

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 June 10, 2021, i-mobile Co., Ltd. announced earnings results for Q3 FY07/21.

Cumulative (JPYmn)	FY07/19				FY07/20				FY07/21			FY07/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	% of Est.	FY Est.
Revenue	5,386	12,345	17,376	21,139	3,346	9,012	12,015	14,902	3,373	11,108	14,196	83.8%	16,939
YoY	17.5%	34.6%	29.1%	17.6%	-37.9%	-27.0%	-30.9%	-29.5%	0.8%	23.3%	18.2%		13.7%
Gross profit	2,320	6,454	8,921	10,203	1,149	4,725	5,960	7,293	1,640	7,934	9,623	87.3%	11,029
YoY	89.0%	118.9%	101.5%	75.3%	-50.5%	-26.8%	-33.2%	-28.5%	42.8%	67.9%	61.5%		51.2%
Gross profit margin	43.1%	52.3%	51.3%	48.3%	34.3%	52.4%	49.6%	48.9%	48.6%	71.4%	67.8%		
SG&A expenses	1,205	4,180	5,547	7,042	812	3,089	3,959	5,047	1,060	5,356	6,624		
YoY	80.9%	146.6%	106.3%	90.2%	-32.7%	-26.1%	-28.6%	-28.3%	30.6%	73.4%	67.3%		
SG&A ratio	22.4%	33.9%	31.9%	33.3%	24.3%	34.3%	33.0%	33.9%	31.4%	48.2%	46.7%		
Personnel expenses	423	845	1,255	1,682	428	843	1,248	1,652	403	817	1,213		
Sales promotion expenses	258	1,038	1,218	1,414	44	560	651	921	174	1,588	1,954		
Advertising expenses	155	1,543	1,969	2,557	63	1,100	1,224	1,436	262	2,434	2,729		
Other	306	627	961	1,214	238	500	704	856	183	437	605		
Depreciation and goodwill amortization	61	123	137	165	36	80	124	170	35	74	114		
Operating profit	1,115	2,275	3,374	3,161	337	1,637	2,001	2,246	580	2,577	2,999	100.0%	3,000
YoY	98.6%	81.5%	94.1%	49.2%	-69.8%	-28.0%	-40.7%	-28.9%	72.0%	57.5%	49.9%		33.6%
Operating profit margin	20.7%	18.4%	19.4%	15.0%	10.1%	18.2%	16.7%	15.1%	17.2%	23.2%	21.1%		17.7%
Recurring profit	1,116	2,335	3,405	3,150	317	1,620	1,987	2,248	578	2,582	3,017	103.9%	2,904
YoY	95.9%	86.3%	96.3%	50.3%	-71.6%	-30.6%	-41.6%	-28.6%	82.5%	59.4%	51.9%		29.2%
Recurring profit margin	20.7%	18.9%	19.6%	14.9%	9.5%	18.0%	16.5%	15.1%	17.1%	23.2%	21.3%		17.1%
Net income	755	1,227	1,883	1,368	209	1,115	1,521	1,728	391	1,699	2,016	103.6%	1,947
YoY	110.0%	49.0%	65.9%	17.3%	-72.4%	-9.1%	-19.2%	26.3%	87.6%	52.4%	32.6%		12.7%
Net margin	14.0%	9.9%	10.8%	6.5%	6.2%	12.4%	12.7%	11.6%	11.6%	15.3%	14.2%		11.5%

Quarterly (JPYmn)	FY07/19				FY07/20				FY07/21		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	5,386	6,958	5,032	3,763	3,346	5,666	3,003	2,887	3,373	7,735	3,088
YoY	17.5%	51.8%	17.2%	-16.7%	-37.9%	-18.6%	-40.3%	-23.3%	0.8%	36.5%	2.8%
Gross profit	2,320	4,134	2,466	1,282	1,149	3,576	1,235	1,333	1,640	6,293	1,689
YoY	89.0%	140.3%	66.8%	-8.0%	-50.5%	-13.5%	-49.9%	4.0%	42.8%	76.0%	36.8%
Gross profit margin	43.1%	59.4%	49.0%	34.1%	34.3%	63.1%	41.1%	46.2%	48.6%	81.4%	54.7%
SG&A expenses	1,205	2,974	1,368	1,495	812	2,277	871	1,088	1,060	4,296	1,268
YoY	80.9%	189.2%	37.5%	47.6%	-32.7%	-23.5%	-36.3%	-27.2%	30.6%	88.7%	45.6%
SG&A ratio	22.4%	42.7%	27.2%	39.7%	24.3%	40.2%	29.0%	37.7%	31.4%	55.5%	41.1%
Personnel expenses	423	422	410	427	428	415	405	404	403	414	396
Sales promotion expenses	258	780	180	196	44	516	91	270	174	1,414	366
Advertising expenses	155	1,388	426	588	63	1,037	124	212	262	2,172	295
Other	306	321	334	253	238	262	204	152	183	254	168
Depreciation and goodwill amortization	61	62	14	28	36	44	44	46	35	39	40
Operating profit	1,115	1,160	1,099	-213	337	1,300	364	245	580	1,997	422
YoY	98.6%	67.6%	126.8%	-	-69.8%	12.0%	-66.9%	-	72.0%	53.7%	15.9%
Operating profit margin	20.7%	16.7%	21.8%	-	10.1%	22.9%	12.1%	8.5%	17.2%	25.8%	13.7%
Recurring profit	1,116	1,220	1,069	-255	317	1,303	367	261	578	2,003	436
YoY	95.9%	78.4%	122.3%	-	-71.6%	6.8%	-65.7%	-	82.5%	53.7%	18.8%
Recurring profit margin	20.7%	17.5%	21.3%	-	9.5%	23.0%	12.2%	9.1%	17.1%	25.9%	14.1%
Net income	755	472	656	-515	209	906	406	207	391	1,307	318
YoY	110.0%	1.7%	110.4%	-	-72.4%	92.2%	-38.2%	-	87.6%	44.2%	-21.7%
Net margin	14.0%	6.8%	13.0%	-	6.2%	16.0%	13.5%	7.2%	11.6%	16.9%	10.3%

Source: Shared Research based on company data

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

Cumulative (JPYmn)	FY07/19				FY07/20				FY07/21		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	5,386	12,345	17,376	21,139	3,346	9,012	12,015	14,902	3,373	11,108	14,196
YoY	17.5%	34.6%	29.1%	17.6%	-37.9%	-27.0%	-30.9%	-29.5%	0.8%	23.3%	18.2%
Consumer Service	1,737	5,459	7,499	8,015	493	3,447	3,977	4,563	879	6,268	6,947
YoY	631.8%	374.3%	315.2%	232.2%	-71.6%	-36.9%	-47.0%	-43.1%	78.1%	81.8%	74.7%
% of total revenue	31.7%	43.3%	42.4%	36.4%	14.6%	34.7%	30.6%	28.5%	23.9%	48.4%	43.1%
Online Advertising	3,735	7,145	10,187	13,991	2,891	6,481	9,018	11,466	2,796	6,679	9,176
YoY	-15.4%	-12.5%	-14.1%	-11.7%	-22.6%	-9.3%	-11.5%	-18.0%	-3.3%	3.1%	1.7%
% of total revenue	68.3%	56.7%	57.6%	63.6%	85.4%	65.3%	69.4%	71.5%	76.1%	51.6%	56.9%
Operating profit	1,115	2,275	3,374	3,161	337	1,637	2,001	2,246	580	2,577	2,999
YoY	98.6%	81.5%	94.1%	49.2%	-69.8%	-28.0%	-40.7%	-28.9%	72.0%	57.5%	49.9%
Operating profit margin	20.7%	18.4%	19.4%	15.0%	10.1%	18.2%	16.7%	15.1%	17.2%	23.2%	21.1%
Consumer Service	915	1,926	2,854	2,314	110	1,136	1,304	1,326	322	2,007	2,028
YoY	2217.9%	317.0%	400.7%	239.8%	-88.0%	-41.0%	-54.3%	-42.7%	192.4%	76.6%	55.5%
Operating profit margin	52.7%	35.3%	38.1%	28.9%	22.3%	33.0%	32.8%	29.0%	36.7%	32.0%	29.2%
% of total operating profit	83.1%	86.0%	86.0%	75.0%	34.8%	71.2%	67.0%	60.5%	55.6%	77.9%	67.6%
Online Advertising	187	315	465	771	206	459	643	867	258	570	971
YoY	-63.6%	-59.2%	-59.1%	-44.7%	10.5%	45.8%	38.3%	12.4%	25.0%	24.3%	51.0%
Operating profit margin	5.0%	4.4%	4.6%	5.5%	7.1%	7.1%	7.1%	7.6%	9.2%	8.5%	10.6%
% of total operating profit	16.9%	14.0%	14.0%	25.0%	65.2%	28.8%	33.0%	39.5%	44.4%	22.1%	32.4%
Quarterly (JPYmn)	FY07/19				FY07/20				FY07/21		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	5,386	6,958	5,032	3,763	3,346	5,666	3,003	2,887	3,373	7,735	3,088
YoY	17.5%	51.8%	17.2%	-16.7%	-37.9%	-18.6%	-40.3%	-23.3%	0.8%	36.5%	2.8%
Consumer Service	1,736	3,723	2,040	516	493	2,954	530	586	879	5,389	679
YoY	632.5%	307.4%	211.5%	-14.9%	-71.6%	-20.7%	-74.0%	13.6%	78.1%	82.4%	28.1%
% of total revenue	31.7%	52.2%	40.1%	11.9%	14.6%	45.1%	17.3%	19.3%	23.9%	58.1%	21.4%
Online Advertising	3,735	3,410	3,041	3,804	2,891	3,590	2,537	2,448	2,796	3,883	2,497
YoY	-15.3%	-9.2%	-17.7%	-4.5%	-22.6%	5.3%	-16.6%	-35.7%	-3.3%	8.2%	-1.6%
% of total revenue	68.3%	47.8%	59.9%	88.1%	85.4%	54.9%	82.7%	80.7%	76.1%	41.9%	78.6%
Operating profit	1,115	1,160	1,099	-213	337	1,300	364	245	580	1,997	422
YoY	98.6%	67.6%	126.8%	-	-69.8%	12.0%	-66.9%	-	72.0%	53.7%	15.9%
Consumer Service	915	1,011	927	-540	110	1,026	168	21	322	1,685	21
YoY	2246.2%	139.3%	759.2%	-	-88.0%	1.5%	-81.9%	-	192.4%	64.2%	-87.6%
Operating profit margin	52.7%	27.2%	45.4%	-104.7%	22.3%	34.7%	31.7%	3.6%	36.7%	31.3%	3.1%
% of total operating profit	83.1%	88.8%	86.0%	63.8%	34.8%	80.2%	47.7%	8.7%	55.6%	84.3%	5.0%
Online Advertising	186	128	151	306	206	253	184	223	258	313	401
YoY	-63.7%	-50.5%	-58.8%	18.5%	10.8%	97.3%	22.5%	-26.9%	25.0%	23.7%	117.3%
Operating profit margin	5.0%	3.8%	4.9%	8.0%	7.1%	7.0%	7.3%	9.1%	9.2%	8.1%	16.1%
% of total operating profit	16.9%	11.2%	14.0%	36.2%	65.2%	19.8%	52.3%	91.3%	44.4%	15.7%	95.0%

Source: Shared Research based on company data

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

Seasonality: The hometown tax donation business (Consumer Service segment) is highly seasonal. Under the hometown tax donation system, donors can receive an income tax deduction for the current year as counted from January 1–December 31, and residence tax credits for the following year. Due to the December 31 cutoff, the number of donors tends to increase in December, and sales tend to be relatively large in Q2 (November–January) and relatively small at other times of the year. The Minister of Internal Affairs and Communications introduced new criteria that went into effect in June 2019. This generated rush demand in FY07/19, shifting the seasonality of the system from the typical year.

Q3 FY07/21 results

- ▷ In cumulative Q3 FY07/21, the company reported consolidated revenue of JPY14.2bn (+18.2% YoY), gross profit of JPY9.6bn (+61.5% YoY), operating profit of JPY3.0bn (+49.9% YoY), recurring profit of JPY3.0bn (+51.9% YoY), and net income attributable to owners of the parent of JPY2.0bn (+32.6% YoY). The Consumer Service segment drove results with a 74.7% increase in revenue and 55.5% increase in segment profit. The Online Advertising segment saw a 1.7% increase in revenue and a 51.0% increase in segment profit. The progress rate against the full-year forecast for FY07/21 (revised on April 20, 2021) was revenue 83.8%, gross profit 87.3%, operating profit 100.0%, recurring profit 103.9%, and net income attributable to owners of the parent 103.6%.
- ▷ Consumer Service segment: The number of donations in Q3 (February 2021–April 2021) were 48.8% higher YoY. The number of members and registered municipalities grew steadily, leaving the company with over 1.1mn members and 616 registered municipalities (year-end target of 650) at end-Q3.
- ▷ Online Advertising segment: The company provided rough disclosure in regard to revenue and gross profit ratios in cumulative Q3 FY07/21 of the ad platform business (ad network and affiliate businesses) and other businesses, and the app operation and media solutions businesses. In the Online Advertising segment, the ad platform business (including other businesses) accounted for about 70% of revenue but around 40% of gross profit, while the app operation and media solutions businesses accounted for about 30% of revenue and around 60% of gross profit. The company's business portfolio transformation has boosted the weighting of app operation and media solutions businesses in segment gross profit.
- ▷ SG&A spending: The SG&A to revenue ratio in cumulative Q3 was 46.7%, up from 33.0% in cumulative Q3 FY07/20. Driving the rise in the SG&A spending was a jump in spending on advertising, which at JPY2.7bn was up from a year-earlier JPY1.2bn, reflecting added spending on TV commercials for its hometown tax donation business (Consumer Service segment) and more advertising investment to support its online advertising and app operation businesses (Online Advertising segment). Sales promotion expenses were also up, rising to JPY2.0bn from a year-earlier JPY651mn as the redemption rate of Amazon gift certificates during Q2 (its busiest season) soared to 8% versus the usual rate of 1%. Notwithstanding, the operating profit margin still rose 4.4pp YoY to 21.1% (versus 16.7% in cumulative Q3 FY07/20) as the Consumer Service segment accounted for higher proportion of revenue.
- ▷ Full-year forecast for FY07/21: The company maintained its revised forecast announced on April 20, 2021. It said that it expects to run a TV commercial for Furunavi in Q4 as an investment toward FY07/22. The company announced that it will pay a commemorative dividend of JPY70 per share to mark the fifth anniversary of its listing, in addition to the originally planned year-end dividend of JPY30 per share with a record date of July 31, 2021. Hence, the company now plans to pay a year-end dividend of JPY100 per share.

Performance by segment

Consumer Service

In cumulative Q3 FY07/21, the Consumer Service segment reported revenue of JPY6.9bn (+74.7% YoY) and segment profit of JPY2.0bn (+55.5% YoY).

- ▷ The company does not provide a breakdown of segment revenue, but noted that its hometown tax donation (Furunavi) service accounts for the bulk of segment revenue. The number of donations in Q3 (February 2021–April 2021) were 48.8% higher YoY. The number of members and registered municipalities grew steadily, leaving the company with over 1.1mn members and 616 registered municipalities (year-end target of 650) at end-Q3.
- ▷ The reorganization of unprofitable businesses in FY07/20 had the effect of lowering Q3 FY07/21 revenue JPY81mn YoY, but boosting segment profit JPY19mn YoY.

Online Advertising

In cumulative Q3 FY07/21, the Online Advertising segment reported revenue of JPY9.2bn (+1.7% YoY) and segment profit of JPY971mn (+51.0% YoY).

- ▷ The company provided rough disclosure in regard to revenue and gross profit ratios in cumulative Q3 FY07/21 of the ad platform business (ad network and affiliate businesses), as well as the app operation and media solutions businesses. In the Online Advertising segment, the ad platform business (including other businesses) accounted for about 70% of revenue but around 40% of gross profit, while the app operation and media solutions businesses accounted for about 30% of revenue and around 60% of gross profit.
- ▷ In the app operation business, which is a strategic investment area, results were boosted by improved advertising efficiency and new customer acquisitions through aggressive ad spend. The number of monthly active users (MAUs) increased 32% compared to Q3 FY07/20.
- ▷ In the media solutions business, the number of accounts that installed Google for Publishers was up 33% compared to Q3 FY07/20.
- ▷ In the ad network business, the company has made efforts to transform into an organization and product system capable of providing total solutions to clients and reorganize sales methods and systems by reviewing target advertisers and their budget scales. The objective of restructuring sales methods and the system is to reduce earnings fluctuations and stabilize profits by expanding and diversifying the customer base. Revenue from the highly cost-efficient playable ads increased 67% versus Q3 FY07/20. In addition, the affiliate business continued to receive large orders for game apps and e-commerce products.

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 <https://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 from us that could influence investment decisions in the company, such an 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