

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



March 9, 2022

Consolidated Financial Results for the Six Months of the Fiscal Year Ending July 31, 2022 (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
 Inquiries: Yasuhiro Fumita, Director
 Telephone: +81-(0)3-5459-5290
 Scheduled date to file quarterly securities report: March 10, 2022
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors and security analysts)

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

1. Consolidated financial results for the six months of the fiscal year ending July 31, 2022 (from August 1, 2021 to January 31, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
January 31, 2022	10,160	28.5	3,268	26.8	3,331	29.1	2,266	33.4
January 31, 2021	7,909	62.1	2,577	57.5	2,581	59.4	1,698	52.4

Note: Comprehensive income For the six months ended January 31, 2022: 2,268 million yen [33.6%]

For the six months ended January 31, 2021: 1,698 million yen [54.3%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
January 31, 2022	105.20	104.82
January 31, 2021	78.97	78.08

Note: The Company applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year. Figures for the first six months of the fiscal year ended July 31, 2021 are the figures after retrospective application of the accounting standard, etc.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
January 31, 2022	23,715	14,913	62.7
July 31, 2021	18,992	14,720	77.4

Reference: Equity
 As of January 31, 2022: 14,871 million yen
 As of July 31, 2021: 14,704 million yen

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended July 31, 2021	—	0.00	—	100.00	100.00
Fiscal year ending July 31, 2022	—	0.00			
Fiscal year ending July 31, 2022 (Forecast)			—	35.00	35.00

Note: Revisions to the forecast of cash dividends most recently announced: None

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

(Percentages indicate year-on-year changes.)

	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	23.1	3,750	10.9	3,715	10.4	2,504	8.9	116.49

Note: Revisions to the earnings forecasts most recently announced: None

The Company applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year. Year on year changes show comparisons with the figures after retrospective application of the accounting standard, etc.

*** Notes**

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

Newly included: 0 companies

Excluded: 0 companies

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of shares issued (common shares)

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

As of January 31, 2022	21,848,196 shares
As of July 31, 2021	21,848,196 shares

(ii) Number of treasury shares at end of period

As of January 31, 2022	255,850 shares
As of July 31, 2021	345,050 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended January 31, 2022	21,539,929 shares
Six months ended January 31, 2021	21,509,306 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit firm.

* 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. See 1. Qualitative Information on Quarterly Financial Results, (3) Explanation of Forward-looking Information, Including Consolidated Earnings Forecasts on page 4 of the Quarterly Financial Results (Appendix).

Change in unit for presentation of amounts

The amounts for accounts and other items on the Company's quarterly consolidated financial statements were previously stated in thousands of yen. However, since the first quarter of the current fiscal year, the amounts have been stated in millions of yen.

For ease of comparison, the units of the amounts for the previous fiscal year and the first six months of the previous fiscal year have also been changed to millions of yen.

Appendix

Index

1. Qualitative Information on Quarterly Financial Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	4
(3) Explanation of Forward-looking Information, Including Consolidated Earnings Forecasts	5
2. Quarterly Consolidated Financial Statements and Notes	6
(1) Quarterly Consolidated Balance Sheet	6
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income	7
(3) Quarterly Consolidated Statement of Cash Flows	9
(4) Notes to the Quarterly Consolidated Financial Statements.....	10
Notes on Going Concern Assumption.....	10
Notes on Significant Changes in Shareholders' Equity.....	10
Changes in Accounting Policies.....	10
Segment Information and Other Data.....	11
Significant Subsequent Events.....	11

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the first six months of the current fiscal year, amid the prolonged impact of the COVID-19 pandemic, the Japanese economy temporarily showed signs of returning to normal, including the lifting of the state of emergency, due to the vaccine rollout and the effect of various measures implemented by the Japanese government and local governments. However, with the rapid increase of case numbers in Japan due to a resurgence in new infections from the end of the year, the economic outlook remained uncertain. The i-mobile Group (the “Group”) had no significant impact on its business performance due to the new coronavirus infection (COVID-19). 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^{*1}. 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^{*1} 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^{*2}.

Moreover, in the domestic online advertising market, which is a core business domain in the Online Advertising segment, online advertising expenditure in 2021 increased by 21.4% year on year to 2,705.2 billion yen, growth remained steady with the acceleration in the digitization of society serving as a tailwind. In particular, online advertising media expenditures grew 22.8% year on year to 2,157.1 billion yen, reflecting a rebound from the previous year, when consumption was sluggish due to the impact of COVID-19 and advertising placements declined. Due to an increase in time spent at home and the Tokyo 2020 Olympic and Paralympic Games, the number of users of video streaming services has grown resulting in a marked increase in demand for video ads^{*3}. In the future, the domestic online advertising market is forecast to expand to approximately 3,300 billion yen^{*4} by fiscal 2024 due to growth in programmatic advertising, which includes social media advertising and video ads.

As an Internet marketing company in this business climate, the Group has worked to further enhance corporate value, leveraging the technology and marketing expertise from multiple angles cultivated in the core Online Advertising (Ad Network) business 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 improved recognition of the Furunavi brand and ran promotion activities to increase the number of local governments we do business with, and Furunavi-related services strengthened original plans for experience-based gifts in return such as dining and lodging gift certificates, working with local governments on. In the Online Advertising segment, we promoted the expansion of the Media Solution and App Operation businesses, which are both the focus areas. We also made Simple App Studio, Inc., which plans and operates health tech apps, a subsidiary in October 2021, and are working to grow our media-related business. Moreover, in the Ad Network business, we are striving to improve the earnings structure and ensure stable profits.

Furthermore, the Group has been further enhancing its efforts to solve social issues such as environmental and climate change problems, aiming to meet the expectations of society by engaging in management with sustainability from a medium- to long-term perspective as the starting point. We have endorsed the recommendations of the Task Force on the Climate-Related Financial Disclosures (TCFD), joined the TCFD Consortium, and launched the Hometown Tax Donation Regional Revitalization Collaboration Lab, which aims to solve local issues through a scheme that combines the corporate version of hometown tax donation and hometown tax donation. Since December 10, 2021, we have been providing support for the promotion of regional industries in a demonstration experiment

through industry-government-academia collaboration as well as support for single-parent families impoverished by the COVID-19 pandemic.

As a result of these efforts, for the first six months of the current fiscal year, the Group recorded net sales of 10,160 million yen, up 28.5% year on year, operating profit of 3,268 million yen, up 26.8% year on year, ordinary profit of 3,331 million yen, up 29.1% year on year, profit attributable to owners of parent of 2,266 million yen, up 33.4% 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: 2021 Advertising Expenditures in Japan, Dentsu Inc., February 24, 2022

*4 Source: Online Advertisement Market 2021, Yano Research Institute Ltd., October 28, 2021

Business performance by segment was as follows.

Net sales for each segment include inter-segment sales and transfers. In addition, as described in “2. Quarterly Consolidated Financial Statements and Notes, (4) Notes to Quarterly Consolidated Financial Statements, Segment Information and Other Data”, the Company revised the method for allocation of corporate expenses at the beginning of the first quarter of the current fiscal year. The following comparisons with the same period of the previous fiscal year are based on the figures for the same period of the previous fiscal year, which have been reclassified to reflect the new allocation method. The details are described in “2. Quarterly Consolidated Financial Statements and Notes, (4) Notes to Quarterly Consolidated Financial Statements, Segment Information and Other Data”.

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. In the mainstay “Furunavi” Hometown Tax Donation business, the number of members and the number of donations both increased and the amount of donations significantly exceeded the same quarter in the previous fiscal year. This was thanks to the growth of the market, which entered a period of stable growth as a result of rising Furunavi brand profile, as well as efforts to penetrate the system and expand the customer base through measures to acquire new members and remind repeaters, including an increase in the number of contracted municipalities and gifts in return, and television commercials in accordance with the seasonal factors of the market. In the Furunavi Services businesses of Travel and Restaurant PR, which are peripheral businesses, the Company also steadily increased the number of agreements with municipalities for experience-based gifts in return, including dining and lodging gift certificates. We have also started to handle other electricity-related gifts in return that can be used for payment of electricity bills when electricity derived from renewable energy is used. We also newly added d POINT (by NTT DOCOMO, Inc.) as an exchange destination for Furunavi Coin, which can be exchanged for various point-based services that can be used for cashless payment to further improve convenience for customers.

As a result, net sales in the Consumer Service segment for the first six months of the current fiscal year were 8,028 million yen, up 30.2% year on year, and segment profit was 2,485 million yen, up 23.5% 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. and Simple App Studio Inc.). In the App Operation business, which is a growth area, business

performance remained strong as revenue per user increased due to optimization of revenue opportunities despite a decline in the number of active users with the temporary quiescence of COVID-19. In the Media Solution business, we continued to grow by steadily maintaining the number of partners backed by high advertising revenue performance. In the Ad Network business, although the challenging conditions for gaining new clients continued due to the impact of COVID-19, net sales increased as we continued to receive large-scale orders, including an increase in the number of overseas orders received and orders for live-streaming applications from existing clients.

As a result, net sales in the Online Advertising segment for the first six months of the current fiscal year were 2,145 million yen, up 22.1% year on year, and segment profit was 837 million yen, up 44.2% year on year, recording a large increase in profit thanks to the contributions of businesses with high operating profit margin, such as the App Operation business.

(2) Explanation of Financial Position

1) Assets, Liabilities and Net Assets

Assets

Total assets were 23,715 million yen, an increase of 4,722 million yen from the end of the previous fiscal year. This increase was mainly due to an increase of 3,859 million yen in accounts receivable - trade.

Liabilities

Liabilities were 8,801 million yen, an increase of 4,529 million yen from the end of the previous fiscal year. This increase was mainly due to increases of 1,629 million yen in accounts payable - other, 1,379 million yen in provision for sales promotion expenses, and 642 million yen in deposits received.

Net Assets

Net assets were 14,913 million yen, an increase of 193 million yen from the end of the previous fiscal year. This increase was mainly thanks to a rise of 2,266 million yen in retained earnings due to recording of profit attributable to owners of parent although a decrease of 2,150 million yen due to dividends paid.

2) Cash flows

The balance of cash and cash equivalents (“cash”) as of the end of the first six months of the current fiscal year was 15,691 million yen, an increase of 269 million yen from the end of the previous fiscal year.

Cash flows and their components for the first six months of the current fiscal year are as follows.

Cash flows from operating activities

Cash provided by operating activities in the first six months of the current fiscal year stood at 2,489 million yen, compared with cash provided of 2,172 million yen in the previous fiscal year. This was primarily attributable to cash inflows from the posting of 3,331 million yen in profit before income taxes, a rise of 1,379 million yen in provision for sales promotion expenses, and an increase of 1,572 million yen in accounts payable - other although a decrease of 3,857 million yen due to increase in trade receivables.

Cash flows from investing activities

Cash used in investing activities in the first six months of the current fiscal year stood at 84 million yen, compared with cash used of 47 million yen in the previous fiscal year. This was primarily attributable to purchase of intangible assets of 35 million yen and purchase of shares of subsidiaries resulting in change in scope of consolidation of 33 million yen.

Cash flows from financing activities

Cash used in financing activities in the first six months of the current fiscal year stood at 2,135 million yen, compared with cash used of 944 million yen in the previous fiscal year. This was primarily attributable to dividends paid of 2,138 million yen.

(3) Explanation of Forward-looking Information, Including Consolidated Earnings Forecasts

There are no changes in the earnings forecasts for the fiscal year ending July 31, 2022 from those announced in the Consolidated Financial Results for the Fiscal Year Ended July 31, 2021 (under Japanese GAAP) released on September 8, 2021.

These earnings forecasts are provided based on factual information currently available, including the economic impact of the COVID-19 as of the date of publication of these materials, considering the direct impact on our business performance, which is currently known. In the event where changes are made to the current forecasts depending on future circumstances, we will promptly announce the details when a reasonable estimate becomes possible upon identifying the scope of the impact on our business performance.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: Millions of yen)

	As of July 31, 2021	As of January 31, 2022
Assets		
Current assets		
Cash and deposits	15,422	15,691
Accounts receivable - trade	1,626	5,486
Other	582	776
Allowance for doubtful accounts	(4)	(13)
Total current assets	17,627	21,940
Non-current assets		
Property, plant and equipment	150	141
Intangible assets		
Goodwill	215	210
Other	155	169
Total intangible assets	370	380
Investments and other assets		
Investments and other assets	904	1,264
Allowance for doubtful accounts	(60)	(11)
Total investments and other assets	844	1,252
Total non-current assets	1,365	1,774
Total assets	18,992	23,715
Liabilities		
Current liabilities		
Accounts payable - trade	1,177	1,539
Accounts payable - other	491	2,120
Income taxes payable	1,000	1,515
Deposits received	430	1,073
Provision for bonuses	74	81
Provision for sales promotion expenses	561	1,940
Provision for point card certificates	1	1
Other	470	465
Total current liabilities	4,208	8,737
Non-current liabilities		
Asset retirement obligations	63	63
Other	—	0
Total non-current liabilities	63	63
Total liabilities	4,272	8,801
Net assets		
Shareholders' equity		
Share capital	152	152
Capital surplus	1,661	1,573
Retained earnings	13,422	13,538
Treasury shares	(523)	(388)
Total shareholders' equity	14,712	14,875
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(7)	(4)
Total accumulated other comprehensive income	(7)	(4)
Share acquisition rights	15	42
Total net assets	14,720	14,913
Total liabilities and net assets	18,992	23,715

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

Quarterly Consolidated Statement of Income

(Six months ended January 31, 2022)

(Unit: Millions of yen)

	Six months ended January 31, 2021	Six months ended January 31, 2022
Net sales	7,909	10,160
Cost of sales	5	2
Gross profit	7,904	10,158
Selling, general and administrative expenses	5,327	6,889
Operating profit	2,577	3,268
Non-operating income		
Interest income	0	0
Dividend income	0	35
Foreign exchange gains	—	13
Benefits received	3	—
Other	3	17
Total non-operating income	8	65
Non-operating expenses		
Donations	—	1
Foreign exchange losses	2	—
Other	1	1
Total non-operating expenses	4	2
Ordinary profit	2,581	3,331
Extraordinary losses		
Loss on valuation of investment securities	48	—
Other	1	—
Total extraordinary losses	49	—
Profit (loss) before income taxes	2,531	3,331
Income taxes - current	1,127	1,452
Income taxes - deferred	(295)	(386)
Total income taxes	832	1,065
Net income	1,698	2,266
Profit attributable to owners of parent	1,698	2,266

Quarterly Consolidated Statement of Comprehensive Income
(Six months ended January 31, 2022)

(Unit: Millions of yen)

	Six months ended January 31, 2021	Six months ended January 31, 2022
Net income	1,698	2,266
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	2
Total other comprehensive income	(0)	2
Comprehensive income	1,698	2,268
Comprehensive income attributable to		
Owners of the parent	1,698	2,268

(3) Quarterly Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	Six months ended January 31, 2021	Six months ended January 31, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	2,531	3,331
Depreciation	40	43
Amortization of goodwill	34	37
Share-based payment expenses	—	37
Increase (decrease) in allowance for doubtful accounts	(3)	5
Increase (decrease) in provision for bonuses	5	6
Increase (decrease) in provision for sales promotion expenses	1,098	1,379
Increase (decrease) in provision for shareholder benefit program	(0)	—
Loss (gain) on valuation of investment securities	48	(13)
Interest and dividend income	(1)	(35)
Decrease (increase) in trade receivables	(3,111)	(3,857)
Increase (decrease) in trade payables	196	362
Increase (decrease) in accounts payable - other	1,029	1,572
Increase (decrease) in deposits received	122	641
Other	97	(91)
Subtotal	2,088	3,419
Interest and dividends received	1	35
Income taxes refund (paid)	82	(964)
Net cash provided by (used in) operating activities	2,172	2,489
Cash flows from investing activities		
Purchase of property, plant and equipment	(10)	(11)
Purchase of intangible assets	(18)	(35)
Purchase of investment securities	(20)	(20)
Proceeds from sale of investment securities	—	12
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(33)
Other	1	3
Net cash provided by (used in) investing activities	(47)	(84)
Cash flows from financing activities		
Purchase of treasury shares	(986)	—
Dividends paid	—	(2,138)
Other	41	3
Net cash provided by (used in) financing activities	(944)	(2,135)
Effect of exchange rate change on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	1,180	269
Cash and cash equivalents at beginning of period	12,363	15,422
Cash and cash equivalents at end of period	13,543	15,691

(4) Notes to the Quarterly Consolidated Financial Statements

Notes on Going Concern Assumption

Not applicable

Notes on Significant Changes in Shareholders' Equity

Six months of the previous fiscal year ended July 31, 2021 (from August 1, 2020 to January 31, 2021)

Based on the resolution of the meeting of the Board of Directors held on October 21, 2020, the Company acquired 650,000 treasury shares for 986 million yen.

The Company also disposed of 55,100 treasury shares for 83 million yen due to the exercise of share acquisition rights. As a result, the Company reported 594,900 treasury shares at 902 million yen as of the end of the current second quarter.

Six months of the current fiscal year ending July 31, 2022 (from August 1, 2021 to January 31, 2022)

Based on the resolution of the meeting of the Board of Directors held on September 8, 2021, the Company paid dividends from surplus of 2,150 million yen. As a result, retained earnings totaled 13,538 million yen as of the end of the current second quarter.

Changes in Accounting Policies

Application of Accounting Standards for Revenue Recognition

The Company applied the Accounting Standards for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, the "Revenue Recognition Accounting Standard"), etc. from the beginning of the first quarter of the current fiscal year. For transactions in which the Company and its consolidated subsidiaries play the role of agents, mainly in the Online Advertising segment, the Company and its consolidated subsidiaries previously recognized the total amount of the consideration received from advertisers as net sales, but have changed to a method of recognizing net sales by deducting the amount paid to the media from the consideration received from advertisers.

This change in accounting policy has been applied retrospectively in principle, and the quarterly consolidated financial statements and consolidated financial statements for the previous fiscal year have been adjusted retrospectively.

As a result, net sales, cost of sales, and selling, general and administrative expenses for the first six months of the previous fiscal year decreased by 3,198 million yen, 3,169 million yen, and 29 million yen respectively, compared with before the retrospective application, but there was no impact on operating profit, ordinary profit, or profit attributable to owners of parent. In addition, there is no impact on the balance of retained earnings at the beginning of the previous fiscal year.

In accordance with the transitional treatment set out in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Statement (ASBJ Statement No. 12, March 31, 2020), information is not provided on revenue from contracts with customers broken down by category for the first six months of the previous fiscal year.

Application of Accounting Standard for Fair Value Measurement, etc.

The Company applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, "Fair Value Measurement Accounting Standard"), etc. from the beginning of the first quarter of the current fiscal year. In accordance with the transitional treatment set out by Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019) the new accounting policy prescribed by the Fair Value Measurement Accounting Standard, etc. has been applied prospectively. There is no impact on the quarterly financial statements.

Segment Information and Other Data

Segment Information

I. Six months of the previous fiscal year ended July 31, 2021 (from August 1, 2020 to January 31, 2021)

1. Information on net sales and amounts of profit or loss by reporting segment

(Unit: Millions of yen)

	Reporting segment			Adjustments (Note 1)	Amount recorded on quarterly consolidated financial statements (Note 2)
	Consumer Service	Online Advertising	Total		
Net sales					
Net sales to external customers	6,167	1,742	7,909	—	7,909
Intersegment sales or transfers	—	14	14	(14)	—
Total	6,167	1,757	7,924	(14)	7,909
Segment profit	2,011	580	2,592	(14)	2,577

- Notes: 1. Adjustments to segment profit of (14) million yen are entirely attributable to corporate expenses not allocated to reporting segments. Corporate expenses are general and administrative expenses not attributable to reporting segments.
2. Segment profit correspond to the operating profit reported on the Quarterly Consolidated Statement of Income.

II. Six months of the current fiscal year ending July 31, 2022 (from August 1, 2021 to January 31, 2022)

1. Information on net sales, amounts of profit or loss by reporting segment and information on revenue breakdown

(Unit: Millions of yen)

	Reporting segment			Adjustments (Note 1)	Amount recorded on quarterly consolidated financial statements (Note 2)
	Consumer Service	Online Advertising	Total		
Net sales					
Goods to be transferred at a point in time	—	5	5	—	5
Goods to be transferred over a certain period	8,028	2,126	10,155	—	10,155
Net sales to external customers	8,028	2,132	10,160	—	10,160
Intersegment sales or transfers	—	12	12	(12)	—
Total	8,028	2,145	10,173	(12)	10,160
Segment profit	2,485	837	3,322	(53)	3,268

- Notes: 1. Adjustments to segment profit of (53) million yen are entirely attributable to corporate expenses not allocated to reporting segments. Corporate expenses are general and administrative expenses not attributable to reporting segments.
2. Segment profit correspond to the operating profit reported on the Quarterly Consolidated Statement of Income.

2. Matters concerning changes to reporting segments

As stated in “Changes in Accounting Policies,” the Company applied the Revenue Recognition Accounting Standard, etc. from the beginning of the first quarter of the current fiscal year and has changed its accounting method for revenue recognition. In addition, from the first quarter of the current fiscal year, in order to more appropriately evaluate the performance of each segment, the Company has reviewed the method for allocation of corporate expenses and changed the method for calculating profit or loss for each segment.

The segment information for the first six months of the previous fiscal year has been prepared based on the calculation method for profit or loss after the change.

Significant Subsequent Events

Not applicable.