

This PDF document is an updated note on the company. A comprehensive version of the report on the company, including this latest update, is available on [our website](#) and various professional platforms.

On **September 12, 2019**, i-mobile Co., Ltd. announced earnings results for full-year FY07/19.

Cumulative (JPYmm)	FY07/17				FY07/18				FY07/19				FY07/19	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Revenue	3,514	7,518	11,524	15,689	4,585	9,168	13,463	17,981	5,386	12,345	17,376	21,139	105.7%	20,001
YoY	-10.6%	-3.3%	2.3%	6.4%	30.5%	21.9%	16.8%	14.6%	17.5%	34.7%	29.1%	17.6%		11.2%
Gross profit	1,095	2,542	3,730	4,931	1,228	2,948	4,427	5,821	2,319	6,454	8,921	10,203		
YoY	-5.5%	11.7%	13.2%	14.6%	12.1%	16.0%	18.7%	18.0%	88.8%	118.9%	101.5%	75.3%		
GPM	31.2%	33.8%	32.4%	31.4%	26.8%	32.2%	32.9%	32.4%	43.1%	52.3%	51.3%	48.3%		
SG&A expenses	511	1,136	1,772	2,571	666	1,695	2,689	3,702	1,205	4,180	5,547	7,042		
YoY	28.7%	15.0%	11.4%	19.2%	30.3%	49.2%	51.7%	44.0%	80.9%	146.6%	106.3%	90.2%		
SG&A ratio	14.5%	15.1%	15.4%	16.4%	14.5%	18.5%	20.0%	20.6%	22.4%	33.9%	31.9%	33.3%		
Personnel expenses	298	614	935	1,309	352	748	1,165	1,596	423	845	1,255	1,682		
Sales promotion expenses	16	151	279	461	84	425	625	775	413	2,581	3,188	3,972		
Other	179	334	498	694	208	457	769	1,119	306	627	961	1,214		
Depreciation and goodwill amortization	16	34	55	100	20	61	125	205	61	123	139	169		
Operating profit	584	1,406	1,957	2,360	561	1,253	1,738	2,119	1,114	2,275	3,374	3,161	105.4%	3,000
YoY	-23.4%	9.2%	14.8%	9.9%	-3.9%	-10.9%	-11.2%	-10.2%	98.6%	81.5%	94.1%	49.2%		41.6%
OPM	16.6%	18.7%	17.0%	15.0%	12.2%	13.7%	12.9%	11.8%	20.7%	18.4%	19.4%	15.0%		15.0%
Recurring profit	571	1,406	1,954	2,355	570	1,253	1,734	2,095	1,115	2,335	3,405	3,150	102.5%	3,072
YoY	-25.4%	9.2%	15.6%	10.7%	-0.2%	-10.9%	-11.3%	-11.0%	95.6%	86.4%	96.4%	50.3%		46.6%
RPM	16.2%	18.7%	17.0%	15.0%	12.4%	13.7%	12.9%	11.7%	20.7%	18.9%	19.6%	14.9%		15.4%
Net income	369	894	1,239	1,539	360	823	1,135	1,166	726	1,124	1,883	1,368	76.2%	1,795
YoY	-15.2%	7.3%	13.4%	7.8%	-2.4%	-7.9%	-8.4%	-24.3%	101.7%	36.6%	65.9%	17.3%		54.0%
Net margin	10.5%	11.9%	10.8%	9.8%	7.9%	9.0%	8.4%	6.5%	13.5%	9.1%	10.8%	6.5%		9.0%
Number of employees	178	194	206	223	230	293	308	303	297	304	288	289		
Quarterly (JPYmm)	FY07/17				FY07/18				FY07/19					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Revenue	3,514	4,004	4,006	4,165	4,585	4,583	4,295	4,518	5,386	6,959	5,032	3,763		
YoY	-10.6%	4.1%	14.7%	19.6%	30.5%	14.5%	7.2%	8.5%	17.5%	51.8%	17.2%	-16.7%		
Gross profit	1,095	1,447	1,188	1,201	1,228	1,720	1,479	1,394	2,319	4,135	2,466	1,282		
YoY	-5.5%	29.7%	16.5%	19.0%	12.1%	18.9%	24.5%	16.1%	88.8%	140.4%	66.8%	-8.0%		
GPM	31.2%	36.1%	29.7%	28.8%	26.8%	37.5%	34.4%	30.9%	43.1%	59.4%	49.0%	34.1%		
SG&A expenses	511	625	636	799	666	1,029	994	1,013	1,205	2,975	1,368	1,495		
YoY	28.7%	5.8%	5.6%	40.9%	30.3%	64.6%	56.3%	26.8%	80.9%	189.1%	37.6%	47.6%		
SG&A ratio	14.5%	15.6%	15.9%	19.2%	14.5%	22.5%	23.1%	22.4%	22.4%	42.7%	27.2%	39.7%		
Personnel expenses	298	316	321	374	352	396	417	431	423	422	410	427		
Sales promotion expenses	16	135	128	182	84	341	200	150	413	2,168	607	784		
Other	179	155	164	196	208	249	312	350	306	321	334	253		
Depreciation and goodwill amortization	16	18	21	45	20	41	64	80	61	62	16	30		
Operating profit	584	822	551	403	561	692	485	381	1,114	1,161	1,099	-213		
YoY	-23.4%	56.6%	31.8%	-8.8%	-3.9%	-15.8%	-12.0%	-5.5%	98.6%	67.7%	126.6%	-		
OPM	16.6%	20.5%	13.8%	9.7%	12.2%	15.1%	11.3%	8.4%	20.7%	16.7%	21.8%	-		
Recurring profit	571	835	548	401	570	683	481	361	1,115	1,220	1,069	-255		
YoY	-25.4%	60.0%	36.0%	-8.4%	-0.2%	-18.2%	-12.2%	-9.9%	95.6%	78.7%	122.3%	-		
RPM	16.2%	20.9%	13.7%	9.6%	12.4%	14.9%	11.2%	8.0%	20.7%	17.5%	21.3%	-		
Net income	369	525	345	300	360	463	312	31	726	398	759	-515		
YoY	-15.2%	31.9%	32.7%	-10.4%	-2.4%	-11.8%	-9.6%	-89.8%	101.7%	-14.1%	143.3%	-		
Net margin	10.5%	13.1%	8.6%	7.2%	7.9%	10.1%	7.3%	0.7%	13.5%	5.7%	15.1%	-		

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Cumulative (JPYmn)	FY07/17				FY07/18				FY07/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	-	7,518	11,524	15,689	4,585	9,168	13,463	17,981	5,386	12,344	17,376	21,139
YoY	-	-	-	6.4%	-	21.9%	16.8%	14.6%	17.5%	34.6%	29.1%	17.6%
Consumer Service	-	639	832	1,093	237	1,151	1,806	2,412	1,737	5,459	7,499	8,015
YoY	-	-	-	-	-	80.1%	117.1%	120.7%	631.8%	374.3%	315.2%	232.2%
% of total revenue	-	8.5%	7.2%	7.0%	-	12.6%	13.4%	13.4%	32.2%	44.2%	43.2%	37.9%
Online Advertising	-	6,981	10,926	14,596	4,413	8,170	11,865	15,846	3,735	7,145	10,187	13,991
YoY	-	-	-	-	-	17.0%	8.6%	8.6%	-15.4%	-12.5%	-14.1%	-11.7%
% of total revenue	-	92.9%	94.8%	93.0%	-	89.1%	88.1%	88.1%	69.3%	57.9%	58.6%	66.2%
Operating profit	-	1,406	1,957	2,360	561	1,253	1,738	2,119	1,114	2,275	3,374	3,161
YoY	-	-	-	9.9%	-	-10.9%	-11.2%	-10.2%	98.6%	81.6%	94.1%	49.2%
OPM	-	18.7%	17.0%	15.0%	-	13.7%	12.9%	11.8%	20.7%	18.4%	19.4%	15.0%
Consumer Service	-	279	254	233	39	462	570	681	915	1,926	2,854	2,314
YoY	-	-	-	-	-	65.6%	124.4%	192.2%	2217.9%	317.0%	400.7%	239.8%
OPM	-	43.7%	30.5%	21.3%	-	40.1%	31.6%	28.2%	52.7%	35.3%	38.1%	28.9%
% of total operating profit	-	19.8%	13.0%	9.9%	-	36.9%	32.8%	32.1%	82.2%	84.7%	84.6%	73.2%
Online Advertising	-	1,127	1,704	2,128	512	771	1,136	1,395	187	315	465	771
YoY	-	-	-	-	-	-31.6%	-33.3%	-34.5%	-63.6%	-59.2%	-59.1%	-44.7%
OPM	-	16.1%	15.6%	14.6%	-	9.4%	9.6%	8.8%	5.0%	4.4%	4.6%	5.5%
% of total operating profit	-	80.2%	87.1%	90.2%	-	61.5%	65.4%	65.8%	16.7%	13.8%	13.8%	24.4%
Quarterly earnings (JPYmn)	FY07/17				FY07/18				FY07/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	-	-	4,006	4,165	4,585	4,583	4,295	4,518	5,386	6,958	5,032	3,763
YoY	-	-	-	-	-	-	7.2%	8.5%	17.5%	51.8%	17.2%	-16.7%
Consumer Service	-	-	193	261	237	914	655	606	1,736	3,723	2,040	516
YoY	-	-	-	-	-	-	239.3%	132.3%	632.5%	307.4%	211.5%	-14.9%
% of total revenue	-	-	4.8%	6.3%	5.2%	19.9%	15.2%	13.4%	32.2%	53.5%	40.5%	13.7%
Online Advertising	-	-	3,945	3,670	4,412	3,757	3,695	3,981	3,735	3,410	3,041	3,804
YoY	-	-	-	-	-	-	-6.3%	8.5%	-15.3%	-9.2%	-17.7%	-4.5%
% of total revenue	-	-	98.5%	88.1%	96.2%	82.0%	86.0%	88.1%	69.3%	49.0%	60.4%	101.1%
Operating profit	-	-	551	403	561	692	485	381	1,114	1,161	1,099	-213
YoY	-	-	-	-	-	-	-12.0%	-5.5%	98.6%	67.8%	126.5%	-155.9%
Consumer Service	-	-	-25	-21	39	422	108	111	915	1,011	927	-540
YoY	-	-	-	-	-	-	-	-	2246.2%	139.3%	759.2%	-586.7%
OPM	-	-	-13.0%	-8.0%	16.5%	46.2%	16.5%	18.3%	52.7%	27.2%	45.4%	-104.7%
% of total operating profit	-	-	-	-	7.0%	61.1%	22.3%	29.1%	82.1%	87.1%	84.4%	253.7%
Online Advertising	-	-	577	424	512	259	365	258	186	128	151	306
YoY	-	-	-	-	-	-	-36.7%	-39.1%	-63.7%	-50.5%	-58.8%	18.5%
OPM	-	-	14.6%	11.6%	11.6%	6.9%	9.9%	6.5%	5.0%	3.8%	4.9%	8.0%
% of total operating profit	-	-	104.7%	105.2%	91.3%	37.4%	75.3%	67.7%	16.7%	11.0%	13.7%	-143.6%

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

## Full-year FY07/19 results

- ▷ In full-year FY07/19, i-mobile posted revenue of JPY21.1bn (+17.6% YoY), operating profit of JPY3.2bn (+49.2% YoY), recurring profit of JPY3.2bn (+50.3% YoY), and net income attributable to owners of the parent of JPY1.4bn (+17.3% YoY).
- ▷ Revenue up 17.6% YoY: The hometown tax donation business (Furunavi) grew sharply in the Consumer Service segment, where revenue grew 232.2% YoY. However, the Online Advertising segment recorded a 11.7% revenue decline due to budget reductions for large ads seen in the ad agency business and ad network business. This resulted in the Consumer Service segment substantially increasing its revenue and OP weighting in total to 36.4% (versus 13.2% in FY07/18) and 75.0% (32.8%), respectively.
- ▷ Operating profit up 49.2% YoY: GPM improved from 32.4% in FY07/18 to 48.3% due to robust performance of the Consumer Service segment, with gross profit up sharply to JPY10.2bn (+75.3% YoY). SG&A expenses increased by JPY3.3bn YoY to JPY7.0bn, because the company aired TV commercials for Furunavi and ran promotions such as awarding codes for Amazon gift vouchers to Furunavi customers. Operating profit increased 49.2% YoY overall to JPY3.2bn, up 239.2% YoY for the Consumer Service segment and down 44.7% YoY for the Online Advertising segment.
- ▷ Impairment loss of JPY427mn: the company streamlined businesses whose profitability and potential fell below initial expectations to prepare to further focus on the Consumer Service segment. As a result, it booked impairment losses totaling JPY388mn on goodwill (JPY43mn for TAGGY and JPY345mn for Netch) and JPY38mn on fixed assets (JPY6mn for Evory and JPY31mn for open-career) in Q2 FY07/19. i-mobile also transferred part of its stake in TAGGY to TAGGY's president, removing TAGGY from the scope of its consolidation.
- ▷ Loss on valuation of investment securities of JPY328mn: The company recorded a loss on valuation of investment securities as an extraordinary loss in Q4 FY07/19.
- ▷ Progress toward full-year targets: In full-year FY07/19, revenue was 105.7% of the revised full-year company forecast (102.4% of FY07/18 forecast in FY07/18), operating profit was 105.4% (88.3%), recurring profit was 102.5% (87.3%), and net income was 76.2% (73.1%). Revenue and operating profit both surpassed upwardly revised company forecasts.
- ▷ FY07/20 company forecast calls for revenue of JPY14.3bn (-32.5% YoY), operating profit of JPY709mn (-77.6% YoY), recurring profit of JPY692mn (-78.0% YoY), and net income attributable to owners of the parent of JPY444mn (-67.5% YoY). Revenue is forecast to decrease with the company expecting reduced revenue in the Online Advertising segment's ad agency business, and in the Consumer Service segment (as a result of revisions of the law on hometown tax donation excluding the four municipalities with the highest transaction volume from the system). The company also forecasts reduced profit, as it plans to continue investing in advertising in order to raise awareness of the hometown tax donation business.

## Performance by segment

### Consumer Service

- ▷ The Consumer Service segment posted full-year revenue of JPY8.0bn (+232.2% YoY) and segment profit of JPY2.3bn (+239.8% YoY). The company has not disclosed a breakdown of segment revenue, but noted that Furunavi accounts for large part of revenue.
- ▷ The mainstay hometown tax donation service Furunavi posted sharp revenue and profit growth associated with a large increase in donations. Reasons for the increase included a surge in demand before law revision to be enacted in June 2019 following the notification by the Ministry of Internal Affairs and Communications (MIC) in September 2018 demanding local governments to review the gifts they provide in exchange to tax donations; seasonal factors specific to the hometown tax donation market (demand surges in December, which is the application deadline for tax deductions); and the advertising effect including TV commercials.

- ▷ In Q4 FY07/19, revenue declined YoY in the hometown tax donation business due to legal revisions, and profit fell due to increased broadcast costs for television commercials.
- ▷ In the hometown tax donation business, Furunavi's market share appears to have been approximately 14% in 2018 (according to the company). The company is aiming for a 20% market share, which has previously also been the company's objective.
- ▷ In 2018, the amount received in hometown tax donations was JPY512.7bn (+40% YoY) (according to the results of a survey into the current status of the hometown tax donation system from the Ministry of Internal Affairs and Communications, August 2019)

### Online Advertising

- ▷ The Online Advertising segment posted full-year revenue of JPY14.0bn (-11.7% YoY) and segment profit of JPY771mn (-44.7% YoY).
- ▷ Full-year revenue and profit decreased despite recovery in the video ad (maio) business, due to reductions in advertising budgets for large ads seen in the ad network business and ad agency business.
- ▷ In Q4 FY07/19, profit increased YoY due to higher sales of high-GPM platforms.

### Full-year FY07/20 company forecasts

(JPYmn)	FY07/18			FY07/19			FY07/20
	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	Est.
<b>Revenue</b>	<b>9,168</b>	<b>8,813</b>	<b>17,981</b>	<b>12,345</b>	<b>8,794</b>	<b>21,139</b>	<b>14,266</b>
YoY	21.9%	7.9%	14.6%	34.7%	-0.2%	17.6%	-32.5%
Cost of revenue	6,220	5,940	12,160	5,890	5,046	10,936	-
<b>Gross profit</b>	<b>2,948</b>	<b>2,873</b>	<b>5,821</b>	<b>6,454</b>	<b>3,748</b>	<b>10,203</b>	<b>-</b>
GPM	32.2%	32.6%	32.4%	52.3%	42.6%	48.3%	-
SG&A expenses	1,695	2,007	3,702	4,180	2,862	7,042	-
SG&A ratio	18.5%	22.8%	20.6%	33.9%	32.5%	33.3%	-
<b>Operating profit</b>	<b>1,253</b>	<b>866</b>	<b>2,119</b>	<b>2,275</b>	<b>886</b>	<b>3,161</b>	<b>709</b>
YoY	-10.9%	-9.2%	-10.2%	81.5%	2.3%	49.2%	-77.6%
OPM	13.7%	9.8%	11.8%	18.4%	10.1%	15.0%	5.0%
<b>Recurring profit</b>	<b>1,253</b>	<b>842</b>	<b>2,095</b>	<b>2,335</b>	<b>815</b>	<b>3,150</b>	<b>692</b>
YoY	-10.9%	-11.2%	-11.0%	86.4%	-3.3%	50.3%	-78.0%
RPM	13.7%	9.6%	11.7%	18.9%	9.3%	14.9%	4.9%
<b>Net income</b>	<b>823</b>	<b>343</b>	<b>1,166</b>	<b>1,124</b>	<b>244</b>	<b>1,368</b>	<b>444</b>
YoY	-7.9%	-46.9%	-24.3%	36.6%	-28.9%	17.3%	-67.5%
Net margin	9.0%	3.9%	6.5%	9.1%	2.8%	6.5%	3.1%

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

The revised FY07/20 company forecast calls for revenue of JPY14.3bn (-32.5% YoY), operating profit of JPY709mn (-77.6% YoY), recurring profit of JPY692mn (-78.0% YoY), and net income attributable to owners of the parent of JPY444mn (-67.5% YoY). Revenue is forecast to decrease with the company expecting reduced revenue in the Online Advertising segment's ad agency business, and in the Consumer Service segment (as a result of revisions of the law on hometown tax donation excluding the four municipalities with the highest transaction volume from the system). The company also forecasts reduced profit, as it plans to continue investing in advertising in order to raise awareness of the hometown tax donation business.

This note is the most recent addition to the [full report](#).

We offer corporate clients comprehensive report coverage, a service that allows them to better inform investors and other stakeholders by presenting a continuously updated third-party view of business fundamentals, independent of investment biases. Shared Research can be found on the web at <http://www.sharedresearch.jp>.

## Disclaimer

This document is provided for informational purposes only. No investment opinion or advice is provided, intended, or solicited. Shared Research Inc. offers no warranty, either expressed or implied, regarding the veracity of data or interpretations of data included in this report. We shall not be held responsible for any damage caused by the use of this report.

The copyright of this report and the rights regarding the creation and exploitation of the derivative work of this and other Shared Research Reports belong to Shared Research. This report may be reproduced or modified for personal use; distribution, transfer, or other uses of this report are strictly prohibited and a violation of the copyright of this report. Our officers and employees may currently, or in the future, have a position in securities of the companies mentioned in this report, which may affect this report's objectivity.

## Japanese Financial Instruments and Exchange Law (FIEL) Disclaimer

The report has been prepared by Shared Research under a contract with the company described in this report ("the company"). Opinions and views presented are ours where so stated. Such opinions and views attributed to the company are interpretations made by Shared Research. We represent that if this report is deemed to include an opinion by us that could influence investment decisions in the company, such opinion may be in exchange for consideration or promise of consideration from the company to Shared Research.

## Contact Details

### Shared Research Inc.

3-31-12 Sendagi Bunkyo-ku Tokyo, Japan

<https://sharedresearch.jp>

Phone: +81 (0)3 5834-8787

Email: [info@sharedresearch.jp](mailto:info@sharedresearch.jp)