

ITmedia (2148)

Consolidated Fiscal Year (IFRS) (Million Yen)		Revenue	Operating income	Net income attributable to owners of the parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY03/2019		4,703	881	376	19.33	11.00	277.11
FY03/2020CoE		4,850	870	520	26.24	10.00	-
FY03/2020CoE YoY		3.1%	(1.3%)	38.0%	-	-	-
Consolidated Quarter (IFRS) (Million Yen)		Revenue	Operating income	Net income attributable to owners of the parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 FY03/2019		1,048	129	73	-	-	-
Q1 FY03/2020		1,129	192	144	-	-	-
Q1 FY03/2020 YoY		7.8%	48.2%	96.7%	-	-	-

Source: Company Data, WRJ Calculation

1.0 Results Update (5 August 2019)


Media Power

On 31 July 2019, ITmedia (listed onto TSE1 from Mothers on 29 March 2019) to run appealing Internet media released its Q1 FY03/2020 results. It has been revealed recent trading is better than assumptions of Company forecasts. IT-related media, accounting for the bulk of revenue as a whole, sees revenue increased by no more than 1.1% over the same period in the previous year, but the remaining non-IT-related media sees revenue increased by no less than 27.0%. Revenue associated with some major customers is currently adjusting, resulting in limited increases on IT-related media. Still, more importantly, [Netolabo \(to provide buzzed information on Internet\)](#) or media optimized to cope with smartphones and social media sees advertising revenue increased by 49.7% over the same period in the previous year, being the key driver of revenue on non-IT-related revenue. In the first place, the Company runs in-house editorial unit comprising some 100 personnel to proprietarily create appealing contents, taking advantage of some 1,000 external contributors. In other words, the Company has media power more than a certain extent and thus it appears that the Company should be able to see steady increases of advertising revenue over the long term. On top of this, the Company is heavily involved with digital marketing by means of utilizing this media power, which is a distinguished feature with the Company. To date, the Company has renewed system to run the operations, which has set up capacity to efficiently cope with increased demand in the future, according to the Company.

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2.0 Company Profile

Materializing Information Revolution through Media Innovation

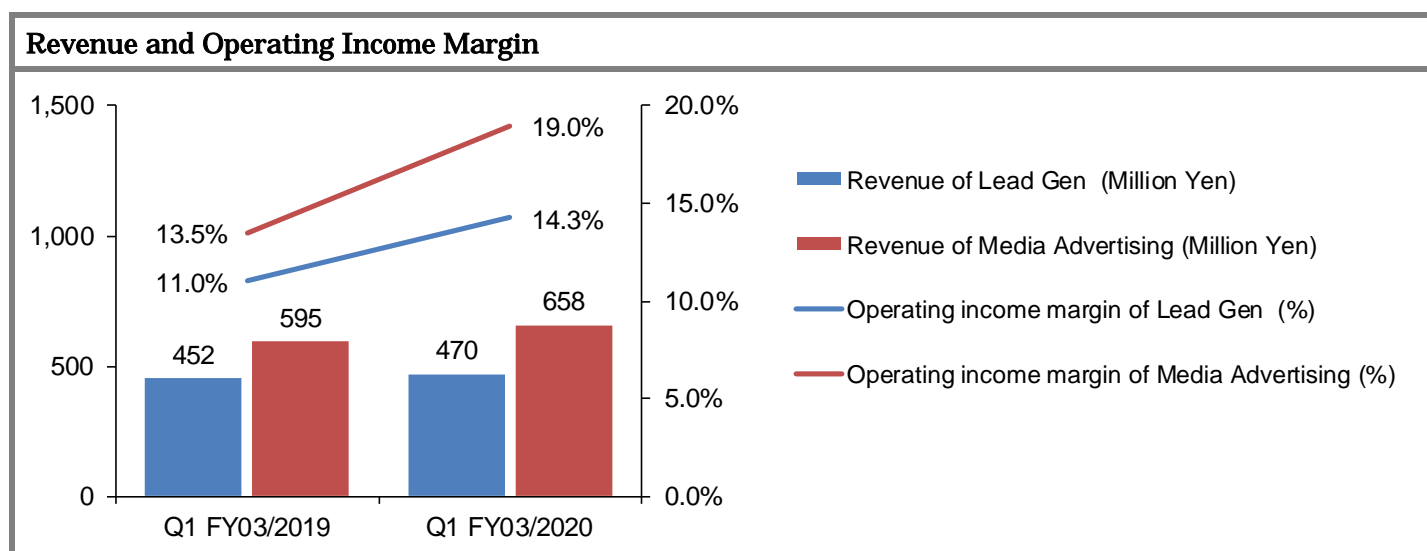
Company Name	ITmedia Inc. Website IR Information Share Price (Japanese)	
Established	28 December 1999	
Listing	29 March 2019: Tokyo Stock Exchange 1st section (ticker: 2148) 19 April 2007: Mothers of Tokyo Stock Exchange	
Capital	¥1,735m (as of the end of June 2019)	
No. of Shares	20,532,600 shares, including 712,999 treasury shares (as of the end of June 2019)	
Main Features	<ul style="list-style-type: none">● Set up as spinoff from Softbank Group● Propelling digitalization of marketing● Innovating configuration of media to run in line with progressing technology	
Business Segment	. Lead Gen Business . Media Advertising Business	
Top Management	President and CEO: Toshiki Otsuki	
Shareholders	SB Media Holdings 51.7%, Japan Trustee Services, T. 7.2% (as of the end of March 2019)	
Headquarters	Chiyoda-ku, Tokyo, JAPAN	
No. of Employees	Consolidated: 237, Parent: 218 (as of the end of March 2019)	

Source: Company Data

3.0 Recent Trading and Prospects

Q1 FY03/2020 Results

In Q1 FY03/2020, revenue came in at ¥1,129m (up 7.8% YoY), operating income ¥192m (up 48.2%) and net income attributable to owners of the parent ¥144m (up 96.7%), while operating income margin 17.0% (up 4.6% points). When compared with assumptions of FY03/2020, the Company saw progress rate of 23.3% in revenue and 22.1% in operating income versus 22.3% and 14.7%, respectively, for equivalents of the previous year, implying that the Company is running ahead of Company forecasts with its recent trading.



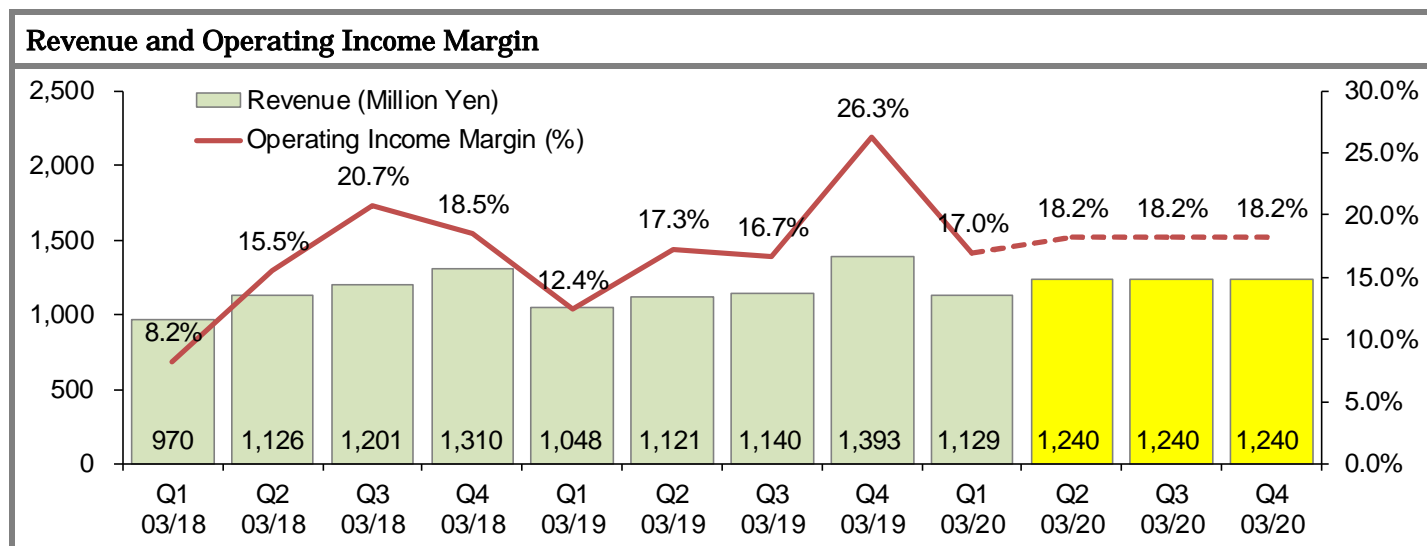
Source: Company Data, WRJ Calculation

Media Advertising Business saw revenue of ¥658m (up 10.6%), operating income of ¥125m (up 56.1%) and operating income margin of 19.0% (up 5.5% points). The bulk of revenue is of advertising associated with banner ads and advertorials of own advertisers (273 companies including the largest ones) on own Internet media. Just roughly speaking, IT & business domain accounts for 50% of revenue, industrial technology domain 20% and consumer domain 30%. Meanwhile, revenue of Q1 was driven mainly by consumer domain whose mainstay is [Netolabo \(to provide buzzed information on Internet\)](#).

Lead Gen Business saw revenue of ¥470m (up 4.0%), operating income of ¥67m (up 35.3%) and operating income margin of 14.3% (up 3.3% points). Almost 90% of revenue is of IT & business domain, while the Company sees revenue stemming from own media power just like Media Advertising Business. Nevertheless, the bulk of revenue is not that of advertising but of compensations collected from own customers (613 companies including the largest ones) for digital marketing services to provide them with information on potential customers for them. With respect to [TechTarget Japan](#) and [Keyman's Net](#) dedicated to key persons who are in charge of decision-making for purchases of corporate-use information systems, it is required to register for membership (provision of attribute data mandatory) to view member-restricted contents, while the number of members stands at 800,000 (up 7.5%) as of Q1. Paying respect also to behavioral data to be obtained after the registrations, the Company makes a list of potential customers to cope with specific needs of own customers to provide them. Meanwhile, the Company is calling for the number of members reaching two millions in 5 years or in FY03/2024.

FY03/2020 Company Forecasts

FY03/2020 Company forecasts (released on 24 June 2019) are going for prospective revenue of ¥4,850m (up 3.1%), operating income of ¥870m (down 1.3%) and net income attributable to owners of the parent of ¥520m (up 38.0%), while operating income margin of 17.9% (down 0.8% points). At the same time, Company forecasts are also going for prospective annual dividend of ¥10.0 per share, implying payout ratio of 37.6%.



Source: Company Data, WRJ Calculation (Q2 to Q4 FY03/2020: Company forecasts during the same period, pro rata)

Initial Company forecasts (released on 9 May 2019) have not assumed that the Company was to sell some parts of holdings of own subsidiary Knowledge onDemand (impairment loss of ¥158m to have generated in FY03/2019) to develop and sell software products and that this was to be regarded as discontinuing operations (released on 24 June 2019). Meanwhile, above-mentioned Company forecasts (released on 24 June 2019) do assume all those issues.

4.0 Financial Statements

Statements of Income (Cumulative, Quarterly)

Statements of Income (Continuing operations)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		Net Chg.
	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	03/2020	
Revenue	1,048	-	-	-	1,129	-	-	-	-	+81
Cost of sales	467	-	-	-	473	-	-	-	-	+5
Gross profit	580	-	-	-	656	-	-	-	-	+75
Selling, general and administrative expenses	451	-	-	-	464	-	-	-	-	+13
Other operating income (loss)	0	-	-	-	0	-	-	-	-	-
Operating income	129	-	-	-	192	-	-	-	-	+62
Other non-operating income (loss)	1	-	-	-	(85)	-	-	-	-	(87)
Income (loss) on equity method investments	(7)	-	-	-	(19)	-	-	-	-	(11)
Profit before taxes from continuing operations	123	-	-	-	87	-	-	-	-	(36)
Income taxes	47	-	-	-	34	-	-	-	-	(12)
Profit for continuing operations	76	-	-	-	52	-	-	-	-	(24)
Profit (loss) from discontinued operations	(5)	-	-	-	93	-	-	-	-	+99
Net profit	71	-	-	-	146	-	-	-	-	+74
Net profit attributable to owner of the parent	73	-	-	-	144	-	-	-	-	+70
Net profit attributable to non-controlling interests	(2)	-	-	-	1	-	-	-	-	+3
Total	71	-	-	-	146	-	-	-	-	+74
Revenue YoY	-	-	-	-	+7.8%	-	-	-	-	-
Operating income YoY	-	-	-	-	+48.2%	-	-	-	-	-
Profit before taxes from continuing operations YoY	-	-	-	-	(29.6%)	-	-	-	-	-
Profit for continuing operations YoY	-	-	-	-	+105.1%	-	-	-	-	-
Net profit attributable to owner of the parent YoY	-	-	-	-	+96.7%	-	-	-	-	-
Gross profit margin	55.4%	-	-	-	58.1%	-	-	-	-	+2.7%
Revenue to SG&A expenses ratio	43.0%	-	-	-	41.1%	-	-	-	-	(1.9%)
Operating income margin	12.4%	-	-	-	17.0%	-	-	-	-	+4.6%
Profit before taxes from continuing operations margin	11.8%	-	-	-	7.7%	-	-	-	-	(4.1%)
Profit for continuing operations margin	7.3%	-	-	-	4.7%	-	-	-	-	(2.7%)
Net profit attributable to owner of the parent margin	7.0%	-	-	-	12.8%	-	-	-	-	+5.8%
Income taxes / profit before taxes (continuing operations)	38.0%	-	-	-	39.7%	-	-	-	-	+1.7%

Statements of Income (Continuing operations)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Net Chg.
	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	03/2020	
Revenue	1,048	-	-	-	1,129	-	-	-	-	+81
Cost of sales	467	-	-	-	473	-	-	-	-	+5
Gross profit	580	-	-	-	656	-	-	-	-	+75
Selling, general and administrative expenses	451	-	-	-	464	-	-	-	-	+13
Other operating income (loss)	0	-	-	-	0	-	-	-	-	+0
Operating income	129	-	-	-	192	-	-	-	-	+62
Other non-operating income (loss)	1	-	-	-	(85)	-	-	-	-	(87)
Income (loss) on equity method investments	(7)	-	-	-	(19)	-	-	-	-	(11)
Profit before taxes from continuing operations	123	-	-	-	87	-	-	-	-	(36)
Income taxes	47	-	-	-	34	-	-	-	-	(12)
Profit for continuing operations	76	-	-	-	52	-	-	-	-	(24)
Profit (loss) from discontinued operations	(5)	-	-	-	93	-	-	-	-	+99
Net profit	71	-	-	-	146	-	-	-	-	+74
Net profit attributable to owner of the parent	73	-	-	-	144	-	-	-	-	+70
Net profit attributable to non-controlling interests	(2)	-	-	-	1	-	-	-	-	+3
Total	71	-	-	-	146	-	-	-	-	+74
Revenue YoY	-	-	-	-	+7.8%	-	-	-	-	-
Operating income YoY	-	-	-	-	+48.2%	-	-	-	-	-
Profit before taxes from continuing operations YoY	-	-	-	-	(29.6%)	-	-	-	-	-
Profit for continuing operations YoY	-	-	-	-	+105.1%	-	-	-	-	-
Net profit attributable to owner of the parent YoY	-	-	-	-	+96.7%	-	-	-	-	-
Gross profit margin	55.4%	-	-	-	58.1%	-	-	-	-	+2.7%
Revenue to SG&A expenses ratio	43.0%	-	-	-	41.1%	-	-	-	-	(1.9%)
Operating income margin	12.4%	-	-	-	17.0%	-	-	-	-	+4.6%
Profit before taxes from continuing operations margin	11.8%	-	-	-	7.7%	-	-	-	-	(4.1%)
Profit for continuing operations margin	7.3%	-	-	-	4.7%	-	-	-	-	(2.7%)
Net profit attributable to owner of the parent margin	7.0%	-	-	-	12.8%	-	-	-	-	+5.8%
Income taxes / profit before taxes (continuing operations)	38.0%	-	-	-	39.7%	-	-	-	-	+1.7%

Source: Company Data, WRJ Calculation

Statements of Financial Position (Quarterly)

Statements of Financial Position	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY	Net Chg.
(Million Yen)	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	03/2020	Net Chg.
Cash and cash equivalents	2,897	3,156	3,079	3,383	3,569	-	-	-	-	+672
Trade and other receivables	644	678	625	824	525	-	-	-	-	(119)
Other financial assets	600	500	500	500	536	-	-	-	-	(63)
Inventories	16	9	19	26	9	-	-	-	-	(7)
Other current assets	103	85	151	81	69	-	-	-	-	(33)
Total current assets	4,262	4,430	4,376	4,814	4,711	-	-	-	-	+448
Property and equipment	193	187	182	173	167	-	-	-	-	(25)
Right of use assets	-	-	-	-	400	-	-	-	-	+400
Goodwill	480	480	480	415	415	-	-	-	-	(64)
Intangible assets	437	439	446	335	316	-	-	-	-	(120)
Investments accounted for using the equity method	112	97	80	54	34	-	-	-	-	(77)
Other financial assets	461	472	539	479	376	-	-	-	-	(85)
Deferred tax assets	72	83	3	75	148	-	-	-	-	+76
Other non-current assets	6	5	4	2	2	-	-	-	-	(4)
Total non-current assets	1,764	1,767	1,736	1,537	1,863	-	-	-	-	+98
Total assets	6,027	6,197	6,113	6,351	6,574	-	-	-	-	+547
Trade and other payables	163	187	225	234	193	-	-	-	-	+30
Interest-bearing debt and other financial liabilities	4	4	4	3	231	-	-	-	-	+226
Income tax payables	5	85	1	124	34	-	-	-	-	+29
Other current liabilities	574	529	449	546	461	-	-	-	-	(112)
Total current liabilities	747	807	680	909	921	-	-	-	-	+174
Interest-bearing debt and other financial liabilities	8	7	6	5	160	-	-	-	-	+152
Provisions	38	38	38	38	38	-	-	-	-	-
Other non-current liabilities	27	26	25	30	28	-	-	-	-	+1
Total non-current liabilities	74	72	70	74	228	-	-	-	-	+153
Total liabilities	821	879	750	984	1,149	-	-	-	-	+328
Equity attributable to the owners of the parent	5,197	5,313	5,362	5,402	5,424	-	-	-	-	+227
Non-controlling interests	8	4	-	(34)	-	-	-	-	-	(8)
Total equity	5,205	5,317	5,362	5,367	5,424	-	-	-	-	+219
Total liabilities and equity	6,027	6,197	6,113	6,351	6,574	-	-	-	-	+547
Interest bearing debt	13	12	10	9	392	-	-	-	-	+379
Net debt	(2,884)	(3,144)	(3,068)	(3,373)	(3,177)	-	-	-	-	(293)
Equity attributable to the owners of the parent ratio	86.2%	85.7%	87.7%	85.1%	82.5%	-	-	-	-	-
Net debt equity ratio	(55.5%)	(59.2%)	(57.2%)	(62.4%)	(58.6%)	-	-	-	-	-
ROE (12 months)	-	-	-	-	8.4%	-	-	-	-	-
ROA (12 months)	-	-	-	-	-	-	-	-	-	-
Quick ratio	474%	475%	545%	462%	444%	-	-	-	-	-
Current ratio	570%	549%	643%	529%	511%	-	-	-	-	-

Source: Company Data, WRJ Calculation

Statements of Cash Flows (Cumulative, Quarterly)

Statements of Cash Flows	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	YoY	Net Chg.
(Million Yen)	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	03/2020	Net Chg.
Cash flows from operating activities	21	188	261	585	337	-	-	-	-	+316
Cash flows from investing activities	(140)	(43)	(95)	(115)	(16)	-	-	-	-	+124
Free cash flows	(119)	144	165	470	321	-	-	-	-	+441
Cash flows from financing activities	(94)	(99)	(197)	(198)	(134)	-	-	-	-	(40)
Statements of Cash Flows	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY	Net Chg.
(Million Yen)	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	03/2020	Net Chg.
Cash flows from operating activities	21	167	73	324	337	-	-	-	-	+316
Cash flows from investing activities	(140)	96	(52)	(19)	(16)	-	-	-	-	+124
Free cash flows	(119)	263	21	304	321	-	-	-	-	+441
Cash flows from financing activities	(94)	(5)	(97)	0	(134)	-	-	-	-	(40)

Source: Company Data, WRJ Calculation

Disclaimer

Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage etc.

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