

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.



June 8, 2022

Consolidated Financial Results for the Nine 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: June 9, 2022
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the nine months of the fiscal year ending July 31, 2022 (from August 1, 2021 to April 30, 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	%
Nine months ended								
April 30, 2022	11,984	25.0	3,683	22.8	3,790	25.6	2,625	30.2
April 30, 2021	9,590	55.9	2,998	49.9	3,017	51.9	2,016	32.6

Note: Comprehensive income For the nine months ended April 30, 2022: 2,629 million yen [30.4%]
 For the nine months ended April 30, 2021: 2,016 million yen [35.0%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
April 30, 2022	121.81	121.42
April 30, 2021	94.08	93.04

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 nine 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
As of	Millions of yen	Millions of yen	%
April 30, 2022	20,395	15,294	74.7
July 31, 2021	18,992	14,720	77.4

Reference: Equity
 As of April 30, 2022: 15,239 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) Number of issued shares at the end of period (including treasury shares)

As of April 30, 2022	21,848,196 shares
As of July 31, 2021	21,848,196 shares

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

As of April 30, 2022	255,850 shares
As of July 31, 2021	345,050 shares

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

Nine months ended April 30, 2022	21,557,017 shares
Nine months ended April 30, 2021	21,432,504 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 nine 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	4
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income	6
(3) Notes to the Quarterly Consolidated Financial Statements	8
Notes on Going Concern Assumption	8
Notes on Significant Changes in Shareholders' Equity	8
Changes in Accounting Policies	8
Segment Information and Other Data	9
Significant Subsequent Events	10

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the nine months ended April 30, 2022, the Japanese economy showed signs of gradual recovery from the prolonged impact of COVID-19, but the outlook for the domestic and overseas economy remained uncertain due to the re-spread of infectious diseases caused by the outbreak of mutant strains and the uncertainty over the situation in Russia and Ukraine.

The i-mobile Group (the “Group”) had no significant impact on its business performance due to the spread of COVID-19 and the situation in Russia and Ukraine. 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 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 tax and income tax, and further restrictions on business activities.

The 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}. Overall online advertising media expenditures in 2022 is forecasted to reach 115.0% of the previous year’s level, or 2,481.1 billion yen^{*4}, and further market growth is expected.

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 local-communities revitalization, 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 growth 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 HealthTech apps, a subsidiary in October 2021, and are working to expand our media-related business. Moreover, in the Ad Network business, we are striving to improve the earnings structure and ensure stable profits.

Furthermore, with the aim of meeting the expectations of society by engaging in management with sustainability from a medium- to long-term perspective, the Group has formulated its Basic Policy on Sustainability and is further enhancing its efforts to resolve social issues, including environmental and climate change issues. The Hometown Tax Donation Regional Revitalization Collaboration Lab led by the Company utilized the Hometown Tax Donation system to send approximately 32 tons of rice to a total of 6,400 single-parent households in Tokyo that were exhausted by the COVID-19 pandemic.

As a result of these efforts, for the first nine months of the current fiscal year, the Group recorded net sales of 11,984 million yen, up 25.0% year on year, operating profit of 3,683 million yen, up 22.8% year on year, ordinary profit of 3,790 million yen, up 25.6% year on year, profit attributable to owners of parent of 2,625 million yen, up

30.2% year on year.

The Company applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, the “Revenue Recognition Accounting Standard”), etc. from the beginning of the first quarter the current fiscal year. The figures for the nine months of the fiscal year ending July 31, 2022 are after the application of such accounting standards. Because the new accounting policy has been applied retrospectively to all prior periods in accordance with the principle stipulated in Paragraph 84 of the Revenue Recognition Accounting Standard, comparisons and analysis with the same period of the previous year and the previous consolidated fiscal year have been made using figures after retrospective application of the said accounting standard, etc.

- *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 of Japan, 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 the end of 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: 2021 Advertising Expenditures in Japan: Detailed Analysis of Expenditures on Internet Advertising Media, CARTA COMMUNICATIONS Inc., D2C Inc., Dentsu Inc., Dentsu Digital Inc., March 9, 2022

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, (3) Notes to the 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, (3) Notes to the 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. The mainstay “Furunavi” Hometown Tax Donation business has grown in terms of both the number of members and the number of donations, and the amount of donations received significantly exceeded that of the same period in the previous fiscal year due to the growth of the market resulting from increased recognition of the system, an increase in the number of contracted local governments and the number of returned gifts, TV commercials and web advertising on social media, other services to attract new members, and reminders for repeat customers. 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, and the number of municipalities that have signed up for our unique gifts in return that offer dining and lodging experiences is steadily increasing. In addition, we are further improving customer convenience by expanding the exchange destinations of Furunavi Coin Service, which can be exchanged for various point-based services that can be used for cashless payment.

As a result, net sales in the Consumer Service segment for the first nine months of the current fiscal year was 8,848 million yen, up 29.6% year on year, and segment profit was 2,605 million yen, up 28.0% 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. and Simple App Studio Inc.). In the App Operation and Media Solution businesses, which is a growth area, business performance remained strong as we succeeded in capturing the increasing demand from advertisers in conjunction with their fiscal year end and in acquiring major clients. The Ad Network business maintained high advertising effectiveness, which led to an increase in overseas sales and continued orders for large projects.

As a result, net sales in the Online Advertising segment for the first nine months of the current fiscal year were 3,149 million yen, up 13.5% year on year, and segment profit was 1,164 million yen, up 18.0% year on year, recording an increase in both sales and profit.

(2) Explanation of Financial Position

(Assets)

Total assets were 20,395 million yen (up 1,402 million yen from the end of the previous fiscal year). This was mainly due to an increase of 2,004 million yen in deposits paid, offsetting a decrease of 830 million yen in cash and deposits.

(Liabilities)

Total liabilities were 5,100 million yen (up 827 million yen from the end of the previous fiscal year). This was mainly due to an increase of 583 million yen in deposits received and an increase of 443 million yen in provision for sales promotion expenses.

(Net Assets)

Net assets were 15,294 million yen, (up 574 million yen from the end of the previous fiscal year). This was mainly thanks to a rise of 2,625 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.

(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 April 30, 2022
Assets		
Current assets		
Cash and deposits	15,422	14,591
Accounts receivable - trade	1,626	1,437
Deposits paid	0	2,004
Other	582	818
Allowance for doubtful accounts	(4)	(3)
Total current assets	17,627	18,848
Non-current assets		
Property, plant and equipment	150	134
Intangible assets		
Goodwill	215	191
Other	155	161
Total intangible assets	370	353
Investments and other assets		
Investments and other assets	904	1,071
Allowance for doubtful accounts	(60)	(12)
Total investments and other assets	844	1,059
Total non-current assets	1,365	1,547
Total assets	18,992	20,395
Liabilities		
Current liabilities		
Accounts payable - trade	1,177	1,097
Accounts payable - other	491	788
Income taxes payable	1,000	691
Deposits received	430	1,014
Provision for bonuses	74	18
Provision for sales promotion expenses	561	1,005
Provision for point card certificates	1	1
Other	470	417
Total current liabilities	4,208	5,036
Non-current liabilities		
Asset retirement obligations	63	63
Total non-current liabilities	63	63
Total liabilities	4,272	5,100
Net assets		
Shareholders' equity		
Share capital	152	152
Capital surplus	1,661	1,581
Retained earnings	13,422	13,897
Treasury shares	(523)	(388)
Total shareholders' equity	14,712	15,242
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(7)	(3)
Total accumulated other comprehensive income	(7)	(3)
Share acquisition rights	15	55
Total net assets	14,720	15,294
Total liabilities and net assets	18,992	20,395

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

Quarterly Consolidated Statement of Income

(Nine months ended April 30, 2022)

(Unit: Millions of yen)

	Nine months ended April 30, 2021	Nine months ended April 30, 2022
Net sales	9,590	11,984
Cost of sales	6	5
Gross profit	9,583	11,979
Selling, general and administrative expenses	6,584	8,295
Operating profit	2,998	3,683
Non-operating income		
Interest income	0	0
Dividend income	0	35
Foreign exchange gains	6	34
Benefits received	3	—
Gain on valuation of investments in capital	7	31
Other	3	10
Total non-operating income	22	112
Non-operating expenses		
Donations	—	4
Loss on valuation of investment securities	3	—
Other	1	1
Total non-operating expenses	4	5
Ordinary profit	3,017	3,790
Extraordinary losses		
Loss on valuation of investment securities	48	—
Other	1	0
Total extraordinary losses	49	0
Profit (loss) before income taxes	2,967	3,790
Income taxes - current	1,004	1,249
Income taxes - deferred	(53)	(85)
Total income taxes	951	1,164
Net income	2,016	2,625
Profit attributable to owners of parent	2,016	2,625

Quarterly Consolidated Statement of Comprehensive Income
(Nine months ended April 30, 2022)

(Unit: Millions of yen)

	Nine months ended April 30, 2021	Nine months ended April 30, 2022
Net income	2,016	2,625
Other comprehensive income		
Valuation difference on available-for-sale securities	0	3
Total other comprehensive income	0	3
Comprehensive income	2,016	2,629
Comprehensive income attributable to		
Owners of the parent	2,016	2,629

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Nine months of the previous fiscal year ended July 31, 2021 (from August 1, 2020 to April 30, 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 111,290 treasury shares for 169 million yen due to the exercise of share acquisition rights. As a result, the Company reported 538,710 treasury shares at 817 million yen as of the end of the current third quarter.

Nine months of the current fiscal year ending July 31, 2022 (from August 1, 2021 to April 30, 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 13,897 million yen as of the end of the current third quarter.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition)

The Company applied the Accounting Standard 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 nine months of the previous fiscal year decreased by 4,606 million yen, 4,567 million yen, and 39 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 Reporting (ASBJ Statement No. 12, March 31, 2020), information is not provided on revenue from contracts with customers broken down by category for the first nine 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, the "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. In addition, there is no impact on the quarterly consolidated financial statements.

(Segment Information and Other Data)

Segment Information

I. Nine months of the previous fiscal year ended July 31, 2021 (from August 1, 2020 to April 30, 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	6,829	2,760	9,590	—	9,590
Intersegment sales or transfers	—	15	15	(15)	—
Total	6,829	2,776	9,605	(15)	9,590
Segment profit	2,034	986	3,021	(22)	2,998

- Notes: 1. Adjustments to segment profit of (22) 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. Nine months of the current fiscal year ending July 31, 2022 (from August 1, 2021 to April 30, 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	—	10	10	—	10
Goods to be transferred over a certain period	8,848	3,125	11,974	—	11,974
Net sales to external customers	8,848	3,135	11,984	—	11,984
Intersegment sales or transfers	—	14	14	(14)	—
Total	8,848	3,149	11,998	(14)	11,984
Segment profit	2,605	1,164	3,769	(86)	3,683

- Notes: 1. Adjustments to segment profit of (86) 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 nine months of the previous fiscal year has been prepared based on the calculation method for profit or loss after the change.

(Significant Subsequent Events)

(Share buyback)

At a meeting of the Board of Directors held on April 26, 2022, the Company passed a resolution on matters pertaining to the share buyback in accordance with the provisions of the Articles of Incorporation pursuant to Article 459, Paragraph 1, Item 1 of the Companies Act, and on the cancellation of treasury shares in accordance with Article 178 of the Companies Act. The share buyback was then conducted as follows.

1. Reason for the share buyback and cancellation

The Company has decided to conduct the share buyback and cancel its treasury shares in order to increase shareholder value by improving capital efficiency and enhancing shareholder returns, taking into consideration the recent overall level of the Company's stock price.

In order to mitigate the impact of the increase in the shareholding ratio due to the share buyback on the Company's major shareholders, Representative Director, Chairman Toshihiko Tanaka (number of shares held as of March 31, 2022: 2,433,400 shares; shareholding ratio against the Company's total number of shares issued and outstanding, excluding treasury shares, as of the same date: 11.27%) and Representative Director, CEO Tetsuya Noguchi (number of shares held as of March 31, 2022: 2,320,100 shares; shareholding ratio against the Company's total number of shares issued and outstanding, excluding treasury shares, as of the same date: 10.75%), the Company plans to conduct the share buyback from them through off-auction own share repurchase trading system (ToSTNeT-3).

2. Details of the purchase

(1) Type of shares to be purchased	The Company's common stock
(2) Total number of shares to be purchased	1,500,000 shares (maximum) (6.95% of the total number of shares issued and outstanding (excluding treasury shares))
(3) Total purchase cost of shares	2,000 million yen (maximum)
(4) Purchase period	May 9, 2022 to July 25, 2022
(5) Purchase method	Purchase on the market and off-auction own share repurchase trading system on the Tokyo Stock Exchange (ToSTNeT-3)

3. Status of the purchase

(1) Type of shares purchased	The Company's common stock
(2) Total number of shares purchased	237,800 shares
(3) Total purchase cost of shares	324 million yen
(4) Purchase period	May 9, 2022 to May 31, 2022
(5) Purchase method	Purchase on the market at the Tokyo Stock Exchange

The above acquisition is as of May 31, 2022, and treasury shares acquired from June 1, 2022 to today is not included in the number and purchase cost of shares.

4. Details of matters pertaining to cancellation

(1) Type of shares to be cancelled	The Company's common stock
(2) Total number of shares to be cancelled	All treasury shares to be purchased in accordance with 2. above
(3) Scheduled date of cancellation	Undetermined