ITmedia Inc.
Consolidated Financial Report
For the Nine-month period ended December 31, 2018 (IFRS)

Tokyo, January 31, 2019

1. Financial Highlights

(Millions of yen; amounts less than one million yen are omitted)

(1) Results of Operations

(Percentages are shown as year-on-year changes)

	Revenue		Operating income		Income before income tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Nine-month period ended December 31, 2018	**¥3,481**	**5.6**	**¥485**	**(3.4)**	**¥446**	**(11.4)**	**¥272**	**(15.0)**	**¥283**	**(15.8)**	**¥455**	**42.5**
Nine-month period ended December 31, 2017	**¥3,298**	**3.6**	**¥503**	**13.1**	**¥504**	**13.1**	**¥321**	**6.6**	**¥337**	**11.8**	**¥319**	**6.7**

	Basic earnings per share (yen)	Diluted earnings per share (yen)
Nine-month period ended December 31, 2018	**¥14.55**	**¥14.36**
Nine-month period ended December 31, 2017	**¥17.36**	**¥17.08**

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets (%)
As of December 31, 2018	**¥6,113**	**¥5,362**	**¥5,362**	**87.7**
As of March 31, 2018	¥6,178	¥5,102	¥5,091	82.4

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal year ended March 31, 2018	—	5.00	—	5.00	10.00
Fiscal year ending March 31, 2019	—	5.00	—		
Fiscal year ending March 31, 2019 (Forecasted)				5.00	10.00

Note:
Revisions of the forecast from recentry announced figures : None

3. Consolidated forecasts for the fiscal year ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)
(Percentages are shown as year-on-year changes)

	Revenue		Operating income		Net income attributable to owners of the parent		Basic earnings par share (yen)
	Amount	%	Amount	%	Amount	%	Amount
Fiscal year ending March 31, 2019	¥5,000	8.5	¥780	4.6	¥470	(4.9)	¥24.12

Note:
Revisions of the forecast from recentry announced figures : None

*** Notes**

(1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): None
Newly consolidated : None
Excluded from consolidation : None

(2) Changes in accounting policies and accounting estimates
[1] Changes in accounting policies required by IFRSs : Yes
[2] Changes in accounting policies other than those in [1] : None
[3] Changes in accounting estimates : None

(3) Number of shares issued (common stock)
[1] Number of shares issued (including treasury stock):
As of December 31, 2018 : 20,202,900 shares
As of March 31, 2018 : 20,201,700 shares
[2] Number of treasury stock:
As of December 31, 2018 : 712,999 shares
As of March 31, 2018 : 712,999 shares
[3] Number of average stock during six-month period (April-September):
As of December 31, 2018 : 19,489,709 shares
As of December 31, 2017 : 19,408,873 shares

*** This interim consolidated financial report is not subject to interim review procedures.**

*** Notes to forecasts on the consolidated results of operations and other items**

The descriptions regarding the future are estimated based on the information that the Company is able to obtain at the present point and assumptions which are deemed to be reasonable. However, actual results may be different due to various factors.

(1) Condensed Interim Consolidated Statements of Financial Position

(Thousands of yen)

	As of March 31, 2018	As of December 31, 2018
Asset		
Current aseets		
Cash and cash equivalents	3,111,133	3,079,756
Trade and other receivables	800,795	625,419
Other finacial assets	500,221	500,008
Inventories	13,402	19,895
Other current assets	69,369	151,912
Total current aseets	4,494,922	4,376,992
Non-current asset		
Property and equipment	191,997	182,144
Goodwill	480,463	480,463
Intangible assets	439,621	446,736
Investments accounted for using the equity method	—	80,566
Other financial assets	390,415	539,145
Deferred tax assets	173,566	3,413
Other non-current assets	7,346	4,259
Total non-current assets	1,683,411	1,736,729
Total assets	6,178,334	6,113,721
Liabilities and equity		
Current liabilities		
Trade and other payables	246,465	225,217
Interest-bearing debt and other financial liabilities	4,628	4,177
Income tax payables	185,644	1,675
Other current liabilities	562,723	449,256
Total current liabilities	999,462	680,326
Non-current liabilities		
Interest-bearing debt and other financial liabilities	9,705	6,693
Provisions	38,600	38,600
Other non-current liabilities	28,174	25,355
Total non-current liabilities	76,480	70,648
Total liabilities	1,075,942	750,975
Equity		
Equity attributable to owners of the parent		
Common stock	1,708,712	1,708,810
Capital surplus	1,797,642	1,797,737
Retained earnings	1,861,367	1,960,959
Treasury stock	(344,414)	(344,414)
Accumulated other comprehensive income	68,481	239,838
Total equity attributable to owners of the parent	5,091,789	5,362,932
Non-controlling interests	10,602	(186)
Total equity	5,102,391	5,362,745
Total liabilities and equity	6,178,334	6,113,721

(2) Condensed Interim Consolidated Statements of Income and Comprehensive Income

Condensed Interim Consolidated Statements of Income

(Thousands of yen)

	Nine-month period ended December 31, 2017	Nine-month period ended December 31, 2018
Revenue	3,298,137	3,481,857
Cost of sales	(1,396,577)	(1,558,265)
Gross profit	1,901,559	1,923,591
Selling, general and administrative expenses	(1,398,927)	(1,440,820)
Other operating income (loss)	461	3,016
Operating income	503,093	485,787
Other non-operating income (loss)	1,360	522
Income (loss) on equity method investments	—	(39,433)
Income before income tax	504,454	446,875
Income taxes	(183,354)	(174,016)
Net income	321,099	272,859
Net income attributable to		
Owners of the parent	337,023	283,648
Non-controlling interests	(15,923)	(10,788)
	321,099	272,859
Earning per share attributable to owners of the parent		
Basic earning per share (yen)	17.36	14.55
Diluted earning per share (yen)	17.08	14.36

Condensed Interim Consolidated Statements of Comprehensive Income (Thousands of yen)

	Nine-month period ended December 31, 2017	Nine-month period ended December 31, 2018
Net income	321,099	272,859
Other comprehensive income, net of tax		
Items that will not be reclassified subsequently to profit or loss		
Equity financial assets at FVTOCI	—	182,331
Total items that will not be reclassified subsequently to profit or loss	—	182,331
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	(1,737)	—
Debt financial assets at FVTOCI	—	(137)
Total items that may be reclassified subsequently to profit or loss	(1,737)	(137)
Total other comprehensive income, net of tax	(1,737)	182,194
Total comprehensive income	319,361	455,053
Total comprehensive income attributable to		
Owners of the parent	335,285	465,842
Non-controlling interests	(15,923)	(10,788)
	319,361	455,053

(3) Condensed Interim Consolidated Statements of Changes in Equity

For the Nine-month period ended December 31, 2017

(Thousands of yen)

	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2017	1,699,800	1,814,079	1,561,077	(344,414)	69,963	4,800,506	30,687	4,831,193
Comprehensive income								
Net income	—	—	337,023	—	—	337,023	(15,923)	321,099
Other comprehensive income (loss)	—	—	—	—	(1,737)	(1,737)	—	(1,737)
Total comprehensive income	—	—	337,023	—	(1,737)	335,285	(15,923)	319,361
Transactions with owners and other transactions								
Issuance of new shares	4,236	4,167	—	—	—	8,404	—	8,404
Cash dividends	—	—	(194,008)	—	—	(194,008)	—	(194,008)
Total transactions with owners and other transactions	4,236	4,167	(194,008)	—	—	(185,603)	—	(185,603)
As of December 31, 2017	1,704,037	1,818,246	1,704,092	(344,414)	68,225	4,950,187	14,763	4,964,951

For the Nine-month period ended December 31, 2018

	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2018	1,708,712	1,797,642	1,861,367	(344,414)	68,481	5,091,789	10,602	5,102,391
Comprehensive income								
Net income (loss)	—	—	283,648	—	—	283,648	(10,788)	272,859
Other comprehensive income	—	—	—	—	182,194	182,194	—	182,194
Total comprehensive income	—	—	283,648	—	182,194	465,842	(10,788)	455,053
Transactions with owners and other transactions								
Issuance of new shares	97	95	—	—	—	193	—	193
Cash dividends	—	—	(194,893)	—	—	(194,893)	—	(194,893)
Transfer from accumulated other comprehensive income to retained earnings	—	—	10,837	—	(10,837)	—	—	—
Total transactions with owners and other transactions	97	95	(184,055)	—	(10,837)	(194,699)	—	(194,699)
As of December 31, 2018	1,708,810	1,797,737	1,960,959	(344,414)	239,838	5,362,932	(186)	5,362,745

(4) Condensed Interim Consolidated Statements of Cash Flows

	Nine-month period ended December 31, 2017	Nine-month period ended December 31, 2018
Cash flows from operating activities		
Income before income taxes	504,454	446,875
Depriciation and amortization	94,880	90,977
Income (loss) on equity method investments	—	39,433
Increase/decrease in trade and other receivables	76,838	175,375
Increase/decrease in trade and other payables	(23,223)	(14,768)
Other	(98,779)	(160,426)
Subtotal	554,170	577,468
Interest and dividends received	3,631	843
Interest paid	(219)	(145)
Income taxes paid	(97,206)	(316,425)
Net cach provided by operating activities	460,376	261,740
Cash flows from investing activities		
Payment into time deposits	(400,000)	(400,000)
Proceeds from withdrawal of time deposits	400,000	400,000
Purchase of property, equipment, and intangible assets	(147,733)	(94,984)
Purchase of interests in investments accounted for using the equity method	—	(120,000)
Proceeds from sales of investment securities	—	17,112
Proceeds from redemption of investment securities	100,000	100,000
Other	5,342	1,980
Net cash used in investing activities	(42,391)	(95,892)
Cash flows from financing activities		
Proceeds from issuance of common shares	8,404	193
Cash dividends paid	(193,054)	(193,955)
Other	(3,617)	(3,463)
Net cash used in financing activities	(188,268)	(197,225)
Increase/decrease in cash and cash equivalents	229,716	(31,376)
Cash and cash equivalents at the beginning of the period	2,569,660	3,111,133
Cash and cash equivalents at the end of the period	2,799,376	3,079,756