

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, 2023

Consolidated Financial Results for the Nine 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
 Inquiries: Yasuhiro Fumita, Director
 Telephone: +81-(0)3-5459-5290
 Scheduled date to file quarterly securities report: June 9, 2023
 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, 2023 (from August 1, 2022 to April 30, 2023)

(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, 2023	14,283	19.2	3,414	(7.3)	3,368	(11.1)	2,304	(12.3)
April 30, 2022	11,984	25.0	3,683	22.8	3,790	25.6	2,625	30.2

Note: Comprehensive income For the nine months ended April 30, 2023: 2,291 million yen [(12.9)%]
 For the nine months ended April 30, 2022: 2,629 million yen [30.4%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
April 30, 2023	114.48	114.12
April 30, 2022	121.81	121.42

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
April 30, 2023	22,354	14,995	66.6
July 31, 2022	18,193	13,406	73.3

Reference: Equity As of April 30, 2023: 14,892 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	Yen	Yen	Yen	Yen	Yen
July 31, 2022	—	0.00	—	38.00	38.00
Fiscal year ending	—	0.00	—		
July 31, 2023					
Fiscal year ending				40.00	40.00
July 31, 2023 (Forecast)					

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

As of April 30, 2023	20,382,396 shares
As of July 31, 2022	20,382,396 shares

(ii) Number of treasury shares at end of period

As of April 30, 2023	250,050 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)

Nine months ended April 30, 2023	20,127,767 shares
Nine months ended April 30, 2022	21,557,017 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 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 nine months ended April 30, 2023, the Japanese economy showed signs of moderate recovery as the lifting of pandemic restrictions and inbound tourism consumption started to return following the increase of foreign visitors to Japan, despite the impacts of inflation caused by soaring resource price and yen depreciation.

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 business domain of the Consumer Service segment, the hometown tax donation market 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 the mainstay business domain of the Online Advertising segment, online advertising expenditure in 2022 increased by 14.3% year on year to 3,091.2 billion yen, against the backdrop of continued digitization of society*². Nevertheless, the current macro economic environment remains uncertain due to impacts of changes in people’s behaviors, lifestyles, and consumption patterns with a downward trend in advertising demand.

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 revitalization of local communities, we improved recognition of the Furunavi brand and ran promotion activities to increase the number of members and local governments under contract, and have enhanced original products for experience-based gifts in return such as dining and lodging gift certificates, working with local governments on. In the Online Advertising business, the number of registered influencers continue to grow steadily since our launch of “Action,” a marketing platform that connects ad sponsors and influencers, despite the severe business environment. In the App Operation business, we are striving to secure earnings through new services, releasing the iOS version of Solitaire de Kensho in March 2023, and working to expand profitability through shorter development periods, launching more titles. Furthermore, in the green energy business that solves social issues and achieves regional revitalization, we began operation of the new solar power sharing power plant, utilizing abandoned farmlands. We also made use of Short-term Off-site Physical Corporate PPA (Power Purchase Agreement) for supplying additional renewable energy*³ to plants of Unicharm Corporation, thereby offering electrical power and environmental value.

We received positive evaluation for our highly effective personnel system in terms of strategic investments in human capital which overlap with both our management strategy and human resource strategy, and were awarded for the Hataraku Yell*⁴ 2023 as a corporation committed to the promotion of workers’ welfare and benefits.

As a result of these efforts, for the first nine months of the current fiscal year, the Group recorded net sales of 14,283 million yen, up 19.2% year on year, operating profit of 3,414 million yen, down 7.3% year on year, ordinary profit of 3,368 million yen, down 11.1% year on year, profit attributable to owners of parent of 2,304 million yen, down 12.3% 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: 2022 Advertising Expenditures in Japan, Dentsu Inc., February 24, 2023

*3 Purchase of electricity derived from renewable energy further contributes to the promotion and increased use of renewable energy.

*4 Certification system that awards and recognizes corporations, organizations, etc. that are implementing excellent welfare and benefits, or those who are working to expand welfare and benefits for the purpose of accelerating the spread and development of welfare programs.

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, we implemented promotional measures and expand range of unique gifts in return to achieve an increase in market share, acquire new customers, and to increase repeat customers, as stable market growth continues driven by the rising awareness of the hometown tax donation system and its establishment as a social behavior. As a result, we achieved a year-on-year increase in net sales and profits as results were strong for each KPI including number of donations.

As a result, net sales in the Consumer Service segment for the first nine months of the current fiscal year were 11,888 million yen, up 34.4% year on year, and segment profit was 2,984 million yen, up 14.5% 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.). In the Online Advertising business, the number of registered influencers has grown steadily since our launch of the marketing platform, “Action.” In the Media Solution business, sales and profits remained steady with the number of new partners and ad spaces reaching a record high, and the number of active partners also set a new record. Meanwhile, the impact of the decrease in the contact time with media from the lifting of pandemic restrictions, as well as adverse market conditions due to the change in consumer behavior have been severe, so that both net sales and segment profit remained lower than the previous quarter.

As a result, net sales in the Online Advertising segment for the first nine months of the current fiscal year were 2,398 million yen, down 23.9% year on year, and segment profit was 521 million yen, down 55.2% year on year.

(2) Explanation of Financial Position

(Assets)

Total assets were 22,354 million yen, an increase of 4,160 million yen from the end of the previous fiscal year. This was mainly due to increases in cash and deposits and in other in current assets - trade of 2,809 million yen and 1,246 million yen, respectively.

(Liabilities)

Liabilities were 7,358 million yen, an increase of 2,571 million yen from the end of the previous fiscal year. This increase was mainly attributed to increases in deposits received of 916 million yen, in provision for sales promotions expenses of 1,218 million yen.

(Net Assets)

Net assets were 14,995 million yen, an increase of 1,589 million yen from the end of the previous fiscal year. This increase was mainly attributed to an increase of 2,304 million yen due to profit attributable to owners of parent, which offset a decline of 764 million yen in retained earnings due to the payment of dividends.

(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.

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.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: Millions of yen)

	As of July 31, 2022	As of April 30, 2023
Assets		
Current assets		
Cash and deposits	14,268	17,078
Accounts receivable - trade	1,542	1,150
Other	877	2,124
Allowance for doubtful accounts	(5)	(0)
Total current assets	16,684	20,352
Non-current assets		
Property, plant and equipment	166	357
Intangible assets		
Goodwill	172	93
Other	166	182
Total intangible assets	338	275
Investments and other assets		
Investments and other assets	1,017	1,376
Allowance for doubtful accounts	(12)	(7)
Total investments and other assets	1,004	1,369
Total non-current assets	1,509	2,002
Total assets	18,193	22,354
Liabilities		
Current liabilities		
Accounts payable – trade	1,017	874
Accounts payable – other	867	966
Income taxes payable	642	924
Deposits received	996	1,912
Provision for bonuses	74	18
Provision for sales promotion expenses	764	1,982
Provision for point card certificates	3	2
Other	357	617
Total current liabilities	4,723	7,299
Non-current liabilities		
Asset retirement obligations	63	59
Total non-current liabilities	63	59
Total liabilities	4,787	7,358
Net assets		
Shareholders' equity		
Share capital	152	152
Capital surplus	73	94
Retained earnings	13,432	14,971
Treasury shares	(354)	(347)
Total shareholders' equity	13,303	14,871
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34	21
Total accumulated other comprehensive income	34	21
Share acquisition rights	67	102
Total net assets	13,406	14,995
Total liabilities and net assets	18,193	22,354

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

Quarterly Consolidated Statement of Income

(Nine Months Ended April 30, 2023)

(Unit: Millions of yen)

	Nine months ended April 30, 2022	Nine months ended April 30, 2023
Net sales	11,984	14,283
Cost of sales	5	22
Gross profit	11,979	14,261
Selling, general and administrative expenses	8,295	10,846
Operating profit	3,683	3,414
Non-operating income		
Interest income	0	0
Dividend income	35	10
Foreign exchange gains	34	—
Gain on valuation of investments in capital	31	—
Other	10	0
Total non-operating income	112	10
Non-operating expenses		
Donations	4	2
Loss on valuation of investment securities	—	48
Other	1	5
Total non-operating expenses	5	56
Ordinary profit	3,790	3,368
Extraordinary losses		
Impairment losses	—	23
Other	0	—
Total extraordinary losses	0	23
Profit (loss) before income taxes	3,790	3,344
Income taxes - current	1,249	1,436
Income taxes - deferred	(85)	(396)
Total income taxes	1,164	1,040
Profit	2,625	2,304
Profit attributable to owners of parent	2,625	2,304

Quarterly Consolidated Statement of Comprehensive Income
(Nine Months Ended April 30, 2023)

(Unit: Millions of yen)

	Nine months ended April 30, 2022	Nine months ended April 30, 2023
Profit	2,625	2,304
Other comprehensive income		
Valuation difference on available-for-sale securities	3	(13)
Total other comprehensive income	3	(13)
Comprehensive income	2,629	2,291
Comprehensive income attributable to		
Owners of parent	2,629	2,291

(3) Notes to 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, 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 of 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.

Nine months of the current fiscal year ending July 31, 2023 (from August 1, 2022 to April 30, 2023)

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 totaled 14,971 million yen as of the end of the current third quarter.

(Segment Information and Other Data)

Segment Information

I. Nine months of the previous fiscal year ended 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 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. Nine months of the current fiscal year ending July 31, 2023 (from August 1, 2022 to April 30, 2023)

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	8	15	23	—	23
Goods to be transferred over a certain period	11,880	2,379	14,259	—	14,259
Net sales to external customers	11,888	2,394	14,283	—	14,283
Intersegment sales or transfers	—	3	3	(3)	—
Total	11,888	2,398	14,286	(3)	14,283
Segment profit	2,984	521	3,505	(91)	3,414

Notes: 1. Adjustments to segment profit of (91) 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