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December 8, 2022

## Consolidated Financial Results for the Three Months of the Fiscal Year Ending July 31, 2023 (Under Japanese GAAP)

Company name: i-mobile Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 6535  
 URL: <https://www.i-mobile.co.jp/>  
 Representative: Tetsuya Noguchi, Representative Director, CEO  
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 Scheduled date to file quarterly securities report: December 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 three months ended October 31, 2022 (from August 1, 2022 to October 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	%
Three months ended October 31, 2022	2,413	(4.8)	556	(36.1)	589	(36.7)	394	(37.1)
October 31, 2021	2,533	54.7	870	50.2	931	61.1	626	60.1

Note: Comprehensive income For the three months ended October 31, 2022: 363 million yen [(42.2)%]  
 For the three months ended October 31, 2021: 629 million yen [60.9%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
October 31, 2022	19.58	19.51
October 31, 2021	29.15	29.04

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
October 31, 2022	17,386	13,024	74.5
July 31, 2022	18,193	13,406	73.3

Reference: Equity As of October 31, 2022: 12,944 million yen  
 As of July 31, 2022: 13,338 million yen

### 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended July 31, 2022	Yen	Yen	Yen	Yen	Yen
	—	0.00	—	38.00	38.00
Fiscal year ending July 31, 2023	—				
Fiscal year ending July 31, 2023 (Forecast)		0.00	—	40.00	40.00

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

### 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

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

**\* Notes**

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

Newly included: 0 companies

Excluded: 0 companies

(2) 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 : None

(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 the period (including treasury shares)

As of October 31, 2022	20,382,396 shares
As of July 31, 2022	20,382,396 shares

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

As of October 31, 2022	255,150 shares
As of July 31, 2022	255,150 shares

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

Three months ended October 31, 2022	20,127,246 shares
Three months ended October 31, 2021	21,504,290 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 various factors. See 1. Qualitative Information on Quarterly Financial Results, (3) Explanation of Forward-looking Information, Including Consolidated Earnings Forecasts on page 3 of the Quarterly Financial Results (Appendix).

## Appendix

### Index

1. Qualitative Information on Quarterly Financial Results.....	2
(1) Explanation of Operating Results .....	2
(2) Explanation of Financial Position .....	3
(3) Explanation of Forward-looking Information, Including Consolidated Earnings Forecasts .....	3
2. Quarterly Consolidated Financial Statements and Notes .....	4
(1) Quarterly Consolidated Balance Sheet.....	4
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income ...	5
(3) Notes to Quarterly Consolidated Financial Statements .....	7
Notes on Going Concern Assumption .....	7
Notes on Significant Changes in Shareholders' Equity .....	7
Segment Information and Other Data .....	7
Significant Subsequent Events .....	8

## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

During the first three months of the current fiscal year, the Japanese economy showed signs of recovery as the impact of the COVID-19 gradually eased, the pandemic restrictions were lifted, and economic activities normalized. At the same time, however, geopolitical risks such as Russia's invasion of Ukraine, soaring raw material prices, and the rapid yen-depreciation continue to require close attention.

The i-mobile Group (the “Group”) is composed of two business segments —Consumer Service and Online Advertising— operating under the Group 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 year on year 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 by approximately 1.3 times year on year to 7.408 million people\*1, 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, and growth remained steady with the acceleration in the digitization of society serving as a tailwind\*2. Nevertheless, it is undermining the vitality of growth, as demand for advertising is tend to declining due to factors such as changes in people's behavior and an uncertain social environment.

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 have enhanced 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 resumed face-to-face sales activities in the Ad Network business, including to overseas customers, following the easing of action regulations. Plus, in September 2022, the Affiliate business began offering “Action”, a marketing platform that connects companies and influencers.

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.

As a result of these efforts, for the first three months of the current fiscal year, the Group recorded net sales of 2,413 million yen, down 4.8% year on year, operating profit of 556 million yen, down 36.1% year on year, ordinary profit of 589 million yen, down 36.7% year on year, and profit attributable to owners of the parent of 394 million yen, down 37.1% year on year.

\*1 Source: Results of Survey on Current Status of Hometown Tax Donations, Municipal Tax Planning Division, Local Tax Bureau, Ministry of Internal Affairs and Communications 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

Business performance by segment was as follows.

Net sales for each segment include inter-segment sales and transfers.

The details are described in “2. Quarterly Consolidated Financial Statements and Notes, (3) 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 received both significantly exceeded the same quarter in the previous fiscal year, recording growth in sales year on year. This was thanks to the success of measures to attract new members, the unique gifts in return in the Furunavi Travel business and Restaurant PR business, and initiatives to improve user convenience while stable market growth continues driven by the rising awareness of the hometown tax donation system and the tendency to establish as a social behavior.

As a result, net sales in the Consumer Service segment for the first three months of the current fiscal year were 1,579 million yen, up 8.3% year on year, and segment profit was 410 million yen, down 7.7% year on year.

(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.). The Ad Platform business experienced a severe result due to a drop in special demand from the previous year's large projects, as well as a worsening of the advertising market sentiment caused by the social environment changes, despite the marketing platform “Action” steadily increasing the number of registered influencers. Both net sales and profit also declined in the App Operation business, which saw a delay in the release of new titles.

As a result, net sales in the Online Advertising segment for the first three months of the current fiscal year were 834 million yen, down 22.5% year on year, and segment profit was 177 million yen, down 60.4% year on year.

## **(2) Explanation of Financial Position**

Assets

Total assets were 17,386 million yen, a decrease of 807 million yen from the end of the previous fiscal year. This decrease was mainly due to a decline of 611 million yen in cash and deposits.

Liabilities

Liabilities were 4,362 million yen, a decrease of 425 million yen from the end of the previous fiscal year. This decrease was mainly due to a decline of 539 million yen in income taxes payable.

Net Assets

Net assets were 13,024 million yen, a decrease of 382 million yen from the end of the previous fiscal year. This decrease was mainly attributed to a decline of 764 million yen in retained earnings due to dividends paid, despite a profit attributable to owners of parent of 394 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, 2023 from those announced in the Consolidated Financial Results for the Fiscal Year Ended July 31, 2022 (under Japanese GAAP) released on September 7, 2022.

These earnings forecasts are provided based on factual information currently available, including the economic impact of the COVID-19 infection as of the date of publication of these materials, considering the direct impact on our business performance, which is currently known. If the current forecasts are revised according to 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, 2022	As of October 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	14,268	13,657
Accounts receivable – trade	1,542	1,721
Other	877	463
Allowance for doubtful accounts	(5)	(0)
Total current assets	16,684	15,841
Non-current assets		
Property, plant and equipment	166	312
Intangible assets		
Goodwill	172	153
Other	166	165
Total intangible assets	338	318
Investments and other assets		
Investments and other assets	1,017	921
Allowance for doubtful accounts	(12)	(7)
Total investments and other assets	1,004	913
Total non-current assets	1,509	1,544
Total assets	18,193	17,386
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	1,017	944
Accounts payable – other	867	989
Income taxes payable	642	103
Deposits received	996	1,367
Provision for bonuses	74	19
Provision for sales promotion expenses	764	635
Provision for point card certificates	3	2
Other	357	239
Total current liabilities	4,723	4,302
Non-current liabilities		
Asset retirement obligations	63	59
Total non-current liabilities	63	59
Total liabilities	4,787	4,362
<b>Net assets</b>		
Shareholders' equity		
Share capital	152	152
Capital surplus	73	81
Retained earnings	13,432	13,061
Treasury shares	(354)	(354)
Total shareholders' equity	13,303	12,940
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34	4
Total accumulated other comprehensive income	34	4
Share acquisition rights	67	79
Total net assets	13,406	13,024
Total liabilities and net assets	18,193	17,386

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

### Quarterly Consolidated Statement of Income

(Three months ended October 31, 2022)

(Unit: Millions of yen)

	Three months ended October 31, 2021	Three months ended October 31, 2022
Net sales	2,533	2,413
Cost of sales	1	14
Gross profit	2,532	2,398
Selling, general and administrative expenses	1,661	1,842
Operating profit	870	556
Non-operating income		
Interest income	0	0
Dividend income	35	4
Foreign exchange gains	9	24
Gain on valuation of investment securities	14	4
Other	3	0
Total non-operating income	63	32
Non-operating expenses		
Donations	1	—
Other	1	—
Total non-operating expenses	2	—
Ordinary profit	931	589
Profit (loss) before income taxes	931	589
Income taxes – current	152	103
Income taxes – deferred	152	91
Total income taxes	305	195
Profit	626	394
Profit attributable to owners of parent	626	394

Quarterly Consolidated Statement of Comprehensive Income

(Three months ended October 31, 2022)

(Unit: Millions of yen)

	Three months ended October 31, 2021	Three months ended October 31, 2022
Profit	626	394
Other comprehensive income		
Valuation difference on available-for-sale securities	2	(30)
Total other comprehensive income	2	(30)
Comprehensive income	629	363
Comprehensive income attributable to		
Owners of parent	629	363



### (3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Three months of the previous fiscal year ended July 31, 2022 (from August 1, 2021 to October 31, 2021)

Based on the resolution of the meeting of the Board of Directors held on September 8, 2021, the Company paid dividends of surplus of 2,150 million yen. As a result, retained earnings amounted to 11,898 million yen at the end of the first three months of the current fiscal year.

Three months of the current fiscal year ending July 31, 2023 (from August 1, 2022 to October 31, 2022)

Based on the resolution of the meeting of the Board of Directors held on September 7, 2022, the Company paid dividends of surplus of 764 million yen. As a result, retained earnings amounted to 13,061 million yen at the end of the first three months of the current fiscal year.

(Segment Information and Other Data)

#### Segment Information

I. Three months of the previous fiscal year ended July 31, 2022 (from August 1, 2021 to October 31, 2021)

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

(Unit: Millions of yen)

	Reportable 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	—	1	1	—	1
Goods to be transferred over a certain period	1,458	1,073	2,531	—	2,531
Net sales to external customers	1,458	1,075	2,533	—	2,533
Intersegment sales or transfers	—	1	1	(1)	—
Total	1,458	1,076	2,535	(1)	2,533
Segment profit	444	447	892	(21)	870

Notes: 1. Adjustments to segment profit of (21) 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 correspond to the operating profit reported on the Quarterly Consolidated Statement of Income.

II. Three months of the current fiscal year ending July 31, 2023 (from August 1, 2022 to October 31, 2022)

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

(Unit: Millions of yen)

	Reportable 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	8	4	12	—	12
Goods to be transferred over a certain period	1,570	829	2,400	—	2,400
Net sales to external customers	1,579	833	2,413	—	2,413
Intersegment sales or transfers	—	0	0	(0)	—
Total	1,579	834	2,413	(0)	2,413
Segment profit	410	177	587	(30)	556

Notes: 1. Adjustments to segment profit of (30) 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 correspond to the operating profit reported on the Quarterly Consolidated Statement of Income.

(Significant Subsequent Events)

Not applicable.