



September 7, 2023

Consolidated Financial Results for the Fiscal Year Ended July 31, 2023 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 6535
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Scheduled date of annual general meeting of shareholders: October 26, 2023
 Scheduled date to commence dividend payments: October 10, 2023
 Scheduled date to file annual securities report: October 27, 2023
 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, 2023 (from August 1, 2022 to July 31, 2023)

(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, 2023	16,426	17.9	3,525	(7.1)	3,434	(10.6)	2,404	(10.3)
July 31, 2022	13,933	20.2	3,793	12.2	3,839	14.0	2,678	16.5

Note: Comprehensive income For the fiscal year ended July 31, 2023: 2,399 million yen [(11.8%)]
 For the fiscal year ended July 31, 2022: 2,720 million yen [18.2%]

	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	Yen	Yen	%	%	%
July 31, 2023	119.78	119.41	17.6	17.2	21.5
July 31, 2022	125.04	124.60	19.1	20.6	27.2

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

For the fiscal year ended July 31, 2023: —

For the fiscal year ended July 31, 2022: —

(2) 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, 2023	21,721	14,079	64.3	723.48
July 31, 2022	18,193	13,406	73.3	662.71

Reference: Equity

As of July 31, 2023: 13,968 million yen

As of July 31, 2022: 13,338 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	Millions of yen	Millions of yen	Millions of yen	Millions of yen
July 31, 2023	4,388	(378)	(2,059)	16,218
July 31, 2022	3,225	(234)	(4,144)	14,268

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, 2022	—	0.00	—	38.00	38.00	764	30.4	5.6
Fiscal year ended July 31, 2023	—	0.00	—	40.00	40.00	772	33.4	5.8
Fiscal year ending July 31, 2024 (Forecast)	—	0.00	—	13.50	13.50		29.8	

Note: During the Board of Directors' meeting held on September 7, 2023, the Board of Directors voted to implement a stock split with November 1, 2023 as the effective date, and each common share will be split into three shares. The amount mentioned as the (expected) annual dividend per share for the fiscal year ending July 31, 2024 takes into account the aforementioned stock split. The (expected) annual dividend per share for the fiscal year ending July 31, 2024 without taking into account the aforementioned stock split is 40.50 yen.

3. Consolidated earnings forecast for the fiscal year ending July 31, 2024 (from August 1, 2023 to July 31, 2024)

(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, 2024	20,000	21.8	3,800	7.8	3,739	8.9	2,600	8.2	45.28

The basic earnings per share in the consolidated earnings forecast for the fiscal year ending July 31, 2024 take into account the stock split mentioned in 2. Cash dividends. The basic earnings per share for the fiscal year ending July 31, 2024 without taking into account the aforementioned stock split are 135.85 yen.

***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: None

(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, 2023	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 July 31, 2023	1,074,450 shares
As of July 31, 2022	255,150 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended July 31, 2023	20,071,070 shares
Fiscal year ended July 31, 2022	21,422,893 shares

Reference: Overview of non-consolidated financial results**1. Non-consolidated financial results for the fiscal year ended July 31, 2023 (from August 1, 2022 to July 31, 2023)****(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, 2023	15,467	24.1	3,336	4.3	3,232	0.6	2,264	(1.4)
July 31, 2022	12,459	23.0	3,198	17.4	3,213	14.8	2,295	21.8
	Basic earnings per share		Diluted earnings per share					
Fiscal year ended	Yen		Yen					
July 31, 2023	112.81		112.46					
July 31, 2022	107.15		106.77					

(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, 2023	20,445	12,913	62.6	663.07
July 31, 2022	16,930	12,380	72.7	611.71

Reference: Equity

As of July 31, 2023: 12,802 million yen

As of July 31, 2022: 12,312 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 Friday, September 8, 2023.

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1. Overview of Operating Results

(1) Operating Results for the Fiscal Year Ended July 31, 2023

During the fiscal year ended July 31, 2023 (August 1, 2022 to July 31, 2023), the Japanese economy showed signs of recovery in personal consumption, due to the further softening of COVID-19-related movement restrictions and the effect of implementation of various measures, despite the continued impact of high commodity prices caused by the rising cost of resources 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 amount in fiscal 2022 increased by approximately 1.2 times year on year to 965.4 billion yen while the number of hometown tax donations also continuously increased by approximately 1.2 times year on year to 51.84 million. Furthermore, 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 1.2 times year on year to approximately 8.91 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*2. Nevertheless, the current macro economic environment remains uncertain due to impacts of changes in people’s behaviors and consumption patterns and the maturation of the market, along 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. During the fiscal year ended July 31, 2023, the Group quickly revised its business strategy in order to flexibly respond to social and market changes in the environment and ensure mid- to long-term growth, and was able to make good progress and deliver results.

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 unique products for experience-based gifts in return such as dining and lodging gift certificates, working with local governments. In the Online Advertising business, we focused our efforts on the growth of the influencer marketing business, and the number of registered influencers has been growing steadily since our launch of “Action,” a marketing platform that connects companies and influencers. In addition, in the App Operation business (including Ohte, Inc.), we strived to recover earnings by increasing the number of new titles and, as such, developed an environment conducive to shorter development periods and made simultaneous Android and iOS releases possible. Furthermore, in the green energy business that achieves regional revitalization by solving social issues, we began producing electricity in five solar power sharing power plants, utilizing the company’s unused farmlands. We also made use of Short-term Off-site Physical Corporate PPA (Power Purchase Agreement) in some of these plants for supplying additional renewable energy*3 to plants of Unicharm Corporation, thereby offering electrical power and environmental value.

Moreover, the i-mobile Group recognizes that increasing sustainable corporate value by contributing to the creation of a sustainable environment and society is an important management issue, which is why a Sustainability Committee was created during the fiscal year ended July 31, 2023 to conduct discussions focused on environmental issues. In addition, we strengthened environmental, social and corporate governance initiatives with the continued promotion of strategic investments in human capital, where our management strategy and human resources strategy overlap.

As a result of these efforts, for the fiscal year ended July 31, 2023, the Group recorded net sales of 16,426 million yen, up 17.9% year on year, operating profit of 3,525 million yen, down 7.1% year on year, ordinary profit of 3,434 million yen, down 10.6% year on year, and profit attributable to owners of parent of 2,404 million yen, down 10.3% 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, August 1, 2023

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

Business performance by segment was as follows.

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

(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 aimed to secure a competitive edge and promptly increase our market share by acquiring new customers and increasing repeat customers, as stable market growth continued driven by the rising awareness of the hometown tax donation system and its establishment as a social behavior. These implemented measures consisted in promotional measures to increase customer satisfaction, the improvement in portal site use satisfaction, the development of the number of contracted municipalities and gifts in return, and the expansion of unique gifts in return such as drinking, dining and travel. As a result, all indicators progressed favorably including the number of donations received, which led to above-market growth and the achievement of a significant year-on-year rise in both net sales and segment profit.

As a result, net sales in the Consumer Service Segment for the fiscal year ended July 31, 2023 was 13,285 million yen, up 34.0% year on year, and segment profit was 2,976 million yen, up 19.3% 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. etc.). The Group aimed for a recovery in earnings through a shift toward growth areas and an enhancement of customer approach. In the Affiliate business, earnings grew solidly thanks to the further increase in registered influencers, and in the Media Solution business, record-high numbers of ad spaces and active partners led to stable earnings. In addition, in the App Operation business and the Ad Network business, we focused our efforts on partnerships with other companies and system development with the introduction of new frameworks, which laid the foundation for a recovery in earnings. Meanwhile, the significant impact of market factors, such as changes in people’s behaviors and consumption patterns and market maturation led to year-on-year decreases in both net sales and segment profit.

As a result, net sales in the Online Advertising Segment for the fiscal year ended July 31, 2023 was 3,180 million yen, down 21.8% year on year, and segment profit was 667 million yen, down 52.9% year on year.

(2) Financial Position for the Fiscal Year Ended July 31, 2023

Total assets for the fiscal year ended July 31, 2023 were 21,721 million yen (up 3,527 million yen from the end of the previous fiscal year). This was mainly due to increases in cash and deposits of 1,949 million yen and prepaid expenses of 703 million yen, respectively.

Total liabilities were 7,642 million yen (up 2,855 million yen from the end of the previous fiscal year). This was mainly due to increases in deposits received of 1,351 million yen and in provision for sales promotion expenses of 1,318 million yen, respectively.

Net assets were 14,079 million yen (up 672 million yen from the end of the previous fiscal year). This was mainly thanks to a rise of 2,404 million yen due to the recording of profit attributable to owners of parent; although there was a decrease of 764 million yen due to dividends paid and a decrease of 1,040 million yen from the purchase of treasury shares.

(3) Cash Flows for the Fiscal Year Ended July 31, 2023

The balance of cash and cash equivalents (hereinafter referred to as “funds”) for the fiscal year ended July 31, 2023 totaled 16,218 million yen, an increase of 1,949 million yen from the end of the previous fiscal year.

Each cash flow status and their factors during the fiscal year ended July 31, 2023 were as follows.

(Cash flows from operating activities)

In the fiscal year ended July 31, 2023, funds acquired as a result of operating activities amounted to 4,388 million yen compared to 3,225 million yen in the previous fiscal year. This was mainly attributed to profit before income taxes of 3,410 million yen, an increase of 1,318 million yen in provision for sales promotion expenses, and an increase in deposits received of 1,352 million yen, despite income taxes paid of 1,221 million yen and an increase in prepaid expenses of 728 million yen.

(Cash flows from investing activities)

Funds used in investing activities in the fiscal year ended July 31, 2023 totaled 378 million yen compared to 234 million yen in the previous fiscal year. This was mainly attributed to expenditures of 259 million yen for the purchase of property, plant and equipment and 84 million yen for the purchase of intangible assets.

(Cash flows from financing activities)

Funds used in financing activities in the fiscal year ended July 31, 2023 totaled 2,059 million yen compared to expenditures of 4,144 million yen in the previous fiscal year. This was mainly due to expenditures of 1,040 million yen in purchase of treasury shares and 764 million yen in dividends paid.

(4) Future Outlook

As for performance in the fiscal year ending July 31, 2024, the Group forecasts net sales of 20,000 million yen, up 21.8% year on year, operating profit of 3,800 million yen, up 7.8%, ordinary profit of 3,739 million yen, up 8.9%, and profit attributable to owners of parent of 2,600 million yen, up 8.2%. For details, please refer to the financial results briefing materials for the fiscal year ended July 31, 2023 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, 2023 and Ending July 31, 2024

(Basic Policy)

The Company's basic policy is to flexibly 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 share buyback 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.

(Dividends for the fiscal year ended July 31, 2023)

Concerning dividends of surplus for the fiscal year ended July 31, 2023, the Company resolved to distribute dividends of 40 yen per share, with the record date dated July 31, 2023, at the meeting of the Board of Directors held on September 7, 2023. As a result, the annual dividend for the fiscal year ended July 31, 2023 is 40 yen per share.

Concerning share buyback, please refer to (5) Notes to the Consolidated Financial Statements (Significant Subsequent Events) in 3. Consolidated Financial Statements and Notes.

(Dividends for the fiscal year ending July 31, 2024)

The dividend of surplus for the fiscal year ending July 31, 2024 is expected to be 13.50 yen per share. Moreover, the Company will conduct a stock split effective on November 1, 2023, and split the common share into three shares. Without considering this stock split, the dividend is 40.50 yen per share.

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

2. Basic Approach to Selection of Accounting Standards

The Group applies Japan accounting standards 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, 2022	As of July 31, 2023
Assets		
Current assets		
Cash and deposits	14,268	16,218
Accounts receivable – trade	1,542	1,463
Prepaid expenses	838	1,541
Other	39	390
Allowance for doubtful accounts	(5)	(0)
Total current assets	16,684	19,613
Non-current assets		
Property, plant and equipment		
Buildings, net	90	78
Tools, furniture and fixtures, net	55	49
Other, net	20	268
Total property, plant and equipment	166	396
Intangible assets		
Software	103	112
Goodwill	172	75
Other	62	83
Total intangible assets	338	272
Investments and other assets		
Investment securities	528	502
Deferred tax assets	336	798
Other	152	145
Allowance for doubtful accounts	(12)	(7)
Total investments and other assets	1,004	1,439
Total non-current assets	1,509	2,108
Total assets	18,193	21,721

(Unit: Millions of yen)

	As of July 31, 2022	As of July 31, 2023
Liabilities		
Current liabilities		
Accounts payable – trade	1,017	813
Accounts payable – other	867	773
Income taxes payable	642	937
Deposits received	996	2,347
Provision for bonuses	74	73
Provision for sales promotion expenses	764	2,083
Provision for point card certificates	3	1
Other	357	553
Total current liabilities	4,723	7,582
Non-current liabilities		
Asset retirement obligations	63	59
Total non-current liabilities	63	59
Total liabilities	4,787	7,642
Net assets		
Shareholders' equity		
Share capital	152	152
Capital surplus	73	102
Retained earnings	13,432	15,071
Treasury shares	(354)	(1,387)
Total shareholders' equity	13,303	13,938
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34	30
Total accumulated other comprehensive income	34	30
Share acquisition rights	67	110
Total net assets	13,496	14,079
Total liabilities and net assets	18,193	21,721

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

Consolidated Statement of Income

(Unit: Millions of yen)

	Year ended July 31, 2022	Year ended July 31, 2023
Net sales	13,933	16,426
Cost of sales	14	25
Gross profit	13,918	16,401
Selling, general and administrative expenses	10,125	12,875
Operating profit	3,793	3,525
Non-operating income		
Interest income	0	0
Dividend income	49	10
Foreign exchange gains	42	12
Other	5	0
Total non-operating income	98	23
Non-operating expenses		
Loss on valuation of investment securities	10	51
Donations	39	62
Other	3	1
Total non-operating expenses	52	114
Ordinary profit	3,839	3,434
Extraordinary income		
Gain on sale of investment securities	3	—
Total extraordinary income	3	—
Extraordinary losses		
Impairment losses	—	23
Total extraordinary losses	—	23
Profit before income taxes	3,842	3,410
Income taxes – current	1,203	1,465
Income taxes – deferred	(40)	(459)
Total income taxes	1,163	1,006
Profit	2,678	2,404
Profit attributable to owners of parent	2,678	2,404

Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	Year ended July 31, 2022	Year ended July 31, 2023
Profit	2,678	2,404
Other comprehensive income		
Valuation difference on available-for-sale securities	41	(4)
Total other comprehensive income	41	(4)
Comprehensive income	2,720	2,399
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,720	2,399

(3) Consolidated Statement of Changes in Equity

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 remuneration		(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 remuneration				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

Year ended July 31, 2023 (August 1, 2022 to July 31, 2023)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	152	73	13,432	△354	13,303
Changes during period					
Dividends of surplus			(764)		(764)
Profit attributable to owners of parent			2,404		2,404
Purchase of treasury shares				(1,040)	(1,040)
Disposal of treasury shares		(1)		7	5
Restricted share-based remuneration		29			29
Net changes in items other than shareholders' equity					
Total changes during period	—	28	1,639	△1,033	634
Balance at end of period	152	102	15,071	△1,387	13,938

	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	34	34	67	13,406
Changes during period				
Dividends of surplus				(764)
Profit attributable to owners of parent				2,404
Purchase of treasury shares				(1,040)
Disposal of treasury shares				5
Restricted share-based remuneration				29
Net changes in items other than shareholders' equity	(4)	(4)	42	38
Total changes during period	(4)	(4)	42	672
Balance at end of period	30	30	110	14,079

(4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Year ended July 31, 2022	Year ended July 31, 2023
Cash flows from operating activities		
Profit before income taxes	3,842	3,410
Depreciation	95	111
Impairment losses	—	23
Amortization of goodwill	75	73
Share-based payment expenses	84	84
Increase (decrease) in allowance for doubtful accounts	2	(10)
Increase (decrease) in provision for bonuses	(0)	(1)
Increase (decrease) in provision for sales promotion expenses	203	1,318
Increase (decrease) in provision for point card certificates	1	(1)
Loss (gain) on valuation of investment securities	10	51
Loss (gain) on sale of investment securities	(3)	—
Interest and dividend income	(50)	(10)
Decrease (increase) in trade receivables	75	90
Increase (decrease) in trade payables	(160)	(204)
Decrease (increase) in prepaid expenses	(273)	(728)
Increase (decrease) in deposits received	563	1,352
Other	264	40
Subtotal	4,730	5,598
Interest and dividends received	50	10
Income taxes refund (paid)	(1,555)	(1,221)
Net cash provided by (used in) operating activities	3,225	4,388
Cash flows from investing activities		
Purchase of property, plant and equipment	(58)	(259)
Purchase of intangible assets	(60)	(84)
Purchase of investment securities	(108)	(37)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(33)	—
Other	27	2
Net cash provided by (used in) investing activities	(234)	(378)
Cash flows from financing activities		
Payments for money held in trust for purchase of treasury shares	—	(260)
Purchase of treasury shares	(1,999)	(1,040)
Exercise of share acquisition rights	3	5
Dividends paid	(2,148)	(764)
Net cash provided by (used in) financing activities	(4,144)	(2,059)
Effect of exchange rate change on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	(1,153)	1,949
Cash and cash equivalents at the beginning of the year	15,422	14,268
Cash and cash equivalents at the end of the year	14,268	16,218

(5) Notes to the Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(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, 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.

Year ended July 31, 2023 (August 1, 2022 to July 31, 2023)

(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	8	17	25	—	25
Goods to be transferred over a certain period	13,277	3,123	16,401	—	16,401
Net sales to external customers	13,285	3,141	16,426	—	16,426
Intersegment sales or transfers	—	39	39	△39	—
Total	13,285	3,180	16,466	△39	16,426
Segment profit	2,976	667	3,643	△118	3,525

Notes: 1. Adjustments to segment profit of (118) 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.

(Per Share Information)

	Year ended July 31, 2022 (August 1, 2021 to July 31, 2022)	Year ended July 31, 2023 (August 1, 2022 to July 31, 2023)
Book value per share (yen)	662.71	723.48
Basic earnings per share (yen)	125.04	119.78
Diluted earnings per share (yen)	124.60	119.41

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

Item	Year ended July 31, 2022 (August 1, 2021 to July 31, 2022)	Year ended July 31, 2023 (August 1, 2022 to July 31, 2023)
Basic earnings per share		
Profit attributable to owners of parent (thousands of yen)	2,678	2,404
Amounts not allocated to common shareholders (thousands of yen)	—	—
Profit attributable to owners of parent related to common shares (thousands of yen)	2,678	2,404
Average number of common shares outstanding during the year	21,422,893	20,071,070
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (thousands of yen)	—	—
Increase in number of common shares	76,156	62,302
[Of which, share acquisition rights (shares)]	(76,156)	(62,302)
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)	Forth series of share acquisition rights Number of share acquisition rights: 1,300 units (Common stock 130,000 shares) First series of share acquisition rights with payment of a fee Number of share acquisition rights: 1,890 units (Common stock 189,000 shares)

(Significant Subsequent Events)

(Share buyback and cancellation of treasury shares)

At a meeting of the Board of Directors held on June 30, 2023, 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 of treasury shares

The Company has decided to conduct share buyback and cancel its treasury shares in order to increase shareholder value by improving capital efficiency and enhancing shareholder returns, while maintaining a level of shareholder's equity necessary for the preservation of its business foundation and sustainable growth, taking into consideration the recent overall level of the Company's stock price.

The Company seeks to mitigate the impact of the increase in the shareholding ratios of Company's shareholders Representative Director, Chairman Toshihiko Tanaka (number of shares held as of January 31, 2023: 2,006,900 shares; shareholding ratio against the Company's total number of shares issued and outstanding, excluding treasury shares, as of the

same date: 9.97%) and Representative Director, CEO Tetsuya Noguchi (number of shares held as of January 31, 2023: 1,924,500 shares; shareholding ratio against the Company's total number of shares issued and outstanding, excluding treasury shares, as of the same date: 9.56%) and of the decrease in the Company's liquidity due to share buyback. Concerning some of the Company's common shares in their possession, a sale to the Company was suggested to both persons in line with their equity stake, and both communicated their intention to comply with a partial sale of the Company's common shares through the off-auction own share repurchase trading system (ToSTNeT-3). The Company thus conducted share buyback from them through the off-auction own share repurchase trading system (ToSTNeT-3), in addition to purchases on the market.

2. Details of the purchase

• Type of shares to be purchased	The Company's common share
• Total number of shares to be purchased	1,000,000 shares (maximum) (4.97% of the total number of shares issued and outstanding (excluding treasury shares))
• Total purchase cost of shares	1,300 million yen (maximum)
• Purchase period	July 4, 2023 to September 30, 2023
• 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) Details of the treasury shares purchased before July 31, 2023

• Type of shares to be purchased	The Company's common share
• Total number of shares purchased	824,600 shares
• Total purchase cost of shares	1,040 million yen
• Purchase period	July 4, 2023 to July 31, 2023
• Purchase method	Purchase on the market and off-auction own share repurchase trading system on the Tokyo Stock Exchange (ToSTNeT-3)

(2) Details of the treasury shares purchased after August 1, 2023

• Type of shares to be purchased	The Company's common share
• Total number of shares purchased	175,400 shares
• Total purchase cost of shares	213 million yen
• Purchase period	August 1, 2023 to August 31, 2023
• Purchase method	Purchase on the market at the Tokyo Stock Exchange

The Company ended the share buyback based on the above-mentioned resolution of the Board of Directors as of August 31, 2023.

(For reference)

Cumulative total of treasury shares purchased based on the aforementioned resolution

• Total number of shares purchased	1,000,000 shares
• Total purchase cost of shares	1,253 million yen

4. Details of matters pertaining to cancellation

(1) Type of shares to be cancelled	The Company's common share
(2) Total number of shares to be cancelled	All treasury shares to purchased in accordance with 3. Above (1,000,000 shares)
(3) Scheduled date of cancellation	Undetermined

(Stock split and partial amendment to the Articles of Incorporation due to the stock split)

The Company passed a resolution pertaining to the stock split and the partial amendment to the Articles of Incorporation due to the stock split during the Board of Directors' meeting held on September 7, 2023.

1. Stock split

(1) Aim of the stock split

The Company is aiming to further expand its investor base and increase the liquidity of its shares by decreasing the sum required per investing unit for its shares and thus further facilitating the investing process for investors.

(2) Method of the stock split

The Company is splitting shares with Tuesday, October 31, 2023 as the record date. Each common share held by the shareholders recorded in the final shareholder register of that day will be split in three shares.

(3) Number of shares increased by the stock split

Total number of outstanding shares prior to the stock split	20,382,396 shares
Number of shares increased by the split	40,764,792 shares
Total number of outstanding shares following the stock split	61,147,188 shares
Total number of shares issuable following the stock split	174,000,000 shares

(Note) The total number of issued shares and the number of shares to be increased above are based on the total number of shares issued as of September 7, 2023, and may change due to the exercise of share acquisition rights and cancellation of treasury shares between the date of this resolution from the Board of Directors and the record date of the stock split.

(4) Schedule of the stock split

Announcement date of the record date	Friday, October 13, 2023
Record date	Tuesday, October 31, 2023
Effective date	Wednesday, November 1, 2023

(5) Impact on the information per share

The information per share for the fiscal year ended July 31, 2022 assuming the aforementioned stock split was conducted at the beginning of the fiscal year ended July 31, 2022, and for the fiscal year ended July 31, 2023 is as follows.

	Year ended July 31, 2022 (August 1, 2021 to July 31, 2022)	Year ended July 31, 2023 (August 1, 2022 to July 31, 2023)
Book value per share (yen)	220.90	241.16
Basic earnings per share (yen)	41.68	39.93
Diluted earnings per share (yen)	41.53	39.80

2. Partial amendment to the Articles of Incorporation due to the stock split

(1) Reason for the amendment

Following the aforementioned stock split, the Company is amending the total number of issuable shares defined in Article 6 of the Company's Articles of Incorporation with Wednesday, November 1, 2023 as the effective date in accordance with Article 184, Paragraph (2) of the Companies Act.

(2) Details of the amendment

(Amendments are underlined)

Current Articles of Incorporation	After the amendment
(Total number of issuable shares) Article 6 The Company's total number of issuable shares is set at <u>87,000,000</u> .	(Total number of issuable shares) Article 6 The Company's total number of issuable shares is set at <u>174,000,000</u> .

(3) Schedule

Effective date of the amendment of the Articles of Incorporation	Wednesday, November 1, 2023
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3. Other

(1) Change in the amount of share capital

The stock split causes no change in the amount of share capital.

(2) Adjustment of the strike price of one share and the number of shares to be issued upon exercise of one share acquisition right

In accordance with the stock split, the strike price per share and the number of shares to be issued per share acquisition right by the Company have been adjusted as below after November 1, 2023.

Issues	Date of the resolution by the Board of Directors	Strike price (yen)		Number of stocks per share acquisition(shares)	
		Before adjustment	After adjustment	Before adjustment	After adjustment
Second series of share acquisition rights	July 15, 2015	334	112	30	90
Third series of share acquisition rights	December 7, 2015	1,128	376	100	300
Forth series of share acquisition rights	April 26, 2021	1,482	494	100	300
First series of share acquisition rights with payment of a fee	April 26, 2021	1,305	435	100	300