

Fiscal Year Ended March 31, 2022

Earnings Briefing

April 28, 2022



ITmedia Inc.

アイティメディア株式会社

Securities code: 2148
Tokyo Stock Exchange Prime Market

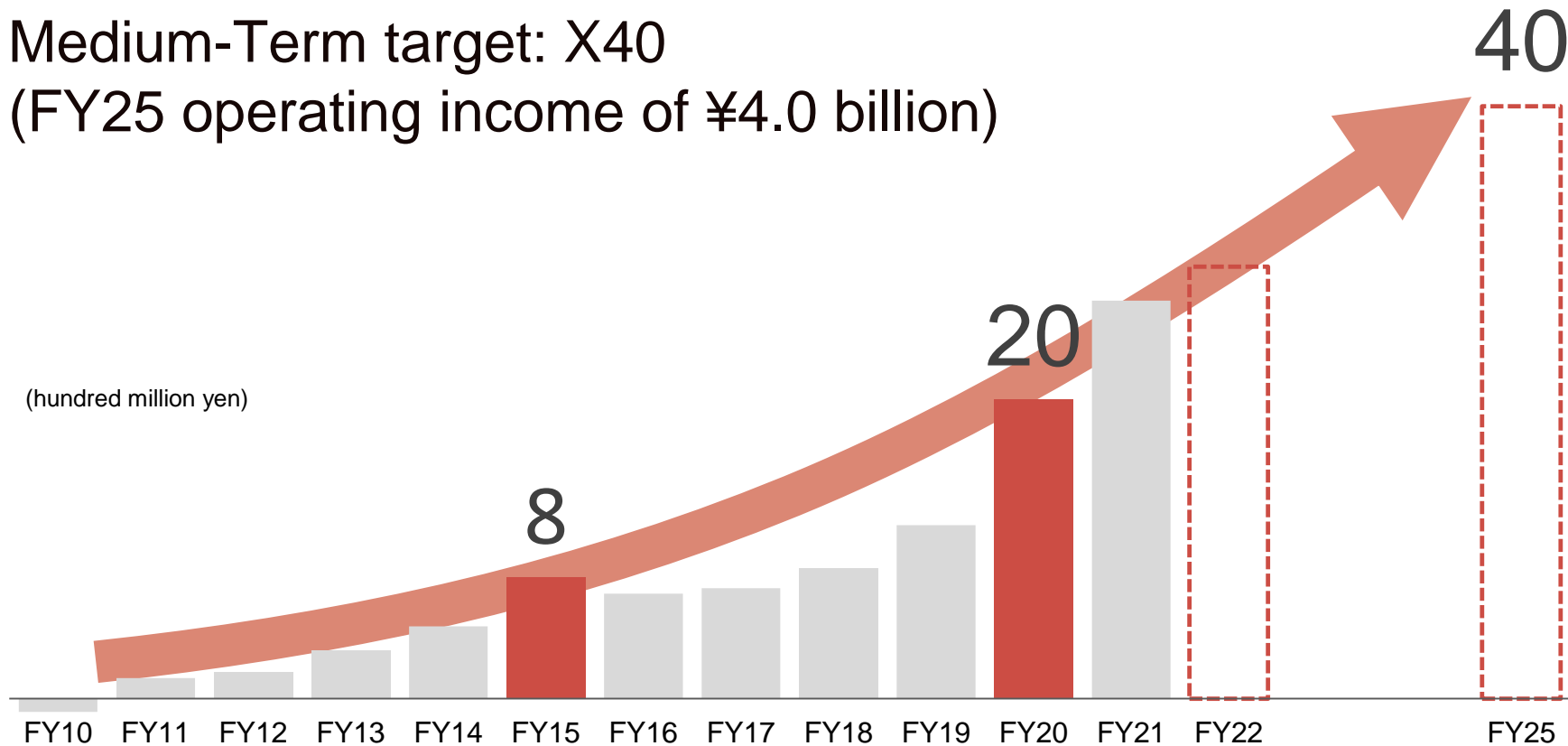
- *This document has been translated from the Japanese original for the convenience of non-Japanese shareholders. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.*
- Forward-looking comments appearing in this material, such as earnings outlooks, are based on information available when the material was created and include uncertainties. Actual earnings may substantially differ from the forecasts due to changes in various factors and business conditions.
- Items that could impact the Company's earnings are listed in the "Business Risk" section of the Securities Report (*Yukashokenhokokusho*) For the Fiscal Year Ended March 31, 2021. Please refer to that. However, it should be kept in mind that factors that could impact earnings are not limited to those listed in the "Business Risk" section. Risks and uncertainties include the possibility of future events that may have a serious and unpredictable impact on the Company.
- We have carefully prepared the information included in this material, but readers should be aware that we do not guarantee the accuracy or certainty of that information.
- This material is not provided to solicit investments. Decisions regarding investments should be made by investors themselves.
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- The Company voluntarily applied International Financial Reporting Standards (IFRS) starting with the 1Q FY16.
- For the fiscal year ended March 31, 2020, Knowledge onDemand Inc. was classified as a discontinued business because of the transfer of shares. Therefore, income and losses from discontinued businesses are given separately from continuing businesses in the Condensed Interim Statement of Income. Revenue and operating income are the monetary amount of continuing businesses. For the fiscal year ended March 31, 2019, a similar reclassification was carried out.

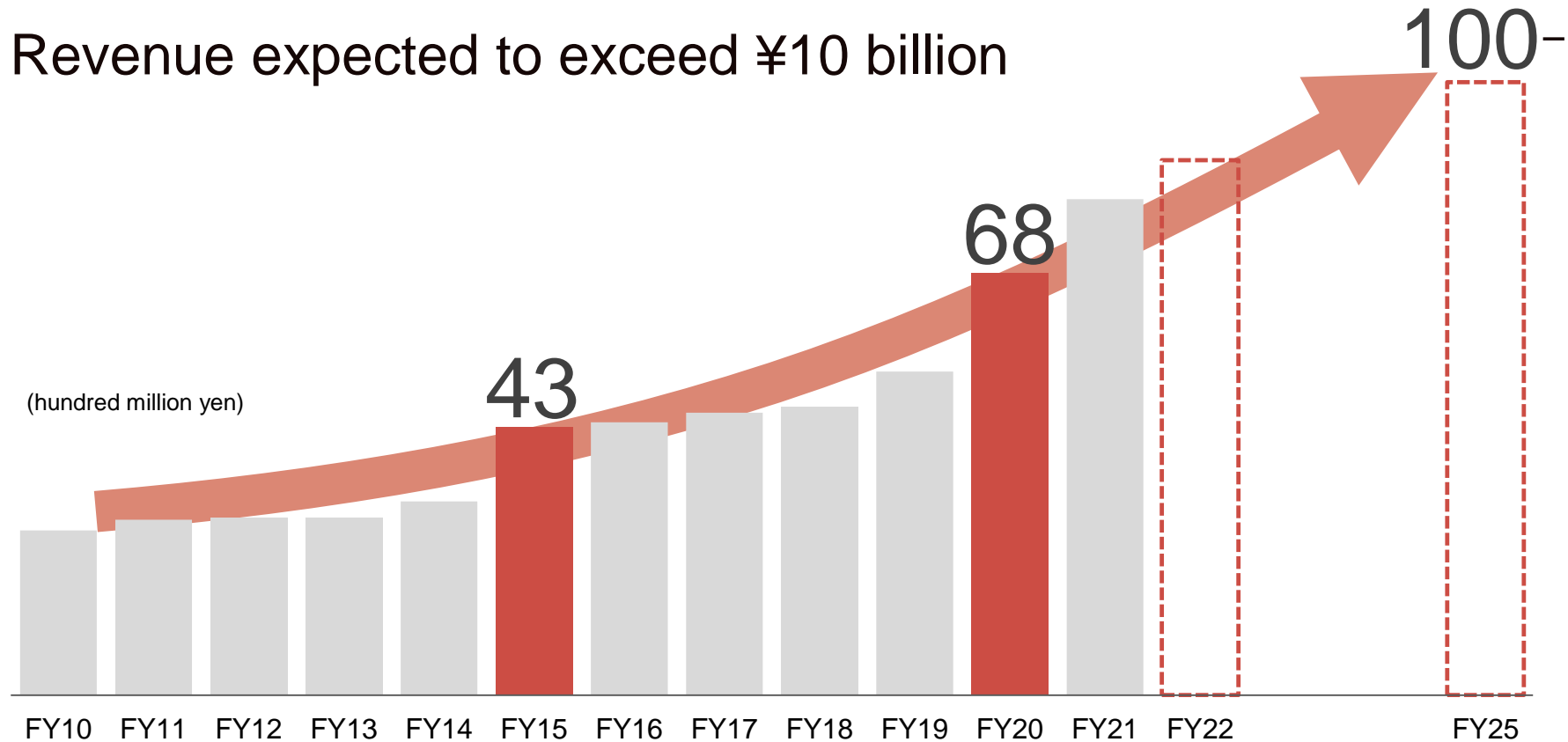
Progress Toward Medium-Term Targets

Medium-Term Target X40 Operating Income

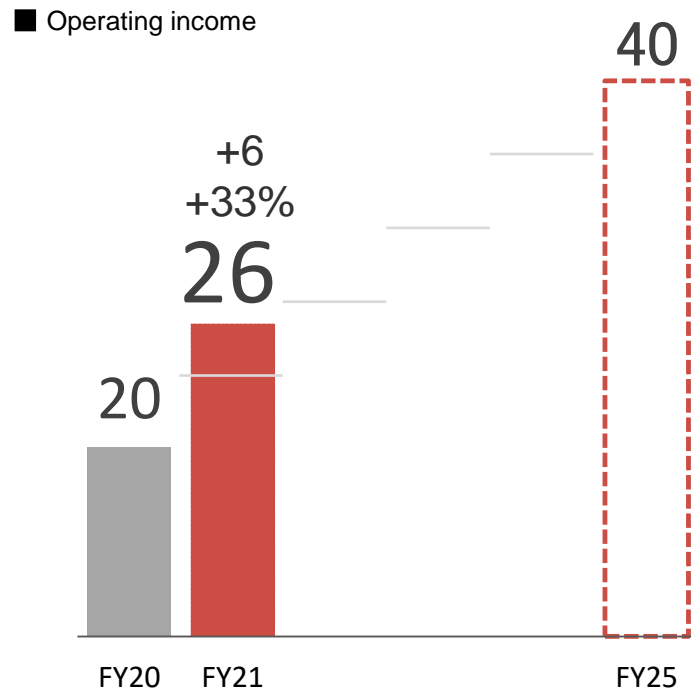
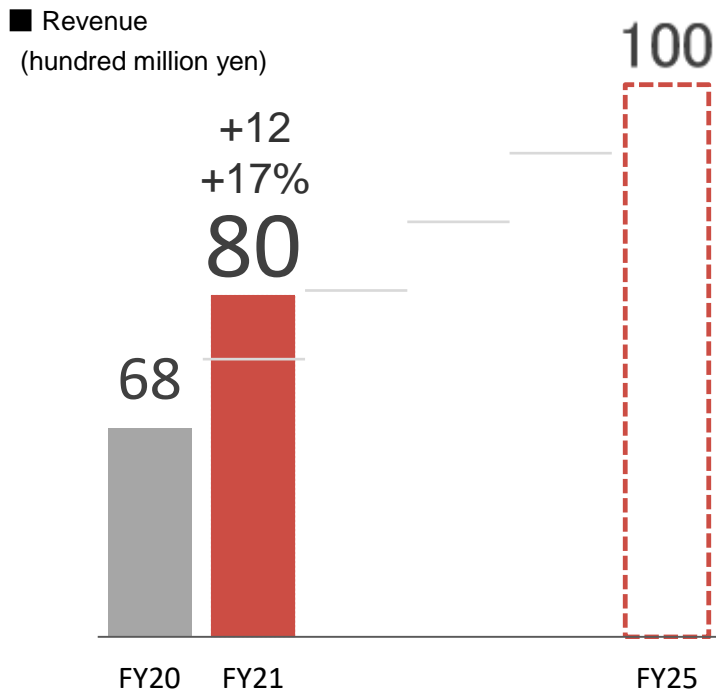
Medium-Term target: X40
(FY25 operating income of ¥4.0 billion)



Revenue expected to exceed ¥10 billion



Good progress made in year 1



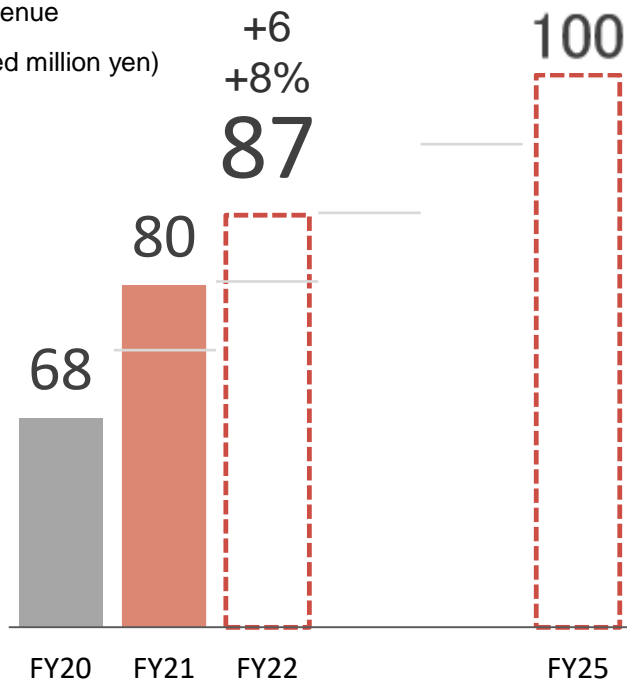
Year 2 Toward Medium-Term Target FY22 Earnings Forecast

Continue to generate record income.

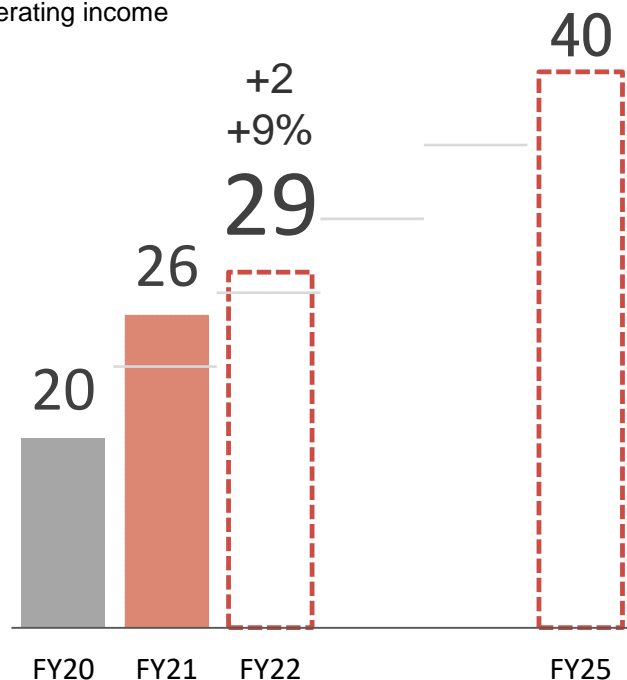
Bring forward investments to generate growth in the medium term.

■ Revenue

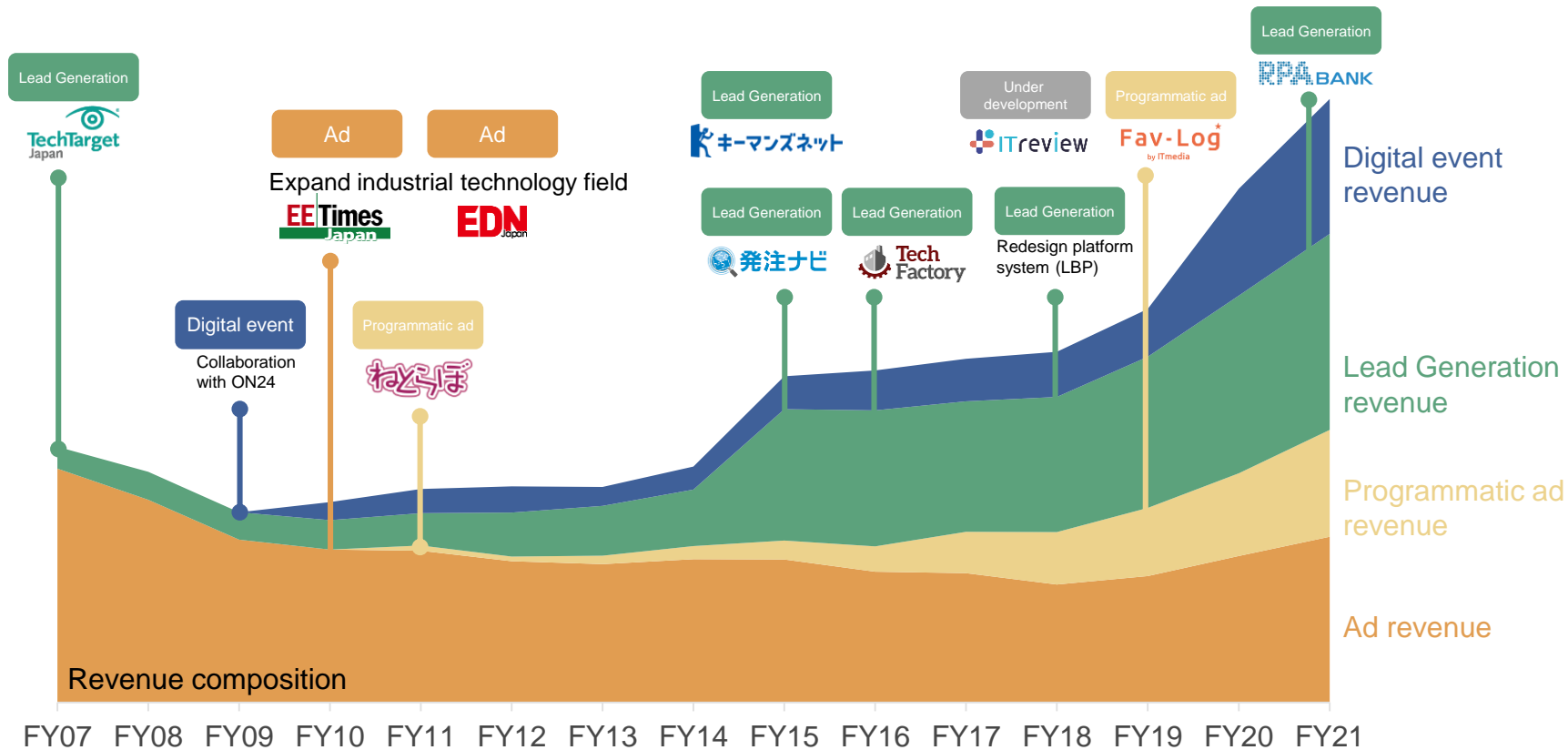
(hundred million yen)



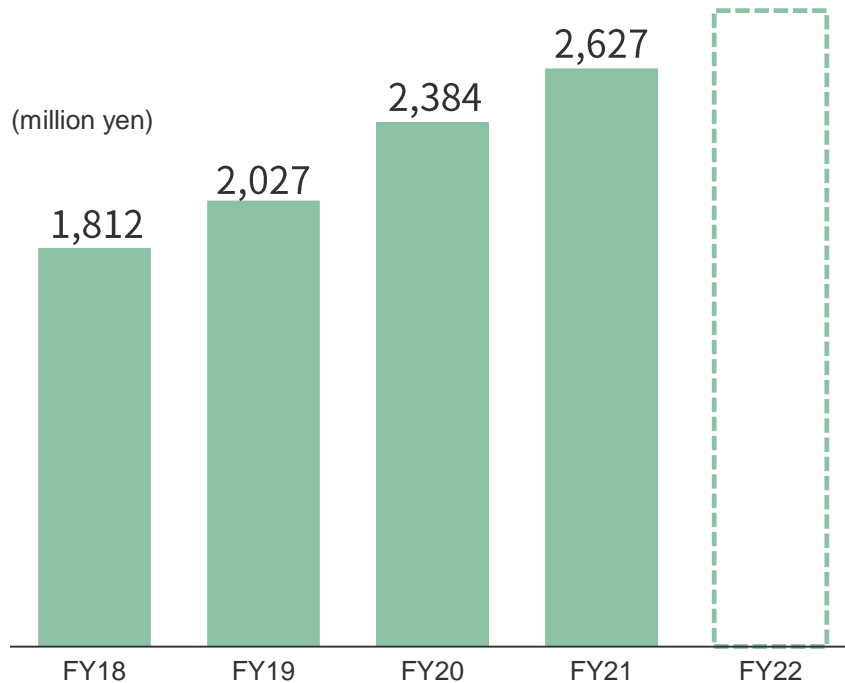
■ Operating income



Revenue Composition (by Revenue Model)



Lead Generation revenue



Demand continues to grow
Firm growth

Issues:
Strengthen ability to
generate leads in fields
with strong demand

Lead Generation Revenue: Key for Continued Growth (1) Increase Ability to Generate Leads

Focus on fields with particularly strong demand within the broad technology market
e.g., cloud, SaaS, AI, security, and industry DX

Strengthen content

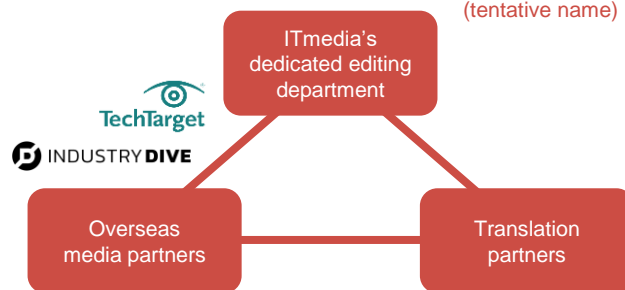
Increase employees and
create new contents

M&A

ex. **RPA**BANK

Global Editorial Center

(tentative name)



Optimize price

Coordinate
demand-supply balance

Optimize lead unit price
for each target
(higher price for some)

Strengthen system aspects + Incorporate US leading model

Expand service

Lead Generation for system development companies



Redesign platform system

Develop SaaS matching service

Make it data driven

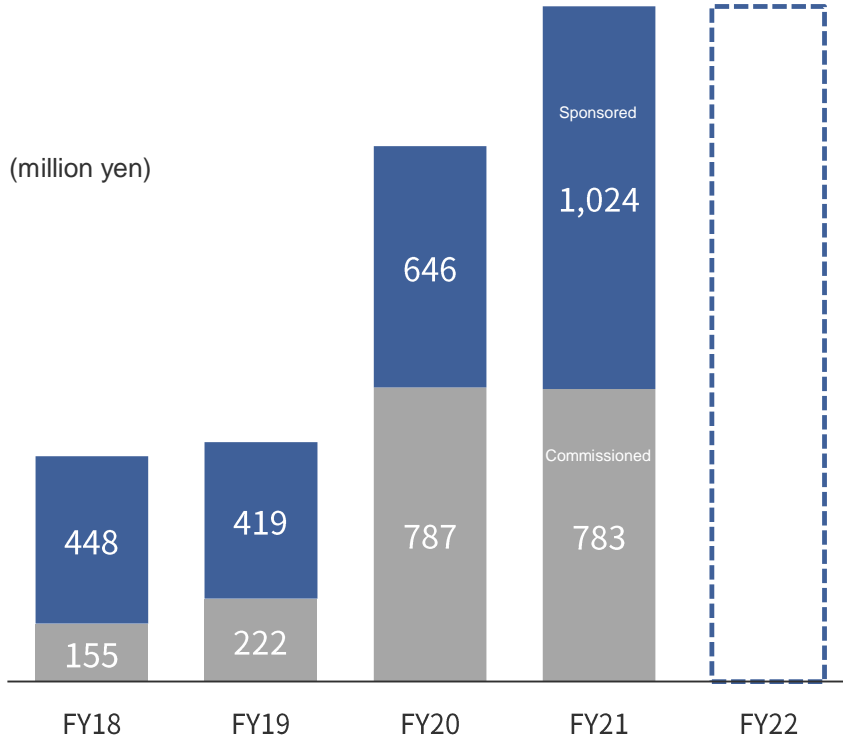
ABM/intent data

US-type service
localization

Integrate data across revenue models
“Campaign Central”

Combine all campaign results using member ID
Continually update sales leads DB
for each customer

Digital Event Revenue



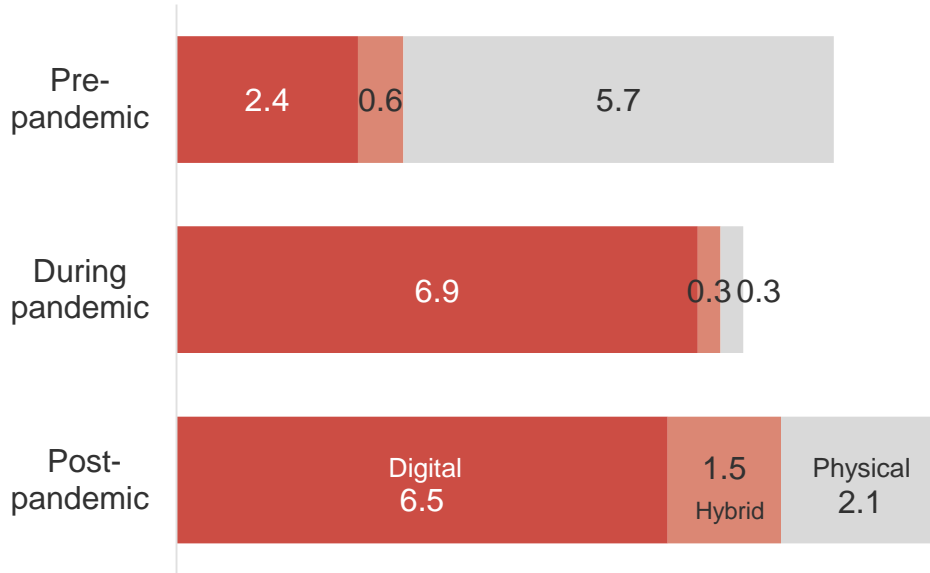
Established market

Assume pandemic is brought under control
Slow down in the short term

Continued growth in the long term

Digital Event Revenue: Growth Due to Change in Needs Between Before, During, and After Pandemic

Average number of times events held per company (quarter)



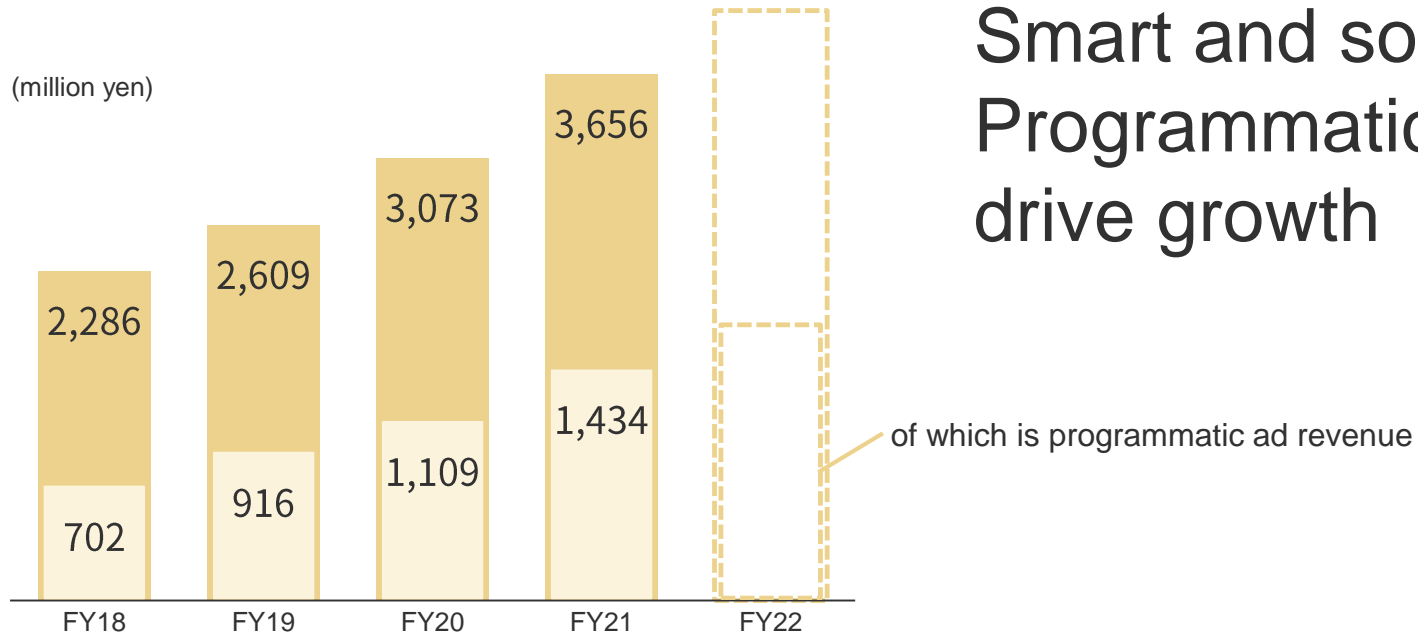
Events will remain digital even after pandemic

* Interviews of our customers: January 2022 (N = 125)

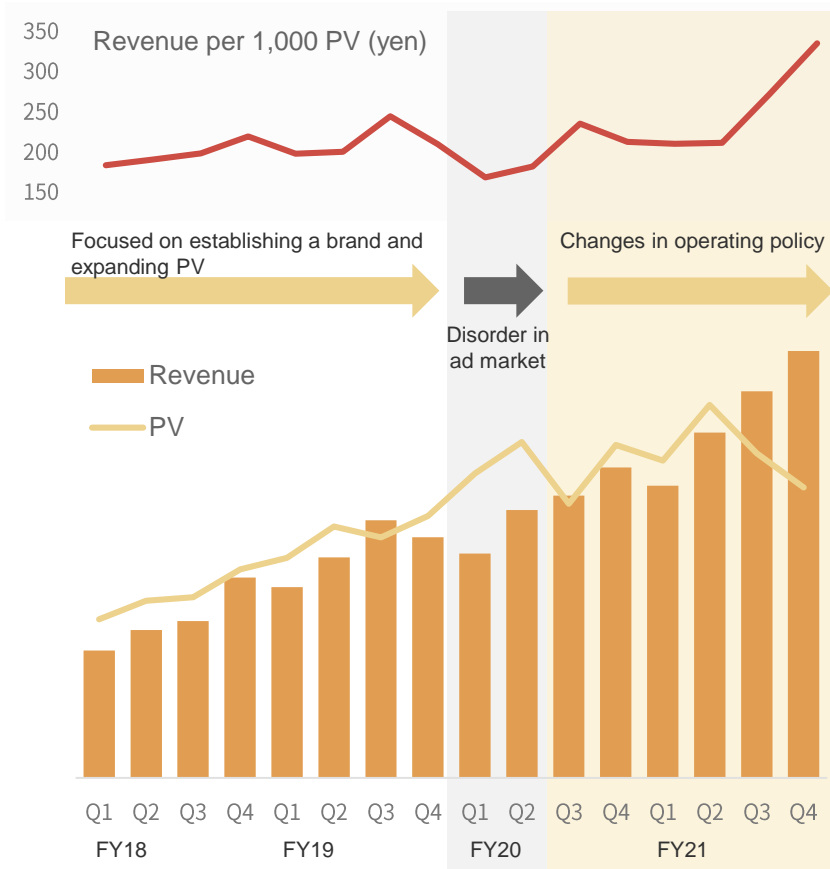
Sponsored events that leverage strength of specialized media Growth of event brands following ITmedia Virtual EXPO



Ad revenue



Ad Revenue: Netolabo—Revenue and PV



Improved revenue efficiency

Fruits of changing policy since Q3 of the previous fiscal year

Ad market unit prices continue to improve

Outlook

Total PVs growth will slow down

High profit margin PVs will continue to grow

+

Ad market unit prices are expected to improve after the pandemic

↓

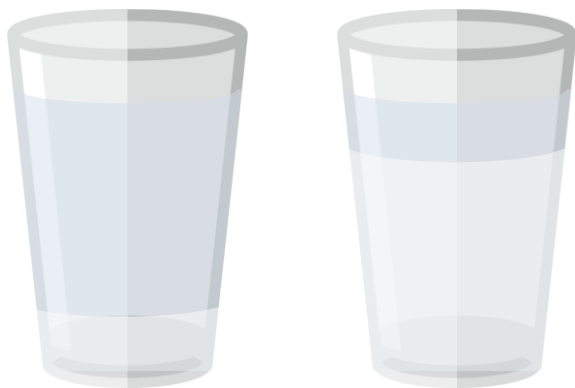
Continuing strong growth

Ad Revenue: Due to Growth in Programmatic Ad Revenue

Improve PV composition



Low profit margin PVs High profit margin PVs



Difference of 5-8 times between highest and lowest profitability

Improve a data analysis environment
Increase sophistication of profitability analysis

Analysis variables

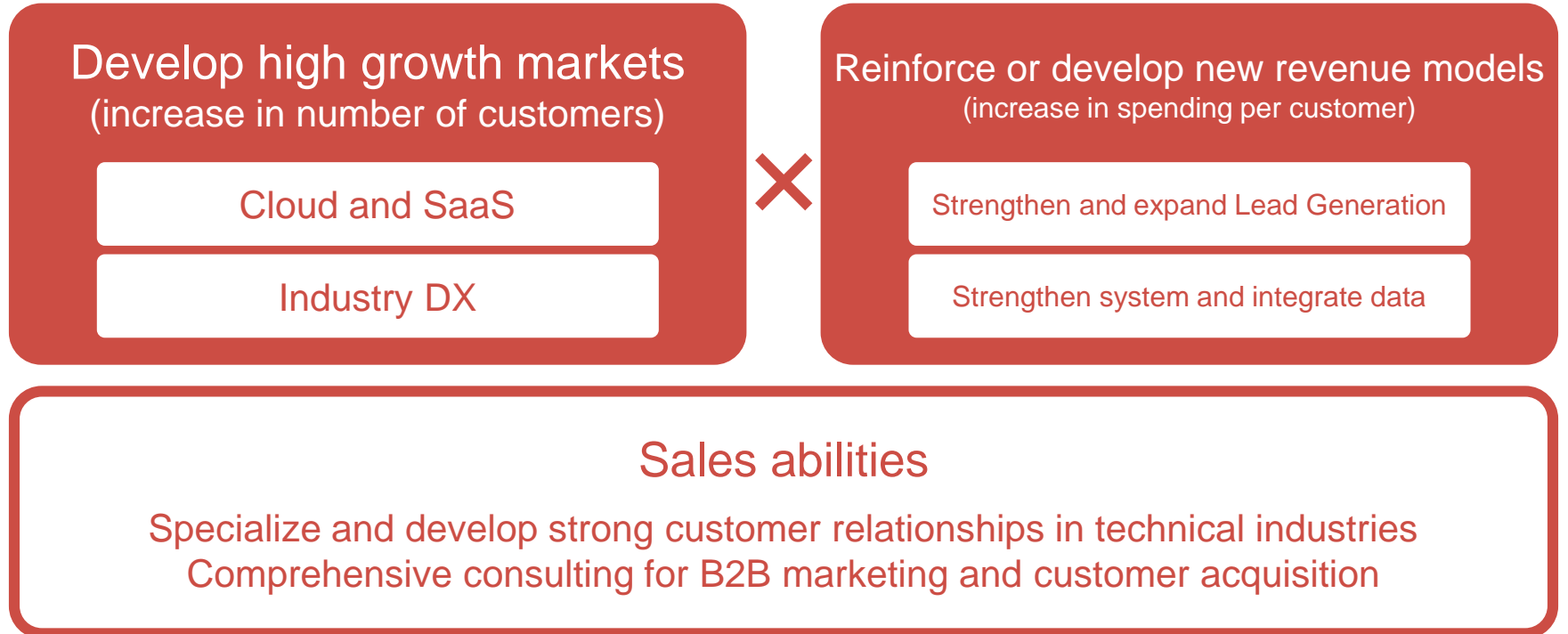
- User behavior
- Traffic source
- Content type
- Article topic, etc.



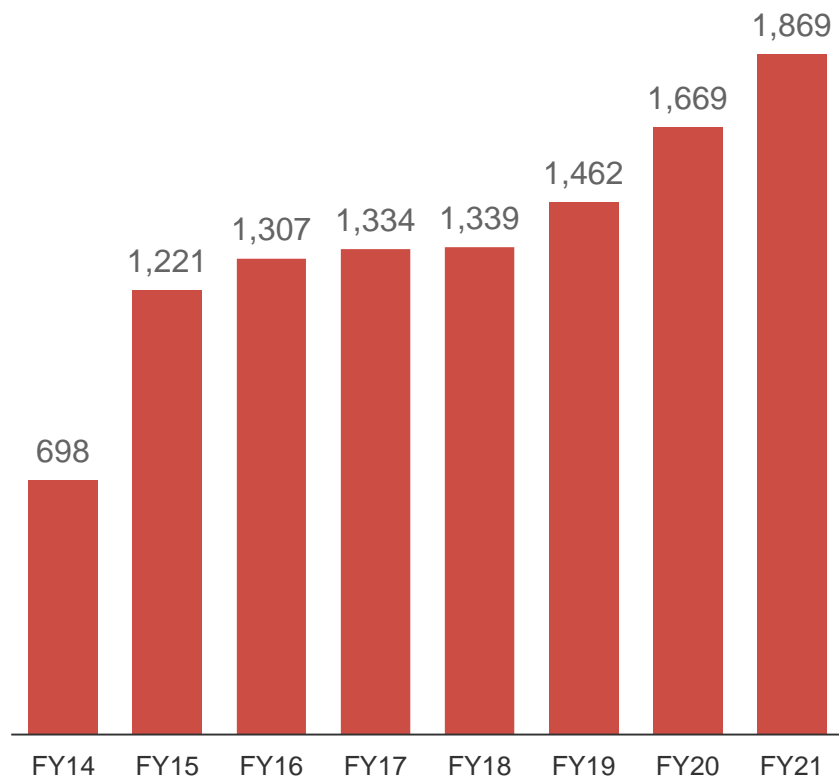
Optimize operation policy
PV efficiency → stress revenue efficiency

Focus on high profit margin PVs

Generate growth by responding to the digital shift in industries and marketing



Number of Customers



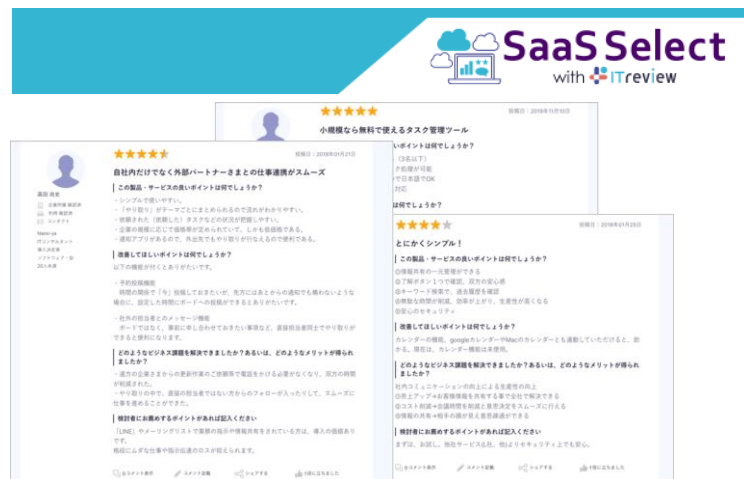
DX =

Greater importance of
technology in industry
and business



Increase in number of our customers

Driven by cloud/SaaS and industry DX fields



Launch SaaS Select with ITreview

Site jointly operated with ITreview, the largest B2B IT product and SaaS review platform in Japan

Offer information on reviews, evaluations, and comparisons based on actual users of SaaS products

<https://www.itmedia.co.jp/news/subtop/saasselect/>

Content example:

Basic key for introducing SaaS: Why is marketing automation necessary now?

What SaaS are rapidly growing startups using?: KARADANOTE edition

What CRM tool offers greater satisfaction than second-ranked HubSpot? (April 2022 edition)

Top ranked business chat service in terms of satisfaction—No. 2 is Slack. What is No. 1? (April 2022 edition)

Top ranked virtual meeting tool in terms of satisfaction—Which is 2nd ranked after No. 1 Zoom? (April 2022 edition)

Cost Input Point: Reinforce Business Through System Investment

Service development

Strengthen and expand
Lead Generation

Integrate data across
revenue models

System redesign

Programmatic ad
management system

Hachu Navi
platform system

Smart work

Continue to improve
the remote work
environment

Utilize SaaS-type AI
Optimize lead capture
Legal, sales management, etc.

Strengthen development abilities. Appoint executive officer who is engineer.

Sustainability that leverages media influence



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

- Identify materiality
- Promote diversity
- Respond to climate change
 - Expand decarbonization-related content
 - Broaden related disclosure
- Broaden English disclosure
- Expand SDGs-related content



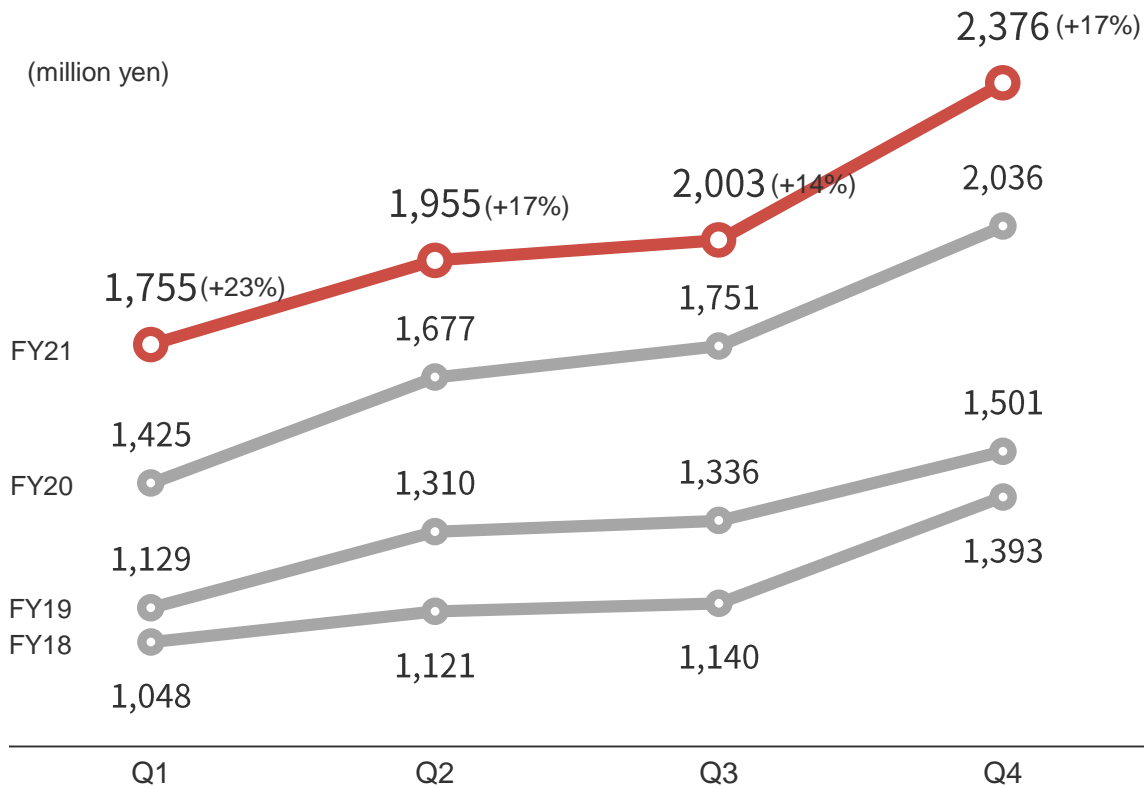
Moved to Tokyo Stock Exchange's new Prime Market on April 4, 2022

Fiscal Year Ended March 31, 2022, Earnings Overview

Record earnings

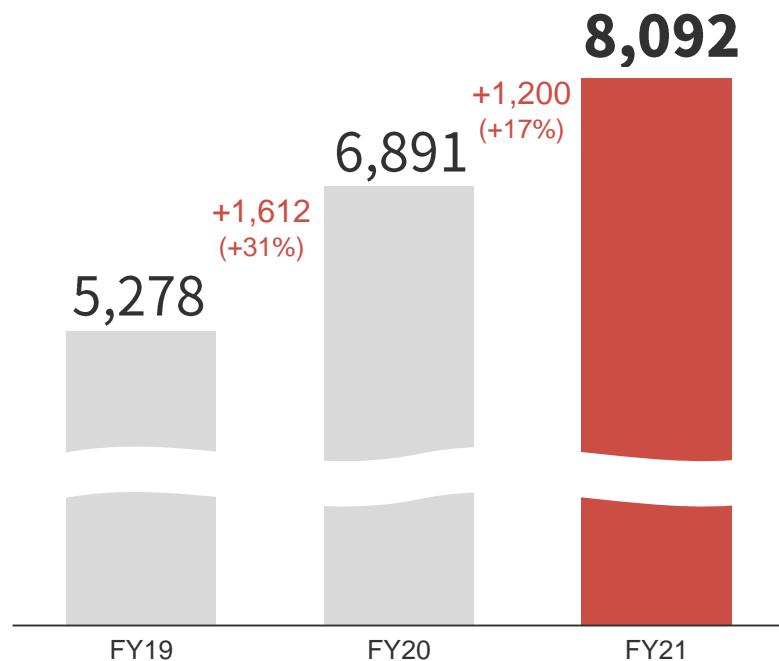
- ✓ Strong growth for second consecutive fiscal year
- ✓ Revenue ¥8,092 million (+17%)
 - Lead Generation Business +8%
 - Digital shift within marketing continued
 - Media Ad Business +26%
 - Stronger demand among manufacturing and business customers because of accelerated DX
 - Firm sponsored digital events
 - Programmatic ad revenue increased
- ✓ Operating income ¥2,687 million (+33%)

Quarterly Revenue



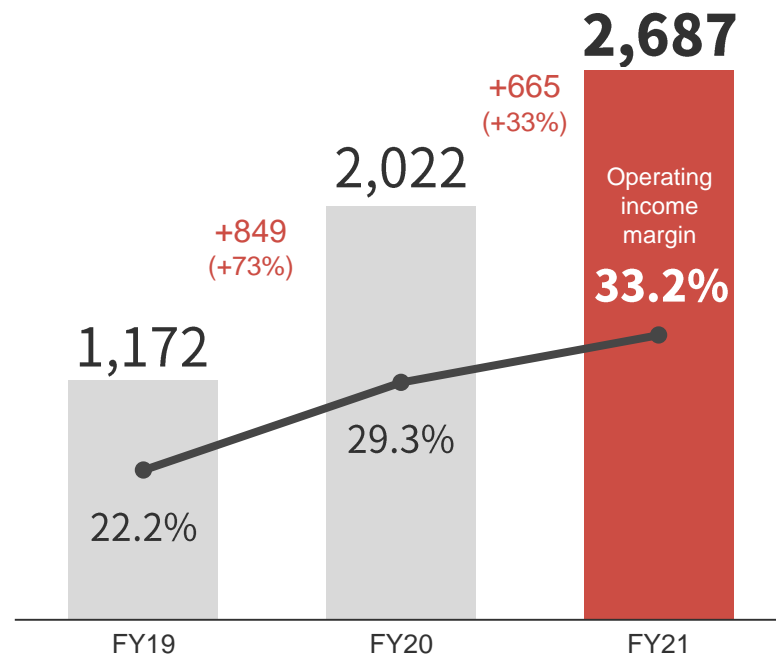
Growth even in Q4,
our projections for
which were initially
conservative

Revenue



Operating income

(million yen)



Consolidated Statement of Income

(million yen)

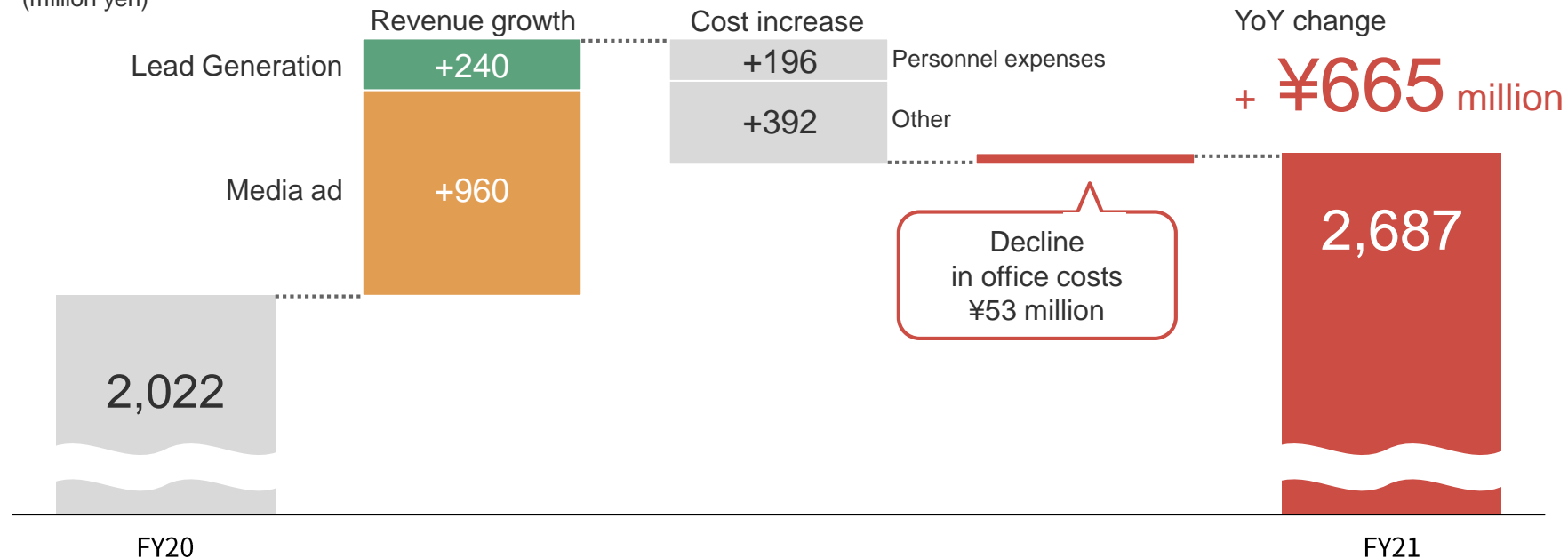
	FY20		FY21		Increase	% change
	Amount	As % of revenue	Amount	As % of revenue		
Revenue	6,891	100.0%	8,092	100.0%	+1,200	+17.4%
Total costs	4,869	70.7%	5,404	66.8%	+535	+11.0%
(of which are personnel expenses)	2,761	40.1%	2,958	36.6%	+196	+7.1%
EBITDA	2,476	35.9%	3,068	37.9%	+592	+23.9%
Operating income	2,022	29.3%	2,687	33.2%	+665	+32.9%
Income before income tax	1,917	27.8%	2,680	33.1%	+763	+39.8%
Net income	1,255	18.2%	1,800	22.3%	+545	+43.5%
Net income attributable to owners of the parent	1,255	18.2%	1,800	22.3%	+545	+43.5%

* 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 this time, and the amount for the previous fiscal year was calculated in the same way.

Income rose because of growth in revenue.
Investment in growth fields continued to be made.

(million yen)



Consolidated Statement of Cash Flows

(million yen)

	FY20	FY21	Change
Cash flows from operating activities	2,212	1,989	(223)
Cash flows from investing activities	(161)	152	+313
Cash flows from financing activities	(475)	(1,203)	(727)
Change in cash and cash equivalents	1,575	938	(637)
Cash and cash equivalents at beginning of the period	4,302	5,877	+1,575
Cash and cash equivalents at end of the period	5,877	6,815	+938

Main items of operating CF

Profit before tax	+2,680
Depreciation and amortization	+284
Income taxes paid	(919)

Main items of investing CF

Proceeds from sales of investment securities	+201
Purchase of property, equipment, and intangible assets	(57)
Payment for acquisition of businesses	(40)

Main items of financing CF

Proceeds from issuance of shares	+178
Dividends paid	(397)
Purchase of treasury shares	(800)

Consolidated Statements of Financial Position

(million yen)

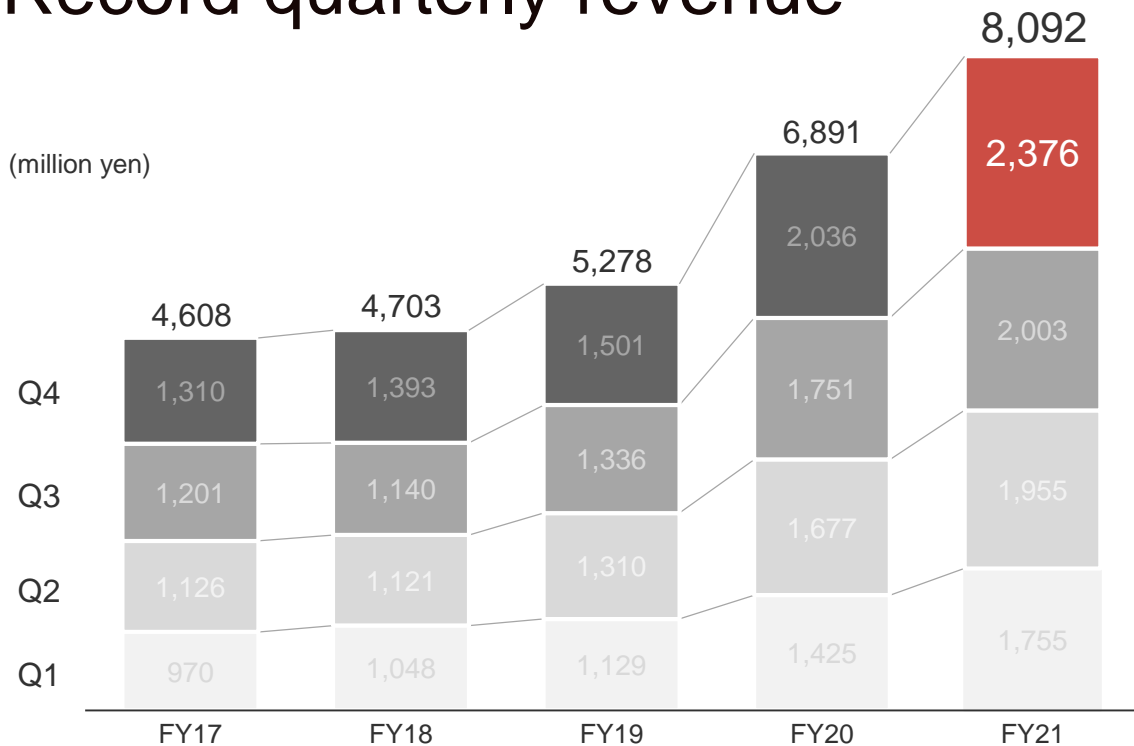
		At the end of March 2021	At the end of March 2022	Change
Assets	Current assets	7,667	8,728	+1,060
	Non-current assets	1,407	1,320	(86)
	Total assets	9,074	10,048	+974
Liabilities	Current liabilities	1,894	2,051	+157
	Non-current liabilities	62	64	+1
	Total liabilities	1,957	2,115	+158
Equity	Share capital / capital surplus	3,661	3,933	+272
	Retained earnings	3,607	5,143	+1,535
	Treasury stock	(344)	(1,144)	(800)
	Accumulated other comprehensive income	192	–	(192)
	Total equity attributable to owners of parent	7,117	7,932	+815
	Total equity	7,117	7,932	+815
Equity attributable to owners of parent per share		¥359.11	¥401.34	+¥42.23
Ratio of equity attributable to owners of parent to total assets		78.4%	78.9%	+0.5 pt

Total assets	
Cash and cash equivalents	+938
Other financial assets	(339)
Right-of-use assets	+175

Total liabilities	
Lease liabilities	+157

Total equity	
Share capital/capital surplus	+272
Retained earnings	+1,535
Of which is profit (loss)	+1,800
Of which is dividend from retained earnings	(396)
Treasury stock	(800)

Record quarterly revenue

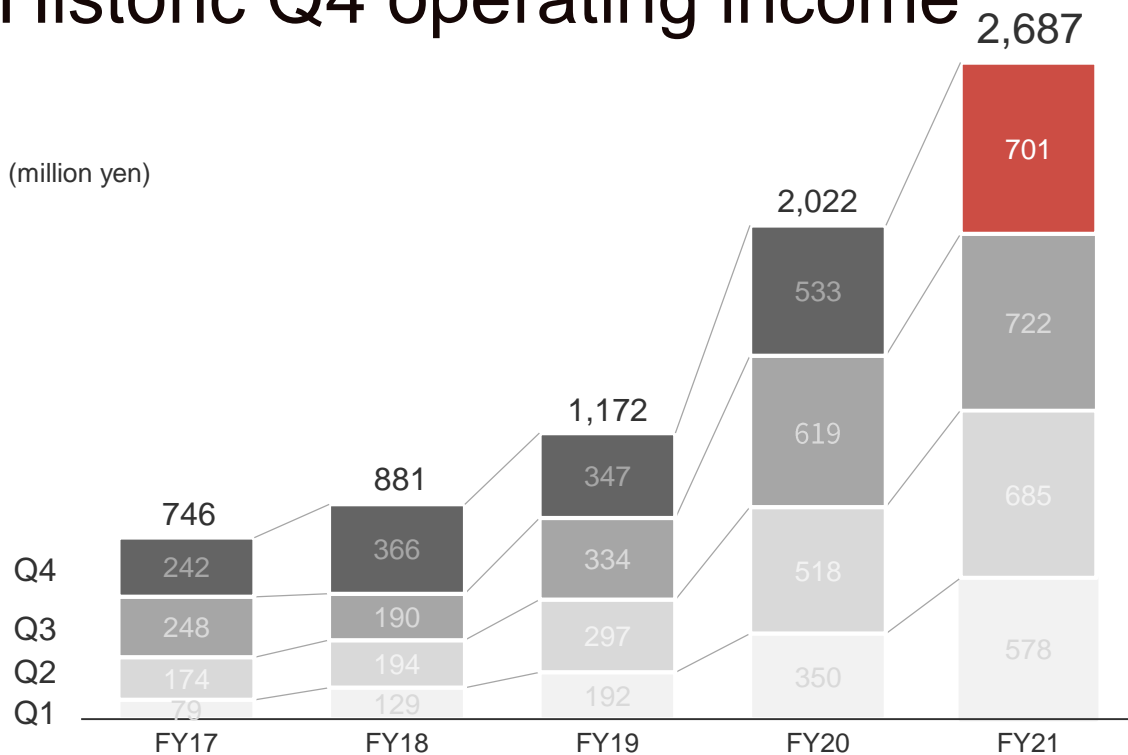


Q4 **¥2,376** million

YoY change **+¥340** million
(+17%)

Historic Q4 operating income

(million yen)



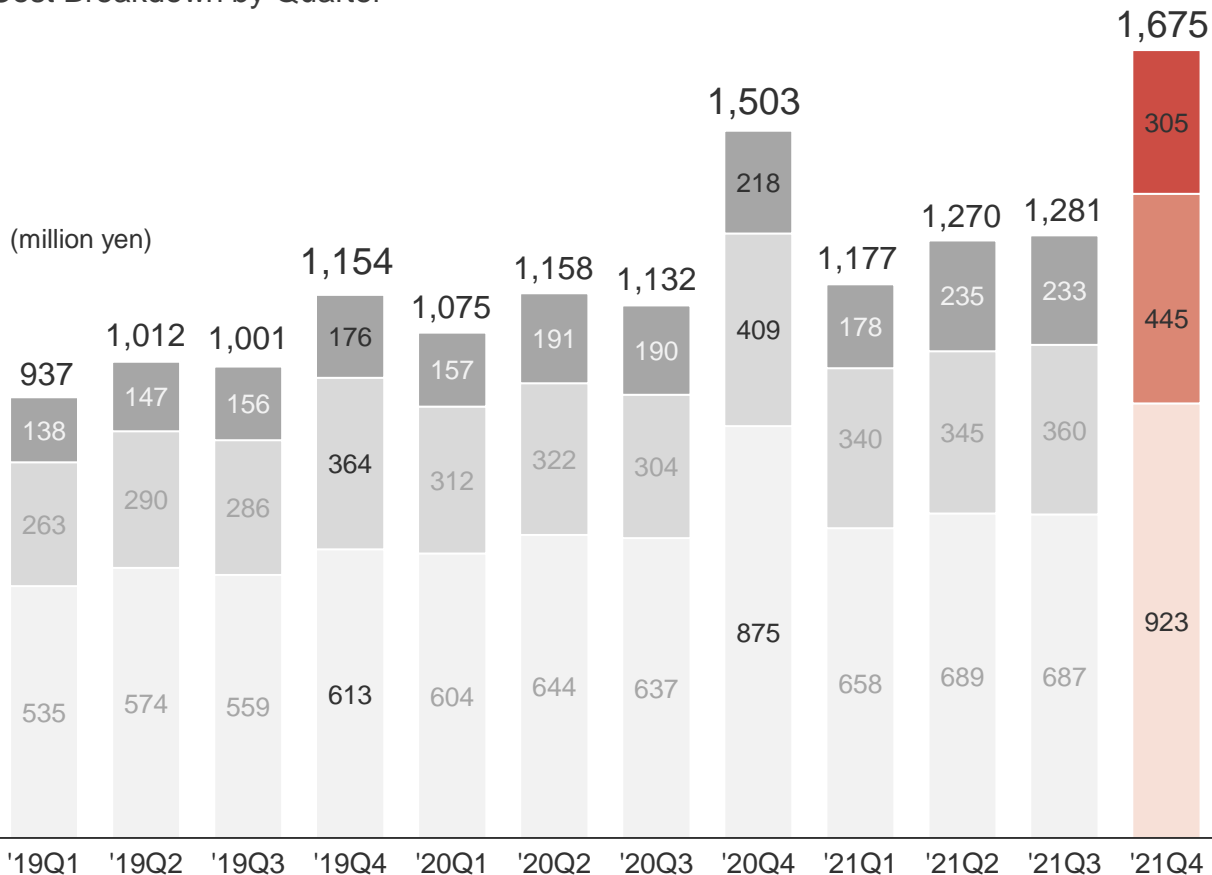
Q4

¥701 million

YoY change

+¥168 million
(+32%)

Cost Breakdown by Quarter



	Q4	YoY change	As percent of total
Total		+11.4%	100%
Outsourcing expenses		+40.3%	18.3%
Other		+8.9%	26.6%
personnel expenses		+5.5%	55.1%

[Main factors behind year-on-year change]

- Personnel expenses +47**
 - Increase in number of employees in growth fields
 - Increase due to one-time payments for employees and stock-based compensation in both Q4 FY20 and Q4 FY21
Q4 FY20 +177 M, Q4 FY21 +184 M
- Outsourcing expenses +87**
 - Linked to increase in digital events
- Other +36**
 - Operation environment, system
 - Decline in office costs

Make one-time payment to employees



More than 90% of employees still work from home

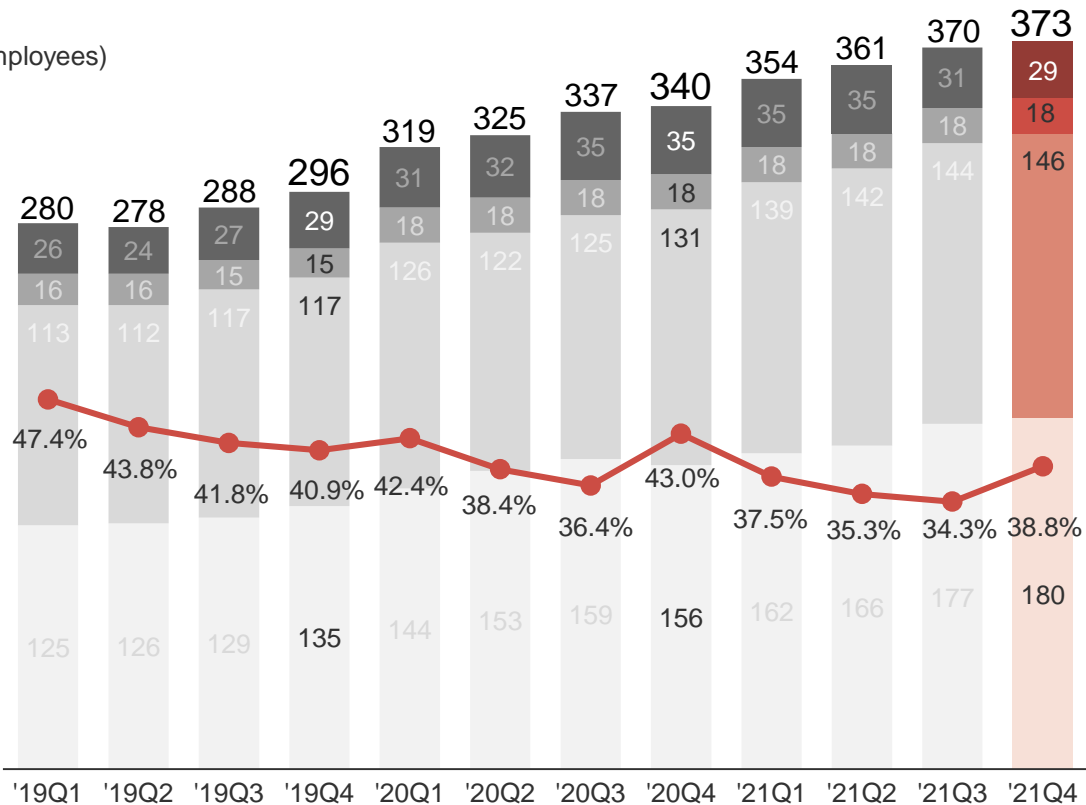


One-time payment in Q4 as bonus for strong earnings and to improve work-from-home environment

Promote smart work

Employee Breakdown By Quarter

(employees)



Q4	YoY change	As percent of total
Total	+33	100%
Administrative and other	(6)	7.8%
Technical	±0	4.8%
Sales and planning	+15	39.1%
Editing	+24	48.3%

* Includes contract, temporary, and part-time employees

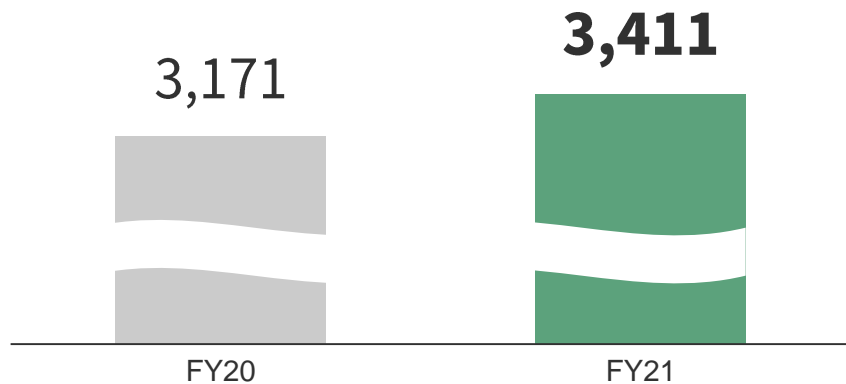
Ratio of personnel expenses to revenue = $\frac{[\text{SG\&A expenses}] \text{ personnel expenses} + [\text{cost of sales}] \text{ labor costs}}{\text{Revenue}} \times 100$

Revenue by Segment

Lead Generation Business

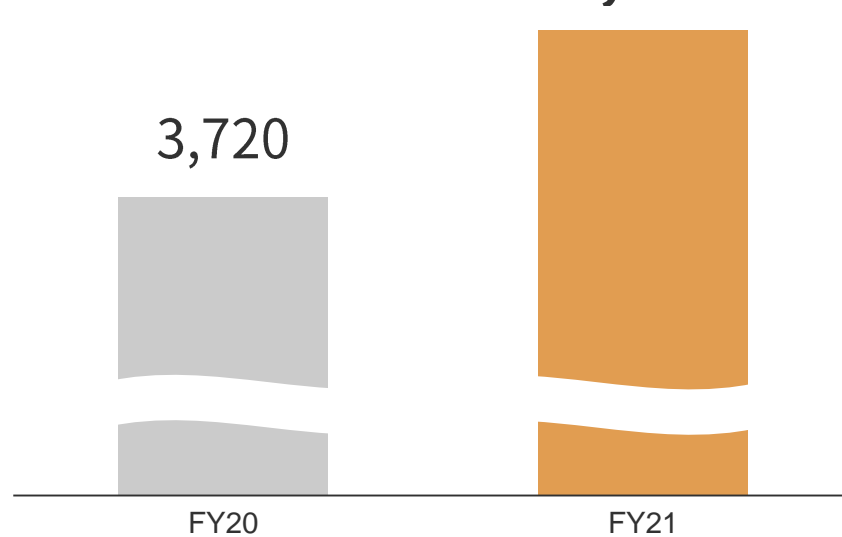
+240
(+8%)

(million yen)

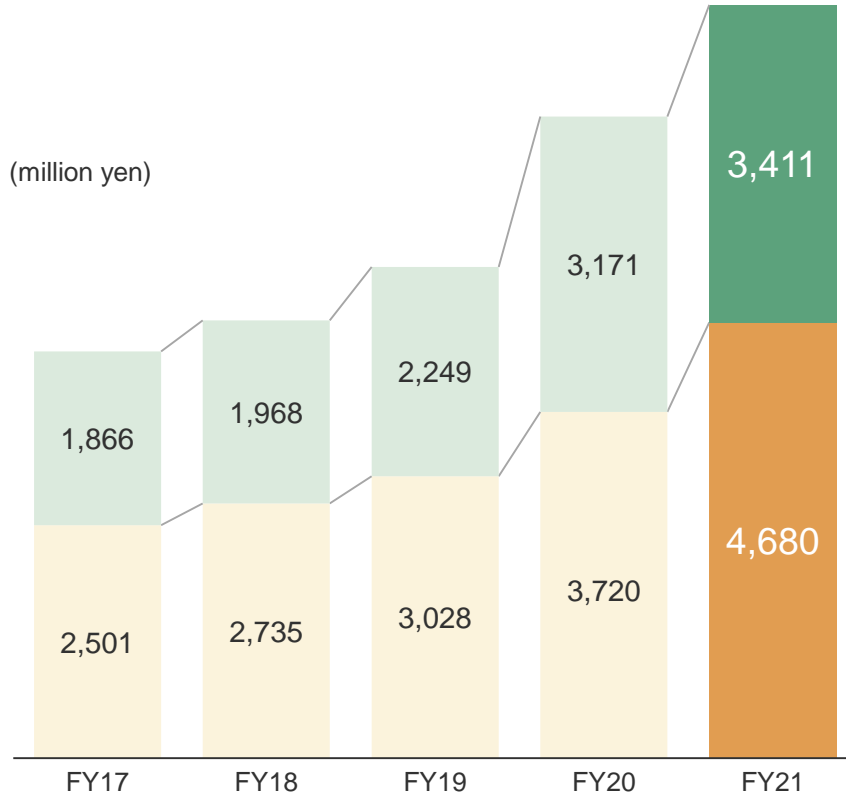


Media Ad Business

+960
(+26%)



Revenue by Segment



Lead Generation Business +240 (+8%)

- Digital shift within marketing continued

Media Ad Business +960 (+26%)

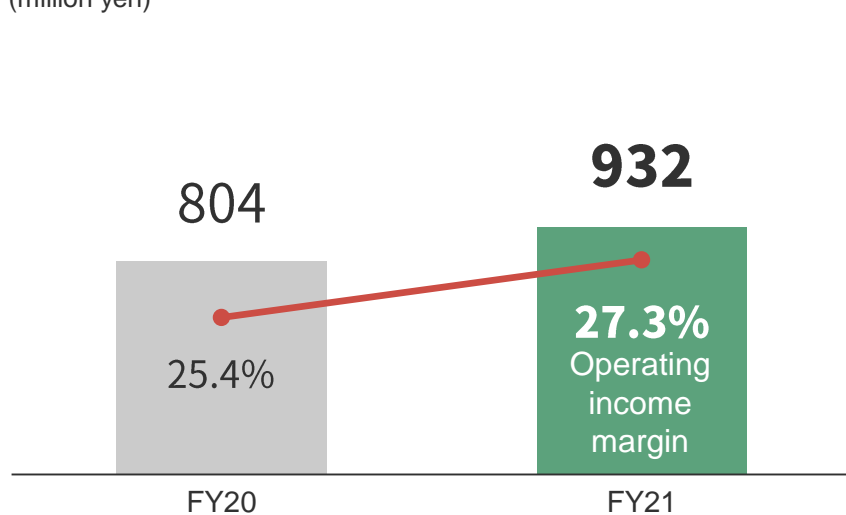
- Stronger demand among manufacturing and business customers because of accelerated DX
- Firm sponsored digital events
- Programmatic ad revenue increased

Operating Income by Segment

Lead Generation Business

+128
(+16%)

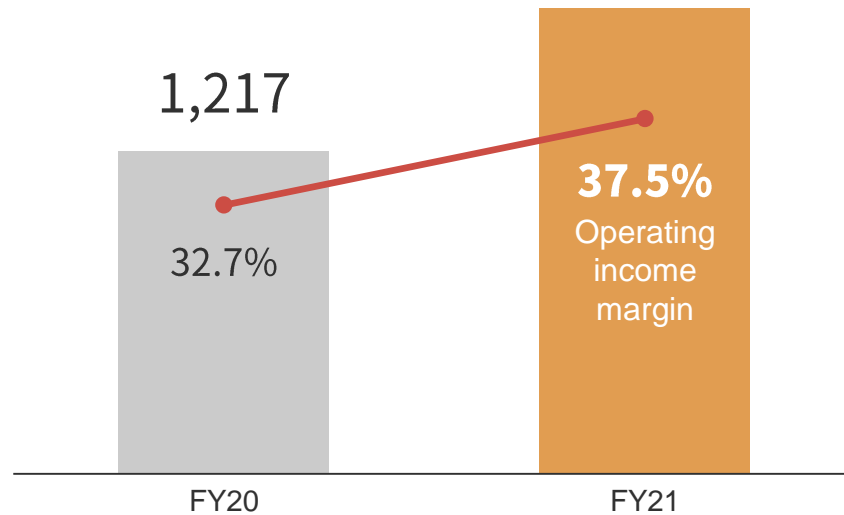
(million yen)



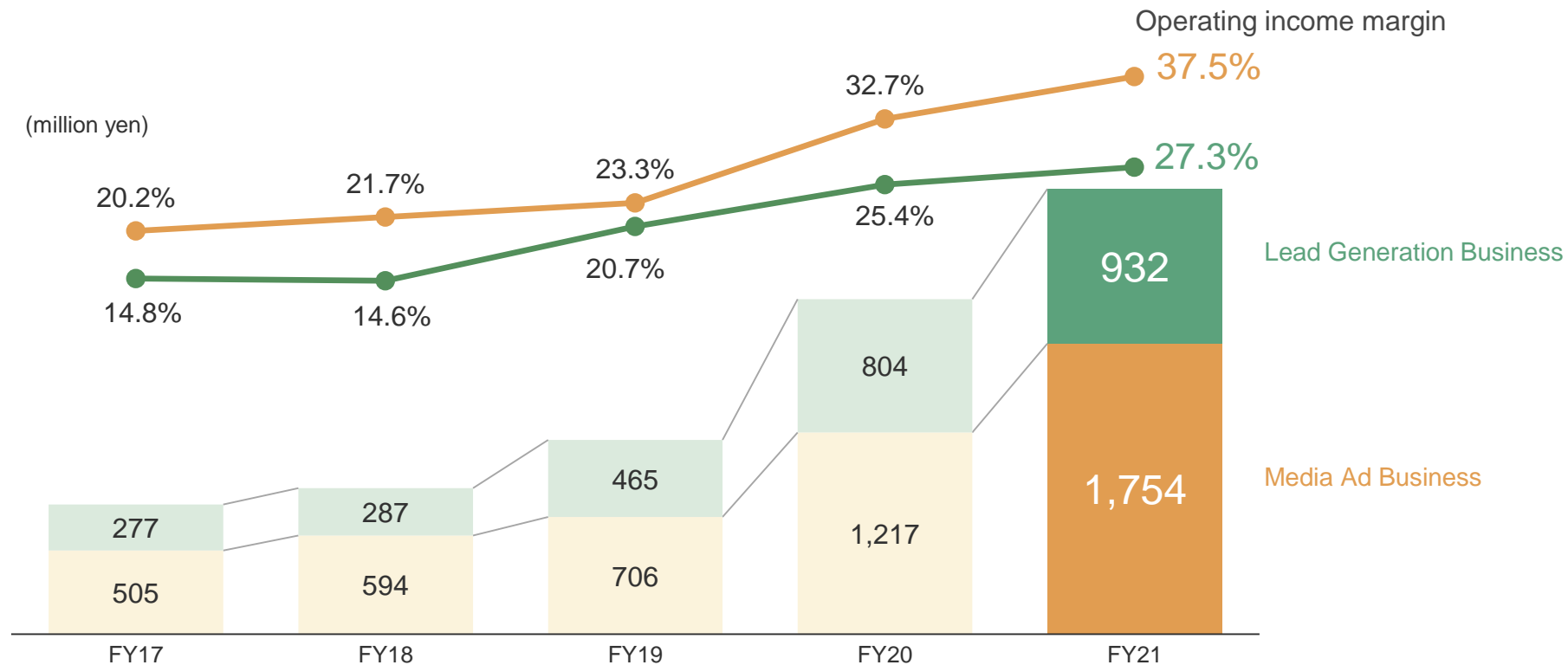
Media Ad Business

+536
(+44%)

1,754



Operating Income by Segment

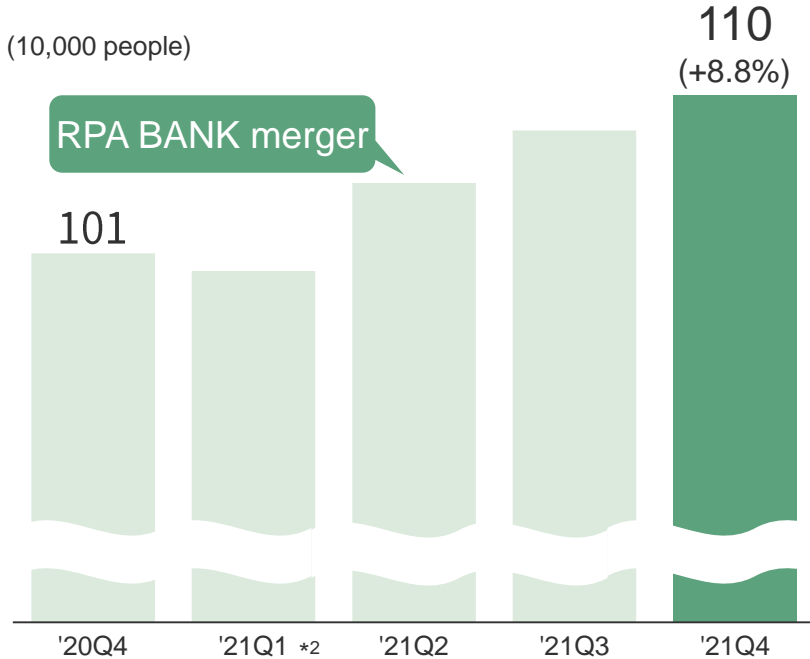


State of KPI: Members and PV for Past 5 Quarters

■ Number of Lead Generation members

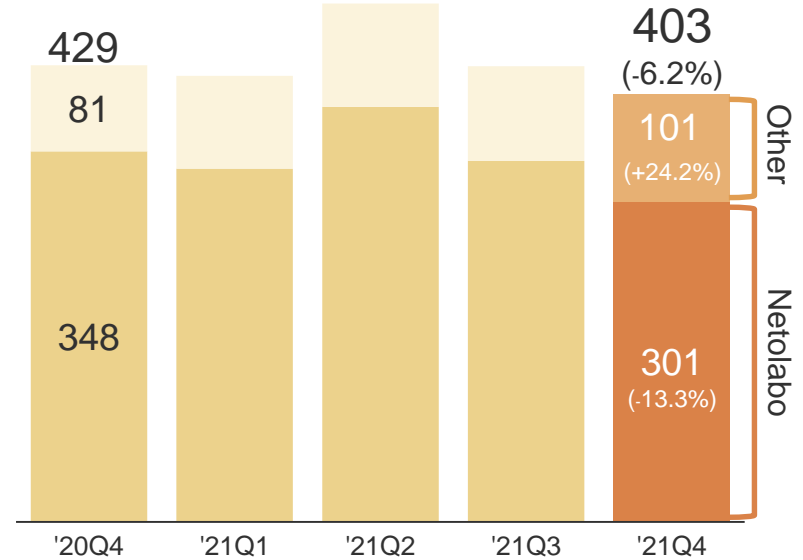
*1

(10,000 people)



■ Number of PV (monthly average)

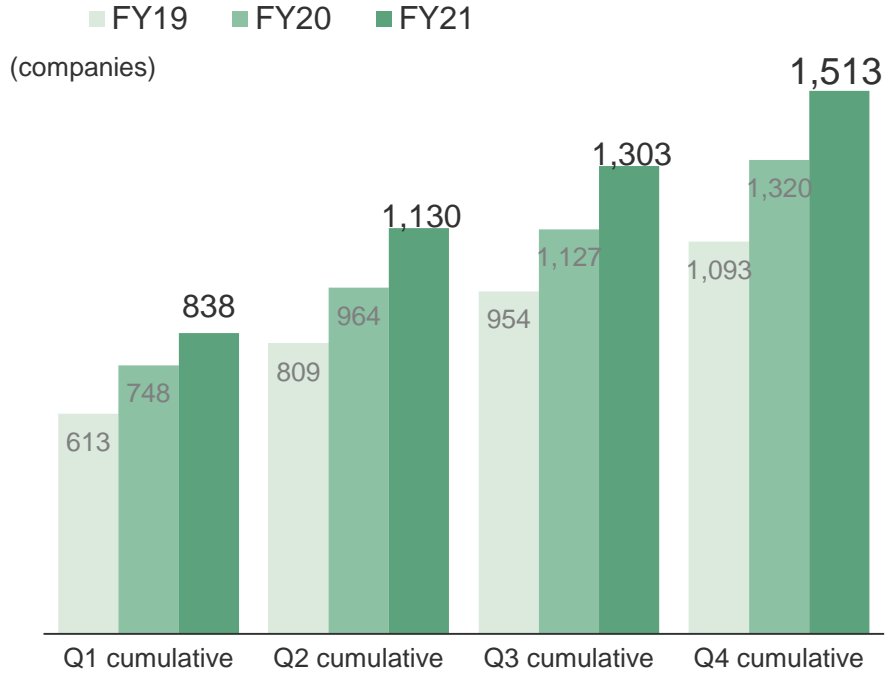
(million PVs)



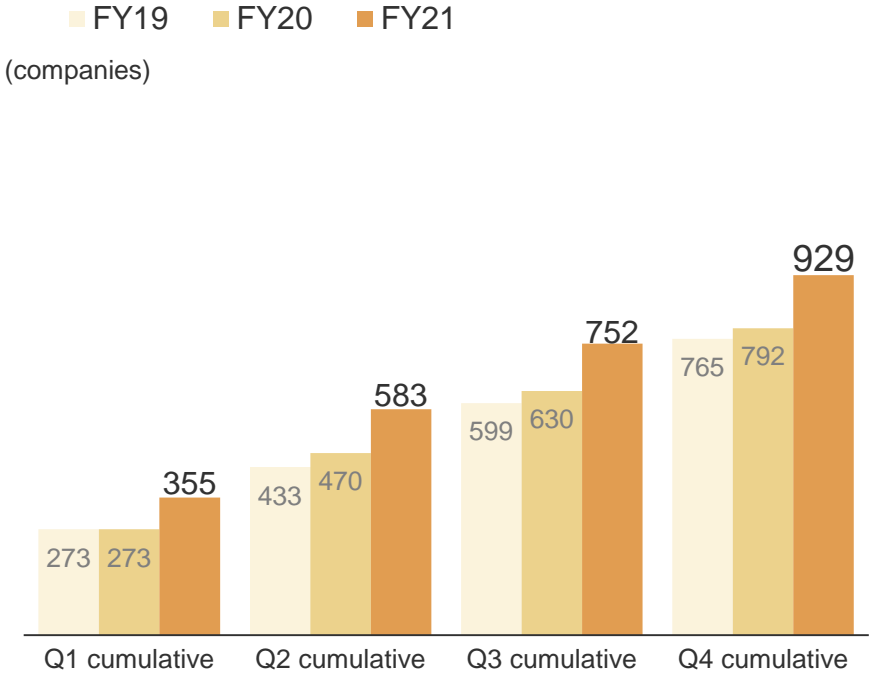
1. Members eligible for Lead Generation service because of ITmedia ID, common member platform
2. Delete and revise low-quality data

State of KPI: Customers

Lead Generation Business

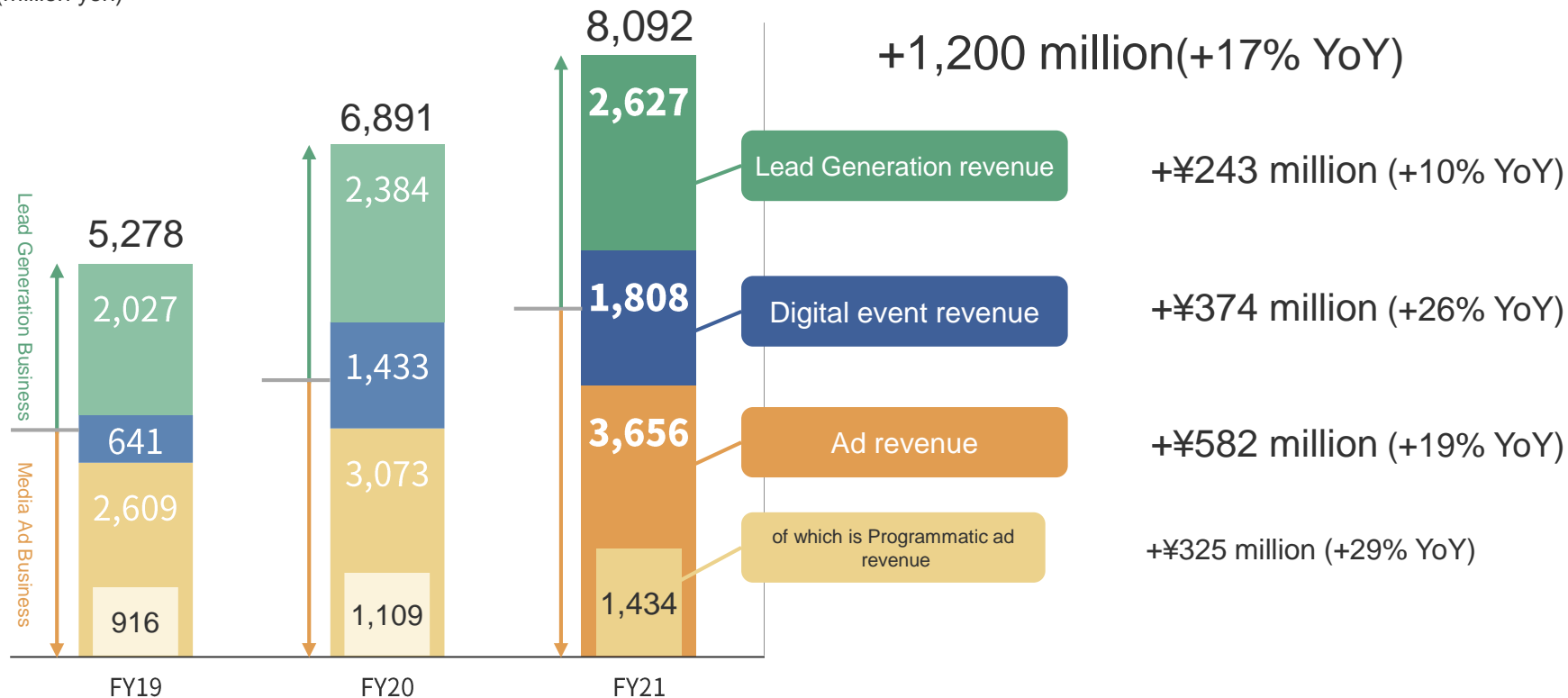


Media Ad Business



Revenue by Revenue Model

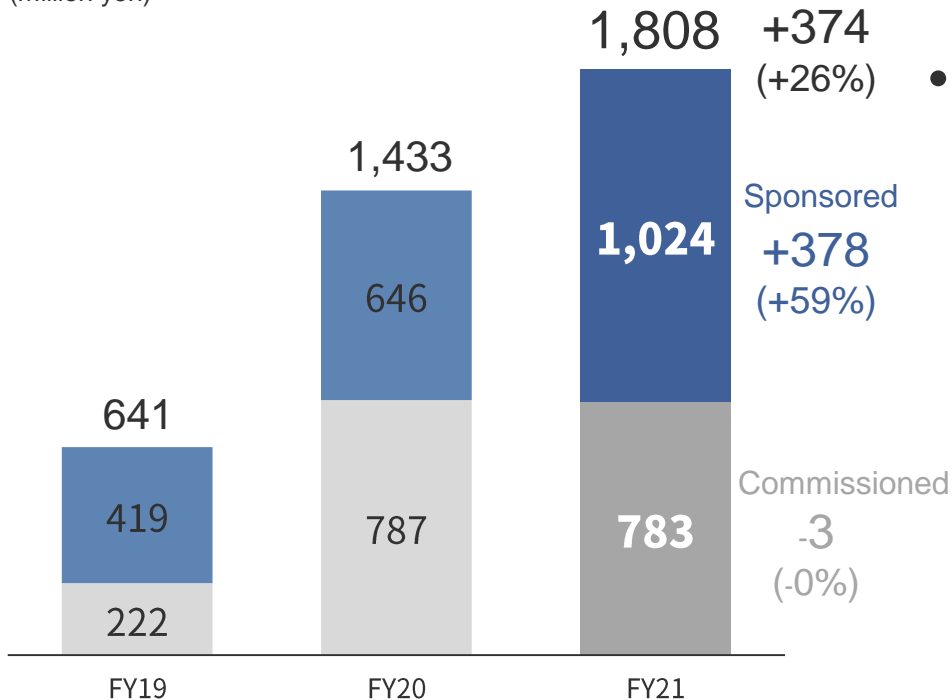
(million yen)



Digital Event Revenue

■ Revenue (cumulative)

(million yen)



■ Topics

- Firm sponsored digital events

Increase size of various events, such as ITmedia Virtual EXPO, ITmedia Security Week, ITmedia SaaS EXPO

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

COVID-19

Situation in Ukraine

Weak yen

- Minor impact at current time
- Envisioned due to pandemic being gotten under control
 - Digital shift within marketing will continue
 - Digital event revenue: slow down in the short term
 - Programmatic ad revenue: improve unit price

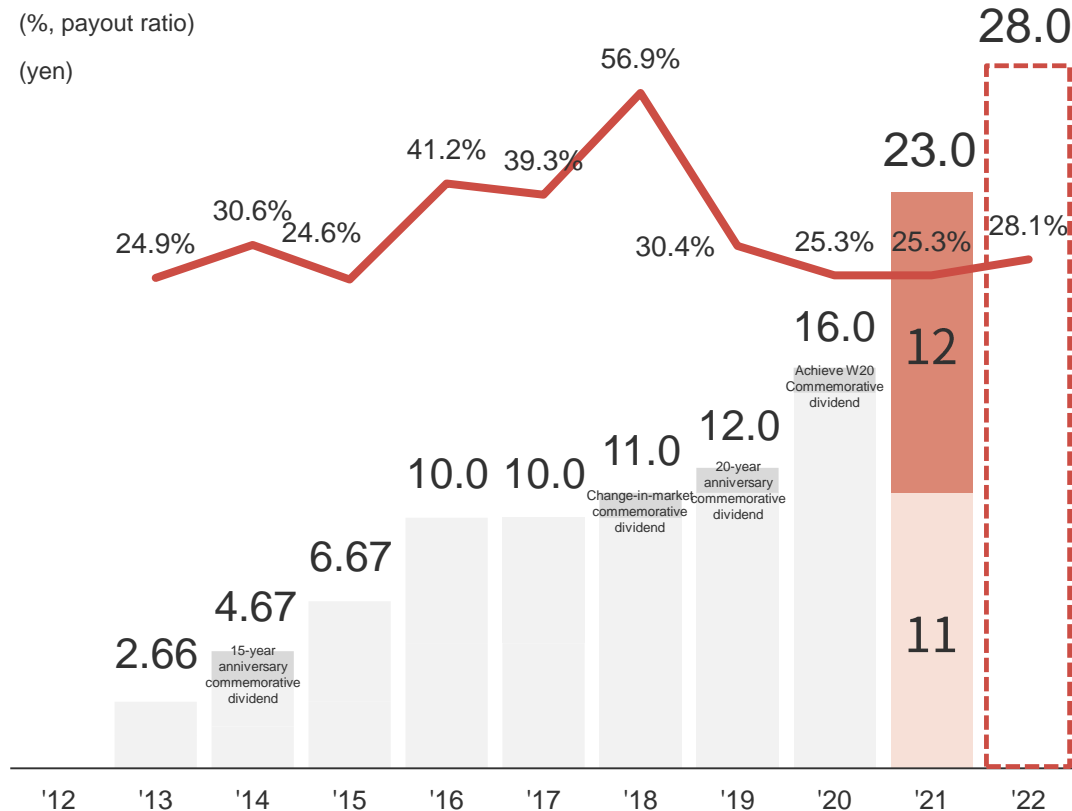
- Continue to post record earnings
- Bring forward investment for medium-term growth

(million yen)

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

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

FY21 Year-end Dividend and FY22 Interim Dividend



FY21
 Year-end 12 yen
 For full fiscal year 23 yen

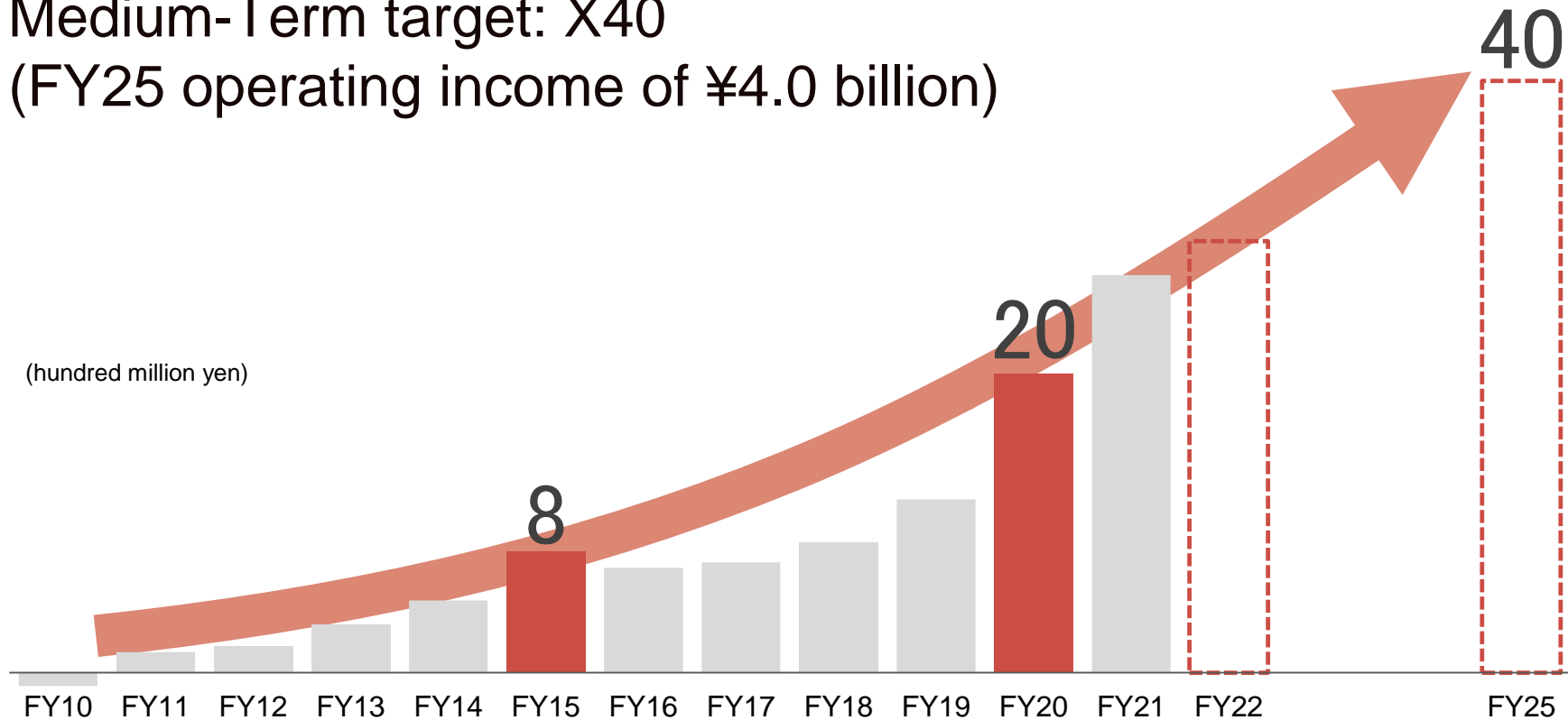
* Total shareholder return ratio,
 which includes purchase of treasury shares: 69.7%

FY22
 For full fiscal year 28 yen

* Payout ratio 28.1%

(Reposted) Medium-Term Target X40 Operating Income

Medium-Term target: X40
(FY25 operating income of ¥4.0 billion)



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ITmedia Inc.



ITmedia Inc.

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