



September 7, 2022

## Consolidated Financial Results for the Fiscal Year Ended July 31, 2022 (Under Japanese GAAP)

Company name: i-mobile Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 6535  
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Scheduled date of annual general meeting of shareholders: October 27, 2022  
 Scheduled date to commence dividend payments: October 11, 2022  
 Scheduled date to file annual securities report: October 28, 2022  
 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, 2022 (from August 1, 2021 to July 31, 2022)

#### (1) Consolidated operating results

(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	%
Fiscal year ended July 31, 2022	13,933	20.2	3,793	12.2	3,839	14.0	2,678	16.5
July 31, 2021	11,592	54.9	3,382	50.6	3,366	49.8	2,299	33.1

Note: Comprehensive income For the fiscal year ended July 31, 2022: 2,720 million yen [18.2%]  
 For the fiscal year ended July 31, 2021: 2,300 million yen [35.3%]

	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
Fiscal year ended July 31, 2022	Yen 125.04	Yen 124.60	% 19.1	% 20.6	% 27.2
July 31, 2021	107.39	106.30	16.5	19.6	29.2

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended July 31, 2022: —

For the fiscal year ended July 31, 2021: —

Note: The Company applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended July 31, 2022. Figures for 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	Net assets per share
As of July 31, 2022	Millions of yen 18,193	Millions of yen 13,406	% 73.3	Yen 662.71
July 31, 2021	18,992	14,720	77.4	683.85

Reference: Equity

As of July 31, 2022: 13,338 million yen

As of July 31, 2021: 14,704 million yen

#### (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 the period
Fiscal year ended July 31, 2022	Millions of yen 3,225	Millions of yen (234)	Millions of yen (4,144)	Millions of yen 14,268
July 31, 2021	3,959	(83)	(817)	15,422

## 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, 2021	—	0.00	—	100.00	100.00	2,150	93.1	15.5
Fiscal year ended July 31, 2022	—	0.00	—	38.00	38.00	764	30.4	5.6
Fiscal year ending July 31, 2023 (Forecast)	—	0.00	—	40.00	40.00		29.8	

## 3. Consolidated earnings forecast for the fiscal year ending July 31, 2023 (from August 1, 2022 to July 31, 2023)

(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, 2023	16,000	14.8	3,850	1.5	3,890	1.3	2,705	1.0	134.42

**\*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) 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

(3) Number of shares issued (common shares)

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

As of July 31, 2022	20,382,396 shares
As of July 31, 2021	21,848,196 shares

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

As of July 31, 2022	255,150 shares
As of July 31, 2021	345,050 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended July 31, 2022	21,422,893 shares
Fiscal year ended July 31, 2021	21,417,869 shares

**Reference: Overview of non-consolidated financial results****1. Non-consolidated financial results for the fiscal year ended July 31, 2022 (from August 1, 2021 to July 31, 2022)****(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended July 31, 2022	12,459	23.0	3,198	17.4	3,213	14.8	2,295	21.8
July 31, 2021	10,125	56.1	2,724	30.0	2,798	32.9	1,884	22.5
	Basic earnings per share		Diluted earnings per share					
Fiscal year ended	Yen		Yen					
July 31, 2022	107.15		106.77					
July 31, 2021	88.00		87.11					

Note: The Company applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended July 31, 2022. Figures for the fiscal year ended July 31, 2021 are the figures after retrospective application of the accounting standard, etc.

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

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
July 31, 2022	16,930	12,380	72.7	611.71
July 31, 2021	18,052	14,076	77.9	653.94

Reference: Equity

As of July 31, 2022: 12,312 million yen

As of July 31, 2021: 14,061 million yen

\* Financial results reports are exempt from an audit 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 various factors.

The Company is to hold a financial results briefing session for institutional investors and analysts on Thursday, September 8, 2022.

(Change in unit for presentation of amounts)

The amounts for accounts and other items on the Company's consolidated financial statements were previously stated in thousands of yen. However, since the fiscal year ended July 31, 2022, the amounts have been stated in millions of yen.

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

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## 1. Overview of Operating Results

### (1) Overview of Operating Results for the Fiscal Year Ended July 31, 2022

During the fiscal year ended July 31, 2022, Japanese economy showed signs of a moderate recovery amid the move toward normalization of economic activities, such as the easing of pandemic restrictions, in line with the entrenchment of measures against COVID-19, but the outlook remains uncertain, partly due to the rapid resurgence of infections.

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 — Consumer Service and Online Advertising — 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 2021 increased by approximately 1.2 times year on year to 830.2 billion yen while the number of hometown tax donations also continuously increased by approximately 1.3 times to 44.47 million. 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 to 7.408 million people\*<sup>1</sup>, as it becomes more widely accepted as a system in line with its initial purpose of realizing regional revitalization.

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, resulting in a marked increase in demand for video ads\*<sup>2</sup>. 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\*<sup>3</sup>, 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 the Hometown Tax Donation business which has functions for solving social issues, such as the local-community revitalization, we improved recognition of the Furunavi brand and ran promotion activities to increase the number of local governments we do business with, and 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 worked to secure stable profits by improving the earnings structure of the Ad Network business and promoted the growth of the Media Solution and App Operation businesses, which are both the focus areas. We also strived to expand our media-related business, including making Simple App Studio Inc. in the HealthTech field a subsidiary in October 2021.

Furthermore, in order to meet the expectations of society by engaging in sustainability management from a medium- to long-term perspective, the Group established an advisory committee of Independent Outside Directors in the fiscal year ended July 31, 2022 to deepen discussions and strengthen governance-related initiatives. In addition, the Company formulated a Basic Policy on Sustainability, and we are further enhancing and disclosing our efforts to resolve social issues, including environmental and climate change issues, in a timely manner. In December 2021, we established the Hometown Tax Donation Regional Revitalization Collaboration Lab and worked to resolve social issues using the Hometown Tax Donation system through industry-government-academia collaboration, including sending 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 fiscal year ended July 31, 2022, the Group recorded net sales of 13,933 million yen, up 20.2% year on year, operating profit of 3,793 million yen, up 12.2% year on year, ordinary profit of 3,839 million yen, up 14.0% year on year, and profit attributable to owners of parent of 2,678 million yen, up 16.5% 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 fiscal year ended July 31, 2022. The figures for the current fiscal year 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 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 29, 2022

In addition, 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 period of residence tax.

\*2 Source: 2021 Advertising Expenditures in Japan, Dentsu Inc., February 24, 2022

\*3 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 “3. Consolidated Financial Statements and Notes, (5) Notes to the Consolidated Financial Statements, Segment Information and Other Data”, the Company revised the method for allocation of corporate expenses at the beginning of the fiscal year ended July 31, 2022. 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 “3. Consolidated Financial Statements and Notes, (5) Notes to the 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 continues to grow sustainably and consistently as both the number of members and the number of donations have risen due to the growth of the market resulting from increased recognition of the system, stay-at-home demand, an increase in the number of contracted local governments and the number of returned gifts, airing of TV commercials and web advertising on social media, and other services to attract new members and to strengthen reminders for repeat customers. Additionally, the number of municipalities that have signed up for our unique experience-based gifts in return that offer dining and lodging experiences is steadily increasing, and in December 2021 we 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. 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 fiscal year ended July 31, 2022 was 9,916 million yen, up 28.6% year on year, and segment profit was 2,495 million yen, up 26.4% 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 Media Solutions business, which is a growth area, we posted strong results as the number of partners reached a record high, despite the impacts from changes in Google platform specifications, etc. In the App Operation business, there has been a slowdown in growth due to decreased opportunities for contact with apps since the lifting of COVID-19 restrictions such as the state of emergency, but we are aiming to re-accelerate growth through the acquisition of repeat customers by launching new titles.

As a result, net sales in the Online Advertising Segment for the fiscal year ended July 31, 2022 was 4,065 million yen, up 3.3% year on year, and segment profit was 1,415 million yen, down 2.4% year on year.

## (2) Overview of Financial Position for the Fiscal Year Ended July 31, 2022

Total assets for the fiscal year ended July 31, 2022 were 18,193 million yen (down 798 million yen from the end of the previous

fiscal year). This was mainly due to an increase of 295 million yen in other under current assets, offsetting a decrease of 1,153 million yen in cash and deposits.

Total liabilities were 4,787 million yen (up 514 million yen from the end of the previous fiscal year). This was mainly due to an increase of 565 million yen in deposits received.

Total net assets were 13,406 million yen (down 1,313 million yen from the end of the previous fiscal year). This was mainly thanks to a rise of 2,678 million yen due to the recording of profit attributable to owners of parent; although there was decrease of 2,150 million yen due to dividends paid and decrease of 1,999 million yen from the purchase of treasury shares.

### **(3) Overview of Cash Flows for the Fiscal Year Ended July 31, 2022**

The balance of cash and cash equivalents (hereinafter referred to as “funds”) for the fiscal year ended July 31, 2022 totaled 14,268 million yen, a decrease of 1,153 million yen from the end of the previous fiscal year.

Each cash flow status and their factors during the fiscal year ended July 31, 2022 were as follows.

(Cash flows from operating activities)

In the fiscal year ended July 31, 2022, funds acquired as a result of operating activities amounted to 3,225 million yen compared to 3,959 million yen in the previous fiscal year. This was mainly due to recording profit before income taxes of 3,842 million yen.

(Cash flows from investing activities)

Funds used in investing activities in the fiscal year ended July 31, 2022 totaled 234 million yen compared to 83 million yen in the previous fiscal year. This was mainly attributed to expenditures of 60 million yen for the acquisition of intangible assets and expenditures of 108 million yen from the acquisition of investment securities.

(Cash flows from financing activities)

Funds used in financing activities in the fiscal year ended July 31, 2022 totaled 4,144 million yen compared to expenditures of 817 million yen in the previous fiscal year. This was mainly due to expenditures of 1,999 million yen from the purchase of treasury shares and 2,148 million yen in dividends paid.

### **(4) Future Outlook**

As for performance in the fiscal year ending July 31, 2023, the Group forecasts net sales of 16,000 million yen, up 14.8% year on year, operating profit of 3,850 million yen, up 1.5%, ordinary profit of 3,890 million yen, up 1.3%, and profit attributable to owners of parent of 2,705 million yen, up 1.0%. For details, please refer to the business results briefing materials for the fiscal year ended July 31, 2022 which are disclosed at the same time as these financial results.

### **(5) Basic Policy on Distribution of Profit and Dividends for the Fiscal Years Ended July 31, 2022 and Ending July 31, 2023**

The Company’s basic policy is to return profits to shareholders through total shareholder return after securing resources to maintain its business base and achieve sustainable growth, taking into account performance trends, financial condition, internal reserves, and other factors on a comprehensive basis. Specifically, we will flexibly conduct the purchase of treasury shares aiming for better total shareholder returns while providing stable and sustainable dividend payments with a target payout ratio of 30% and DOE at 5%.

The Company pays dividends of surplus once a year as a year-end dividend. However, in accordance with Article 459, Paragraph 1 of the Companies Act, the Company has a provision in its Articles of Incorporation that dividends from surplus shall be determined by a resolution of the Board of Directors, with July 31 as the record date of the year-end dividend and January 31 as the record date of the interim dividend. The Board of Directors is the decision-making body for matters concerning dividends.

For the current fiscal year, the Company resolved to distribute dividends of surplus of 38 yen per share, with the record date dated July 31, 2022, at the meeting of the Board of Directors held on September 7, 2022. As a result, the annual dividend for the current fiscal year is 38 yen per share.

In addition, the Company will consider the purchase of treasury shares in a suitable and appropriate manner, taking into account the financial condition of the Company.

The dividend for the fiscal year ending July 31, 2023 is expected to be 40 yen per share.

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

The Group applies Japanese GAAP to ensure comparability with other companies in the same industry in Japan.



### 3. Consolidated Financial Statements and Notes

#### (1) Consolidated Balance Sheet

(Unit: Millions of yen)

	As of July 31, 2021	As of July 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	15,422	14,268
Accounts receivable – trade	1,626	1,542
Other	582	877
Allowance for doubtful accounts	(4)	(5)
<b>Total current assets</b>	<b>17,627</b>	<b>16,684</b>
Non-current assets		
Property, plant and equipment		
Buildings, net	106	90
Tools, furniture and fixtures, net	33	55
Other, net	10	20
<b>Total property, plant and equipment</b>	<b>150</b>	<b>166</b>
Intangible assets		
Software	84	103
Goodwill	215	172
Other	70	62
<b>Total intangible assets</b>	<b>370</b>	<b>338</b>
Investments and other assets		
Investment securities	383	528
Deferred tax assets	314	336
Other	205	152
Allowance for doubtful accounts	(60)	(12)
<b>Total investments and other assets</b>	<b>844</b>	<b>1,004</b>
<b>Total non-current assets</b>	<b>1,365</b>	<b>1,509</b>
<b>Total assets</b>	<b>18,992</b>	<b>18,193</b>

(Unit: Millions of yen)

	As of July 31, 2021	As of July 31, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	1,177	1,017
Accounts payable – other	491	867
Income taxes payable	1,000	642
Deposits received	430	996
Provision for bonuses	74	74
Provision for sales promotion expenses	561	764
Provision for point card certificates	1	3
Other	470	357
Total current liabilities	4,208	4,723
Non-current liabilities		
Asset retirement obligations	63	63
Total non-current liabilities	63	63
Total liabilities	4,272	4,787
Net assets		
Shareholders' equity		
Share capital	152	152
Capital surplus	1,661	73
Retained earnings	13,422	13,432
Treasury shares	(523)	(354)
Total shareholders' equity	14,712	13,303
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(7)	34
Total accumulated other comprehensive income	(7)	34
Share acquisition rights	15	67
Total net assets	14,720	13,406
Total liabilities and net assets	18,992	18,193

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

Consolidated Statement of Income

(Unit: Millions of yen)

	Year ended July 31, 2021	Year ended July 31, 2022
Net sales	11,592	13,933
Cost of sales	7	14
Gross profit	11,584	13,918
Selling, general and administrative expenses	8,202	10,125
Operating profit	3,382	3,793
Non-operating income		
Interest income	0	0
Dividend income	1	49
Foreign exchange gains	8	42
Benefits received	3	—
Gain on valuation of investments in capital	7	—
Other	5	5
Total non-operating income	26	98
Non-operating expenses		
Loss on valuation of investment securities	3	10
Donations	26	39
Stock offering expenses	12	—
Other	1	3
Total non-operating expenses	42	52
Ordinary profit	3,366	3,839
Extraordinary income		
Gain on sale of investment securities	—	3
Total extraordinary income	—	3
Extraordinary losses		
Loss on valuation of investment securities	48	—
Other	0	—
Total extraordinary losses	48	—
Profit (loss) before income taxes	3,317	3,842
Income taxes – current	1,188	1,203
Income taxes – deferred	(170)	(40)
Total income taxes	1,017	1,163
Profit	2,299	2,678
Profit attributable to owners of parent	2,299	2,678

## Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	Year ended July 31, 2021	Year ended July 31, 2022
Profit	2,299	2,678
Other comprehensive income		
Valuation difference on available-for-sale securities	0	41
Total other comprehensive income	0	41
Comprehensive income	2,300	2,720
Comprehensive income attributable to		
Owners of the parent	2,300	2,720

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

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

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	140	1,967	11,122	—	13,230
Changes during period					
Issuance of new shares	11	11			22
Profit attributable to owners of parent			2,299		2,299
Purchase of treasury shares				(986)	(986)
Disposal of treasury shares		(317)		462	145
Increase in retained earnings due to change in scope of consolidation			0		0
Net changes in items other than shareholders' equity					
Total changes during period	11	(306)	2,299	(523)	1,481
Balance at end of period	152	1,661	13,422	(523)	14,712

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	(7)	(7)	—	13,222
Changes during period				
Issuance of new shares				22
Profit attributable to owners of parent				2,299
Purchase of treasury shares				(986)
Disposal of treasury shares				145
Increase in retained earnings due to change in scope of consolidation				0
Net changes in items other than shareholders' equity	0	0	15	15
Total changes during period	0	0	15	1,497
Balance at end of period	(7)	(7)	15	14,720

Year ended July 31, 2022 (August 1, 2021 to July 31, 2022)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	152	1,661	13,422	(523)	14,712
Changes during period					
Dividends of surplus			(2,150)		(2,150)
Profit attributable to owners of parent			2,678		2,678
Purchase of treasury shares				(1,999)	(1,999)
Disposal of treasury shares		(3)		7	3
Cancellation of treasury shares		(2,033)		2,033	—
Restricted share-based compensation		(69)		128	59
Transfer from retained earnings to capital surplus		518	(518)		—
Net changes in items other than shareholders' equity					
Total changes during period	—	(1,587)	9	169	(1,408)
Balance at end of period	152	73	13,432	(354)	13,303

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	(7)	(7)	15	14,720
Changes during period				
Dividends of surplus				(2,150)
Profit attributable to owners of parent				2,678
Purchase of treasury shares				(1,999)
Disposal of treasury shares				3
Cancellation of treasury shares				—
Restricted share-based compensation				59
Transfer from retained earnings to capital surplus				—
Net changes in items other than shareholders' equity	41	41	52	94
Total changes during period	41	41	52	(1,313)
Balance at end of period	34	34	67	13,406

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

(Unit: Millions of yen)

	Year ended July 31, 2021	Year ended July 31, 2022
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	3,317	3,842
Depreciation	87	95
Amortization of goodwill	69	75
Share-based payment expenses	13	84
Increase (decrease) in allowance for doubtful accounts	(10)	2
Increase (decrease) in provision for bonuses	12	(0)
Increase (decrease) in provision for sales promotion expenses	391	203
Increase (decrease) in provision for point card certificates	0	1
Loss (gain) on valuation of investment securities	44	10
Loss (gain) on sale of investment securities	—	(3)
Interest and dividend income	(1)	(50)
Decrease (increase) in trade receivables	(388)	75
Increase (decrease) in trade payables	150	(160)
Increase (decrease) in deposits received	185	563
Other	199	(9)
Subtotal	4,073	4,730
Interest and dividends received	1	50
Income taxes refund (paid)	(115)	(1,555)
Net cash provided by (used in) operating activities	3,959	3,225
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(15)	(58)
Purchase of intangible assets	(49)	(60)
Purchase of investment securities	(20)	(108)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(33)
Other	2	27
Net cash provided by (used in) investing activities	(83)	(234)
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(986)	(1,999)
Exercise of share acquisition rights	168	3
Dividends paid	—	(2,148)
Other	1	—
Net cash provided by (used in) financing activities	(817)	(4,144)
Effect of exchange rate change on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	3,058	(1,153)
Cash and cash equivalents at the beginning of the year	12,363	15,422
Cash and cash equivalents at the end of the year	15,422	14,268

## (5) Notes to the Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(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 fiscal year ended July 31, 2022. 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 consolidated financial statements for the previous fiscal year have been adjusted.

As a result, net sales, cost of sales, and selling, general and administrative expenses for the previous fiscal year decreased by 6,241 million yen, 6,188 million yen, and 52 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 forth in Paragraph 89-3 of the Revenue Recognition Accounting Standard, the Company does not include any notes on “revenue recognition relationships” for 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 fiscal year ended July 31, 2022. 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 consolidated financial statements.

(Segment Information and Other Data)

Segment Information

### 1. Reportable segments

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

The Company’s reportable 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 reportable segments for the purpose of further clarifying the main business areas.

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

The accounting treatment methods for the reported business segments are in accordance with the accounting policies employed for the preparation of consolidated financial statements.

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



### 3. Information on net sales, amounts of profit or loss, and other items by reportable segment

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

(Unit: Millions of yen)

	Reportable segment			Adjustments (Note 1)	Amount recorded on consolidated financial statements (Note 2)
	Consumer Service	Online Advertising	Total		
Net sales					
Net sales to external customers	7,708	3,883	11,592	—	11,592
Intersegment sales or transfers	—	52	52	(52)	—
Total	7,708	3,935	11,644	(52)	11,592
Segment profit	1,974	1,451	3,425	(43)	3,382

Notes: 1. Adjustments to segment profit of (43) million yen are entirely attributable to corporate expenses not allocated to reportable segments.

Corporate expenses are general and administrative expenses not attributable to reportable segments.

2. Segment profit corresponds to the operating profit reported on the Consolidated Statement of Income.

Year ended July 31, 2022 (August 1, 2021 to July 31, 2022)

(Unit: Millions of yen)

	Reportable segment			Adjustments (Note 1)	Amount recorded on consolidated financial statements (Note 2)
	Consumer Service	Online Advertising	Total		
Net sales					
Goods to be transferred at a point in time	—	20	20	—	20
Goods to be transferred over a certain period	9,916	3,995	13,912	—	13,912
Net sales to external customers	9,916	4,016	13,933	—	13,933
Intersegment sales or transfers	—	49	49	(49)	—
Total	9,916	4,065	13,982	(49)	13,933
Segment profit	2,495	1,415	3,911	(117)	3,793

Notes: 1. Adjustments to segment profit of (117) million yen are entirely attributable to corporate expenses not allocated to reportable segments.

Corporate expenses are general and administrative expenses not attributable to reportable segments.

2. Segment profit corresponds to the operating profit reported on the Consolidated Statement of Income.

### 4. Matters concerning changes to reportable segments

As stated in “Changes in Accounting Policies,” the Company applied the Revenue Recognition Accounting Standard, etc. from the beginning of the fiscal year ended July 31, 2022 and has changed its accounting method for revenue recognition. In addition, the Company has reviewed the method for allocation of corporate expenses and changed the method for calculating profit or loss for each segment from the fiscal year ended July 31, 2022, in order to more appropriately evaluate the performance of each segment.

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

## (Per Share Information)

	Year ended July 31, 2021 (August 1, 2020 to July 31, 2021)	Year ended July 31, 2022 (August 1, 2021 to July 31, 2022)
Book value per share (yen)	683.85	662.71
Basic earnings per share (yen)	107.39	125.04
Diluted earnings per share (yen)	106.30	124.60

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

Item	Year ended July 31, 2021 (August 1, 2020 to July 31, 2021)	Year ended July 31, 2022 (August 1, 2021 to July 31, 2022)
Basic earnings per share		
Profit attributable to owners of parent (thousands of yen)	2,299	2,678
Amounts not allocated to common shareholders (thousands of yen)	—	—
Profit attributable to owners of parent related to common shares (thousands of yen)	2,299	2,678
Average number of common shares outstanding during the year	21,417,869	21,422,893
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (thousands of yen)	—	—
Increase in number of common shares	219,334	76,156
[Of which, share acquisition rights (shares)]	(219,334)	(76,156)
Outline of stock not included in the calculation of diluted earnings per share due to lack of dilutive effect	—	Forth series of share acquisition rights Number of share acquisition rights: 1,300 units (Common stock 130,000 shares)

## (Significant Subsequent Events)

Not applicable.