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MEMBERSHIP

September 8, 2021

## Consolidated Financial Results for the Fiscal Year Ended July 31, 2021 (Under Japanese GAAP)

Company name: i-mobile Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 6535  
 URL: <https://www.i-mobile.co.jp/>  
 Representative: Tetsuya Noguchi, Representative Director, CEO  
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 Scheduled date of annual general meeting of shareholders: October 22, 2021  
 Scheduled date to commence dividend payments: October 6, 2021  
 Scheduled date to file annual securities report: October 25, 2021  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for analysts and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the fiscal year ended July 31, 2021 (from August 1, 2020 to July 31, 2021)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
July 31, 2021	17,833	19.7	3,382	50.6	3,366	49.8	2,299	33.1
July 31, 2020	14,901	(29.5)	2,246	(28.9)	2,248	(28.6)	1,727	26.3

Note: Comprehensive income For the fiscal year ended July 31, 2021: ¥2,300 million [35.3%]  
 For the fiscal year ended July 31, 2020: ¥1,700 million [32.9%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
July 31, 2021	107.39	106.30	16.5	19.6	19.0
July 31, 2020	76.66	75.95	13.2	13.9	15.1

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended July 31, 2021: —  
 For the fiscal year ended July 31, 2020: —

#### (2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
July 31, 2021	18,992	14,720	77.4	683.85
July 31, 2020	15,359	13,222	86.1	607.12

Reference: Equity  
 As of July 31, 2021: ¥14,704 million  
 As of July 31, 2020: ¥13,222 million

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
July 31, 2021	3,959	(83)	(817)	15,422
July 31, 2020	440	(438)	(1,580)	12,363

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended July 31, 2020	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended July 31, 2021	—	0.00	—	100.00	100.00	2,150	93.1	15.5
Fiscal year ending July 31, 2022 (Forecast)	—	0.00	—	35.00	35.00		30.0	

### 3. Consolidated earnings forecast for the fiscal year ending July 31, 2022 (from August 1, 2021 to July 31, 2022)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
July 31, 2022	14,270	(—)	3,750	10.9	3,715	10.4	2,504	8.9	116.49

The Accounting Standards for Revenue Recognition (ASBJ Statement No. 29) will be adopted in the fiscal year ending July 31, 2022 and onward. The above earnings forecast is presented on the relevant accounting standards and the year-on-year changes in net sales are not indicated accordingly.

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: 0 companies

Excluded: 0 companies

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: Yes

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of July 31, 2021	21,848,196 shares
As of July 31, 2020	21,779,766 shares

(ii) Number of treasury shares at the end of the period

As of July 31, 2021	345,050 shares
As of July 31, 2020	— shares

(iii) Average number of shares outstanding during the period

Fiscal year ended July 31, 2021	21,417,869 shares
Fiscal year ended July 31, 2020	22,538,359 shares

**Reference: Overview of non-consolidated financial results**

**1. Non-consolidated financial results for the fiscal year ended July 31, 2021 (from August 1, 2020 to July 31, 2021)**

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
July 31, 2021	15,757	22.8	2,724	30.0	2,798	32.9	1,884	22.5
July 31, 2020	12,833	(24.1)	2,096	(38.6)	2,105	(26.6)	1,538	26.9

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
July 31, 2021	88.00	87.11
July 31, 2020	68.28	67.65

**(2) Non-consolidated financial position**

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
July 31, 2021	18,052	14,076	77.9	653.94
July 31, 2020	14,964	12,994	86.8	596.65

Reference: Equity

As of July 31, 2021: ¥14,061 million

As of July 31, 2020: ¥12,994 million

- \* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.
- \* Proper use of earnings forecasts, and other special matters  
The forward-looking statements, including business results forecasts, contained in this document are based on information currently available to the Company and certain assumptions deemed reasonable by the Company. Actual business results may differ considerably due to a variety of factors.  
The Company is to hold a briefing for analysts and institutional investors on Thursday, September 9, 2021.

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## 1. Overview of Operating Results

### (1) Overview of Operating Results for the Fiscal Year Ended July 31, 2021

During the fiscal year ended July 31, 2021 (August 1, 2020 to July 31, 2021), the Japanese economy showed signs of recovery in personal consumption and corporate earnings despite the prolonged impact of COVID-19, due to the gradual resumption of economic activities and the effect of implementation of various measures by the government, as well as the start of vaccinations. However, the economic outlook remained uncertain due to pre-emergency measures and repeated declarations of a state of emergency with the renewed spread of infections.

Amid this social environment, there was no major impact on the consolidated business performance of the i-mobile Group due to COVID-19 during the fiscal year ended July 31, 2021. However, if the economic impact becomes more prolonged and serious in the future, the Group's business performance could be adversely affected by such factors as a contraction in the Japanese advertising market due to a decrease in the number of advertisers, a shrinkage in the hometown tax donation market because of a decline in individual residence and income tax, and further restrictions on business activities.

The i-mobile Group is composed of two business segments — Online Advertising and Consumer Service — operating under the corporate vision “Creating a Business for the Future”. In the market for the Hometown Tax Donation business, which is the mainstay of the Consumer Service segment, the hometown tax donation amount in fiscal 2020 increased by approximately 1.4 times year on year to 672.5 billion yen while the number of hometown tax donations also increased by approximately 1.5 times to 34.89 million\*<sup>1</sup>. In addition, the number of people eligible for the hometown tax donation credit (the number of people who actually made a hometown tax donation and were eligible for a residence tax credit) also increased year on year by approximately 1.3 times\*<sup>1</sup> to 5.524 million people, as it becomes more widely accepted as a stable system in line with its initial purpose of realizing regional revitalization\*<sup>2</sup>.

Moreover, in the domestic online advertising market, which is a core business domain in the Online Advertising segment, online advertising expenditure in 2020 increased by 5.9% year on year to 2,229.0 billion yen, and despite being impacted by COVID-19, growth remained steady with the acceleration in the digitization of society serving as a tailwind. In particular, in the area of online advertising media expenditures, programmatic advertising expenditures amounted to 1,455.8 billion yen, up 9.7% year on year, and demand for programmatic advertising increased, mainly from major platformers, with increased opportunities for exposure to social media, e-commerce, and video streaming services due to lifestyle behavioral changes resulting from voluntary restraint on leaving home\*<sup>3</sup>. Further, overall online advertising media expenditure in 2021 is forecast to increase by 7.7% year on year to 1,891.2 billion yen\*<sup>4</sup>.

In this business climate, the i-mobile Group has worked to further enhance corporate value, leveraging the technology and marketing expertise cultivated in the core Online Advertising (Ad Network) business to transform its business portfolio into one that is highly profitable by developing new markets, and investing in growth business sectors. With Furunavi, the Hometown Tax Donation business which has functions for solving social issues, such as the revitalization of local communities, we identified the growth phase of the market to increase the number of local governments we do business with, as well as working with local governments to plan experience-based gifts in return such as dining and lodging gift certificates, and to promote peripheral businesses. We have also worked for the penetration of the hometown tax donation system and to increase our customer base by building recognition of the Furunavi brand through ongoing television commercials and running aggressive promotional campaigns. In the Online Advertising segment, we worked to increase media-related business for the Media Solution business, which is the focus area, and the App Operation business. Moreover, in the Ad Network business, which is facing a challenging market environment due to the growing market dominance of large-scale platformers and intensifying competition, we also focused on gaining new customers and overseas customers as well as striving to improve the earnings structure and ensure stable profits. In addition, the government has also been stepping up efforts to ensure the soundness of the digital advertising market, and the Group has been working to strengthen its ability to offer more effective and appropriate advertising operations in response to changes in the market.

As a result of these efforts, for the fiscal year ended July 31, 2021, the Group recorded net sales of 17,833,542 thousand yen, up 19.7% year on year, operating profit of 3,382,383 thousand yen, up 50.6% year on year, ordinary profit of 3,366,686 thousand yen, up 49.8% year on year, profit attributable to owners of the parent of 2,299,961 thousand yen, up 33.1% year on year.

- \*1 Source: Results of Survey on Current Status of Hometown Tax Donations, Municipal Tax Planning Division, Local Tax Bureau, Ministry of Internal Affairs and Communications, July 30, 2021
- \*2 The results including the hometown tax donation amount were calculated based on the municipal fiscal year (from April 1 to March 31 of the following year), which differs from the calculation of residence tax. We believe that a decline in the actual figures from FY2018 to FY2019 does not indicate a contraction of the market itself, as it is reasonable to consider that the market was impacted by a rush demand of hometown tax donations from the end of 2018 up until March 2019, before revisions to the hometown tax donation system went into effect on June 1, 2019.
- \*3 Source: *2020 Advertising Expenditures in Japan*, Dentsu Inc., February 25, 2021
- \*4 Source: *2020 Advertising Expenditures in Japan: Detailed Analysis of Expenditures on Internet Advertising Media*, Cyber Communications Inc., D2C Inc., Dentsu Inc., Dentsu Digital Inc., March 10, 2021

Business performance by segment was as follows.

Net sales for each segment include intersegment sales and transfers.

#### Consumer Service Segment

In the Consumer Service segment, the Company operates the Hometown Tax Donation business “Furunavi”, as well as the Furunavi Travel business, Restaurant PR business, and Loyalty Points Service business as peripheral businesses. The core Hometown Tax Donation business “Furunavi” was driven by an increase in time spent online, at-home consumption, and frugality owing to the impact of COVID-19, in addition to market growth due to greater awareness of the hometown tax donation system. In the mainstay Furunavi Hometown Tax Donation business, the number of members and the number of donations both increased and the amount of donations exceeded the previous fiscal year thanks to increases in the number of agreements with municipalities and gifts in return, and the success of measures to attract new members such as television commercials, reminders for repeat users, and promotions in collaboration with Yahoo! Japan. Moreover, in the Furunavi Travel business and the Restaurant PR business, the Company also steadily increased the number of agreements with municipalities for experience-based gifts in return, including dining and lodging gift certificates. Withdrawal from unprofitable businesses such as the online crane game (netch) business in the previous fiscal year also had the effect of improving segment profit.

As a result, net sales in the Consumer Service segment for the fiscal year ended July 31, 2021 were 7,846,052 thousand yen, up 71.9% year on year, and segment profit was 1,962,015 thousand yen, up 48.0% year on year, recording large growth in both sales and profit.

#### Online Advertising Segment

In the Online Advertising segment, the Company operates the Ad Network business, the Affiliate business (payment-by-result ads), the Media Solution business, the Ad Agency business (Cyber Consultant, Inc.), and the App Operation business (Ohte, Inc.). In the online advertising market, the decrease in the number of advertisers due to COVID-19 had a temporary impact on earnings by causing a decline in the cost-per-mille (CPM) of advertisements, but the market has recovered to a level close to that before the COVID-19 pandemic. In the Media Solution business, which is a focus area, we increased earnings by steadily maintaining the number of partners. In the App Operation business, business performance remained strong as we steadily gained new clients through aggressive advertising investment in addition to increasing advertising effectiveness. Moreover, from the current fiscal year, the Group shifted to an organization and product structure that can provide total solutions to clients in the Ad Network business and focused on increasing the number of orders received by reconfiguring marketing methods and systems, including revisions to target advertisers and budget scales. The Group also maintained its success in winning orders for large-scale projects, including influencer media acquisition, games and e-commerce, in the Affiliate business, which contributed to earnings. Meanwhile, IDFA acquisition restrictions were implemented due to growing concerns over the protection of personal information. However, the i-mobile Group expanded its business utilizing its own know-how, including the launch of new support services to counter declines in advertising revenue.

As a result, net sales in the Online Advertising segment for the fiscal year ended July 31, 2021 were

12,163,427 thousand yen, up 6.1% year on year, and segment profit was 1,420,367 thousand yen, up 63.9% year on year, recording a large increase in profit due to the contributions of businesses with high operating profit margin.

## **(2) Overview of Financial Position for the Fiscal Year Ended July 31, 2021**

Total assets were 18,992,553 thousand yen, an increase of 3,633,488 thousand yen from the end of the previous fiscal year. This increase was mainly due to rises of 3,058,928 thousand yen in cash and deposits and 394,076 thousand yen in accounts receivable - trade.

Liabilities were 4,272,423 thousand yen, an increase of 2,136,195 thousand yen from the end of the previous fiscal year. This increase was mainly due to increases of 967,518 thousand yen in income taxes payable, 391,860 thousand yen in provision for sales promotion expenses, and 364,256 thousand yen in other under current liabilities.

Net assets were 14,720,129 thousand yen, an increase of 1,497,292 thousand yen from the end of the previous fiscal year. This increase was mainly due to a rise of 2,299,961 thousand yen in retained earnings due to recording of profit attributable to owners of the parent despite a decrease of 841,506 thousand yen due to purchase and disposal of treasury shares (an increase of 523,720 thousand yen in treasury shares and a decrease of 317,785 thousand yen in capital surplus).

## **(3) Overview of Cash Flows for the Fiscal Year Ended July 31, 2021**

The balance of cash and cash equivalents (“cash”) at the end of the fiscal year ended July 31, 2021 was 15,422,020 thousand yen, an increase of 3,058,928 thousand yen from the end of the previous fiscal year. Cash flows and their components for the fiscal year ended July 31, 2021 are as follows.

### Cash flows from operating activities

Cash provided by operating activities in the fiscal year ended July 31, 2021 stood at 3,959,051 thousand yen, compared with cash provided of 440,401 thousand yen in the previous fiscal year. This was primarily attributable to profit before income taxes recorded of 3,317,808 thousand yen.

### Cash flows from investing activities

Cash used in investing activities in the fiscal year ended July 31, 2021 stood at 83,111 thousand yen, compared with cash used of 438,447 thousand yen in the previous fiscal year. This was primarily attributable to purchase of intangible assets of 49,934 thousand yen and purchase of investment securities of 20,000 thousand yen.

### Cash flows from financing activities

Cash used in financing activities in the fiscal year ended July 31, 2021 stood at 817,011 thousand yen, compared with cash used of 1,580,961 thousand yen in the previous fiscal year. This was primarily attributable to purchase of treasury shares of 986,712 thousand yen.

## **(4) Future Outlook**

For the fiscal year ending July 31, 2022, the Company forecasts net sales of 14,270 million yen, operating profit of 3,750 million yen, up 10.9% year on year, ordinary profit of 3,715 million yen, up 10.4% year on year, and profit attributable to owners of parent of 2,504 million yen, up 8.9% year on year. Net sales of 14,270 million yen is the amount after adoption of Accounting Standard for Revenue Recognition, etc., and the Company projects revenue growth if the same standard as that applied in the previous fiscal year had been adopted. For more details, please see the business results briefing materials for the fiscal year ended July 31, 2021 disclosed at the same time as this document.

## **(5) Basic Policy on Distribution of Profit and Dividends for the Fiscal Years Ended July 31, 2021 and Ending July 31, 2022**

The Company’s basic policy is to provide returns to shareholders through total return with a target payout ratio of 30%, based on a comprehensive consideration of business performance trends, financial position, internal reserves, and other



factors, while ensuring the funds to maintain the business base and achieve sustainable growth.

The Company pays dividends of surplus as the year-end dividend once a year. However, pursuant to paragraph 1, Article 459 of the Companies Act, the Company has established a provision in its Articles of Incorporation stipulating that a year-end dividend and an interim dividend will be paid with July 31 and January 31 as the respective record dates, and that dividends of surplus, etc. will be paid by resolution of the Board of Directors.

Moreover, regarding dividends of surplus for the fiscal year under review, as the Board of Directors resolved at the meeting held on September 8, 2021 to pay a dividend of 100 yen per share (ordinary dividend of 30 yen, commemorative dividend of 70 yen) with July 31, 2021 as the record date, the annual dividend for the fiscal year under review will be 100 yen per share. In addition, purchase of treasury shares will be considered as appropriate, taking into consideration the Company's financial position and other factors.

The Company plans to pay a dividend of 35 yen per share for the fiscal year ending July 31, 2022.

## **2. Basic Approach to Selection of Accounting Standards**

The i-mobile Group has adopted Japanese GAAP for its accounting standards in order to ensure comparability with industry peers in Japan.

### 3. Consolidated Financial Statements and Notes

#### (1) Consolidated Balance Sheet

(Unit: Thousands of yen)

	As of July 31, 2020	As of July 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	12,363,092	15,422,020
Accounts receivable - trade	1,232,886	1,626,962
Other	446,457	582,521
Allowance for doubtful accounts	(3,331)	(4,432)
<b>Total current assets</b>	<b>14,039,104</b>	<b>17,627,072</b>
Non-current assets		
Property, plant and equipment		
Buildings, net	120,467	106,146
Tools, furniture and fixtures, net	49,154	33,816
Other, net	11,494	10,373
<b>Total property, plant and equipment</b>	<b>181,115</b>	<b>150,336</b>
Intangible assets		
Software	80,823	84,272
Goodwill	285,437	215,534
Other	69,083	70,747
<b>Total intangible assets</b>	<b>435,344</b>	<b>370,555</b>
Investments and other assets		
Investment securities	407,366	383,896
Deferred tax assets	144,785	314,809
Other	223,055	205,915
Allowance for doubtful accounts	(71,706)	(60,032)
<b>Total investments and other assets</b>	<b>703,500</b>	<b>844,588</b>
<b>Total non-current assets</b>	<b>1,319,960</b>	<b>1,365,480</b>
<b>Total assets</b>	<b>15,359,065</b>	<b>18,992,553</b>

(Unit: Thousands of yen)

	As of July 31, 2020	As of July 31, 2021
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	1,027,183	1,177,715
Accounts payable - other	422,614	491,388
Income taxes payable	33,081	1,000,599
Deposits received	250,864	430,918
Provision for bonuses	61,868	74,732
Provision for sales promotion expenses	169,382	561,243
Provision for shareholder benefit program	402	—
Provision for point card certificates	1,228	1,967
Other	105,775	470,031
Total current liabilities	2,072,402	4,208,597
Non-current liabilities		
Asset retirement obligations	63,826	63,826
Total non-current liabilities	63,826	63,826
Total liabilities	2,136,228	4,272,423
<b>Net assets</b>		
Shareholders' equity		
Share capital	140,654	152,082
Capital surplus	1,967,782	1,661,424
Retained earnings	11,122,348	13,422,310
Treasury shares	—	(523,720)
Total shareholders' equity	13,230,785	14,712,096
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(7,948)	(7,129)
Total accumulated other comprehensive income	(7,948)	(7,129)
Share acquisition rights	—	15,162
Total net assets	13,222,836	14,720,129
Total liabilities and net assets	15,359,065	18,992,553

## (2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

### Consolidated Statement of Income

(Unit: Thousands of yen)

	Year ended July 31, 2020	Year ended July 31, 2021
Net sales	14,901,589	17,833,542
Cost of sales	7,608,743	6,196,963
Gross profit	7,292,846	11,636,579
Selling, general and administrative expenses	5,046,738	8,254,195
Operating profit	2,246,107	3,382,383
Non-operating income		
Interest income	12,051	375
Dividend income	2,185	1,549
Foreign exchange gains	—	8,291
Subsidy income	8,927	969
Gain on valuation of investments in capital	—	7,261
Benefits received	—	3,602
Other	12,896	4,630
Total non-operating income	36,060	26,680
Non-operating expenses		
Interest expenses	8	—
Loss on valuation of investment securities	5,607	3,034
Commission expenses	26,906	986
Donations	—	26,000
Stock offering expenses	—	12,250
Other	1,554	106
Total non-operating expenses	34,077	42,377
Ordinary profit	2,248,091	3,366,686
Extraordinary income		
Gain on sale of investment securities	278	—
Other	11	—
Total extraordinary income	290	—
Extraordinary losses		
Impairment losses	35,974	—
Loss on valuation of investment securities	29,380	48,877
Loss on extinguishment of shares of subsidiaries and associates	12,372	0
Other	8,769	0
Total extraordinary losses	86,497	48,878
Profit (loss) before income taxes	2,161,884	3,317,808
Income taxes - current	468,838	1,188,231
Income taxes - deferred	3,402	(170,385)
Total income taxes	472,241	1,017,846
Net income	1,689,643	2,299,961
Profit (loss) attributable to non-controlling interests	(38,211)	—
Profit attributable to owners of the parent	1,727,854	2,299,961

Consolidated Statement of Comprehensive Income

(Unit: Thousands of yen)

	Year ended July 31, 2020	Year ended July 31, 2021
Net income	1,689,643	2,299,961
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,449)	819
Foreign currency translation adjustment	12,746	—
Total other comprehensive income	11,296	819
Comprehensive income	1,700,939	2,300,781
Comprehensive income attributable to		
Owners of the parent	1,739,150	2,300,781
Non-controlling interests	(38,211)	—

### (3) Consolidated Statement of Changes in Equity

Year ended July 31, 2020 (August 1, 2019 to July 31, 2020)

(Unit: Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	129,863	3,677,704	9,374,130	(220,629)	12,961,070
Changes during period					
Issuance of new shares	10,791	10,791			21,583
Profit attributable to owners of the parent			1,727,854		1,727,854
Purchase of treasury shares				(1,499,958)	(1,499,958)
Disposal of treasury shares					—
Cancellation of treasury shares		(1,720,587)		1,720,587	—
Increase in retained earnings due to change in scope of consolidation			20,362		20,362
Purchase of additional shares of consolidated subsidiaries		(126)			(126)
Net changes in items other than shareholders' equity					
Total changes during period	10,791	(1,709,922)	1,748,217	220,629	269,715
Balance at end of period	140,654	1,967,782	11,122,348	—	13,230,785

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	(6,498)	(12,746)	(19,245)	—	204,165	13,145,990
Changes during period						
Issuance of new shares						21,583
Profit attributable to owners of the parent						1,727,854
Purchase of treasury shares						(1,499,958)
Disposal of treasury shares						—
Cancellation of treasury shares						—
Increase in retained earnings due to change in scope of consolidation						20,362
Purchase of additional shares of consolidated subsidiaries						(126)
Net changes in items other than shareholders' equity	(1,449)	12,746	11,296	—	(204,165)	(192,869)
Total changes during period	(1,449)	12,746	11,296	—	(204,165)	76,845
Balance at end of period	(7,948)	—	(7,948)	—	—	13,222,836

Year ended July 31, 2021 (August 1, 2020 to July 31, 2021)

(Unit: Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	140,654	1,967,782	11,122,348	—	13,230,785
Changes during period					
Issuance of new shares	11,427	11,427			22,855
Profit attributable to owners of parent			2,299,961		2,299,961
Purchase of treasury shares				(986,712)	(986,712)
Disposal of treasury shares		(317,785)		462,991	145,205
Cancellation of treasury shares					—
Increase in retained earnings due to change in scope of consolidation			0		0
Purchase of additional shares of consolidated subsidiaries					—
Net changes in items other than shareholders' equity					
Total changes during period	11,427	(306,358)	2,299,961	(523,720)	1,481,310
Balance at end of period	152,082	1,661,424	13,422,310	(523,720)	14,712,096

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	(7,948)	—	(7,948)	—	—	13,222,836
Changes during period						
Issuance of new shares						22,855
Profit attributable to owners of the parent						2,299,961
Purchase of treasury shares						(986,712)
Disposal of treasury shares						145,205
Cancellation of treasury shares						—
Increase in retained earnings due to change in scope of consolidation						0
Purchase of additional shares of consolidated subsidiaries						—
Net changes in items other than shareholders' equity	819	—	819	15,162	—	15,982
Total changes during period	819	—	819	15,162	—	1,497,292
Balance at end of period	(7,129)	—	(7,129)	15,162	—	14,720,129

**(4) Consolidated Statement of Cash Flows**

(Unit: Thousands of yen)

	Year ended July 31, 2020	Year ended July 31, 2021
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	2,161,884	3,317,808
Depreciation	112,029	87,586
Impairment losses	35,974	—
Amortization of goodwill	64,077	69,903
Share-based payment expenses	—	13,522
Increase (decrease) in allowance for doubtful accounts	(173,023)	(10,573)
Increase (decrease) in provision for bonuses	(8,122)	12,863
Increase (decrease) in provision for sales promotion expenses	(55,398)	391,860
Increase (decrease) in provision for shareholder benefit program	(9,851)	(402)
Increase (decrease) in provision for point card certificates	2,617	739
Loss (gain) on valuation of investment securities	34,987	44,651
Interest and dividend income	(14,236)	(1,924)
Interest expenses	8	—
Decrease (increase) in trade receivables	153,536	(388,485)
Increase (decrease) in trade payables	(503,353)	150,532
Other, net	(59,070)	384,968
Subtotal	1,742,061	4,073,049
Interest and dividends received	15,517	1,924
Interest paid	(8)	—
Income taxes refund (paid)	(1,317,169)	(115,922)
Net cash provided by (used in) operating activities	440,401	3,959,051
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(39,403)	(15,487)
Purchase of intangible assets	(44,281)	(49,934)
Purchase of investment securities	(20,000)	(20,000)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(338,226)	—
Proceeds from sale of property, plant and equipment	2,859	—
Other, net	604	2,310
Net cash provided by (used in) investing activities	(438,447)	(83,111)
<b>Cash flows from financing activities</b>		
Repayments of long-term borrowings	(2,672)	—
Purchase of treasury shares	(1,499,958)	(986,712)
Exercise of share acquisition rights	21,583	168,061
Proceeds from issuance of share acquisition rights	—	1,640
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(99,596)	—
Other, net	(317)	—
Net cash provided by (used in) financing activities	(1,580,961)	(817,011)
Effect of exchange rate change on cash and cash equivalents	473	—
Net increase (decrease) in cash and cash equivalents	(1,578,533)	3,058,928
Cash and cash equivalents at the beginning of the year	13,974,952	12,363,092
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(33,327)	—
Cash and cash equivalents at the end of the year	12,363,092	15,422,020



## (5) Notes to Consolidated Financial Statements

### Notes on Going Concern Assumption

Not applicable.

### Changes in Accounting Estimates

In order to provide for expenditure on sales promotion expenses associated with the use of incentives granted to users, the Company recorded a provision for sales promotion expenses based on past results. However, as actual data has been accumulated over a sufficient period of time, and it is now possible to estimate the future amount more reasonably by adopting the method that reflects recent usage status with improved accuracy, the Company changed its estimate in the current fiscal year.

As a result of this change, operating profit, ordinary profit, and profit before income taxes for the fiscal year ended July 31, 2021 each fell 328,014 thousand yen.

### Segment Information and Other Data

#### Segment Information

##### 1. Overview of reporting segments

###### (1) Method of determining reporting segments

The Company's reporting segments are those of the Group for which separate financial information is available and which are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate business performance. The Company is composed of segments classified by business type, with the Consumer Service business and Online Advertising business being the reporting segments for the purpose of further clarifying the main business areas.

###### (2) Products and services belonging to each reporting segment

The Consumer Service segment includes the Hometown Tax Donation business, the Furunavi Travel business, the Restaurant PR business, and the Loyalty Points Service business.

The Online Advertising segment includes the Ad Network business, the Affiliate business (payment-by-result ads), the Media Solution business, the Ad Agency business, and the App Operation business.

##### 2. Calculation method for net sales, profit or loss, assets or liabilities, and other items for each reporting segment

The accounting methods for the reported business segments are generally the same as those described in "Significant Accounting Policies for Preparation of the Consolidated Financial Statements."

Profit for reporting segments is based on operating profit. Intersegment profit and transfers are based on prevailing market prices.

##### 3. Information related to net sales, profit or loss, assets or liabilities, and other items for each reporting segment

Year ended July 31, 2020 (August 1, 2019 to July 31, 2020)

(Unit: Thousands of yen)

	Reporting segment			Adjustments (Note 1)	Amount recorded on consolidated financial statements (Note 2)
	Consumer Service	Online Advertising	Total		
Net sales					
Net sales to external customers	4,510,033	10,391,555	14,901,589	—	14,901,589
Intersegment sales or transfers	53,315	1,074,147	1,127,463	(1,127,463)	—
Total	4,563,349	11,465,703	16,029,052	(1,127,463)	14,901,589
Segment profit	1,325,641	866,755	2,192,397	53,710	2,246,107
Other					
Depreciation	26,030	85,998	112,029	—	112,029

- Notes: 1. The full amount of the 53,710 thousand yen in adjustments to segment profit is elimination of intersegment transactions.  
2. Segment profit corresponds to the operating profit reported on the Consolidated Statement of Income.  
3. Segment assets are not disclosed because the Company does not allocate assets to reporting segments.

Year ended July 31, 2021 (August 1, 2020 to July 31, 2021)

(Unit: Thousands of yen)

	Reporting segment			Adjustments	Amount recorded on consolidated financial statements (Note 1)
	Consumer Service	Online Advertising	Total		
Net sales					
Net sales to external customers	7,701,526	10,132,016	17,833,542	—	17,833,542
Intersegment sales or transfers	144,526	2,031,411	2,175,937	(2,175,937)	—
Total	7,846,052	12,163,427	20,009,479	(2,175,937)	17,833,542
Segment profit	1,962,015	1,420,367	3,382,383	—	3,382,383
Other					
Depreciation	25,076	62,510	87,586	—	87,586

Notes: 1. Segment profit corresponds to the operating profit reported on the Consolidated Statement of Income.

2. Segment assets are not disclosed because the Company does not allocate assets to reporting segments.

### Per share information

	Year ended July 31, 2020 (August 1, 2019 to July 31, 2020)	Year ended July 31, 2021 (August 1, 2020 to July 31, 2021)
Book value per share	607.12	683.85
Basic earnings per share	76.66	107.39
Diluted earnings per share	75.95	106.30

Note: The basis for calculating basic earnings per share and diluted earnings per share is as follows.

	Year ended July 31, 2020 (August 1, 2019 to July 31, 2020)	Year ended July 31, 2021 (August 1, 2020 to July 31, 2021)
Basic earnings per share		
Profit attributable to owners of parent (thousands of yen)	1,727,854	2,299,961
Amounts not allocated to common shareholders (thousands of yen)	—	—
Profit attributable to owners of parent related to common shares (thousands of yen)	1,727,854	2,299,961
Average number of common shares outstanding during the year	22,538,359	21,417,869
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (thousands of yen)	—	—
Increase in number of common shares	212,523	219,334
[Of which, share acquisition rights (shares)]	[212,523]	[219,334]
Outline of stock not included in the calculation of diluted earnings per share due to lack of dilutive effect	Third series of share acquisition rights Number of share acquisition rights 1,925 (192,500 common shares)	—

### Significant Subsequent Events

Not applicable.