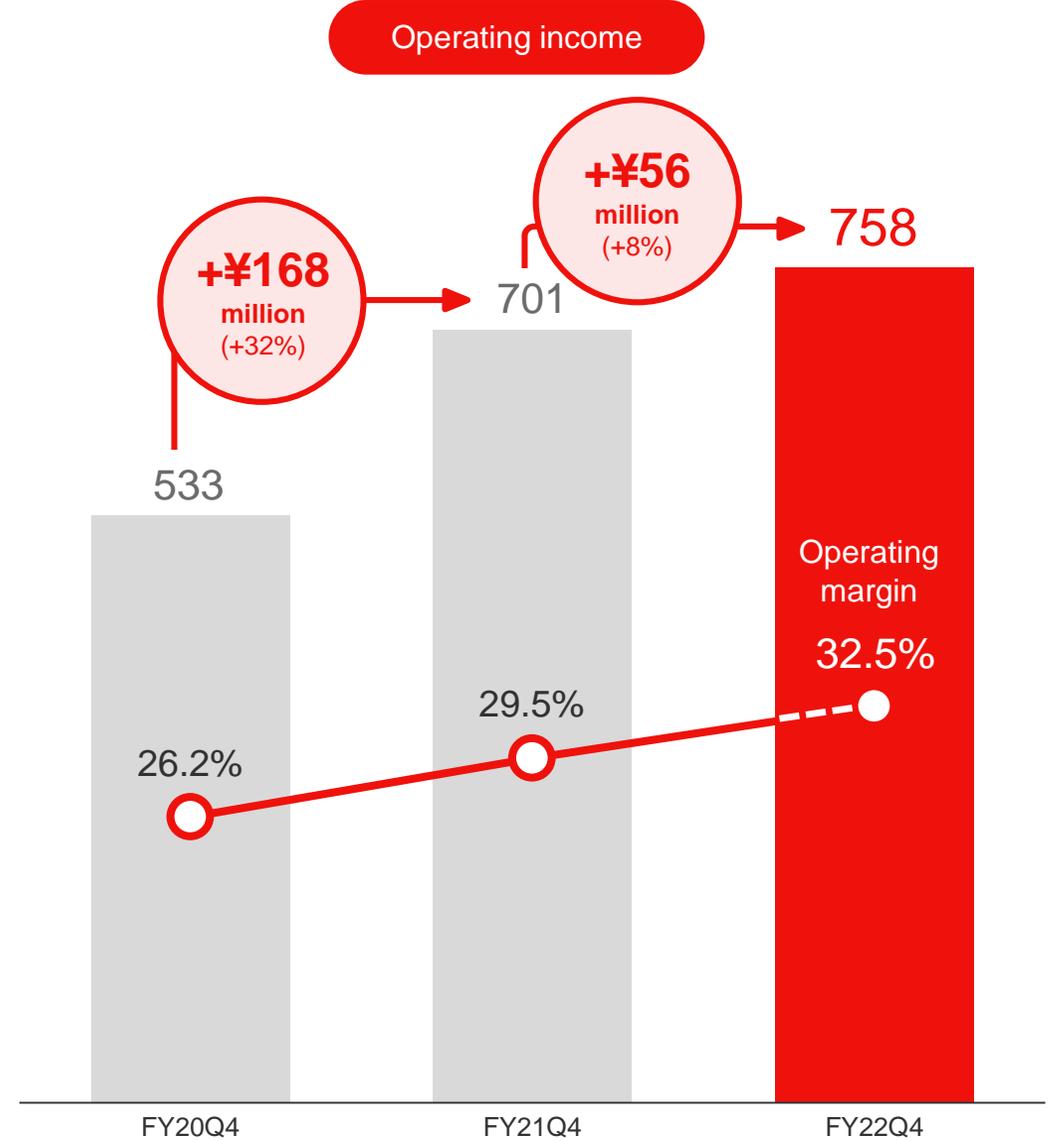
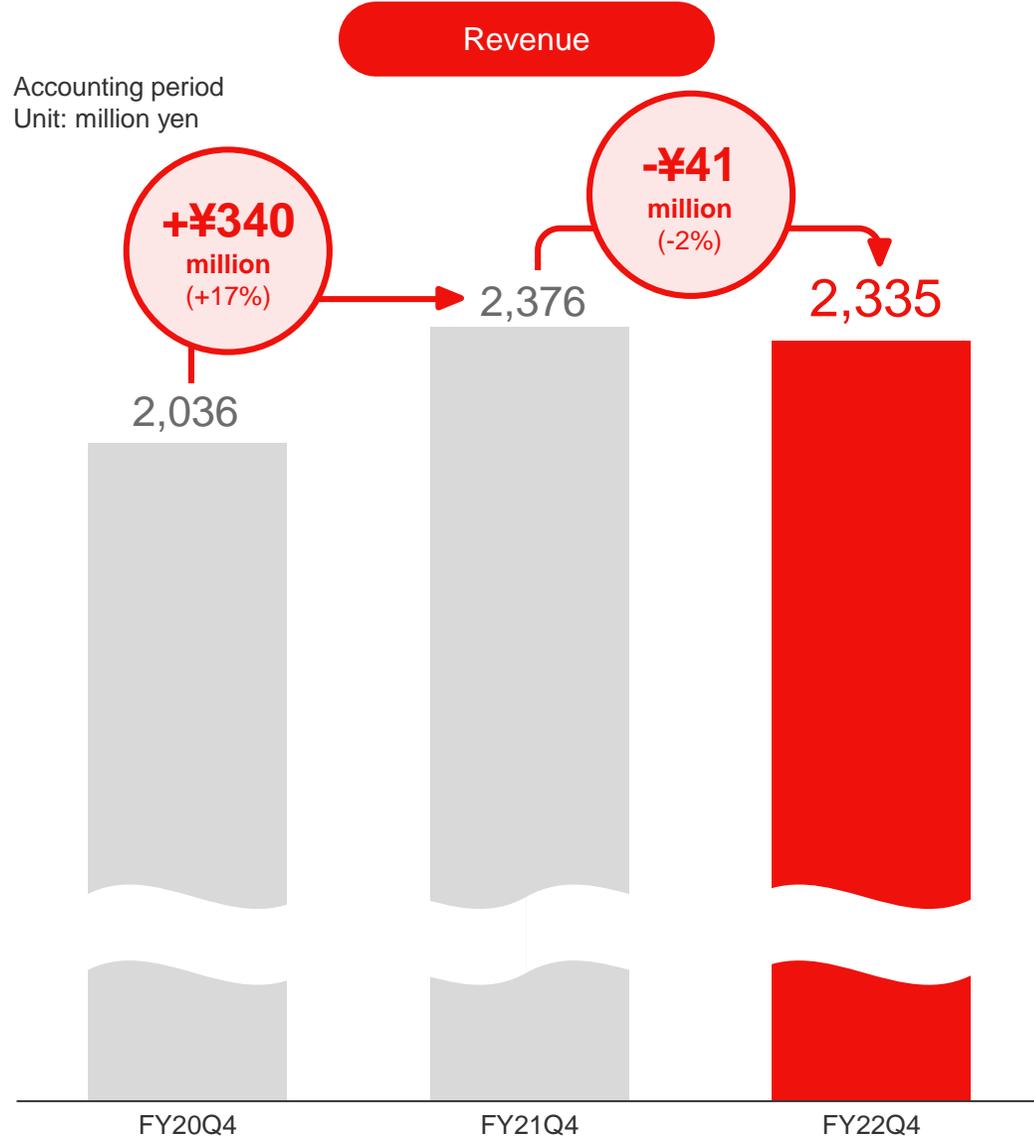
- Revenue from commissioned digital events decreased
- Firm Lead Generation revenue

YoY
+¥446 million
(+10%)

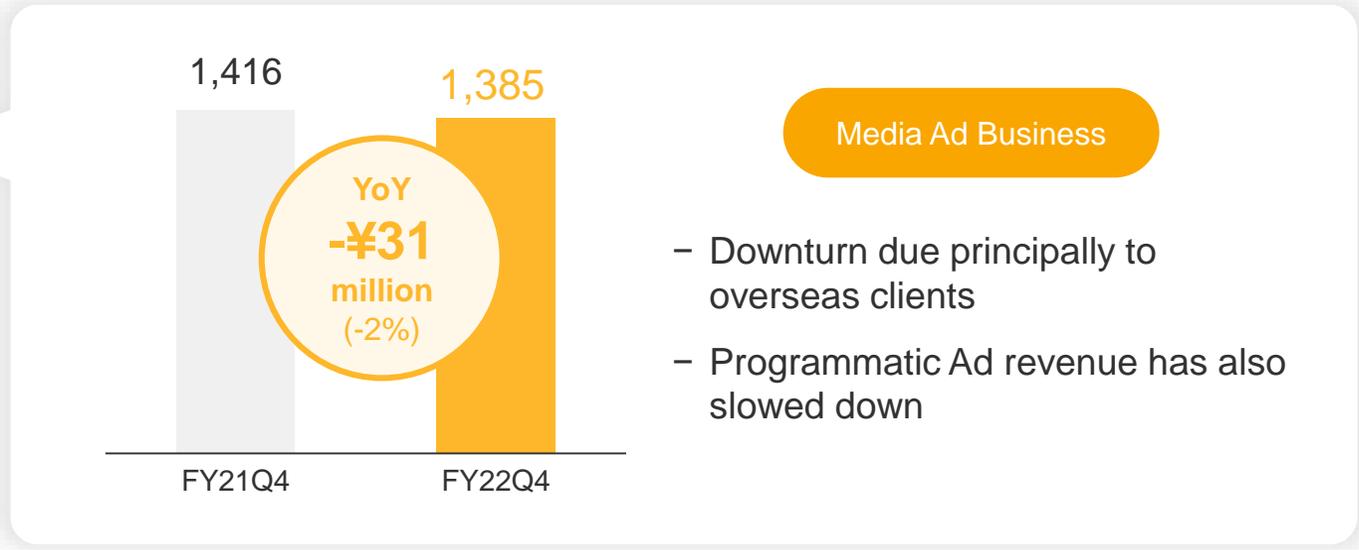
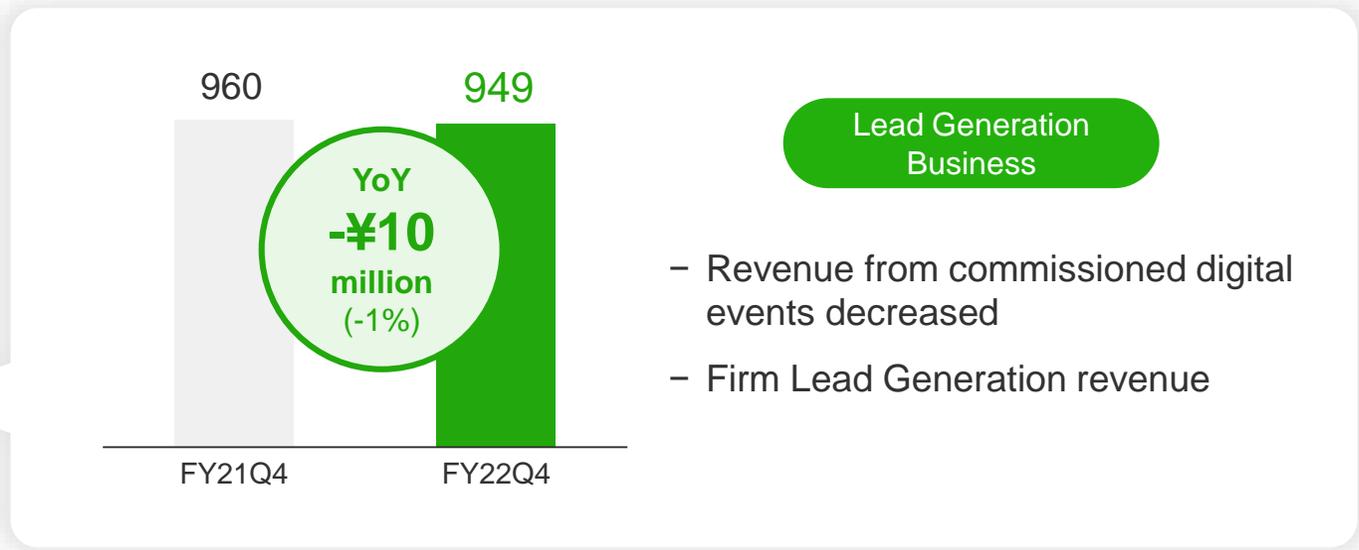
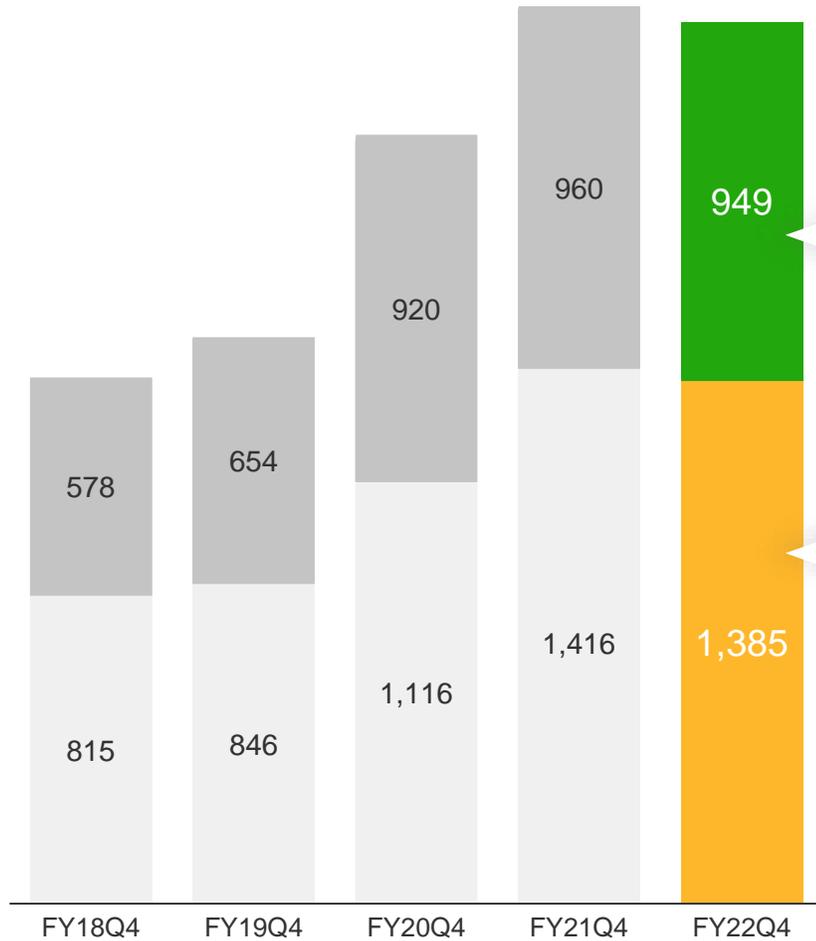
Media Ad Business

- Increased revenue from firm sponsored digital events
- Programmatic Ad revenue increased
- Slowdown during Q4, particularly among overseas clients

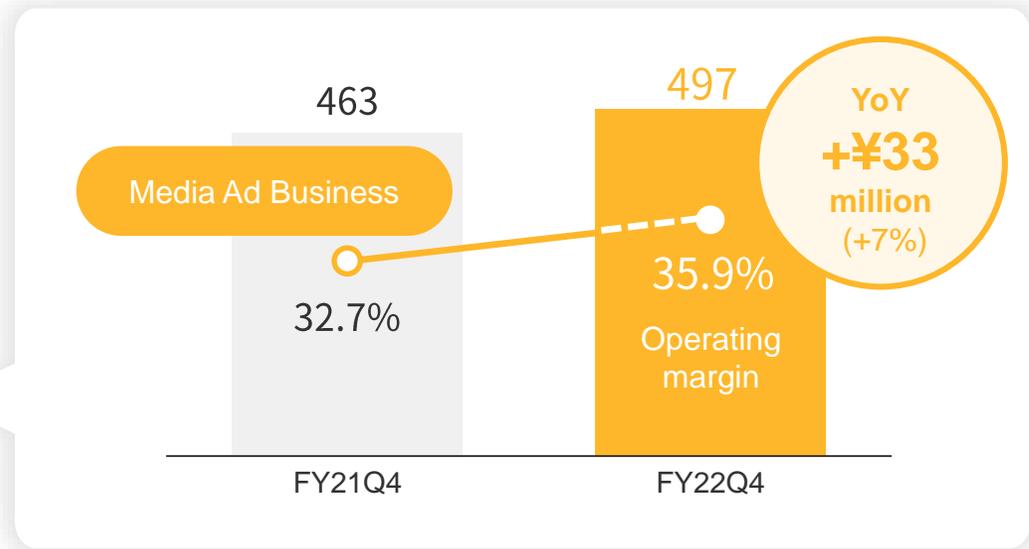
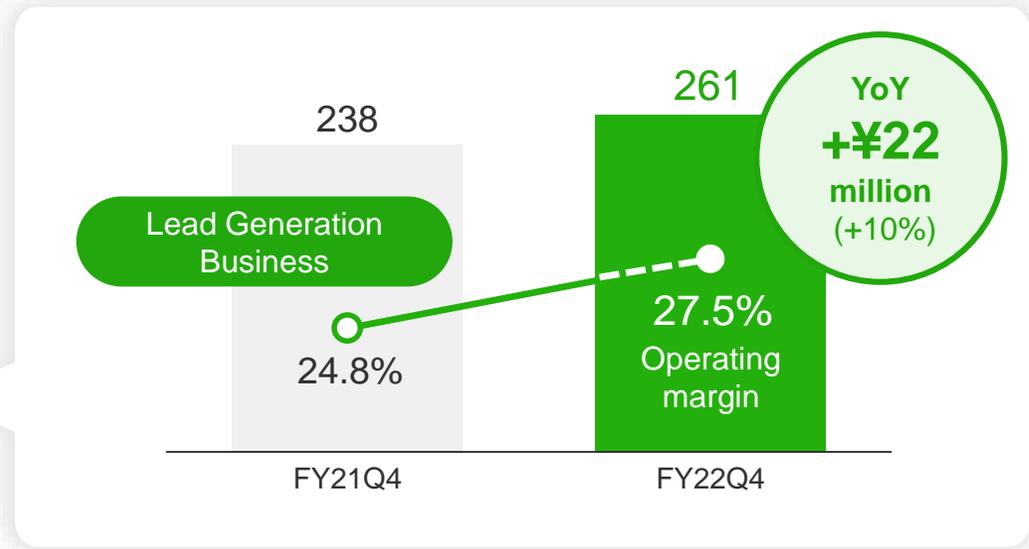
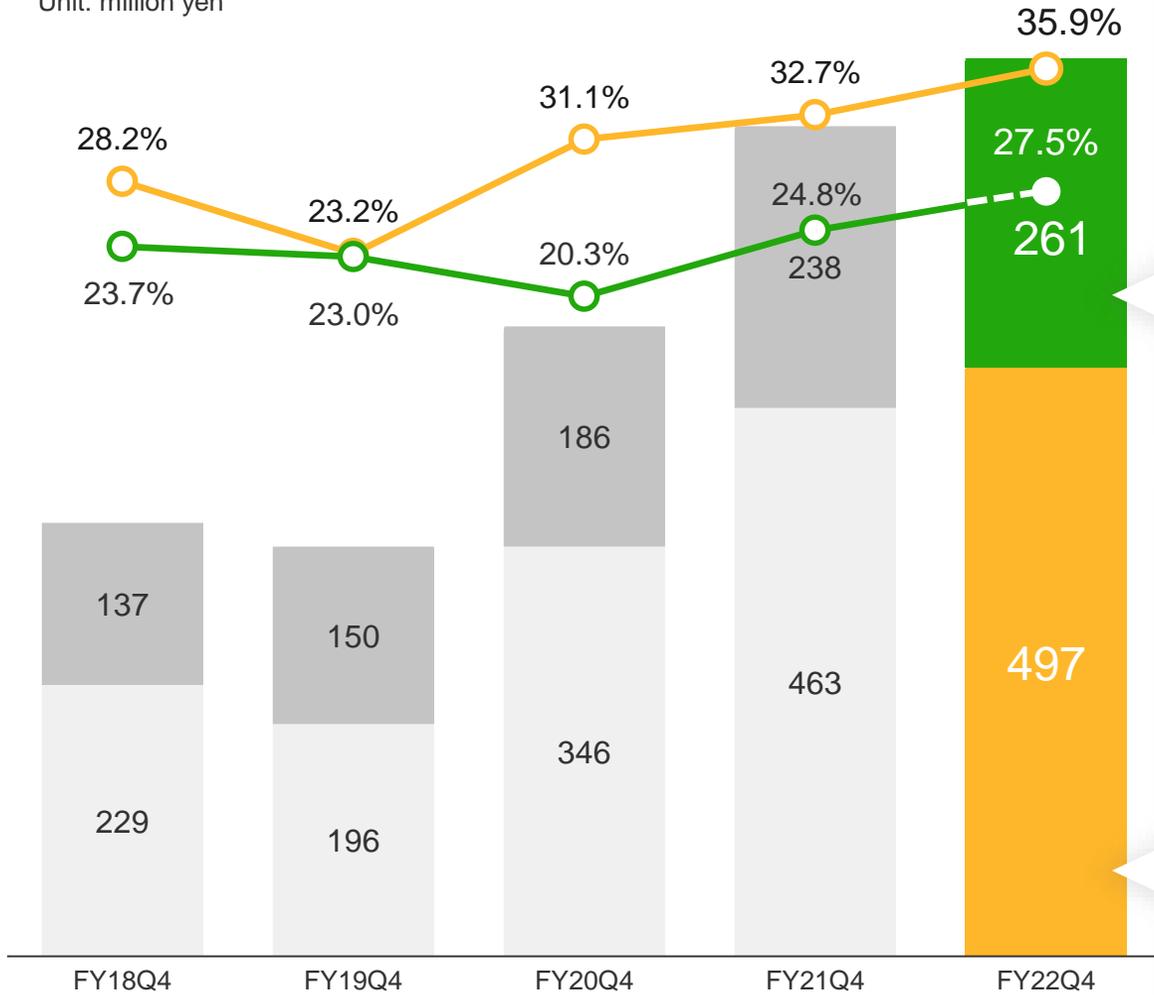


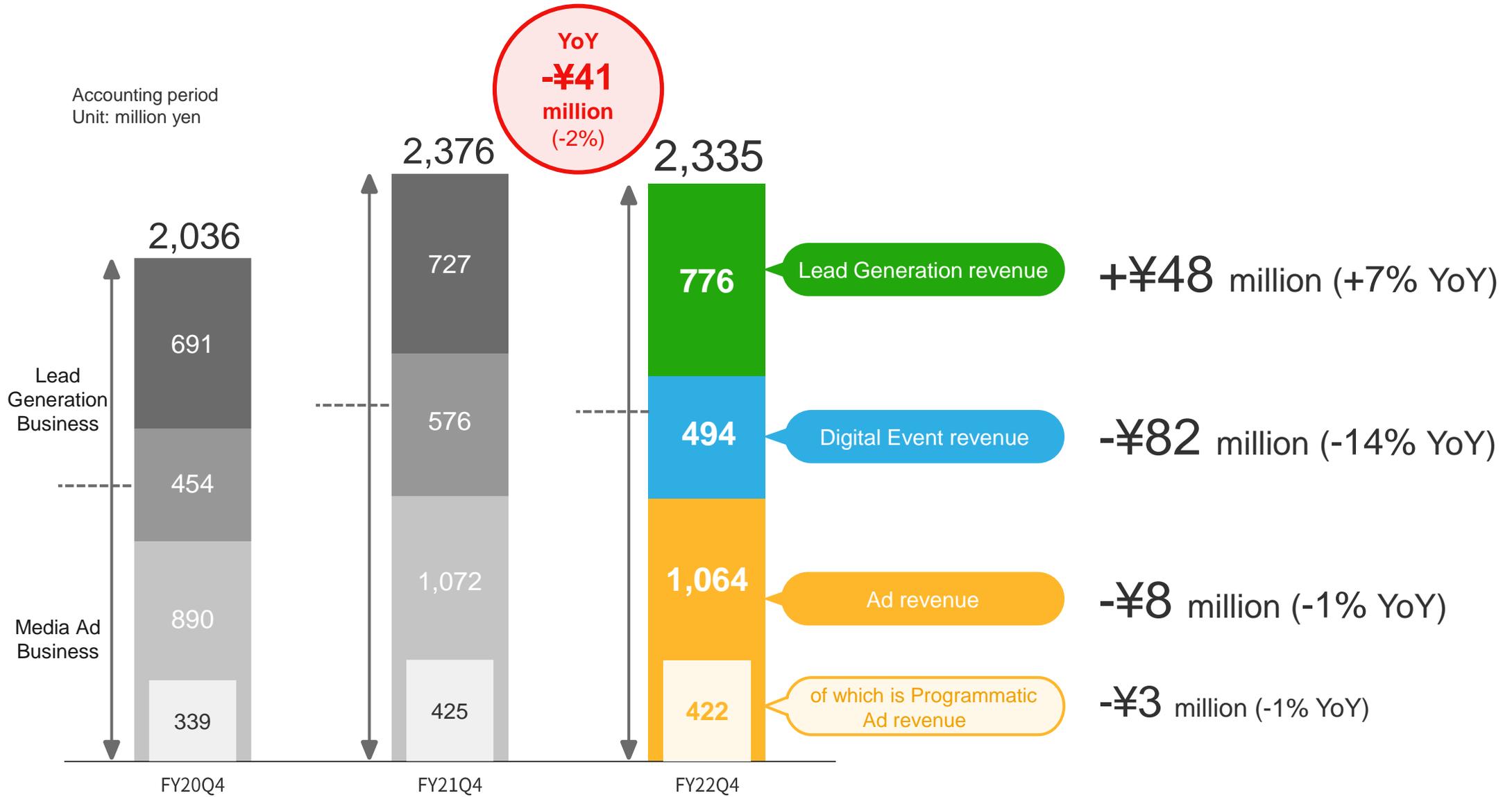


Accounting period
Unit: million yen

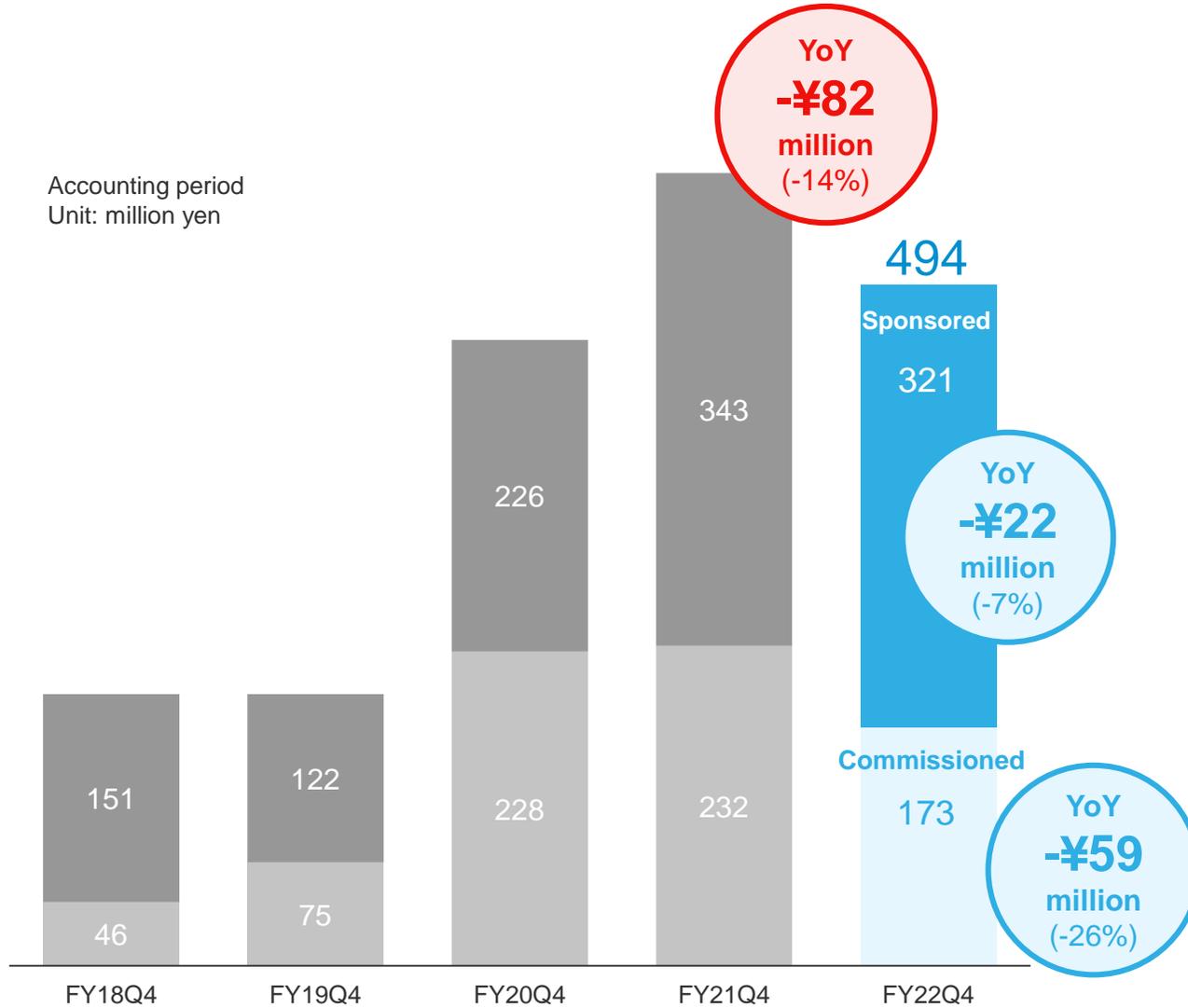


Accounting period
Unit: million yen





Accounting period
Unit: million yen

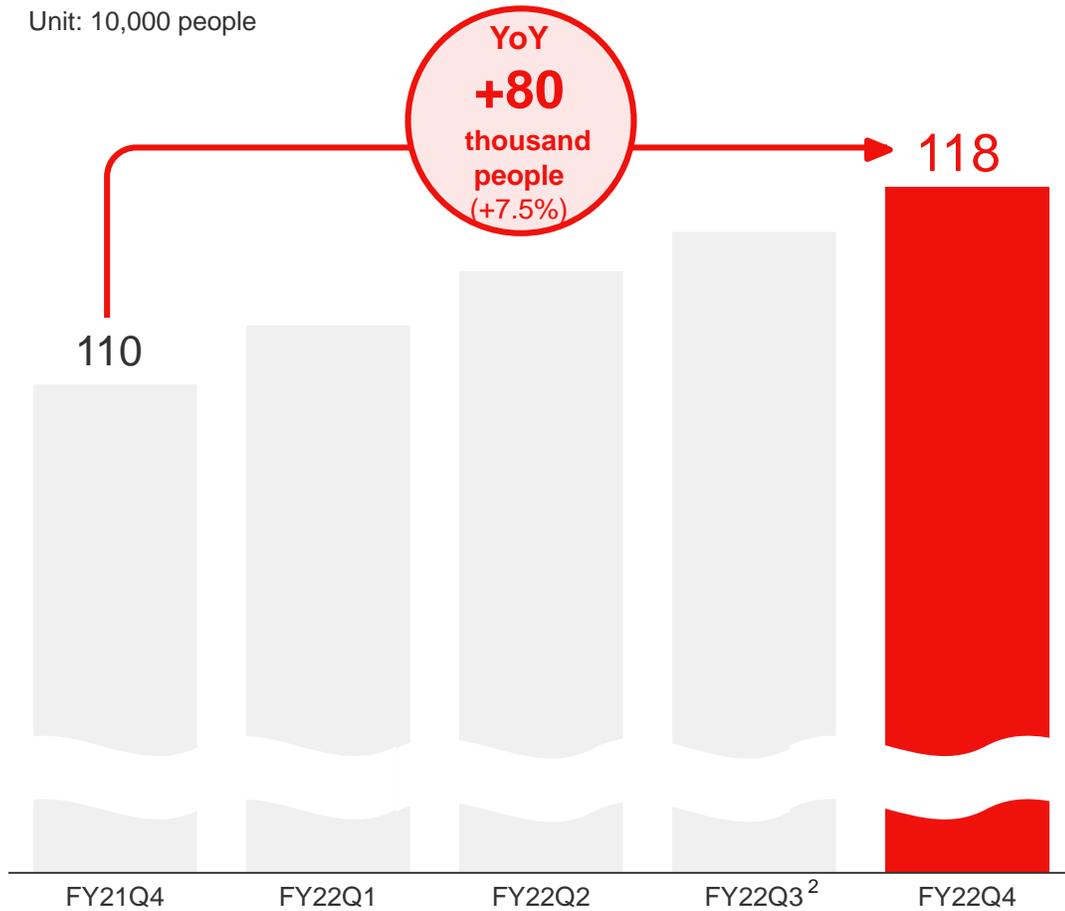


Post-pandemic swing-back
as predicted at the start of the period



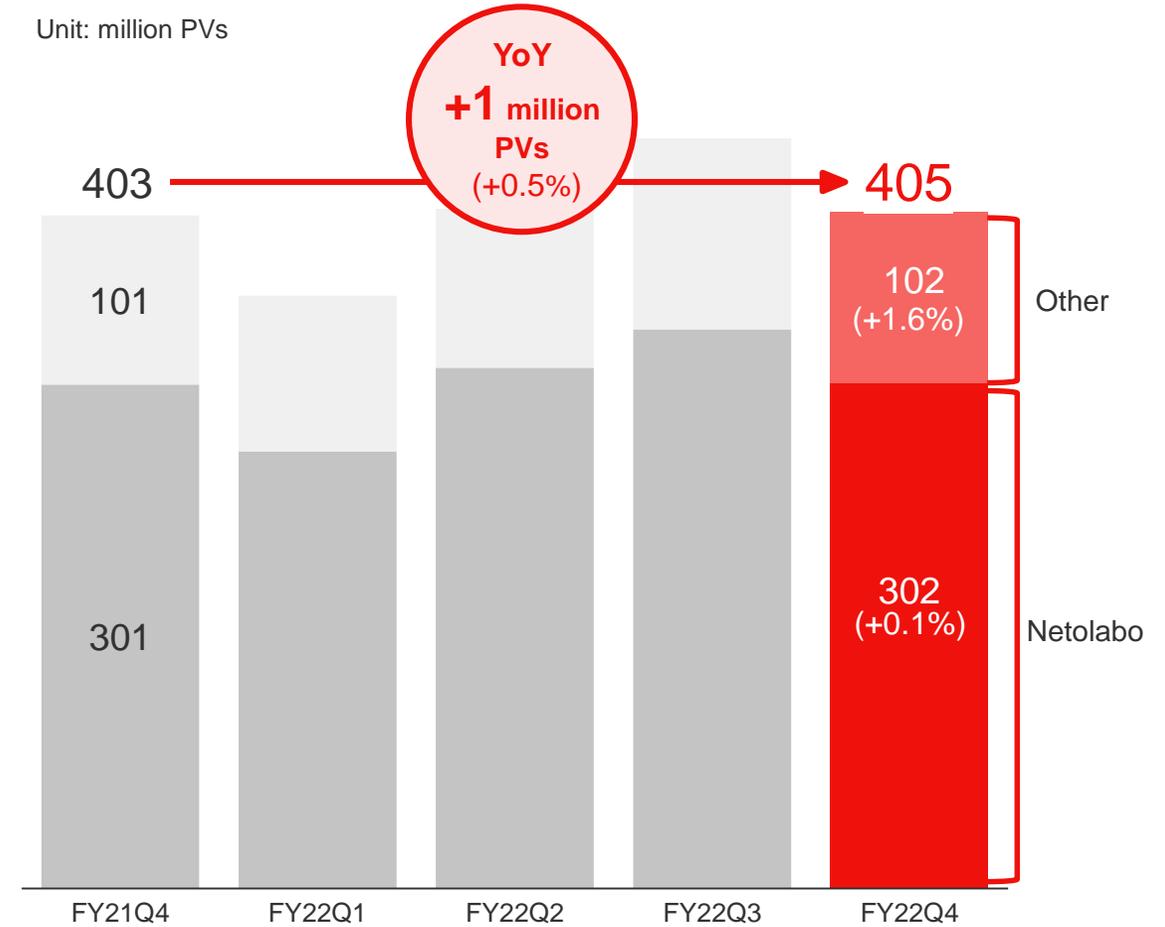
Number of Lead Generation members¹

Unit: 10,000 people



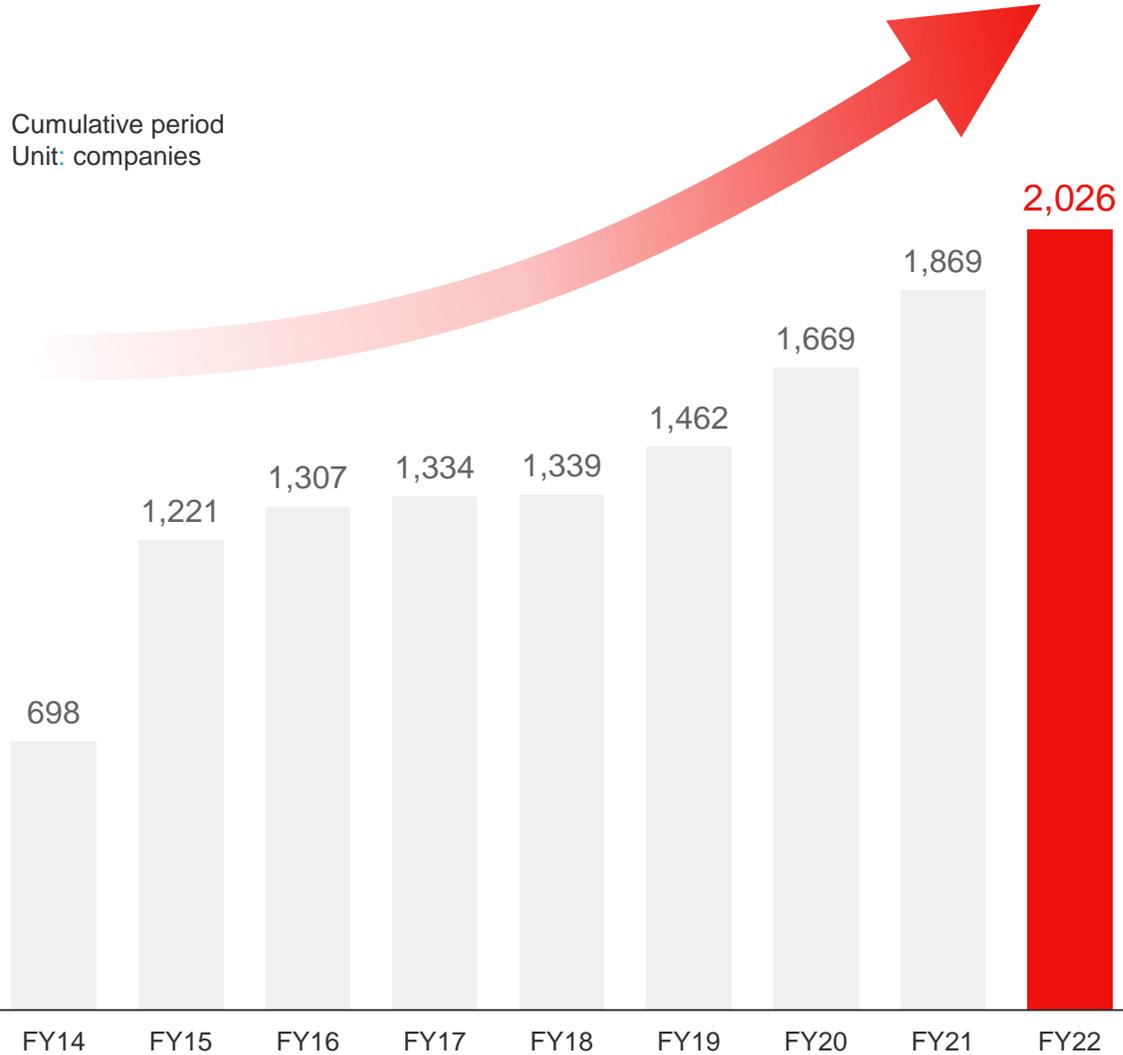
Number of PVs (monthly average)

Unit: million PVs



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

2. To improve data quality, the company worked to find inaccurate member data. Excluded data on around 6,000 members



Number of companies to which sales were recorded during the period

Strengthening content
in growth fields

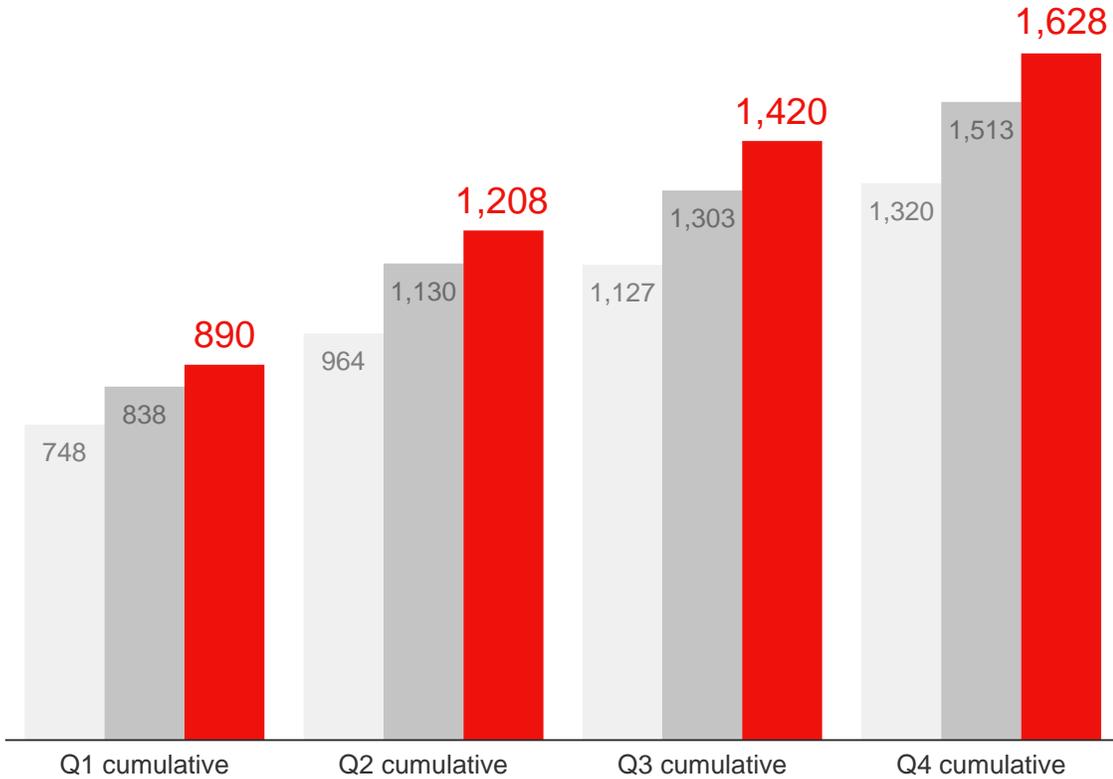


Increase in number of
customers

Lead Generation

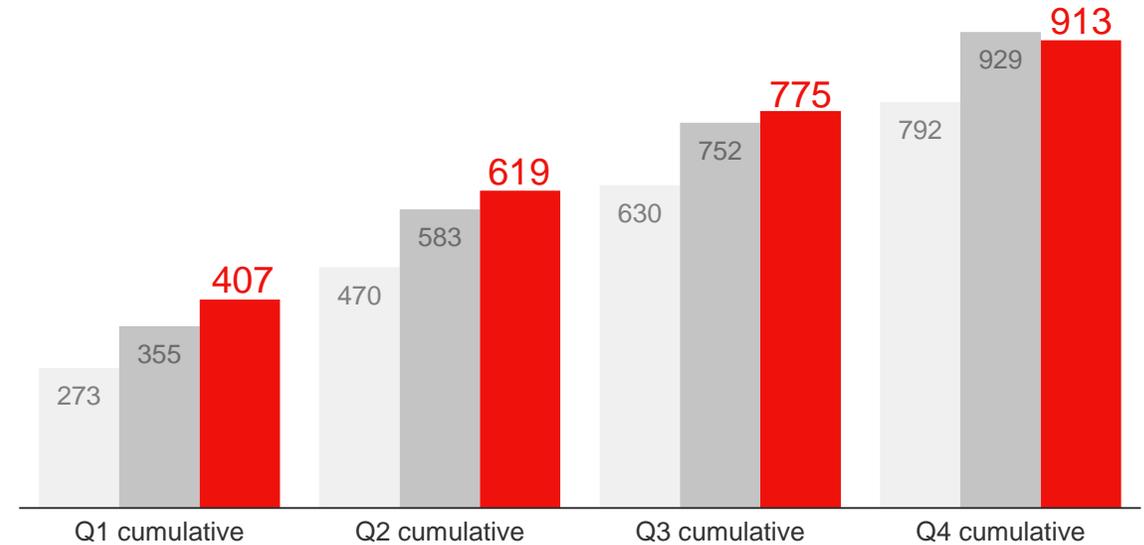
Cumulative period
Unit: companies

FY20 FY21 FY22

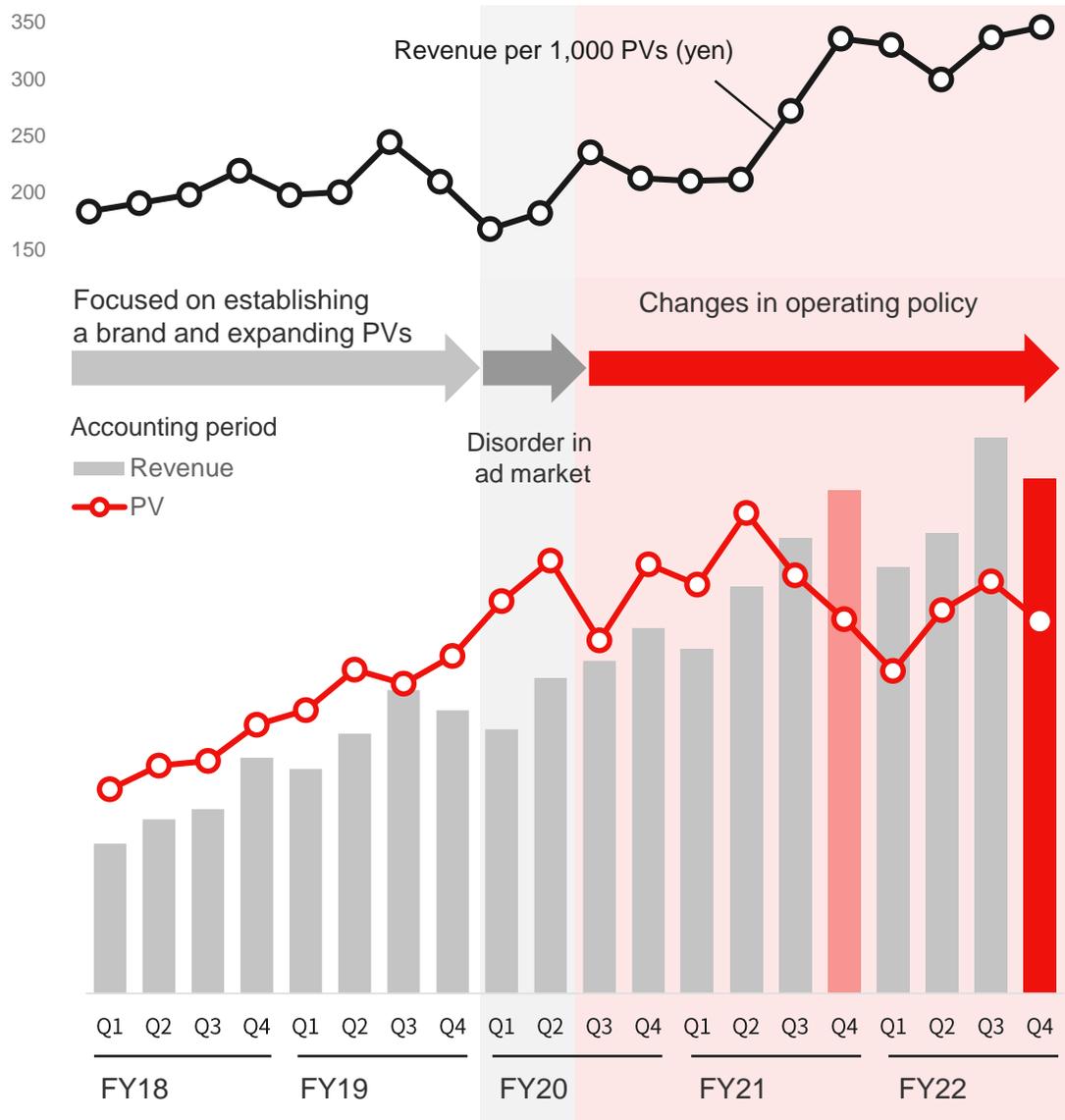


Media Ad

FY20 FY21 FY22



Number of companies to which sales were recorded during the period



Projections for FY22

Policy change since Q3 of FY20 will pay off
 Total number of PVs will decrease slightly
 Continued growth in profitable PVs
 +
 The unit prices in Ad market are expected to improve after COVID-19 pandemic ends

Situation in Q4

PVs, ad market unit price both flat YoY
 Continuing to aim for revenue growth through PV growth

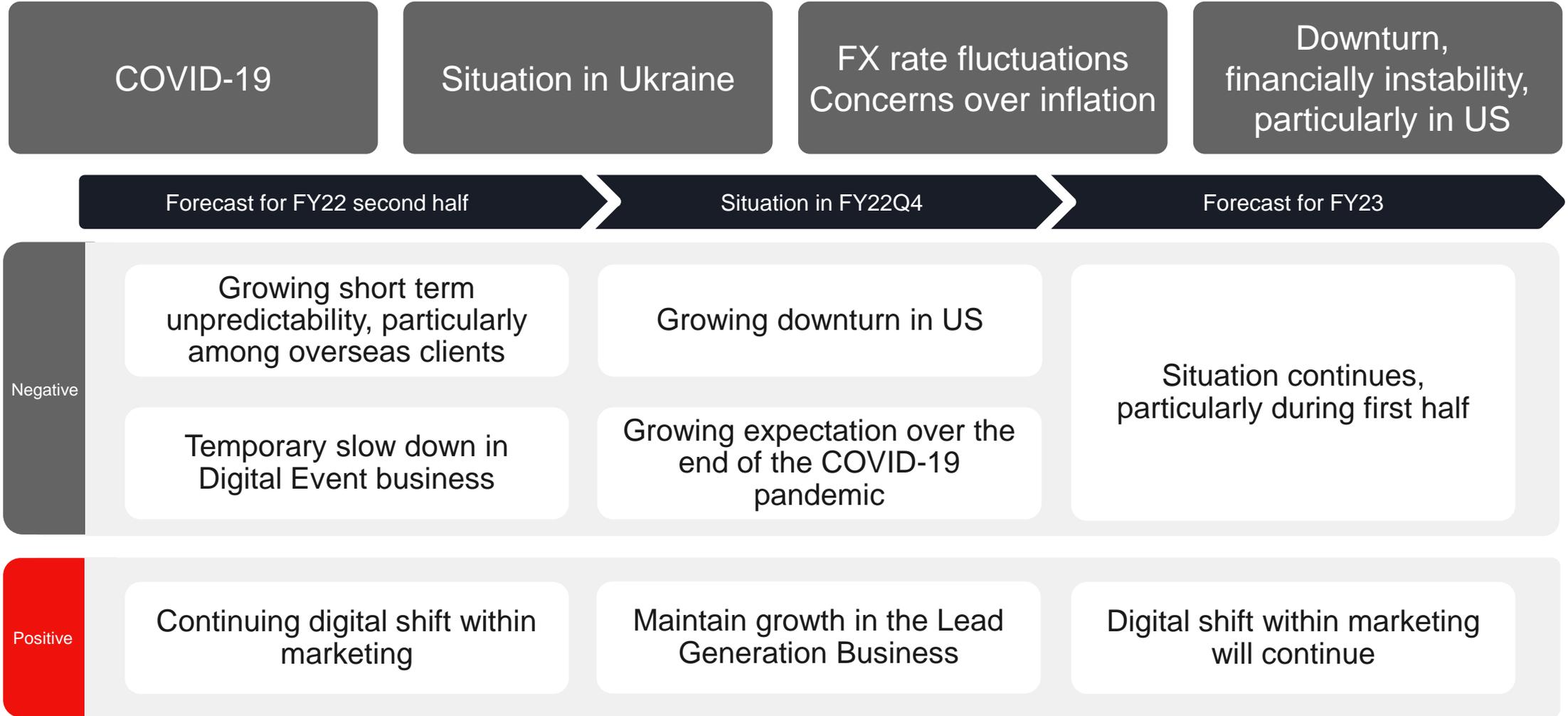


The Fiscal Year Ended March 31, 2023, Earnings Overview

**The Fiscal Year Ending March 31, 2024,
Earnings Forecast and Dividend Forecast**

Company Business Overview and Growth Strategy

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



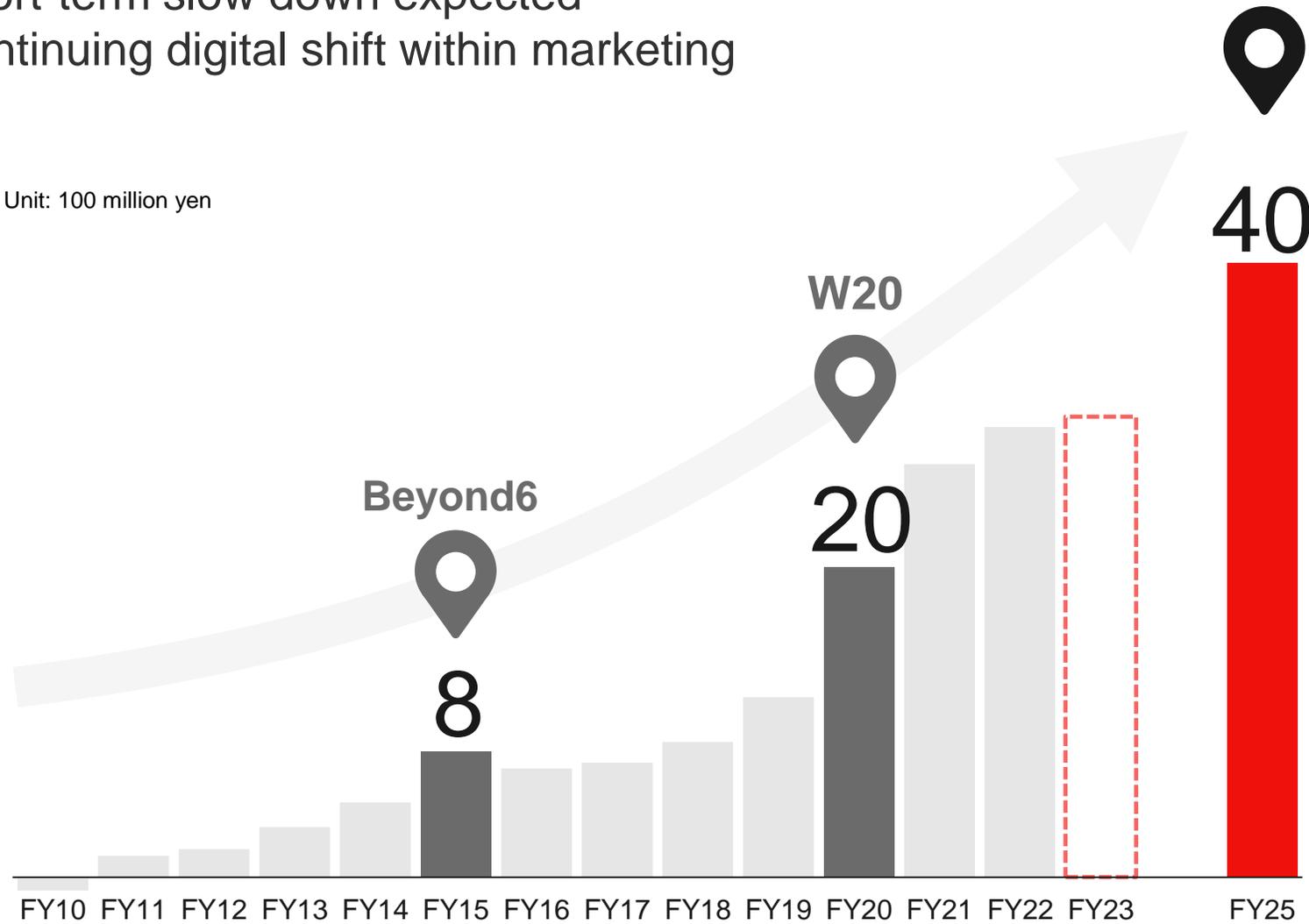
Risks expected to emerge within predicted scope.
 Situation expected to continue, particularly during first half.

Unit: million yen	Revenue	Operating income	Net income attributable to owners of parent
First half	4,210	1,210	820
YoY change	[+0.1%]	[-13.1%]	[-13.3%]
Full year	9,150	3,000	2,020
YoY change	[+4.5%]	[+2.4%]	[+2.3%]
FY22, 1st half (actual)	4,206	1,392	946
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.

Short-term slow down expected
Continuing digital shift within marketing

Unit: 100 million yen

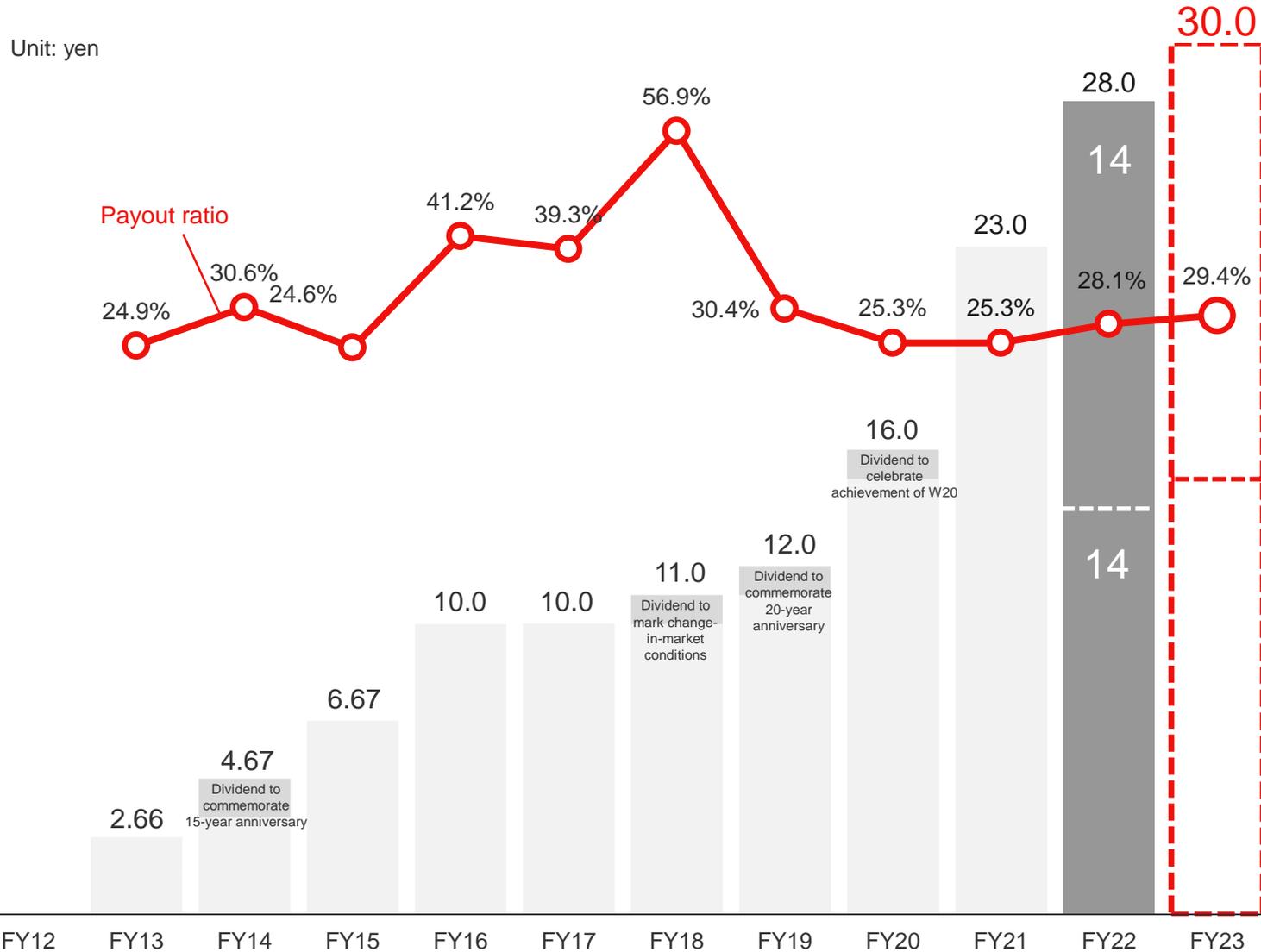


FY25 Operating Income Target

¥40 hundred million to be achieved

||

X40



¥2 dividend increase
For full fiscal year

¥30

Payout ratio 29.4%



The Fiscal Year Ended March 31, 2023, Earnings Overview

The Fiscal Year Ending March 31, 2024,
Earnings Forecast and Dividend Forecast

Company Business Overview and Growth Strategy

Company Summary

Company name	ITmedia Inc.
Date of establishment	Dec. 1999
Representative	Toshiki Otsuki, President and CEO
Address	Kioicho Building, Kioicho 3-12, Chiyoda-ku, Tokyo
Capital	¥1.8 billion
Number of employees	322
Revenue	¥8.7 billion
End of fiscal year	March 31
Parent company	SB Media Holdings Corp.
Listed market	Tokyo Stock Exchange, Prime Market

As of March 31, 2023





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



1
Materiality

Deliver a bright future for humanity through the information revolution

Contributing to the development of humanity by encouraging the spread of technology, promoting increases in the overall productive efficiency of society and the resolution of problems.

Social value



2
Materiality

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

Providing reliable, high-value added knowledge and information, to resolve digital divide and contribute to a society in which no one is left behind.



3
Materiality

Responsible use of information technology

Creating an environment that fosters ethical and appropriate use of technology to prevent adverse effects on society from information and technology.

Power of media



4
Materiality

Promote work styles that respect diversity

Creating an environment in which a diverse workforce can fulfill their potential 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



Sustainability: Major topic for the fiscal year (released on April 28, 2022)



Identify
materiality



Broaden disclosure
in English



Respond to climate change (1)
Increase decarbonization-
related content



Promote
diversity and inclusion



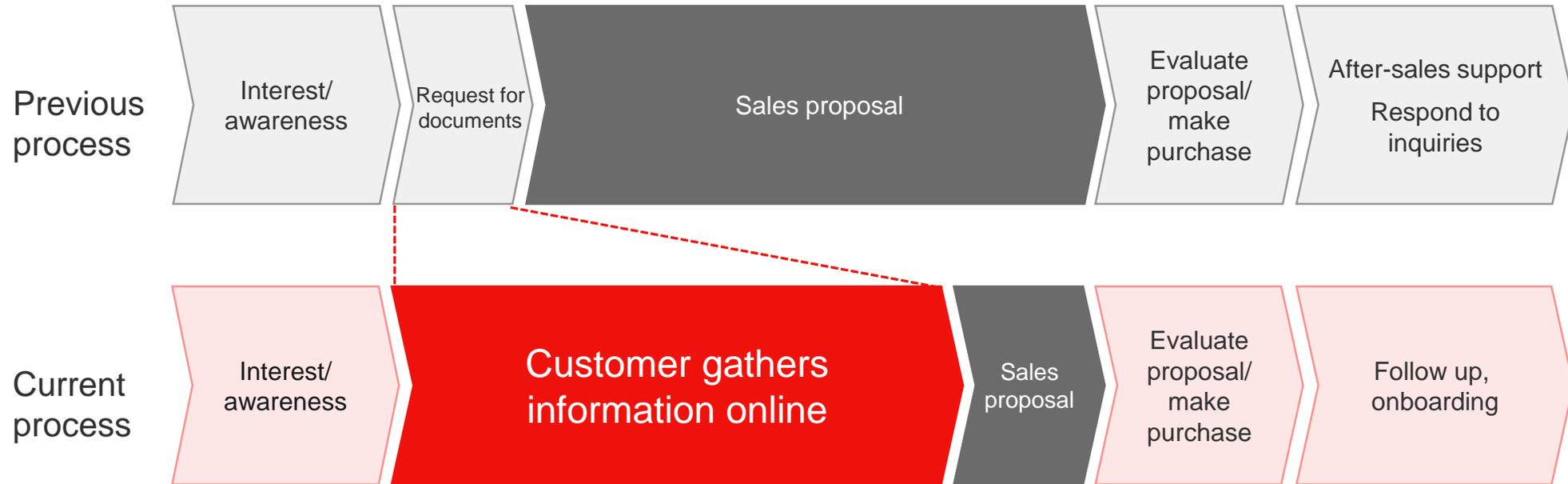
Increase SDGs-
related content



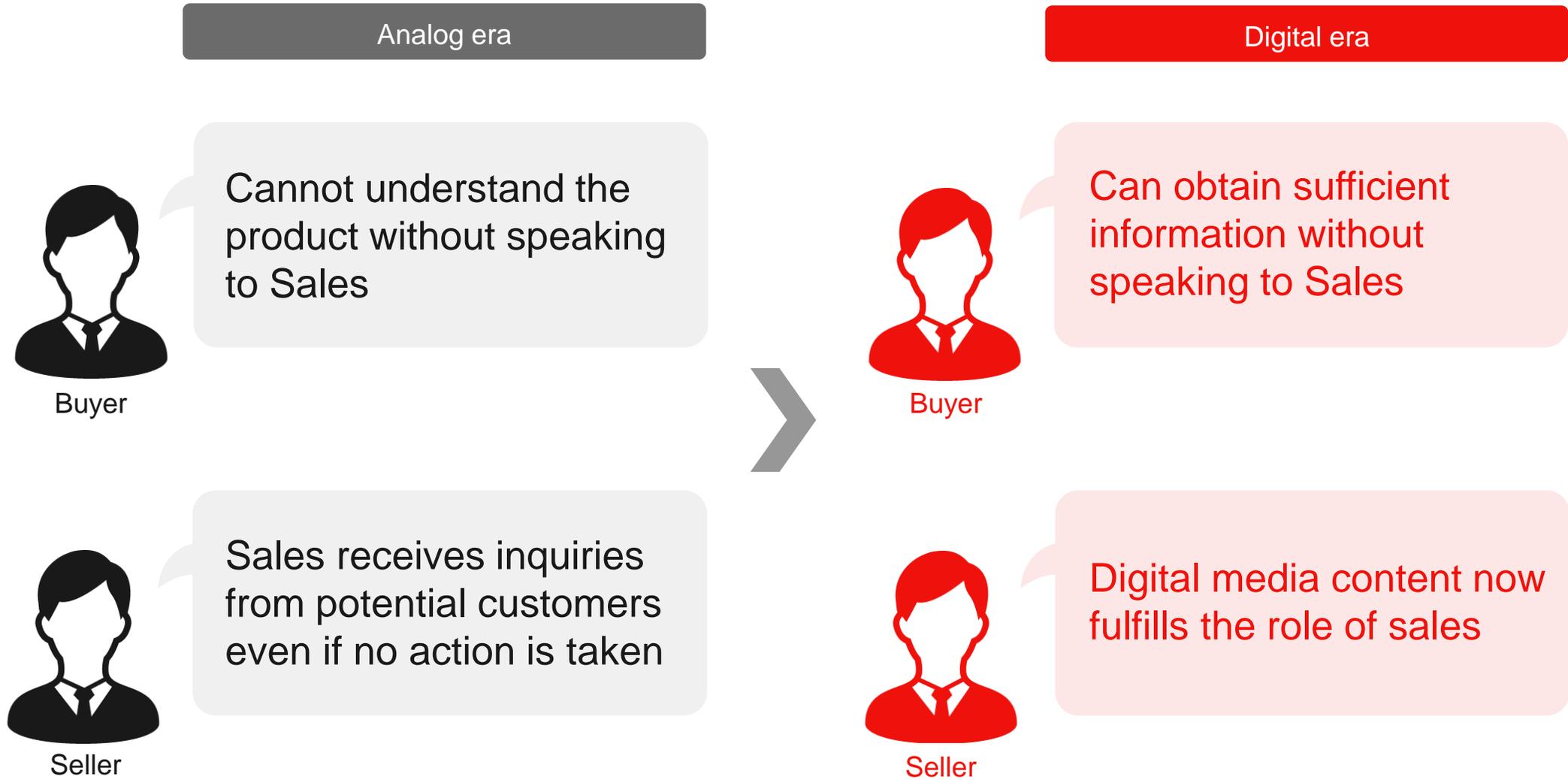
Respond to climate change (2)
Disclose ESG data

Major changes in B2B purchasing processes

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



Digital media content now fulfills the role of sales





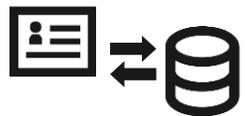
One of Japan's largest technology-focused digital media content provider



Monthly
400 million PVs

Total number of members
1.2 million people

Number for new monthly articles
6,000 articles

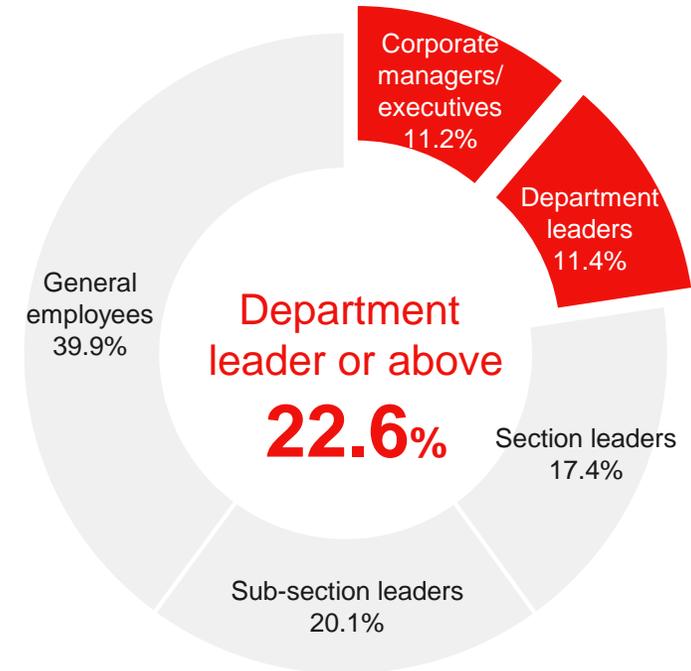


100% first-party data*

* User information collected by the company's own site. First-party data is more than 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

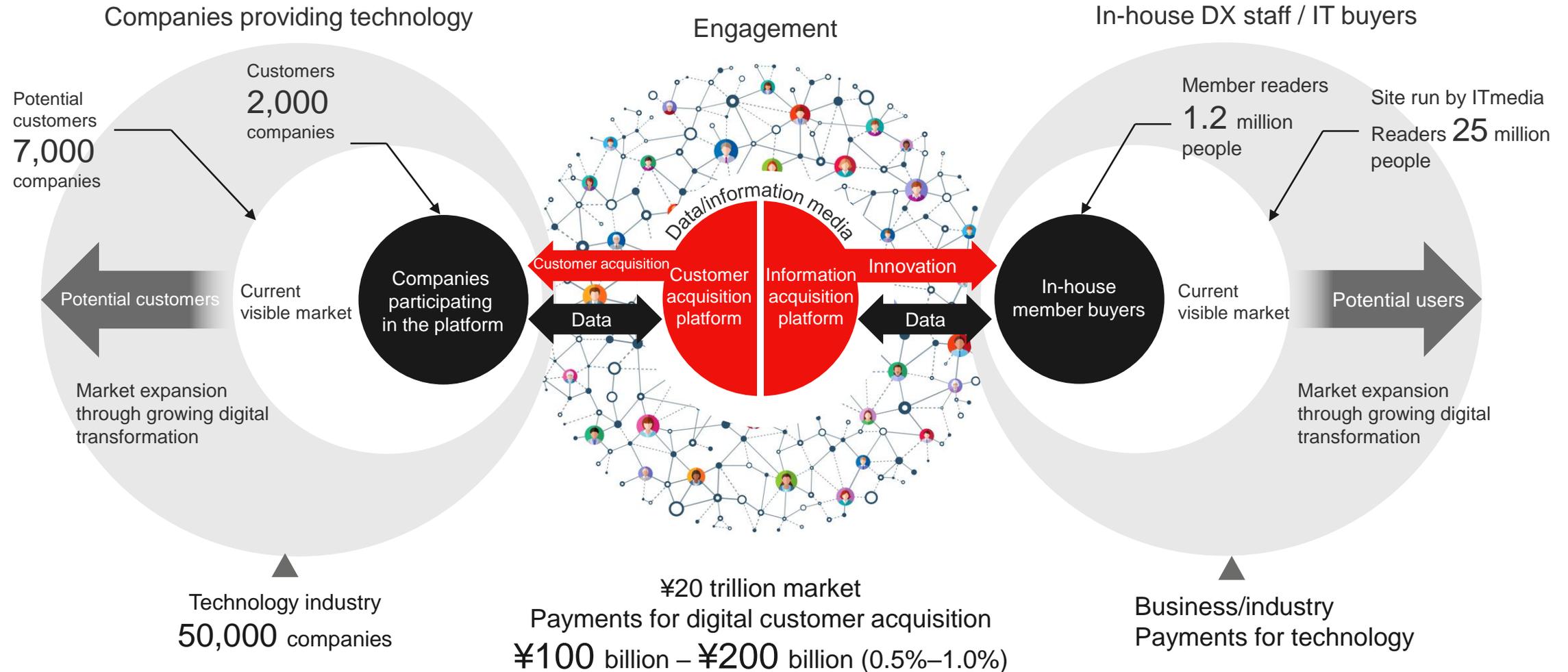
Outside writers

1,000 writers

Internal writers

100 writers

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

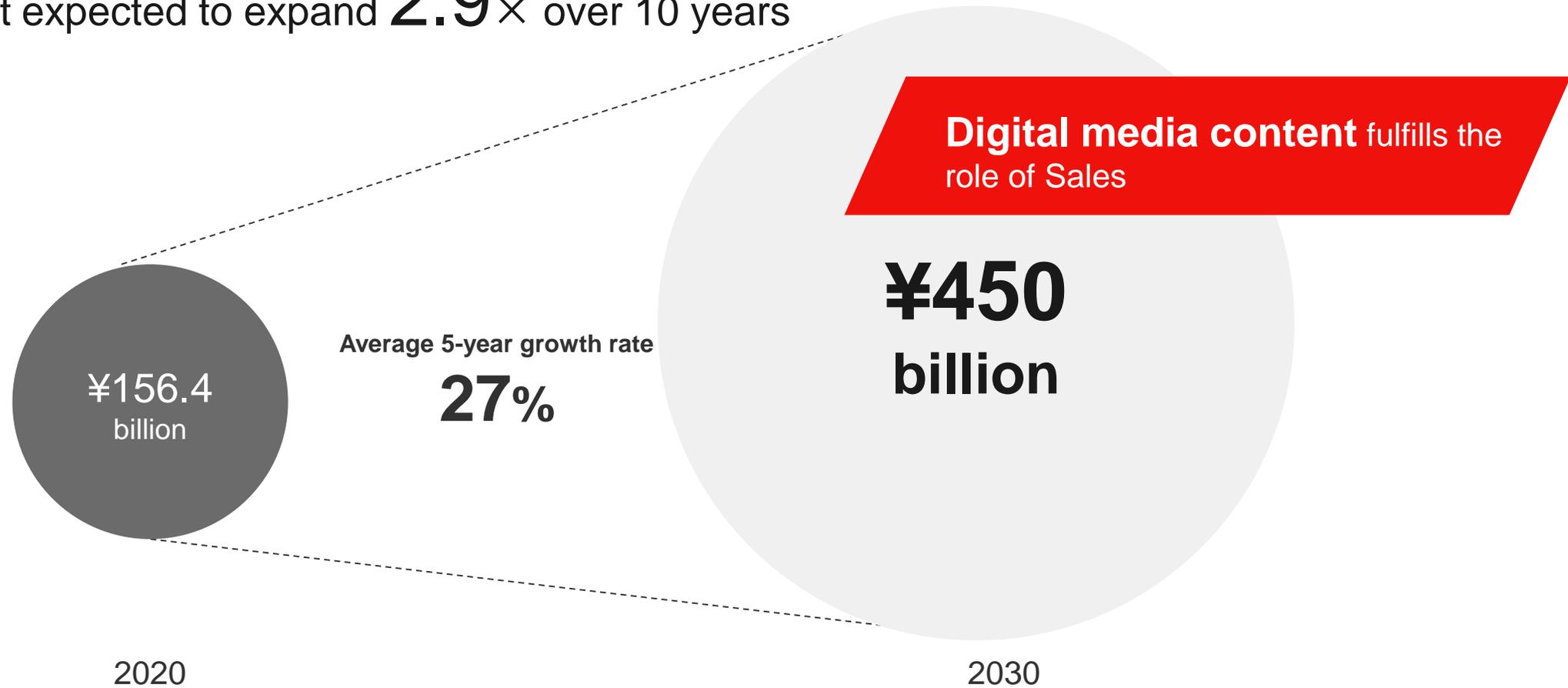


Service that allows digital media and content to perform sales functions (exchanging business cards)



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>

1 Expansion on both buy-side and sell-side



Innovation of society

2 Increasingly sophisticated and diverse solutions



Innovation of marketing

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



Innovation of media

4 Reduce issues and risks in the development of society

Previously

In future



Innovation of society

Expansion on both buy-side and sell-side

IT

Industrial
technology

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

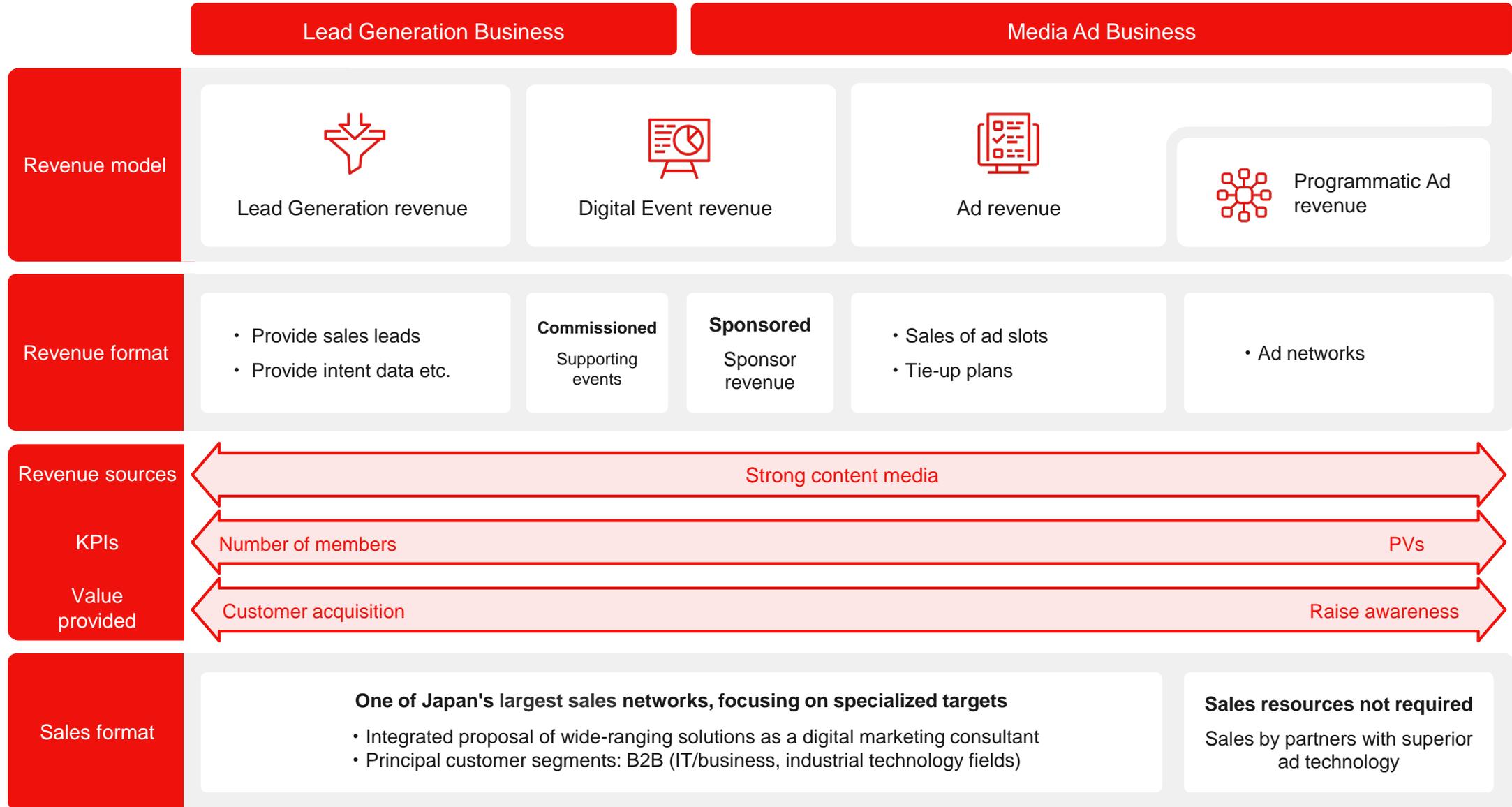
Adapting to innovative media technology. Developing the new markets that emerge

Established as a
dedicated online
business

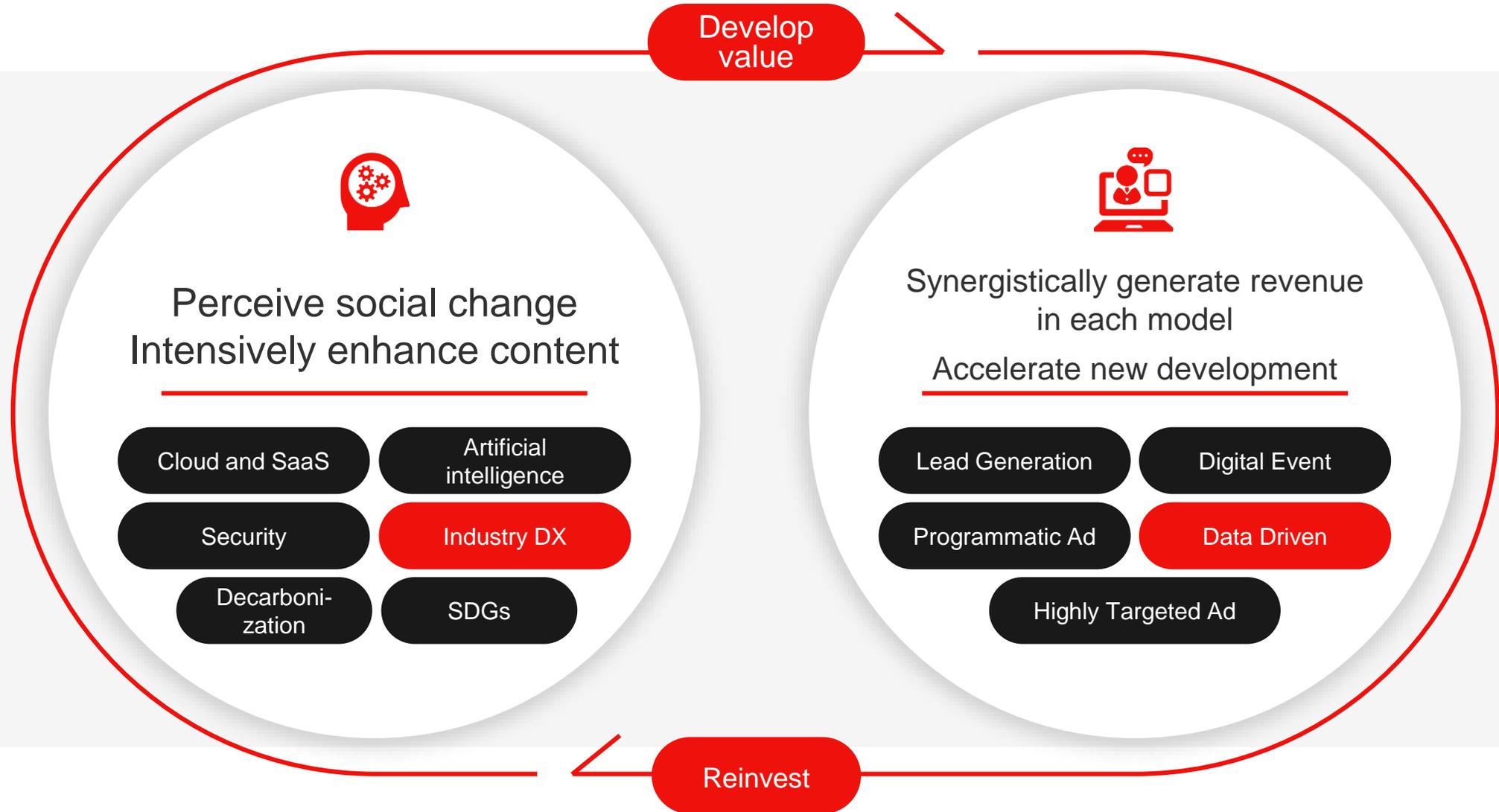
Smart and Social

Metaverse

AI
(e.g. ChatGPT)



More industry fields × Use of accumulated data





Our Mission

Contribute to information revolution by innovating professional media

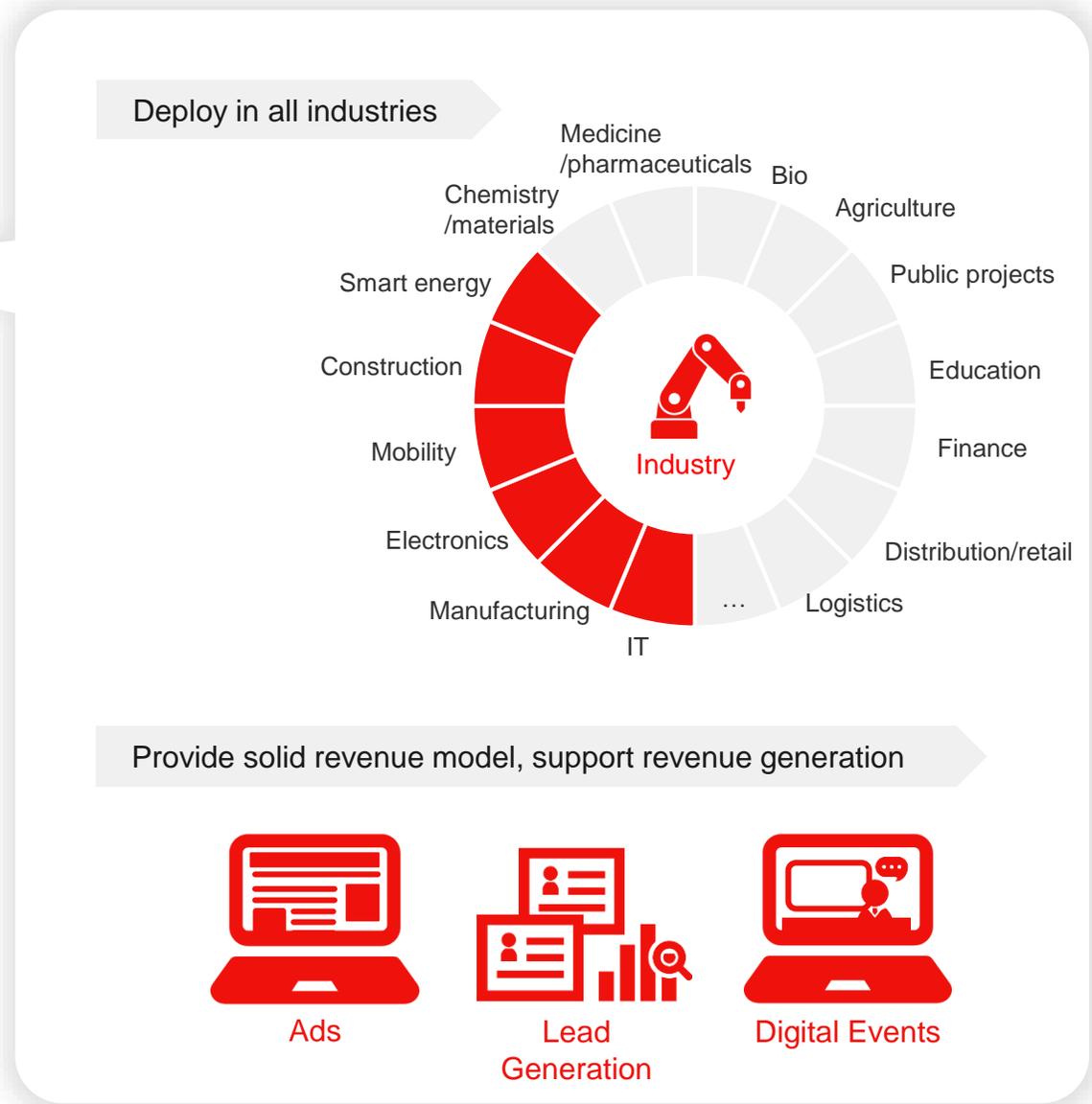
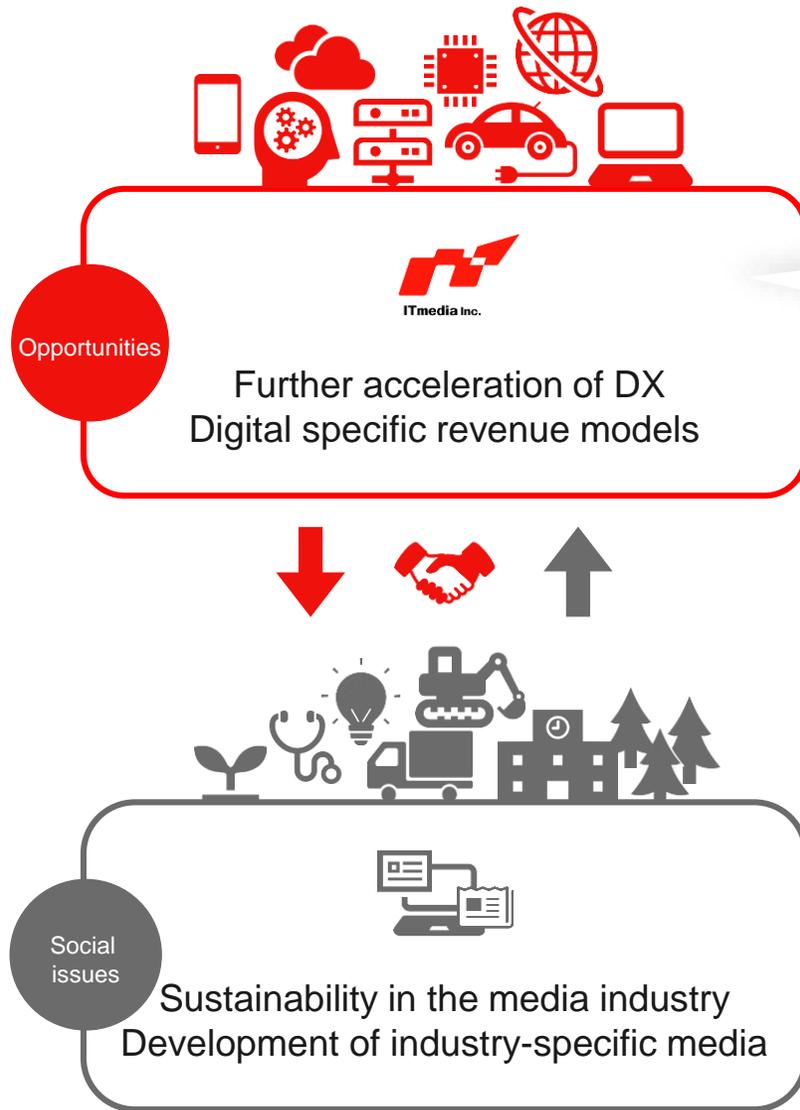
Partnership

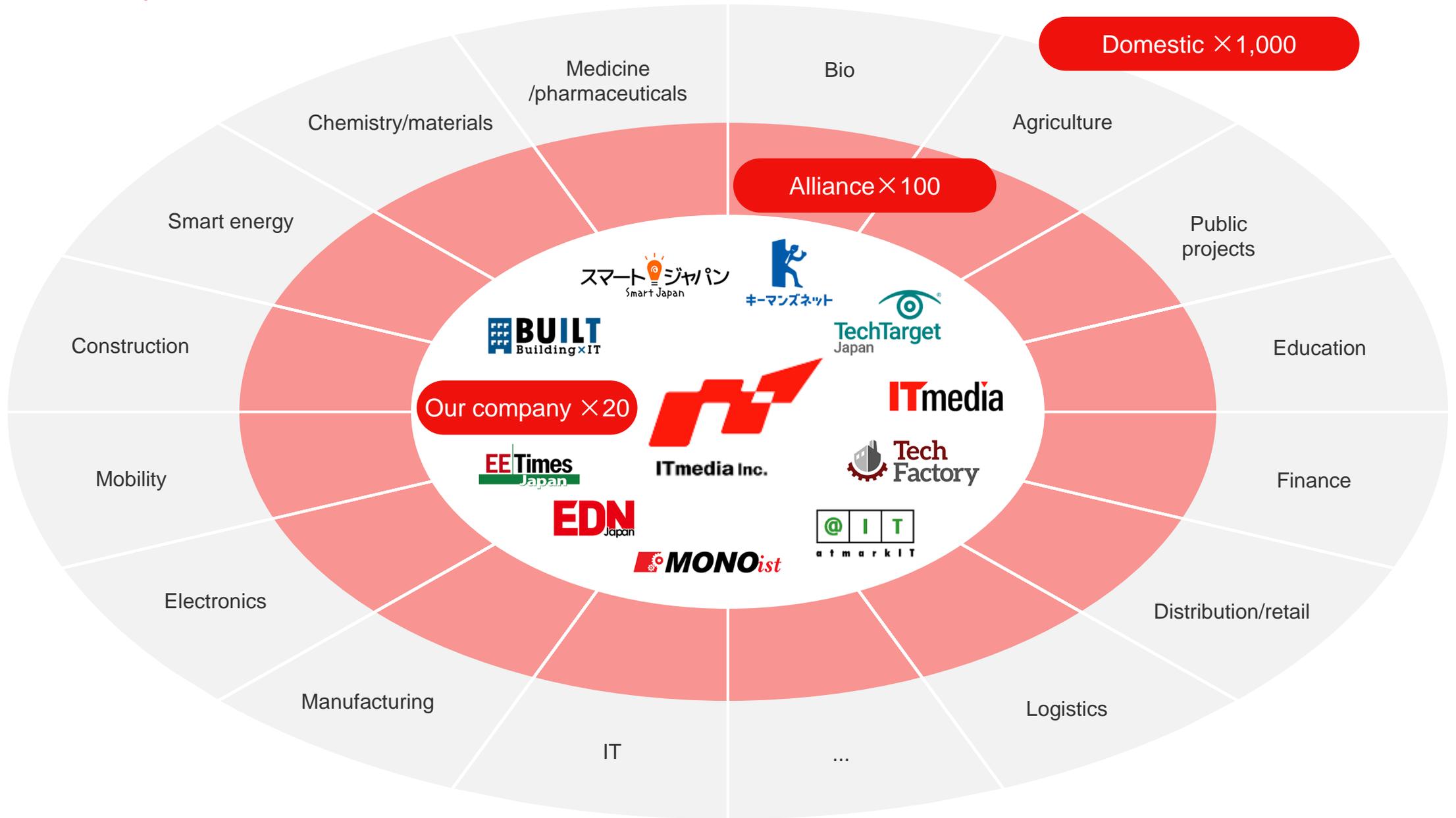


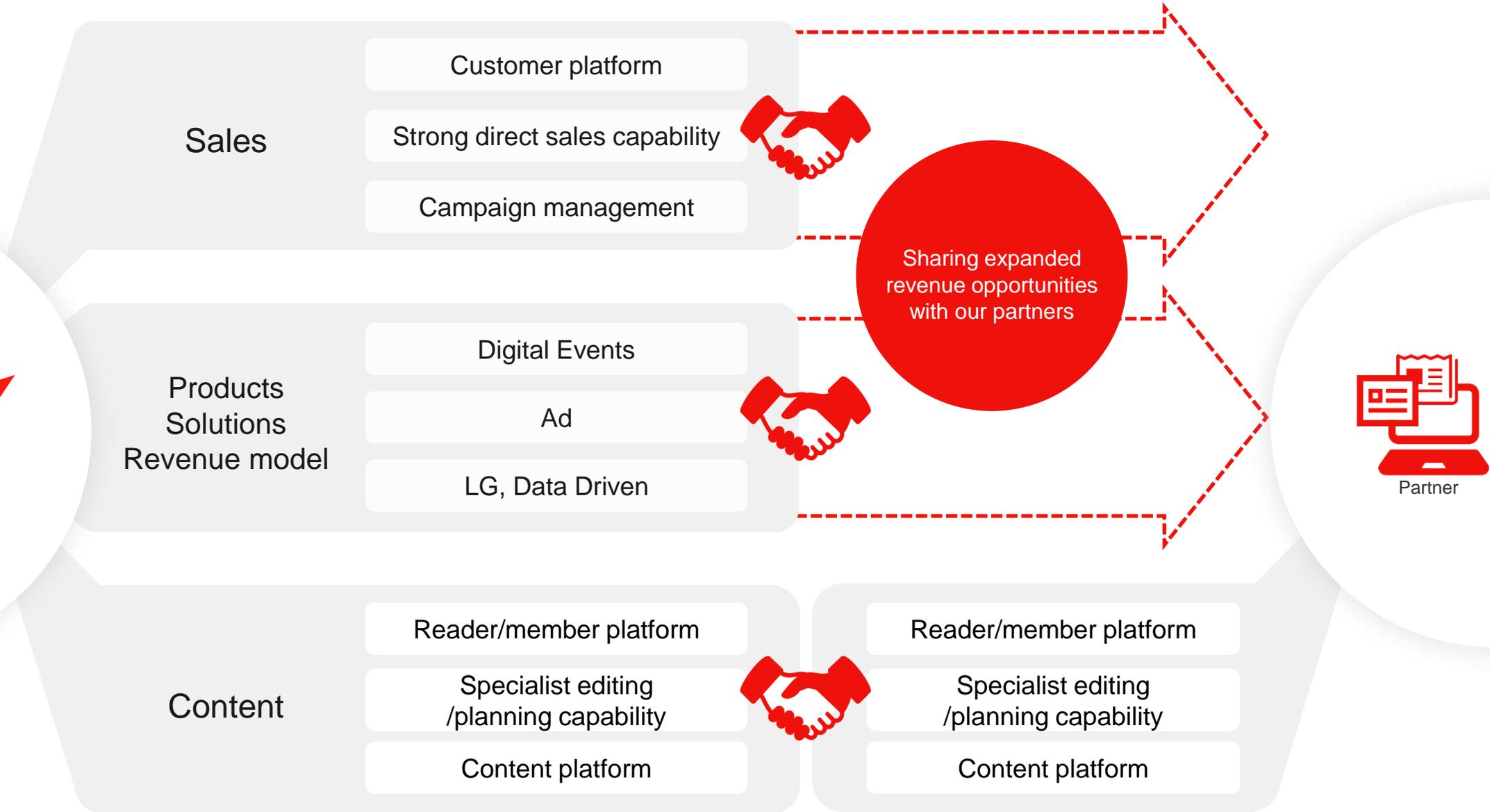
Multiple specialist media corporations in various industries

Cooperating to provide edification on digital transformation in each industry

Contributing to the media industry







Beginning with digital events. Creating business opportunities with partners.

Construction



Retail



Finance



Education

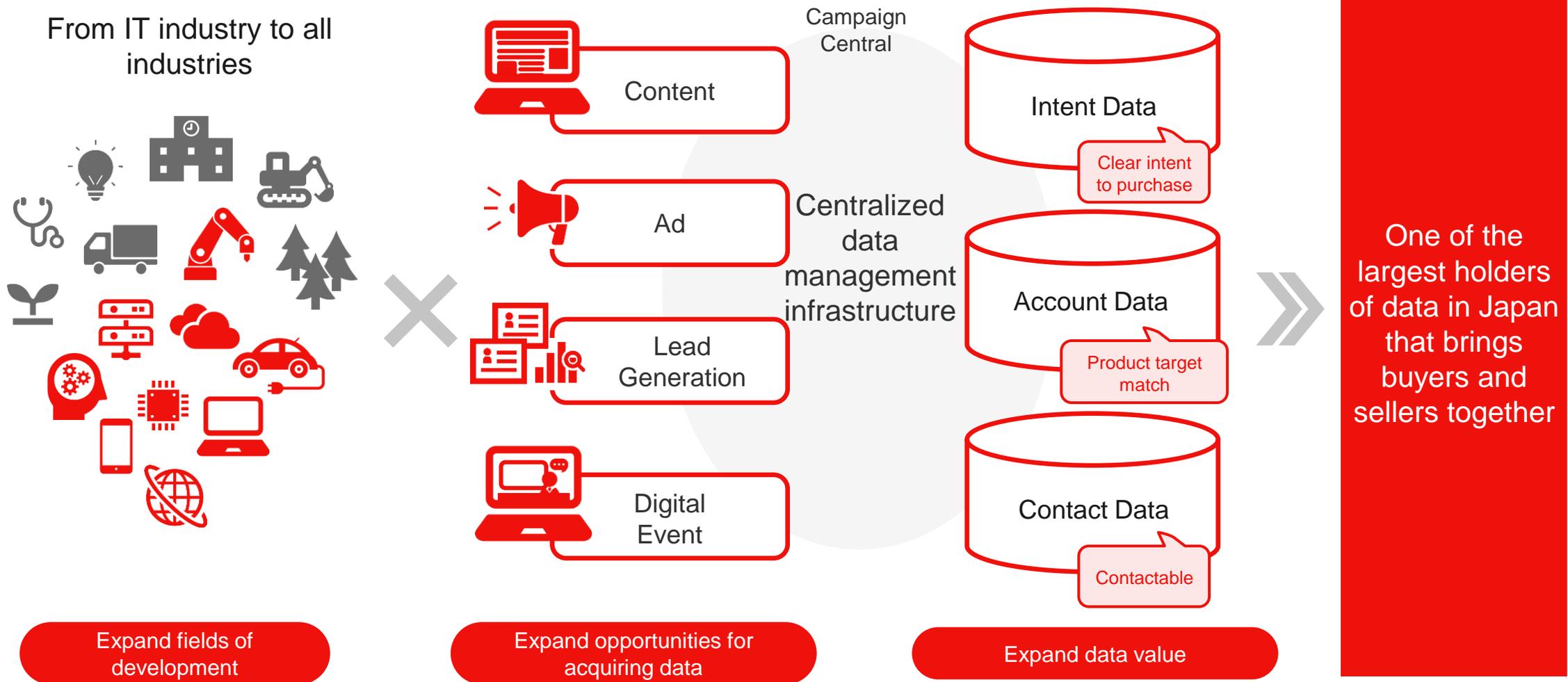


Oil, chemistry



etc.

Largest general B2B digital media = largest data holder





ITmedia Inc.

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Inquiries

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