

**Financial Results**  
**for the Fiscal Year Ended June 30, 2022**  
**[Japanese GAAP]**  
**(Non-consolidated)**



August 12, 2022

Company name: WELLNET CORPORATION  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 2428  
 URL: <https://www.wellnet.co.jp>  
 Representative: Kazuhiro Miyazawa, President and Representative Director  
 Contact: Tatsuya Igarashi, Executive Officer, General Manager of Administrative Division  
 Phone: +81-11-350-7770  
 Scheduled date of annual general meeting of shareholders: September 21, 2022  
 Scheduled date of commencing dividend payments: September 22, 2022  
 Scheduled date of filing securities report: September 22, 2022  
 Availability of supplementary briefing material on financial results: Available  
 Schedule of financial results briefing session: Yes

(Amounts of less than one million yen are rounded down.)

**1. Financial Results for the Fiscal Year Ended June 30, 2022 (July 1, 2021 to June 30, 2022)**

(1) Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
June 30, 2022	8,950	1.2	735	29.7	754	13.2	532	35.1
June 30, 2021	8,842	(5.7)	567	(30.6)	666	(19.4)	393	(20.3)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended					
June 30, 2022	28.25	28.15	7.4	3.4	8.2
June 30, 2021	20.94	20.87	5.6	3.2	6.4

(Reference) Equity in earnings/loss of affiliates: Fiscal year ended June 30, 2022: ¥– million  
 Fiscal year ended June 30, 2021: ¥– million

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2022	23,644	7,410	31.1	390.16
As of June 30, 2021	21,257	7,175	33.4	377.37

(Reference) Equity: As of June 30, 2022: ¥7,355 million  
 As of June 30, 2021: ¥7,102 million

(3) Status of Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of year
	Million yen	Million yen	Million yen	Million yen
As of June 30, 2022	3,285	(269)	(390)	13,049
As of June 30, 2021	2,599	(1,799)	1,013	10,423

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio	Dividend to net assets
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended June 30, 2021	–	0.00	–	15.47	15.47	291	73.9	4.1
Fiscal year ended June 30, 2022	–	0.00	–	14.13	14.13	266	50.0	3.6
Fiscal year ending June 30, 2023 (Forecast)	–	–	–	–	–		–	

## 3. Financial Results Forecast for the Fiscal Year Ending June 30, 2023 (July 1, 2022 to June 30, 2023)

Regarding the performance forecast, we plan to announce our three-year medium-term plan in the near future. Meanwhile, out of consideration for our shareholders, we plan for the dividend payout ratio to continue to be 50% or more. As a result, year-end dividends and annual dividends for the fiscal year ending June 30, 2023 are presented with “–.”

### \* Notes:

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: Yes
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(2) Total number of issued shares (common shares)

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

As of June 30, 2022: 19,400,000 shares  
As of June 30, 2021: 19,400,000 shares

2) Total number of treasury shares at the end of the period:

As of June 30, 2022: 547,985 shares  
As of June 30, 2021: 577,865 shares

3) Average number of shares during the period:

Fiscal year ended June 30, 2022: 18,841,127 shares  
Fiscal year ended June 30, 2021: 18,814,679 shares

\* These financial results are outside the scope of audit procedures by a certified public accountant or an audit corporation.

\* Explanation of the proper use of financial results forecast and other notes

As the Company is currently examining the financial results forecast, it plans to disclose them in the near future.

## Table of Contents

1. Overview of Business Results, etc.....	2
(1) Overview of Business Results .....	2
(2) Overview of Financial Position.....	2
(3) Basic Policy for Profit Sharing and Dividends for the Current and Next Fiscal Years .....	3
2. Management Policy .....	4
3. Basic Principle on the Selection of Accounting Standards .....	6
4. Financial Statements and Significant Notes .....	7
(1) Balance Sheet .....	7
(2) Statement of Income.....	9
(3) Statement of Changes in Equity .....	11
(4) Statement of Cash Flows.....	13
(5) Notes to Financial Statements .....	14
(Notes on going concern assumption).....	14
(Additional information).....	14
(Changes in accounting policies) .....	15
(Notes to balance sheet) .....	15
(Notes to statement of income) .....	15
(Notes to statement of changes in equity) .....	16
(Notes to statement of cash flows).....	21
(Segment information, etc.) .....	21
(Per share information) .....	23
(Significant subsequent events) .....	24
5. Others.....	24
(1) Changes to Directors .....	24
(2) Others .....	24

## 1. Overview of Business Results, etc.

### (1) Overview of Business Results

During the fiscal year under review, the Japanese economy has not fully recovered from the economic downturn caused by the COVID-19 pandemic, and its effects are becoming prolonged, while factors such as increasing geopolitical risks surrounding the situation in Ukraine and monetary tightening in the US have caused resource prices to rise and financial markets to become unstable, and the situation remains unpredictable.

In the Company's main business domain markets, the impact related to transportation-related businesses such as airlines, buses, and railroads has not returned to pre-pandemic levels. At the same time, DX (Digital Transformation) is being actively promoted in a variety of industries and business categories, and the non-face-to-face and non-contact services are increasing, and IT is playing an increasingly important role in society. In the midst of this paradigm shift, the Company has been promoting activities such as "Response to the age of electronic money" and "IT Promotion Solution Project for transportation industry and the MaaS Business" as priority measures, with "paperless" and "cashless" as the keywords, and conducting activities considering a lifestyle-based fin-tech platform in this context. In addition, we have focused on expanding our "Payment Plus Alpha Platform," including the start of full-scale sales expansion of *ekaiin.com* (e-member.com), a service that promotes digital transformation of membership management. Also, the consolidation of back-office operations into our Sapporo head office has begun to produce efficiency gains.

As a result of these business activities, for the fiscal year ended June 30, 2022, the Company reported net sales of ¥8,950 million (up 1.2% year on year), operating profit of ¥735 million (up 29.7% year on year), ordinary profit of ¥754 million (up 13.2% year on year), and profit of ¥532 million (up 35.1% year on year).

### (2) Overview of Financial Position

#### 1) Status of assets, liabilities, and net assets

##### (Assets)

Current assets as of June 30, 2022 stood at ¥16,864 million. This mainly comprises cash and deposits of ¥13,129 million, deposits paid of ¥2,637 million and accounts receivable - trade of ¥537 million. Cash and deposits include ¥10,170 million of receiving agency deposits in money collection business, which is the money kept temporarily and separately by the Company up to the predetermined date of transfer to operators in the following month. Meanwhile, non-current assets amounted to ¥6,778 million. This mainly comprises buildings of ¥2,274 million, land of ¥1,739 million, guarantee deposits of ¥1,449 million, and software of ¥564 million. As a result, total assets amounted to ¥23,642 million.

##### (Liabilities)

Current liabilities as of June 30, 2022 stood at ¥14,205 million. This mainly comprises receiving agency deposits of ¥10,170 million and deposits received of ¥2,857 million. Meanwhile, non-current liabilities amounted to ¥2,026 million. This mainly comprises long-term borrowings of ¥1,800 million. As a result, total liabilities amounted to ¥16,231 million.

##### (Net assets)

Net assets as of June 30, 2022 stood at ¥7,410 million. This mainly comprises shareholders' equity of ¥7,353 million.

(Reference) Cash and deposits, net (net balance of cash and deposits after offsetting receiving agency deposits related to money collection business)

(Million yen)

	As of June 30, 2021	As of June 30, 2022
(A) Cash and deposits	10,503	13,129
(B) Receiving agency deposits	8,349	10,170
(A)-(B) Cash and deposits, net	2,154	2,958

## 2) Status of cash flows

Cash and cash equivalents (the “funds”) as of June 30, 2022 stood at ¥13,049 million.

The status of cash flows as of June 30, 2022 and their contributing factors are as follows.

### (Cash flows from operating activities)

Funds provided in operating activities for the fiscal year ended June 30, 2022 amounted to ¥3,285 million. The main factors for the increase are profit before income taxes of ¥770 million, recording of depreciation of ¥450 million and an increase in receiving agency deposits of ¥1,820 million, while the main factor for the decrease is an increase in deposits paid of ¥513 million.

### (Cash flows from investing activities)

Funds used in investing activities for the fiscal year ended June 30, 2022 amounted to ¥269 million. The main factor for the decrease is the purchase of property, plant and equipment of ¥151 million.

### (Cash flows from financing activities)

Funds used in financing activities for the fiscal year ended June 30, 2022 amounted to ¥390 million. The main factor for the decrease is dividends paid of ¥290 million.

## (3) Basic Policy for Profit Sharing and Dividends for the Current and Next Fiscal Years

We plan for the dividend payout ratio to be 50% or more. Accordingly, the Company plans to issue ¥14.13 per share for the current fiscal year. The dividend forecast for the next fiscal year will be disclosed in the near future.

## 2. Management Policy

Basic policy and strategy for the fiscal year ending June 30, 2023

The online payment market, the Company's business domain, is expected to continue achieving a certain level of growth in the future, but we believe that the expansion of electronic payment will lead to the commoditization of payments themselves, and we are making efforts to expand and improve cloud services that support digital transformation for businesses as a concrete form of payment plus alpha.

### A. "Smartphone payment service," *Shiharai-Hisho* during shift to paperless and cashless

*Shiharai-Hisho* (payment secretary), which carries out payments via bank-account-linked smartphones, has already been introduced at eight electric power companies, and the number of payments for local taxation and public utility charges that can be made using *Shiharai-Hisho* is also increasing, especially in areas where there are many partner banks, in addition to developing seamless linkage with the Company's cloud services ("B"), which are *Bus Mori!*, *ALTAIR triple star*, and *ekaiin.com*.

For *ekaiin.com*, a membership management service that enables electronic billing and payment of various expenses using the *Shiharai-Hisho* and credit cards, it has been adopted in a wide range of fields, including the solicitation of donations for Higashi Honganji Temple, various sales for students of Meidai Support Corporation, collection of alumni association fees for high schools, reception work for public interest incorporated association workshops and merchandise sales, and solicitation of support for future support crowdfunding for restaurants in Sapporo in fiscal 2022. In the future, we will further expand our service areas and focus on horizontal development of proven fields. In addition, we have completed the development of a new function, "non-stop payment," which is more advanced than the current one-stop payment function, and commenced marketing activities.

On the other hand, we have completed alliances with 36 banks, including Sumitomo Mitsui Banking Corporation and Japan Post Bank Co., Ltd. After completion of security measures of identity verification due to a series of unauthorized use of fund transfer agent accounts connected with several banks, the Company is working to resume operations with them. As of August 1, 2022, the number of available banks has recovered to 24, and we will make continuous efforts to increase the number of available banks, including new ones.

### B. Actively promoting IT (DX) projects for transportation operators

Launched in August 2016, the smartphone electronic ticketing application *Bus Mori!* has expanded the types of electronic ticket to include single-trip tickets, coupon tickets, commuter passes, unlimited ride passes, and discount passes, and now handles more than 450 routes of bus and rail. In the wake of the COVID-19 pandemic, the Company is expanding smartphone commuter passes and smartphone coupon tickets, which can be purchased non-face-to-face. In addition, the Company continues to expand functions for *ALTAIR triple star*, a MaaS cloud service, which the Company has been developing since 2017. *ALTAIR triple star* is an all-in-one total cloud service ticket sales system that can automate a series of operations, from inventory and timetable management for rides and events, ticket reservation, purchase, issuance, and authentication, to sales information aggregation and settlement processing. Especially in the case of MaaS, which is provided jointly by multiple operators, our extensive knowledge and experience in the labor-intensive settlement operations is a major advantage.

In the MaaS domain, since the *DohNa!!* service was launched for use on Hakodate's trams, buses, and railroads from January 2020, in the fiscal year under review, the Company has been actively responding to the strong demand for DX in the transportation industry by participating in *Sendai MaaS* in October 2021, *OkhoNavi* in the Hokkaido Okhotsk area in January 2022, joining *JAL MaaS* in February 2022, and participating in the *Going Around Hokkaido: Public Transportation Usage Promotion Campaign* promoted by Hokkaido in May 2022. A key feature of the services we deploy is that they comprise a sustainable scheme that continues to be used even after the so-called demonstration period is

over, since they realize conversion to variable costs from system costs, which are the mainstay of cloud services.

#### C. Current status of WELLNET's key product, Multi Payment Services

Multi Payment Services are expected to have the potential to grow in the area of non-face-to-face payments. Various operators have been adopting the Company's payment services for over 30 years, and The Company aims to continue to provide payment gateway services that contribute to increase in convenience for both operators and consumers. The Company will continue to promote the development of payments and more services, and we believe that we have a significant advantage in this area because of our payment infrastructure.

#### D. Activities contributing to local communities and SDGs

We recognize that our business of "IT utilization and digital transformation" itself supports the shift to an environmentally friendly business model, and that business expansion itself contributes to global environmental conservation.

As part of our social contribution, we are providing support to many students through our WELLNET Scholarship, established to help financially struggling students at colleges of technology in Hokkaido. Approximately ¥72 million in scholarships was paid to a total of 610 students until the fiscal year 2021, and many letters of gratitude were received from these students, which motivated our employees. Although many students were affected by COVID-19 in the fiscal year 2021, continuing from last year, we received reports that four colleges of technology in Hokkaido achieved a zero dropout rate as a result of our support. We will continue these activities moving forward.

In addition, in response to a request to participate in the "Scrum Sapporo" concept promoted by Hokkaido All Olympians, which aims to contribute to the promotion of local sports and to bid for the 2030 Sapporo Olympics and Paralympics in cooperation with Hokkaido, Sapporo City, and others, as part of its local contribution activities, the Company concluded a sponsorship agreement on April 21, 2022 with Masaya Yamada, a speed skater who holds the Japanese record in the men's 1000 meters and is expected to compete in the Olympics. We intend to actively utilize *ekaiin.com* to support athletes and also support sports through the Company's services.

In addition, Sapporo City aims to become a sustainable city with a good living environment based on the revised Building Energy Conservation Law, and has established the Comprehensive Assessment System for Building Environmental Efficiency in Sapporo (CASBEE Sapporo) with the aim of spreading and promoting environmentally efficient buildings. Our new Sapporo head office, which was completed in June 2021, has already received the A rank under CASBEE Sapporo, and with the completion of the new Sapporo head office, we are aiming to obtain the platinum rank of WELL Certification through office design and operation that consider the health and working environment of our employees. The WELL Certification is an advanced initiative that began in 2014 in the U.S. to evaluate and certify spaces including buildings and offices from the standpoint of human health. Recognizing that this initiative represents an investment in the Company's most important asset, our employees, and we believe that it will lead to increased corporate value in the form of increased productivity and workstyle reforms.

#### E. Performance forecast and shareholder returns

Regarding the performance forecast, we plan to announce our three-year medium-term plan in the near future. In addition, out of consideration for our shareholders, we plan for the dividend payout ratio to be 50% or more.

### 3. Basic Principle on the Selection of Accounting Standards

The Company's policy, for the time being, is to prepare the financial statements in accordance with J-GAAP, in consideration of the comparability of financial statements over time as well as between companies.

With respect to the adoption of IFRS, the Company will make decision as appropriate, in view of the circumstances both in Japan and abroad.



## 4. Financial Statements and Significant Notes

### (1) Balance Sheet

(Thousands of yen)

	As of June 30, 2021	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	10,503,958	13,129,291
Accounts receivable - trade and contract assets	480,070	537,865
Merchandise	2,156	2,925
Work in process	9,456	465
Supplies	280	391
Prepaid expenses	68,131	71,978
Deposits paid	2,124,080	2,637,730
Other	846,083	483,635
Total current assets	14,034,219	16,864,282
Non-current assets		
Property, plant and equipment		
Buildings	2,514,130	2,523,811
Accumulated depreciation	(158,293)	(249,455)
Buildings, net	2,355,836	2,274,355
Structures	60,315	60,315
Accumulated depreciation	(10,463)	(14,735)
Structures, net	49,851	45,579
Vehicles	870	870
Accumulated depreciation	(36)	(453)
Vehicles, net	833	416
Tools, furniture and fixtures	633,795	586,881
Accumulated depreciation	(447,510)	(439,340)
Tools, furniture and fixtures, net	186,285	147,541
Land	1,739,209	1,739,209
Construction in progress	15,770	–
Total property, plant and equipment	4,347,788	4,207,103
Intangible assets		
Trademark right	1,145	878
Software	731,897	564,307
Other	283	264
Total intangible assets	733,326	565,450
Investments and other assets		
Investment securities	274,891	274,769
Long-term prepaid expenses	212,690	95,108
Investments in capital	82,148	68,228
Guarantee deposits	1,449,947	1,449,947
Prepaid pension costs	11,625	14,625
Deferred tax assets	109,354	101,326
Other	1,476	1,794
Total investments and other assets	2,142,134	2,005,800
Total non-current assets	7,223,249	6,778,354
Total assets	21,257,468	23,642,636

(Thousands of yen)

	As of June 30, 2021	As of June 30, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	423,282	432,119
Current portion of long-term borrowings	100,000	100,000
Accounts payable - other	523,843	265,079
Accrued expenses	17,483	17,178
Income taxes payable	70,502	157,745
Contract liabilities	283	882
Deposits received	2,457,239	2,857,433
Receiving agency deposits	8,349,597	10,170,572
Provision for point card certificates	38	49
Other	18,026	204,743
Total current liabilities	11,960,298	14,205,805
Non-current liabilities		
Long-term borrowings	1,900,000	1,800,000
Provision for share awards	66,758	70,740
Asset retirement obligations	10,851	10,882
Long-term accounts payable - other	119,007	119,007
Other	24,773	25,397
Total non-current liabilities	2,121,390	2,026,027
Total liabilities	14,081,688	16,231,833
<b>Net assets</b>		
Shareholders' equity		
Share capital	667,782	667,782
Capital surplus		
Legal capital surplus	3,509,216	3,509,216
Total capital surplus	3,509,216	3,509,216
Retained earnings		
Legal retained earnings	22,010	22,010
Other retained earnings		
General reserve	3,160,000	3,160,000
Retained earnings brought forward	503,512	724,611
Total retained earnings	3,685,522	3,906,621
Treasury shares	(764,630)	(729,679)
Total shareholders' equity	7,097,891	7,353,940
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,995	1,307
Total valuation and translation adjustments	4,995	1,307
Share acquisition rights	72,892	55,555
Total net assets	7,175,779	7,410,803
<b>Total liabilities and net assets</b>	<b>21,257,468</b>	<b>23,642,636</b>

## (2) Statement of Income

(Thousands of yen)

	Fiscal year ended June 30, 2021 (from July 1, 2020 to June 30, 2021)	Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)
Net sales	8,842,004	8,950,177
Cost of sales	7,511,062	7,483,554
Gross profit	1,330,942	1,466,622
Selling, general and administrative expenses	763,422	730,735
Operating profit	567,519	735,886
Non-operating income		
Interest income	48	36
Interest on securities	7,543	8,000
Gain on investments in investment partnerships	28,697	16,952
Gain on forfeiture of unclaimed dividends	1,645	1,164
Surrender value of insurance policies	57,420	-
Rental income	3,471	3,633
Subsidy income	4,759	5,487
Other	2,544	2,377
Total non-operating income	106,129	37,652
Non-operating expenses		
Interest expenses	2,241	3,925
Foreign exchange losses	4,953	15,024
Total non-operating expenses	7,195	18,950
Ordinary profit	666,454	754,589
Extraordinary income		
Gain on reversal of share acquisition rights	-	17,336
Total extraordinary income	-	17,336
Extraordinary losses		
Impairment losses	-	1,209
Total extraordinary losses	-	1,209
Profit before income taxes	666,454	770,716
Income taxes - current	178,248	228,849
Income taxes - deferred	94,288	9,639
Total income taxes	272,536	238,488
Profit	393,918	532,227

## (Schedule of cost of sales)

## Schedule of cost of sales

Type	Note no.	Fiscal year ended June 30, 2021 (from July 1, 2020 to June 30, 2021)			Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)		
		Amount (Thousand yen)	Composit ion (%)	Amount (Thousand yen)	Composit ion (%)		
I. Cost of merchandise sold							
1. Beginning merchandise		2,577		2,156			
2. Cost of purchased merchandise		23,053		26,032			
Total		25,630		28,189			
3. Ending merchandise		2,156	23,473	2,925	25,264	0.3	0.3
II. Labor cost			513,382		519,226	6.7	6.8
III. Expenses			6,918,726		6,867,800	90.5	90.5
IV. Subcontract expenses			186,287		180,445	2.4	2.4
Total			7,641,871	100.0	7,592,736	100.0	100.0
Transfer to other account			124,237		118,172		
Beginning work-in-process			2,884		9,456		
Ending work-in-process			9,456		465		
Cost of sales			7,511,062		7,483,554		

(Notes) \*1. Cost of sales is calculated based on the job-order cost system.

\*2. Details of the expenses are as follows.

(Thousand yen)

Item	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Receiving agency fees	5,993,232	5,917,235
Invoice postage fees	221,598	220,431
Depreciation	339,345	399,795
Other	364,550	330,338
Total	6,918,726	6,867,800

\*3. Details of the transfer to other account are as follows.

(Thousand yen)

Item	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Software	111,483	97,168
Research and development expenses	12,754	21,003
Total	124,237	118,172

### (3) Statement of Changes in Equity

Fiscal year ended June 30, 2021 (from July 1, 2020 to June 30, 2021)

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of period	667,782	3,509,216	3,509,216	22,010	3,160,000	369,212	3,551,222
Changes during period							
Dividends of surplus						(247,246)	(247,246)
Profit						393,918	393,918
Disposal of treasury shares						(12,371)	(12,371)
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	-	134,300	134,300
Balance at end of period	667,782	3,509,216	3,509,216	22,010	3,160,000	503,512	3,685,522

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(788,210)	6,940,011	(3,067)	(3,067)	72,892	7,009,836
Changes during period						
Dividends of surplus		(247,246)				(247,246)
Profit		393,918				393,918
Disposal of treasury shares	23,579	11,208				11,208
Net changes in items other than shareholders' equity			8,062	8,062		8,062
Total changes during period	23,579	157,880	8,062	8,062	-	165,943
Balance at end of period	(764,630)	7,097,891	4,995	4,995	72,892	7,175,779

Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of period	667,782	3,509,216	3,509,216	22,010	3,160,000	503,512	3,685,522
Changes during period							
Dividends of surplus						(291,178)	(291,178)
Profit						532,227	532,227
Disposal of treasury shares						(19,950)	(19,950)
Net changes in items other than shareholders' equity							
Total changes during period						221,098	221,098
Balance at end of period	667,782	3,509,216	3,509,216	22,010	3,160,000	724,611	3,906,621

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(764,630)	7,097,891	4,995	4,995	72,892	7,175,779
Changes during period						
Dividends of surplus		(291,178)				(291,178)
Profit		532,227				532,227
Disposal of treasury shares	34,950	14,999				14,999
Net changes in items other than shareholders' equity			(3,688)	(3,688)	(17,336)	(21,025)
Total changes during period	34,950	256,049	(3,688)	(3,688)	(17,336)	235,024
Balance at end of period	(729,679)	7,353,940	1,307	1,307	55,555	7,410,803

## (4) Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended June 30, 2021 (from July 1, 2020 to June 30, 2021)	Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	666,454	770,716
Depreciation	366,442	450,527
Impairment losses	–	1,209
Gain on reversal of share acquisition rights	–	(17,336)
Interest and dividend income	(7,592)	(8,036)
Interest expenses	2,241	3,925
Loss (gain) on investments in investment partnerships	(28,697)	(16,863)
Surrender value of insurance policies	(57,420)	–
Foreign exchange losses (gains)	4,953	15,024
Decrease (increase) in trade receivables	(5,214)	(57,585)
Decrease (increase) in inventories	140	8,111
Increase (decrease) in trade payables	(31,266)	6,311
Decrease (increase) in deposits paid	2,270,758	(513,650)
Increase (decrease) in deposits received	(2,446,134)	400,261
Increase (decrease) in receiving agency deposits	2,009,701	1,820,974
Other, net	169,491	564,491
Subtotal	2,913,858	3,428,081
Interest and dividends received	508	8,037
Interest paid	(1,943)	(3,875)
Income taxes paid	(312,626)	(146,569)
Net cash provided by (used in) operating activities	2,599,796	3,285,674
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(70,620)	–
Purchase of property, plant and equipment	(1,508,251)	(151,030)
Purchase of intangible assets	(146,417)	(143,455)
Payments into time deposits	(6)	(1)
Proceeds from share of profits on investments in capital	33,089	24,910
Payments of leasehold and guarantee deposits	(200,000)	–
Proceeds from refund of leasehold deposits	35,562	–
Proceeds from cancellation of insurance funds	57,420	–
Net cash provided by (used in) investing activities	(1,799,223)	(269,576)
<b>Cash flows from financing activities</b>		
Dividends paid	(246,490)	(290,766)
Repayments of short-term borrowings	(740,000)	–
Proceeds from long-term borrowings	2,000,000	–
Repayments of long-term borrowings	–	(100,000)
Net cash provided by (used in) financing activities	1,013,509	(390,766)
Net increase (decrease) in cash and cash equivalents	1,814,082	2,625,331
Cash and cash equivalents at beginning of period	8,609,855	10,423,938
Cash and cash equivalents at end of period	10,423,938	13,049,269

(5) Notes to Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Additional information)

(Employee Stock Ownership Plan)

In July 2010, we introduced the Employee Stock Ownership Plan (J-ESOP; hereafter, “the program”) with the aim of providing employees with benefits, raising their motivation to boost the share price with higher earnings, and sharing profits with shareholders and employees.

(1) Overview of the program

The program grants retiring employees shares in the Company based on the Share Granting Rules established in advance by the Company.

The Company gives employees points based on their contributions to earnings and their years of service and grants them shares in the Company equivalent to their cumulative points when they retire. These shares are acquired, including the future portion, based on an amount entrusted in advance, and managed separately as assets in trust.

With the introduction of the program, employees’ motivation to work and their interest in share prices rises, and it is also expected to help attract talented employees.

(2) We have applied the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc., through Trusts” (PTIF No. 30, March 26, 2015), but accounting treatment is based on the method previously adopted.

(3) Matters related to Company shares held by the trust

i) The book value in the trust was ¥88,703 thousand at the end of the previous fiscal year and ¥88,703 thousand at the end of the current fiscal year. The Company shares held by the trust are posted as treasury shares under shareholders’ equity.

ii) The number of outstanding shares at the end of the previous fiscal year was 191,600 shares and was 191,600 shares at the end of the current fiscal year. The average number of shares during the fiscal year was 191,600 shares in the previous fiscal year and 191,600 shares in the current fiscal year. The number of shares at the end of the fiscal year and the average number of shares during the fiscal year are not included in the treasury shares excluded when calculating per share information.

(Accounting estimates related to the impact of COVID-19)

As for the effects of COVID-19, is highly uncertain whether how infections will spread in the future, or when the spread of infections will be brought under control, etc., and the Company’s business activities have been affected.

The Company has made estimates of the recoverability of deferred tax assets and impairment loss of investment securities on the assumption that the effects of COVID-19 will continue for a certain period of time in the following fiscal year based on the available information.



(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the fiscal year under review, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. Accordingly, the Company has now changed to a method of estimating progress towards satisfaction of performance obligations and recognizing revenue based on the progress over time.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year under review was added to or deducted from the opening balance of retained earnings of the fiscal year under review, and thus the new accounting policy was applied from such opening balance; provided, however, there is no impact on the opening balance. In addition, there is minimal impact on the profit or loss of the fiscal year under review. The item previously presented as “Accounts receivable - trade” is presented as “Accounts receivable - trade and contract assets” and the item previously presented as “Advances received” is presented as “Contract liabilities.”

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the fiscal year under review, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This has no impact on the financial statements for the fiscal year under review.

(Notes to balance sheet)

\* Receiving agency deposits

Receiving agency deposits are deposits related to money collection business, and an equivalent amount is included in the deposits.

(Notes to statement of income)

\*1 Approximate ratio of expenses included in selling expenses was 3% in the previous fiscal year, and 5% in the fiscal year under review. Approximate ratio of expenses included in general and administrative expenses was 97% in the previous fiscal year, and 95% in the fiscal year under review.

The major components and amounts of selling, general and administrative expenses are as follows.

	(Thousand yen)	
	Fiscal year ended June 30, 2021 (from July 1, 2020 to June 30, 2021)	Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)
Advertising expenses	1,095	7,421
Directors' compensations	63,740	58,022
Salaries, allowances and bonuses	217,295	203,489
Rent expenses	44,928	43,105
Depreciation	27,097	50,731
Commission fees	43,509	54,200

\*2 Total research and development expenses included in selling, general and administrative expenses

(Thousand yen)	
Fiscal year ended June 30, 2021 (from July 1, 2020 to June 30, 2021)	Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)
14,229	21,003

\*3 Impairment losses

Fiscal year ended June 30, 2021 (from July 1, 2020 to June 30, 2021)

There is no relevant information.

Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)

Description is omitted because there are no occurrence of significant impairment losses.

(Notes to statement of changes in equity)

Fiscal year ended June 30, 2021 (from July 1, 2020 to June 30, 2021)

1. Class and total number of issued shares and class and total number of treasury shares

(Shares)

	Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period
Issued shares				
Common shares	19,400,000	–	–	19,400,000
Total	19,400,000	–	–	19,400,000
Treasury shares				
Common shares (Notes 1, 2)	789,624	–	20,159	769,465
Total	789,624	–	20,159	769,465

- (Notes)
1. The decrease in treasury shares of common shares by 20,159 shares of common shares is due to the decrease of 20,159 shares due to the granting of stock compensation with restrictions on transfers.
  2. Following the introduction of the Employee Stock Ownership Plan (J-ESOP), Custody Bank of Japan, Ltd. (Trust Account E) purchased 1,000 shares of the Company on October 25, 2010. The number of treasury shares stated herein includes 191,600 shares at beginning of period and 191,600 shares at end of period in the Company held by the Trust Account E as of June 30, 2021.

## 2. Matters related to stock acquisition rights

Type	Schedule of stock acquisition rights	Class of shares for the purpose of stock acquisition rights	Number of shares for the purpose of stock acquisition rights				Balance at the end of period (Thousand yen)
			Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period	
Submitting company	1st series stock acquisition rights in the form of stock options as stock-based compensation	-	-	-	-	-	6,946
	2nd series stock acquisition rights in the form of stock options as stock-based compensation	-	-	-	-	-	6,075
	3rd series stock acquisition rights in the form of stock options as stock-based compensation	-	-	-	-	-	5,795
	4th series stock acquisition rights in the form of stock options as stock-based compensation	-	-	-	-	-	3,666
	2nd series stock acquisition rights in the form of performance-based stock options	-	-	-	-	-	15,419
	1st series stock acquisition rights in the form of qualified stock options	-	-	-	-	-	25,192
	5th series stock acquisition rights in the form of stock options as stock-based compensation	-	-	-	-	-	4,410
	6th series stock acquisition rights in the form of stock options as stock-based compensation	-	-	-	-	-	5,386
Total	-	-	-	-	-	72,892	

### 3. Dividends

#### (1) Cash dividends paid

(Resolution)	Class of shares	Total cash dividends (Thousand yen)	Dividend per share (Yen)	Record date	Effective date
August 17, 2020 Board of Directors meeting	Common shares	247,245	13.15	June 30, 2020	September 25, 2020

(Note) Total amount of dividend includes dividend paid to Custody Bank of Japan, Ltd. (Trust Account E) based on the Employee Stock Ownership Plan (J-ESOP) scheme.

#### (2) Dividends for which the record date falls in the fiscal year under review, but the effective date falls in the following fiscal year

(Resolution)	Class of shares	Total cash dividends (Thousand yen)	Source of dividend	Dividend per share (Yen)	Record date	Effective date
August 17, 2021 Board of Directors meeting	Common shares	291,178	Retained earnings	15.47	June 30, 2021	September 24, 2021

(Note) Total amount of dividend includes dividend paid to Custody Bank of Japan, Ltd. (Trust Account E) based on the Employee Stock Ownership Plan (J-ESOP) scheme.

Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)

#### 1. Class and total number of issued shares and class and total number of treasury shares

(Shares)

	Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period
Issued shares				
Common shares	19,400,000	–	–	19,400,000
Total	19,400,000	–	–	19,400,000
Treasury shares				
Common shares (Notes 1, 2)	769,465	–	29,880	739,585
Total	769,465	–	29,880	739,585

(Notes) 1. The decrease in treasury shares of common shares by 29,800 shares of common shares is due to the decrease of 29,800 shares due to the granting of stock compensation with restrictions on transfers.  
2. Following the introduction of the Employee Stock Ownership Plan (J-ESOP), Custody Bank of Japan, Ltd. (Trust Account E) purchased 1,000 shares of the Company on October 25, 2010. The number of treasury shares stated herein includes 191,600 shares at beginning of period and 191,600 shares at end of period in the Company held by the Trust Account E as of June 30, 2022.

## 2. Matters related to stock acquisition rights

Type	Schedule of stock acquisition rights	Class of shares for the purpose of stock acquisition rights	Number of shares for the purpose of stock acquisition rights				Balance at the end of period (Thousand yen)
			Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period	
Submitting company	1st series stock acquisition rights in the form of stock options as stock-based compensation	—	—				6,946
	2nd series stock acquisition rights in the form of stock options as stock-based compensation	—					6,075
	3rd series stock acquisition rights in the form of stock options as stock-based compensation	—					5,795
	4th series stock acquisition rights in the form of stock options as stock-based compensation	—					3,666
	1st series stock acquisition rights in the form of qualified stock options	—					23,274
	5th series stock acquisition rights in the form of stock options as stock-based compensation	—					4,410
	6th series stock acquisition rights in the form of stock options as stock-based compensation	—					5,386
Total		—					55,555

### 3. Dividends

#### (1) Cash dividends paid

(Resolution)	Class of shares	Total cash dividends (Thousand yen)	Dividend per share (Yen)	Record date	Effective date
August 17, 2021 Board of Directors meeting	Common shares	291,178	15.47	June 30, 2021	September 24, 2021

(Note) Total amount of dividend includes dividend paid to Custody Bank of Japan, Ltd. (Trust Account E) based on the Employee Stock Ownership Plan (J-ESOP) scheme.

#### (2) Dividends for which the record date falls in the fiscal year under review, but the effective date falls in the following fiscal year

(Resolution)	Class of shares	Total cash dividends (Thousand yen)	Source of dividend	Dividend per share (Yen)	Record date	Effective date
August 12, 2022 Board of Directors meeting	Common shares	266,378	Retained earnings	14.13	June 30, 2022	September 22, 2022

(Note) Total amount of dividend includes dividend paid to Custody Bank of Japan, Ltd. (Trust Account E) based on the Employee Stock Ownership Plan (J-ESOP) scheme.

(Notes to statement of cash flows)

\*Relationship between “Cash and cash equivalents at end of period” and account items listed in the Balance Sheet  
(Thousand yen)

	Fiscal year ended June 30, 2021 (from July 1, 2020 to June 30, 2021)	Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)
Cash and deposits	10,503,958	13,129,291
Time deposits with deposit terms of more than three months	(80,020)	(80,020)
Cash and cash equivalents	10,423,938	13,049,269

(Note) Cash and cash equivalents include ¥8,349,597 thousand and ¥10,172,636 thousand for the fiscal years ended June 30, 2021 and 2022, corresponding to receiving agency deposits.

(Segment information, etc.)

[Segment information]

Fiscal year ended June 30, 2021 (from July 1, 2020 to June 30, 2021)

Description is omitted because the Company operates in a single segment of payment and authentication business.

Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)

Description is omitted because the Company operates in a single segment of payment and authentication business.

[Related information]

Fiscal year ended June 30, 2021 (from July 1, 2020 to June 30, 2021)

1. Information by product and service

Description is omitted because the Company operates in a single segment of payment and authentication business.

2. Information by region

(1) Net sales

Description is omitted because net sales to external customers in Japan account for more than 90% of total net sales stated in the Statement of Income.

(2) Property, plant and equipment

Description is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the property, plant and equipment on the Balance Sheet.

3. Information by major customer

(Thousand yen)		
Customer name	Net sales	Related segment
Amazon Japan G.K.	2,984,447	Payment and authentication
Yahoo Japan Corporation	887,919	Payment and authentication

Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)

1. Information by product and service

Description is omitted because the Company operates in a single segment of payment and authentication business.

2. Information by region

(1) Net sales

Description is omitted because net sales to external customers in Japan account for more than 90% of total net sales stated in the Statement of Income.

(2) Property, plant and equipment

Description is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the property, plant and equipment on the Balance Sheet.

3. Information by major customer

(Thousand yen)

Customer name	Net sales	Related segment
Amazon Japan G.K.	2,594,155	Payment and authentication
Yahoo Japan Corporation	751,208	Payment and authentication

[Information on impairment of non-current assets by reported segment]

Fiscal year ended June 30, 2021 (from July 1, 2020 to June 30, 2021)

There is no relevant information.

Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)

There is no relevant information.

[Information on amortization and unamortized balance of goodwill by reported segment]

Fiscal year ended June 30, 2021 (from July 1, 2020 to June 30, 2021)

There is no relevant information.

Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)

There is no relevant information.

[Information on gain on bargain purchase by reported segment]

Fiscal year ended June 30, 2021 (from July 1, 2020 to June 30, 2021)

There is no relevant information.

Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)

There is no relevant information.



## (Per share information)

(Yen)

	Fiscal year ended June 30, 2021 (from July 1, 2020 to June 30, 2021)	Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)
Net assets per share	377.37	390.16
Basic earnings per share	20.94	28.25
Diluted earnings per share	20.87	28.15

(Notes) 1. With respect to the number of treasury shares of common shares for the purpose of calculating net assets per share, as well as the average number of treasury shares of common shares during the period for the purpose of calculating basic earnings per share, the number of treasury shares does not include the number of shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E).

2. The basis of calculation of basic earnings per share and diluted earnings per share is as follows:

	Fiscal year ended June 30, 2021 (from July 1, 2020 to June 30, 2021)	Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)
Basic earnings per share		
Profit (Thousand yen)	393,918	532,227
Amount not attributable to common shareholders (Thousand yen)	–	–
Profit available to common shares (Thousand yen)	393,918	532,227
Average number of shares of common shares during the period (Shares)	18,814,679	18,841,127
Diluted earnings per share		
Adjustment to profit (Thousand yen)	–	–
Increase in number of shares of common shares	62,984	62,969
(Stock acquisition rights included in the above)	(62,984)	(62,969)
Overview of residual shares not included in calculation of diluted earnings per share due to lack of dilutive effect	Two classes of stock acquisition rights (1,253,100 shares of common shares)	One class of stock acquisition rights (61,900 shares of common shares)

(Significant subsequent events)

Issue of 3rd series stock acquisition rights in the form of performance-based stock options (compensatory stock options)

At a meeting of the Company's Board of Directors held on June 23, 2022, a resolution was passed to issue share acquisition rights as compensatory stock options to the Company's directors and employees in accordance with the provisions of Articles 236, 238 and 240 of the Companies Act, and payment was completed on July 8, 2022.

Resolution date	June 23, 2022
Category and number of grantees	56 directors and employees of the Company
Number of stock acquisition rights	6,000 units
Class of shares for the purpose of stock acquisition rights	Common shares
Number of shares for the purpose of stock acquisition rights	600,000 shares
Amount to be paid in for stock acquisition rights	¥900 per one share acquisition right
Exercise period of stock acquisition rights	From October 1, 2024 to July 7, 2027
Issue price of shares to be issued upon exercise of share acquisition rights	¥478 per share

5. Others

(1) Changes to Directors

There is no relevant information.

(2) Others

There is no relevant information.