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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Based on J-GAAP)

May 1, 2023

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Listing: Tokyo Stock Exchange  
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Scheduled date of Annual General Meeting of Shareholders: June 22, 2023

Scheduled date of filing Securities Report: June 22, 2023

Scheduled commencement date of dividend payout: June 23, 2023

Financial results supplementary explanatory documents: Yes

Financial results presentation: Yes (for institutional investors & analysts)

(All amounts are rounded down to the nearest million yen)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)

#### (1) Consolidated results of operations (twelve months)

(Percentages represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2023	453,604	(4.8)	6,994	(33.8)	11,637	(24.3)	7,938	(25.0)
FY 2022	476,464	12.6	10,567	(24.7)	15,381	(22.3)	10,579	(18.9)

Note: Comprehensive income (million yen): FY 2023: 7,959 / [(24.8)%] FY 2022: 10,579 / [(19.8)%]

	Earnings per share	Diluted earnings per share	Return on Equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
FY 2023	142.31	—	11.0	4.8	1.5
FY 2022	189.74	—	15.7	6.5	2.2

Reference: Share of profit (loss) of entities accounted for using equity method (million yen): FY 2023: 14 FY 2022: (45)

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2023	246,068	74,887	30.2	1,333.28
FY 2022	241,277	70,483	29.2	1,263.30

Reference: Shareholders' equity (million yen): FY 2023: 74,385 FY 2022: 70,448

#### (3) Consolidated cash flow position

	Cash flows from operating activities	Cash flow from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY 2023	9,996	(3,558)	(17,165)	45,652
FY 2022	18,864	(2,484)	(7,931)	56,162

### 2. Dividends

	Annual dividends					Total dividend annual	Dividend payout ratio consolidate	Dividend on equity consolidate
	1Q-end	Interim	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2022	—	37.50	—	37.50	75.00	4,180	39.5	6.2
FY 2023	—	37.50	—	37.50	75.00	4,184	53.0	5.8
FY 2024 (forecasts)	—	37.50	—	37.50	75.00		52.3	

### 3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(Percentages represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	459,500	1.3	8,200	17.2	12,400	6.5	8,000	0.8	143.39

Note 1: Consolidated forecasts for the first half of FY 2024 have not been disclosed.

#### Notes

(1) Changes in significant subsidiaries during the period (twelve months) under review

(Changes in subsidiaries accompanying change in the scope of consolidation): Yes

Newly included: 1 company (Relay2, Inc.)

Excluded: -

(2) Changes in accounting principles, estimates and restatements

1) Changes in accounting principles caused by revision of accounting standards, etc.: None

2) Changes in accounting principles other than those mentioned above: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of shares issued and outstanding (shares of common stock)

1) Number of shares outstanding (including treasury shares) at the end of the period

	FY 2023	FY 2022
Number of shares outstanding (including treasury shares) at the end of the period	56,074,000 shares	56,074,000 shares

2) Number of treasury shares at the end of the period

	FY 2023	FY 2022
Number of treasury shares at the end of the period	282,309 shares	308,866 shares

3) Average number of shares outstanding during the period twelve months

	FY 2023	FY 2022
Average number of shares outstanding during the period twelve months	55,783,632 shares	55,756,422 shares

### (Reference) Summary of Non-consolidated Financial Results

#### Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(1) Non-consolidated results of operations

(Percentages represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2023	447,773	(5.1)	8,823	(26.7)	10,021	(24.4)	6,652	(30.6)
FY 2022	471,907	18.2	12,038	(24.5)	13,252	(21.7)	9,590	(15.9)

	Earnings per share	Diluted earnings per share
	Yen	Yen
FY 2023	119.25	—
FY 2022	172.00	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2023	161,337	67,255	41.7	1,205.48
FY 2022	170,068	64,688	38.0	1,160.02

#### Reason for difference compared with the previous fiscal year's actual non-consolidated financial results

As stated in "Notice Regarding Revision to Full-Year Consolidated Forecasts" announced on April 18, 2023, the Company has revised down its full-year consolidated earnings forecasts for the current fiscal year. For the same reason provided for the revision of the full-year consolidated earnings forecasts, as a result of a significant decline in the number of contracts for mobile phones compared with the previous fiscal year, net sales, operating profit, ordinary profit and profit have fallen below that of the previous fiscal year.

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* Cautionary statement with respect to forward-looking statements

(Disclaimer on forward-looking statements, etc.)

These materials contain forward-looking information including earnings projections based on information currently available to the Company and certain assumptions considered reasonable in the judgment of the Company. Nothing contained in these materials is meant to suggest that the Company promises to attain the said projections. Moreover, due to various factors, actual results may materially differ from projections.

(How to obtain supplementary documents on financial results)

The Company is scheduled to hold an online financial results presentation meeting for institutional investors and analysts on May 1, 2023 (Monday).

The Company plans to post the documents used in this presentation on its website on the same day the meeting is held.

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## 1. Summary of Results of Operations

### (1) Summary of results of operations for the period under review

In the fiscal year under review (April 2022 to March 2023), amid the continuation of global monetary tightening, etc., the downturn in overseas business conditions has been a downward risk on the business conditions in Japan. Looking ahead, careful attention needs to be paid to the impacts of rises in commodity prices, supply side limitations, fluctuations in the financial and capital markets, etc.

In the market for mobile phone handsets, which is the main business field of the Group (the Company, its consolidated subsidiaries, and its equity-method affiliates), gradual progress was made on the shift to 5G (5th-generation mobile communication system), including in March 2022 when KDDI CORPORATION ended its 3G (3rd-generation mobile communication system) service. However, commission terms and conditions for some telecommunications carriers were revised in the second quarter of the previous fiscal year (July to September 2021). In addition to this, great change is underway in the role played by mobile phone distributors, including the Company, and the competitive environment, such as planning to improve online procedures and to consolidate or abolish carrier shops in the medium to long term. Furthermore, in addition to holding off purchases due to an increase in the price of mobile phone handsets caused by the weak yen, the impacts of rises in commodity prices have been causing a decrease in spending on mobile-phone services.

Under this business environment, the Group steadily worked toward the realization of the TG Universe (the ecosystem within T-Gaia), the Group-wide strategy in our medium-term management plan, and initiatives to achieve the TG Material Issues (eight priority issues) with the aim of transforming our business portfolio so that it is not dependent on the Consumer Mobile Business Segment. In April 2022, we established a specialist division that will operate on a Group-wide basis to support efforts in the areas of “growth investments, particularly in the Enterprise Solutions Business Segment and Payment Service Business and Other Business Segment,” and “further growth of sales of original products and enhancement of the productivity of store operations.” Activities of the business process reengineering (BPR) and the digital transformation (DX) promotion departments with the aim to enhance the productivity have become full-fledged and are beginning to produce results.

The number of contracts for mobile phones (below, “mobile phone contracts”) agreed during the fiscal year under review was 3,580,000 (a decrease of 13.9% compared to the previous period), mainly due to deterioration in the external environment, such as rises in commodity prices, and a fall in the number of model change contracts that accompanied a change in the direction of sales measures by telecommunications carriers. We are improving profitability per line mainly by growing sales of original products. However, this was not enough to offset revenue decreases such as the decline in commission income due to effects of the revisions to commission terms and conditions and fall in the number of mobile phone contracts mentioned above.

Although we began to see the effects of specific initiatives for raising productivity, such as Smart Online Support, which provides remote support for initial setup and usage methods at shops, selling, general and administrative expenses increased due to change in the scope of consolidation, an increase in the number of consolidated subsidiaries, and an increase in off-site sales service.

As a result, consolidated business results for the period under review marked net sales of 453,640 million yen (-4.8% year-on-year), with operating profit of 6,994 million yen (-33.8%). Due to a year-on-year decrease in the hoard profit of prepaid card, ordinary profit marked 11,637 million yen (-24.3%) and profit attributable to owners of parent posted 7,938 million yen (-25.0%).

Consolidated results of each business segment for the fiscal year under review are detailed below.

(Millions of yen)

	Consumer Mobile Business Segment	Enterprise Solutions Business Segment	Payment Service Business and Other Business Segment	Others and adjustment amounts	Total
Net sales	381,515 (6.3%)	37,651 6.7%	34,174 0.4%	262 -	453,604 (4.8%)
Profit attributable to owners of parent	2,583 (53.9%)	2,032 9.2%	2,999 (3.5%)	322 -	7,938 (25.0%)
Supplementary information – Operating profit	4,036 (51.1%)	2,583 2.6%	122 -	251 -	6,994 (33.8%)

\* Percentages represent year-over-year changes

#### [Consumer Mobile Business Segment]

This segment is engaged in intermediary services specializing in contracts for telecommunications services, including mobiles, and other types of contracts provided by each telecommunications carrier, as well as the sales of mobile phones, etc. For the Group’s shops across Japan, we are aiming to realize shops that are “regional ICT hubs” rather than mere “points of sale,” and which please customers and win their trust through high quality services and proposals with utility value that meets customer requirements.

The Consumer Mobile Business Segment has been closing unprofitable stores. However, we are creating opportunities to make sales and provide services not only by opening satellite shops, mainly at shopping malls, etc., but also by providing sales support for remote locations where there are no local shops. The Ministry of Internal Affairs and Communications selected the Company as an implementing organization for the “FY2022 User Digital Utilization Support Promotion Project (Regional Collaboration),” which also contributed to the revitalization of local communities. In addition, we have been commissioned by telecommunications carriers to provide support services for applications for Individual Number Card. By the end of the application period in March 2023, we had assisted with over 150,000 applications in total at our directly managed stores.

Regarding the business performance, the number of new contracts grew during the fourth quarter of the fiscal year under review (January to March 2023), which is the peak season, and earnings improved. We worked on expanding the number of shops that can handle Smart Online Support to raise efficiency and focusing on growing sales of coating services for mobile phones, etc., and sales of original products such as security products. Meanwhile, commissions income decreased from the previous fiscal year due to the impact of the above-mentioned revision of commission terms and conditions and sluggish growth in the number of model change contracts throughout the fiscal year under review.

As a result, net sales totaled 381,515 million yen (-6.3% year-on-year) and net income attributable to shareholders of the parent company totaled 2,583 million yen (-53.9%).

[Enterprise Solutions Business Segment]

This segment is engaged in the sale of mobile phone for enterprise customers, the provision of solution services related to devices and network management services, etc., and sales and intermediary services specializing in optical communication line service contracts for corporate and individual customers. The Group is expanding products and services to create a one-stop channel for meeting customers' requirements through its Life Cycle Management (LCM) business which revolves around administrative and support services for device life cycles spanning from procurement, propositions, and introduction support for smart devices including PCs, to building Wi-Fi environment, maintenance, operations, and updating services.

In the Enterprise Solutions Business Segment, the number of mobile phone contracts increased compared with the same period of the previous fiscal year as delays to the delivery of some products caused by a global supply shortage of semiconductors, etc., were being resolved.

We expanded products and services in the LCM business and the number of management IDs for network administrative services, helpdesks, and the like surpassed the same period of the previous fiscal year. With regard to helpdesks, we expanded the space for the call center to respond to education-related projects, reinforcement of the offering of Smart Online Support, and other matters. In addition to proposing new business areas such as the building, operation and maintenance of networks that use edge functions, we continue to focus on local government sales against the background of the "Vision for a Digital Garden City Nation" advocated by the Japanese government.

In products related to fixed-line telecommunications, the cumulative number of lines owned by the Company's own "TG Hikari" fiber-optics access service rose steadily, increasing approximately 15% from the end of the previous fiscal year.

As a result, we recorded net sales of 37,651 million yen (+6.7% year-on-year) and net income attributable to shareholders of the parent company of 2,032 million yen (+9.2%).

[Payment Service Business and Other Business Segment]

This segment is mainly engaged in sales of PIN (prepaid codes), sales of gift cards, and sales of smartphone accessories through major nationwide convenience store chains. It also includes the consolidated subsidiary QUO CARD Co., Ltd. which is tasked with the issuance and settlement of "QUO Card" and "QUO Card Pay" and the sales and repair/maintenance of card-handling equipment, etc.

In the Payment Service Business Segment, PIN and gift card transaction volumes were down compared with the same period of the previous fiscal year. The demand for a variety of digital content, including games, music, and video streaming, which had been rising due to stay-at-home demand and other factors, is gradually declining.

The amount of issuance for QUO Card and Quo Card Pay increased compared to the previous fiscal year, mainly due to adoption in various local government initiatives, but some shipping and administrative expenses were incurred in advance. QUO CARD Co., Ltd. continued to focus on adding member stores to increase convenience for users.

In the other new business, sales in the wholesale of smartphone accessories mainly to convenience stores were robust due to the expansion of sales channels and the broadening of the merchandise lineup. We continued to work on such areas as the operation of ICT schools for children and the hosting of online events for the e-Sports business. Furthermore, in November 2022, we started sales as a major distributor in Japan for "Fitbit," a wearable device brand.

We expanded our renewable energy business while contributing to customers' efforts to address climate change, including by promoting the installation of solar power generation systems by our consolidated subsidiary TG Power Inc. at the stores of major restaurant chains and electronic goods retailers.

As a result, net sales marked 34,174 million yen (+0.4% year-on-year), with profit attributable to owners of parent of 2,999 million yen (-3.5%) due to the year-on-year decrease related to hoard profit of prepaid card mentioned above.

(2) Summary of financial position for the current fiscal year

(Assets)

Current assets at the end of the period under review were 200,420 million yen, which was 5,878 million yen higher than at the end of the previous fiscal year. This was mainly due to a 11,819 million yen increase in guarantee deposits, a 3,616 million yen increase in inventories, and a 10,510 million yen decrease in cash and deposits. Non-current assets were 45,648 million yen, which was 1,087 million yen lower than at the end of the previous fiscal year. This was mainly due to a 1,336 million yen decrease in deferred tax assets.

As a result, total assets posted 246,068 million yen, which was 4,790 million yen higher than at the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the period under review were 166,199 million yen, which was 3,908 million yen higher than at the end of the previous fiscal year. This was mainly due to a 12,686 million yen increase in card deposits despite a 9,000 million yen decrease in current portion of long-term borrowings. Non-current liabilities at the end of the period under review were 4,981 million yen, which was 3,522 million yen lower than at the end of the previous fiscal year. This was mainly due to a 3,751 million yen decrease in long-term borrowings.

As a result, total liabilities posted 171,181 million yen, which was 386 million yen higher than at the end of the previous fiscal year.

(Net assets)

Total net assets at the end of the period under review were 74,887 million yen, which was 4,404 million yen higher than at the end of the previous fiscal year. This was mainly due to 7,938 million yen recognized in profit attributable to owners of parent and 4,183 million yen in payment of dividends of surplus.

As a result, the equity ratio was 30.2% (29.2% at the end of the previous fiscal year).

(3) Summary of cash flows for the current fiscal year

Consolidated cash and cash equivalents (below, “cash”) in the period under review were 45,652 million yen at the end of the period under review, which was 10,510 million yen lower than at the end of the previous fiscal year.

Cash flows and major components during the consolidated fiscal year under review were as follows.

(Cash flows from operating activities)

Cash received as a result of operating activities was 9,996 million yen (compared to receipts of 18,864 million yen in the previous consolidated fiscal year). This was mainly due to a 12,034 million yen recognized in profit before income taxes.

(Cash flows from investing activities)

Cash used in investing activities was 3,558 million yen (compared to 2,484 million yen used in the preceding consolidated fiscal year). This was mainly due to purchase of property, plant and equipment of 1,592 million yen and purchase of software of 1,289 million yen.

(Cash flows from financing activities)

Cash used in financing activities was 17,165 million yen (compared to 7,931 million yen used in the preceding consolidated fiscal year). The main factors were expenditure of 12,751 million yen due to the repayment of long-term borrowings and 4,183 million yen in dividends paid.

(Reference) Consolidated cash flow indicators

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Equity ratio (%)	26.1	30.4	27.4	29.2	30.2
Shareholders' equity ratio based on market prices (%)	57.2	62.9	45.7	37.8	37.9
Interest-bearing debt to cash flow ratio (%)	22.5	0.1	114.5	97.44	57.12
Interest coverage ratio (times)	1,182.6	5,637.1	252.2	227.0	308.4

Equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on market price: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payments

(Note 1) Numbers stated in the consolidated financial statements are used in all cases.

(Note 2) Market capitalization has been calculated based on the number of shares issued and outstanding at the end of the fiscal year after deduction of treasury shares.

(Note 3) Cash flow is taken from the statement of cash flows.

(Note 4) Interest-bearing debt includes all the liabilities carried on the consolidated balance sheets that incur interest.

(4) Outlook

[The consolidated forecast for the fiscal year ending in March 31, 2024]

In the fiscal year ending March 31, 2024, the final year of our medium-term management plan (FY 2022 to FY 2024), we believe it is even more necessary to change the role of carrier shops and transform our business portfolio to be less dependent on the Consumer Mobile Business Segment in light of the lengthening replacement cycle of mobile phones and the gradually increasing proportion of online contracts.

Based on the assumption that the business environment will continue to be difficult against a backdrop of rising prices and other factors, increased operating profit is expected in the consolidated forecast for the fiscal year under review, due to the continued expansion of proprietary business and organizational/personnel optimization with the objective of increased productivity.

As a result, the forecast is net sales of 459,500 million yen (+1.3% compared with the previous year), operating profit of 8,200 million yen (+17.2%), non-operating income of 4,200 million yen (-9.6%), including hoard profit of prepaid card, ordinary profit of 12,400 million yen (+6.5%), and profit attributable to owners of parent of 8,000 million yen (+0.8%).

The decrease in non-operating income was mainly due to the effect of recording delay damages, etc. in non-operating income for the fiscal year under review. The Company expects hoard profit of prepaid card to be about the same as in the fiscal year under review.

[Initiatives in each business segment]

We will focus on the following initiatives in each business segment.

[Consumer Mobile Business Segment]

In the Consumer Mobile Business Segment, based on the premise that the business environment will continue to be difficult as mentioned above, the Group will continue to enhance the value of its stores' presence to develop them into "local ICT centers" that provide solutions to customers' issues, rather than just being sales offices.

Specifically, in addition to further expanding proprietary revenues and improving operational efficiency and productivity through the use of smart online support, we will work to provide new services such as proprietary content, healthcare, e-sports, and ICT education. Also, we will continue to contribute to the Ministry of Internal Affairs and Communications' initiatives, "Digital Garden City Nation Vision" and "Solving Digital Divide", by means of smartphone classes and promoting projects in cooperation with local governments, as well as sales support for remote locations where there are no local shops.

[Enterprise Solutions Business Segment]

In the Enterprise Solutions Business Segment, we will expand the products and services of the LCM business and support DX promotion by our customers, especially small and medium-sized enterprises. In addition, we will further enhance our functions through digital human resource development, collaboration with group companies and partners, and M&A and business partnerships.

In the TG Optical/Network Business Segment, we will develop into a "comprehensive network service provider" that handles everything from fixed-line arrangements to the building of corporate ICT infrastructure, taking advantage of our expertise in handling fixed-line services.

[Smart Life & QUO Card Business Segment]

The Group will change the name of the "Payment Service Business and Other Business Segment" to the "Smart Life & QUO Card Business Segment" beginning in the fiscal year ending March 31, 2024.

The Smart Life Business Segment will continue to increase transaction volumes by expanding the range of PIN and gift card products for online services, mainly games. With regard to the management of accessory stores and other stores transferred from the Consumer Mobile Business Segment, the OMO strategy is to integrate real and online stores. In addition to the e-sports, ICT education, agriculture, and renewable energy businesses that we have been involved in for some time, we will also be actively engaged in the healthcare business. We will enhance our corporate value by solving social issues through these businesses.

In the QUO Card Business Segment, we will strengthen sales to corporate customers by utilizing the digital code distribution server jointly with our consolidated subsidiary QUO CARD Co., Ltd. and continue to expand the number of QUO Card Pay member stores and increase issuance through a variety of campaigns.

(5) Basic profit allocation policy, and dividends in the current and next fiscal years

Our basic policy is to provide stable and continuous profit returns to our Shareholders over the long term with a target consolidated dividend payout ratio of 40%, while securing the internal reserves necessary for future business expansion and the reinforcement of its business foundations.

The year-end dividend for the period under review will be 37.50 yen per share as the initial dividend estimate. As a result, combined with the interim dividend of 37.50 yen in December 2022, annual dividends are set to reach 75.00 yen per share.

Taking into account the consolidated earnings forecast and the basic dividend policy, the Company plans to pay a dividend of 75 yen per share for the fiscal year ending March 31, 2024 (interim dividend of 37.50 yen and year-end dividend of 37.50 yen per share), the same amount as the year-earlier period.

It is Company policy to allocate internal reserves to the expansion and reinforcement of our existing business foundations, human resources development, strategic investments, and the launch of new businesses.

2. Fundamental Concepts Concerning the Choice of Accounting Standards

As a policy, the Group for the time being will prepare its consolidated financial statements in accordance with Japanese accounting standards to ensure comparability between accounting periods and between companies.

However, in the light of changing shareholder percentages of foreign investors and a trend toward applying international accounting standards among domestic competitors, the Company plans to initiate deliberations concerning the application of international accounting standards in future.



### 3. Consolidated Financial Statements and Notes

#### (1) Consolidated balance sheets

(Millions of yen)

	FY 2022 (As of March 31, 2022)	FY 2023 (As of March 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	58,162	47,652
Notes and accounts receivable - trade	17,660	19,687
Inventories	22,239	25,855
Accounts receivable - other	12,621	11,258
Guarantee deposits	81,400	93,219
Other	2,495	2,765
Allowance for doubtful accounts	(37)	(18)
<b>Total current assets</b>	<b>194,542</b>	<b>200,420</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,786	10,762
Accumulated depreciation	(8,788)	(9,157)
<b>Buildings and structures, net</b>	<b>1,998</b>	<b>1,604</b>
Machinery, equipment and vehicles	965	1,435
Accumulated depreciation	(109)	(167)
<b>Machinery, equipment and vehicles, net</b>	<b>856</b>	<b>1,268</b>
Furniture and fixtures	5,799	5,555
Accumulated depreciation	(5,101)	(5,072)
<b>Furniture and fixtures, net</b>	<b>697</b>	<b>482</b>
Land	304	304
Leased assets	152	246
Accumulated depreciation	(121)	(145)
<b>Leased assets, net</b>	<b>30</b>	<b>101</b>
Construction in progress	16	465
<b>Total property, plant and equipment</b>	<b>3,903</b>	<b>4,227</b>
Intangible assets		
Goodwill	16,563	16,502
Software	3,953	5,238
Contract-related intangible assets	1,260	1,193
Other	931	246
<b>Total intangible assets</b>	<b>22,709</b>	<b>23,179</b>
Investments and other assets		
Investment securities	3,742	3,648
Deferred tax assets	10,085	8,748
Retirement benefit asset	14	-
Leasehold deposits	4,707	4,542
Other	1,594	1,316
Allowance for doubtful accounts	(21)	(15)
<b>Total investments and other assets</b>	<b>20,122</b>	<b>18,240</b>
<b>Total non-current assets</b>	<b>46,735</b>	<b>45,648</b>
<b>Total assets</b>	<b>241,277</b>	<b>246,068</b>

(Millions of yen)

	FY 2022 (As of March 31, 2022)	FY 2023 (As of March 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	9,964	10,104
Current portion of long-term borrowings	12,751	3,751
Accounts payable - other	16,576	16,723
Income taxes payable	722	971
Refund liability	-	87
Provision for bonuses	2,719	2,486
Card deposits	118,341	131,028
Other	1,215	1,046
<b>Total current liabilities</b>	<b>162,290</b>	<b>166,199</b>
Non-current liabilities		
Long-term borrowings	5,622	1,871
Years of service gratuity reserve provisions	146	187
Retirement benefit liability	349	369
Asset retirement obligations	1,979	1,991
Other	406	561
<b>Total non-current liabilities</b>	<b>8,503</b>	<b>4,981</b>
<b>Total liabilities</b>	<b>170,794</b>	<b>171,181</b>
Net assets		
Shareholders' equity		
Share capital	3,154	3,154
Capital surplus	5,123	5,141
Retained earnings	62,137	65,892
Treasury shares	(284)	(260)
<b>Total shareholders' equity</b>	<b>70,129</b>	<b>73,927</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	263	318
Foreign currency translation adjustment	55	139
<b>Total accumulated other comprehensive income</b>	<b>318</b>	<b>458</b>
Non-controlling interests	35	501
<b>Total net assets</b>	<b>70,483</b>	<b>74,887</b>
<b>Total liabilities and net assets</b>	<b>241,277</b>	<b>246,068</b>

(2) Consolidated statements of income and consolidated statements of comprehensive income  
(Consolidated statements of income)

(Millions of yen)

	FY 2022 (From April 1, 2021 to March 31, 2022)	FY 2023 (From April 1, 2022 to March 31, 2023)
Net sales	476,464	453,604
Cost of sales	403,889	382,839
Gross profit	72,574	70,765
Selling, general and administrative expenses	62,006	63,770
Operating profit	10,567	6,994
Non-operating income		
Interest income	6	5
Dividend income	8	10
Share of profit of entities accounted for using equity method	-	14
Delay damages income	-	362
Hoard profit of prepaid card	4,764	4,140
Other	211	394
Total non-operating income	4,990	4,928
Non-operating expenses		
Interest expenses	82	32
Share of loss of entities accounted for using equity method	45	-
Delay damages	-	171
Other	47	80
Total non-operating expenses	175	284
Ordinary profit	15,381	11,637
Extraordinary income		
Gain on sale of non-current assets	54	20
Gain on sale of investment securities	807	-
Gain on bargain purchase	-	249
Gain on step acquisitions	-	305
Total extraordinary income	862	575
Extraordinary losses		
Loss on sale of non-current assets	5	9
Loss on retirement of non-current assets	37	124
Impairment losses	78	43
Total extraordinary losses	121	178
Profit before income taxes	16,122	12,034
Income taxes - current	3,769	2,902
Income taxes - deferred	1,766	1,312
Total income taxes	5,536	4,215
Profit	10,586	7,819
Profit (loss) attributable to non-controlling interests	7	(119)
Profit attributable to owners of parent	10,579	7,938

(Consolidated statements of comprehensive income)

(Millions of yen)

	FY 2022 (From April 1, 2021 to March 31, 2022)	FY 2023 (From April 1, 2022 to March 31, 2023)
Profit	10,586	7,819
Other comprehensive income		
Valuation difference on available-for-sale securities	(48)	55
Foreign currency translation adjustment	-	85
Share of other comprehensive income of entities accounted for using equity method	41	(0)
Total other comprehensive income	(6)	139
Comprehensive income	10,579	7,959
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,572	8,045
Comprehensive income attributable to non-controlling interests	7	(85)

(3) Consolidated statements of changes in shareholders' equity  
Consolidated Fiscal Year 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,154	5,092	55,739	(312)	63,672
Changes during period					
Dividends of surplus			(4,181)		(4,181)
Profit attributable to owners of parent			10,579		10,579
Disposal of treasury shares		31		27	58
Net changes in items other than shareholders' equity					
Total changes during period	–	31	6,398	27	6,456
Balance at end of period	3,154	5,123	62,137	(284)	70,129

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	311	14	325	28	64,026
Changes during period					
Dividends of surplus					(4,181)
Profit attributable to owners of parent					10,579
Disposal of treasury shares					58
Net changes in items other than shareholders' equity	(48)	41	(6)	7	0
Total changes during period	(48)	41	(6)	7	6,456
Balance at end of period	263	55	318	35	70,483

Consolidated Fiscal Year 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,154	5,123	62,137	(284)	70,129
Changes during period					
Dividends of surplus			(4,183)		(4,183)
Profit attributable to owners of parent			7,938		7,938
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		18		24	42
Net changes in items other than shareholders' equity					
Total changes during period	-	18	3,755	24	3,797
Balance at end of period	3,154	5,141	65,892	(260)	73,927

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	263	55	318	35	70,483
Changes during period					
Dividends of surplus					(4,183)
Profit attributable to owners of parent					7,938
Purchase of treasury shares					(0)
Disposal of treasury shares					42
Net changes in items other than shareholders' equity	55	84	139	466	606
Total changes during period	55	84	139	466	4,404
Balance at end of period	318	139	458	501	74,887

(4) Consolidated statements of cash flows

(Millions of yen)

	FY 2022 (From April 1, 2021 to March 31, 2022)	FY 2023 (From April 1, 2022 to March 31, 2023)
<b>Cash flows from operating activities</b>		
Profit before income taxes	16,122	12,034
Depreciation	2,068	2,393
Impairment losses	78	43
Amortization of goodwill	1,345	1,298
Increase (decrease) in refund liability	–	87
Increase (decrease) in provision for bonuses	(206)	(241)
Increase (decrease) in retirement benefit liability	22	35
Increase (decrease) in years of service gratuity reserve provisions	(55)	41
Interest and dividend income	(14)	(15)
Interest expenses	82	32
Loss (gain) on step acquisitions	–	(305)
Gain on bargain purchase	–	(249)
Delay damages income	–	(362)
Delay damages	–	171
Share of loss (profit) of entities accounted for using equity method	45	(14)
Loss (gain) on sale of investment securities	(807)	–
Decrease (increase) in trade receivables	4,826	(1,768)
Decrease (increase) in accounts receivable - other	1,552	1,394
Decrease (increase) in inventories	(638)	(3,324)
Decrease (increase) in guarantee deposits	(7,610)	(11,170)
Increase (decrease) in trade payables	274	(137)
Increase (decrease) in accounts payable - other	(2,927)	(39)
Increase (decrease) in card deposits	11,825	12,686
Other, net	(187)	89
Subtotal	25,795	12,678
Interest and dividends received	114	135
Delay damages received, net	–	191
Interest paid	(83)	(49)
Income taxes refund (paid)	(6,962)	(2,959)
Net cash provided by (used in) operating activities	18,864	9,996
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	(200)	–
Purchase of property, plant and equipment	(1,005)	(1,592)
Proceeds from sale of property, plant and equipment	75	26
Purchase of software	(1,745)	(1,289)
Purchase of investment securities	(50)	(209)
Proceeds from sale of investment securities	856	–
Purchase of shares of subsidiaries and associates	(89)	(60)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(375)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	351
Net increase (decrease) in loans to affiliates	(354)	(70)
Payments of guarantee deposits	–	(655)
Other, net	28	316
Net cash provided by (used in) investing activities	(2,484)	(3,558)

(Millions of yen)

	FY 2022 (From April 1, 2021 to March 31, 2022)	FY 2023 (From April 1, 2022 to March 31, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	(280)
Repayments of long-term borrowings	(3,751)	(12,751)
Proceeds from sale and leaseback transactions	–	71
Repayments of lease liabilities	(3)	(22)
Dividends paid	(4,177)	(4,183)
Other, net	–	(0)
Net cash provided by (used in) financing activities	(7,931)	(17,165)
Effect of exchange rate change on cash and cash equivalents	–	43
Net increase (decrease) in cash and cash equivalents	8,448	(10,683)
Cash and cash equivalents at beginning of period	47,601	56,162
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	172
Increase in cash and cash equivalents resulting from merger	112	–
Cash and cash equivalents at end of period	56,162	45,652



(5) Notes to consolidated financial statements  
 (Notes on the going-concern assumption)  
 Not applicable.

(Consolidated statements of income)

Major items and figures among Selling, General and Administrative Expenses are as follows.

	(Millions of yen)	
	The previous fiscal year (From April 1, 2021 to March 31, 2022)	The fiscal year under review (From April 1, 2022 to March 31, 2023)
Remuneration for directors (and other officers)	228	209
Employees' salaries	20,892	19,845
Temporary staff wages	1,636	1,302
Provision for bonuses	2,641	2,441
Retirement benefit expenses	333	377
Years of service gratuity reserve provisions amount	112	90
Dispatched staff wages	5,811	7,571
Promotion expenses	3,551	4,601
Rent expenses on real estate	5,807	5,613
Depreciation	1,824	2,147
Amortization of goodwill	1,345	1,298
Provision of allowance for doubtful accounts	(33)	(19)

(Segment information, etc.)

[Segment information]

1. Summary of reportable segments

Reportable segments of the Group are structural units of the Company for which segregated financial information is available and which are periodically reviewed to enable the board of directors to take decisions on the allocation of management resources and assess operating performance.

The Group forms three reportable segments — Consumer Mobile Business Segment, Enterprise Solutions Business Segment, and Payment Services Business and Other Business Segment — structured by industry segmentation.

Consumer Mobile Business Segment undertakes contract mediation for mobile phones and other telecommunications services and sells mobile phone handsets and related merchandise.

Enterprise Solutions Business Segment engages in contract agency and vendor operations for mobile handsets and enterprise solution services, etc., for enterprise clients, as well as network management service operations, etc., and contract agency and provider operations mainly for FTTH fixed-line services for enterprise and individual customers.

Payment Service Business and Other Business Segment engages through major nationwide convenience store chains in sales of electronic money-enabled merchandise and gift card sales using PIN sales systems, sales of prepaid card business operations, and overseas business operations.

2. Method of computation of net sales, income or loss, assets, liabilities, and other items by reportable segments

The accounting treatment applicable to reported business segment information is largely consistent with the descriptions in the “Significant Accounting Policies in the Preparation of Consolidated Financial Statements,” and income of each reportable segment indicates profit attributable to owners of parent. Intersegment sales or transfers are based on prevailing market prices.

(Changes in reportable segments, etc.)

Popular-Soft Co., Ltd. (name changed to TG Solutions Corporation on April 1, 2022), which was previously included in the Enterprise Solutions Business Segment, is reported under “Other,” a segment for businesses that do not fall under reportable segments, from the fiscal year under review following a change in business format. Additionally, the segment information for the previous fiscal year has not been prepared based on segment classifications reflecting this change, as its impact on segment profit is immaterial.

(Changes to segment asset allocation method)

In the fiscal year under review, all assets (excluding assets managed by the head office) were allocated to each reportable segment as a result of a review of assets to be allocated to reportable segments in conjunction with the adoption of the new system.

Please note that segment information from the preceding fiscal year produced by means of the calculation method for the current fiscal year has not been listed due to the practical difficulties of retrospectively calculating the necessary financial data for the preceding fiscal year.

3. Information by reportable segment on net sales and income or loss amounts, assets, liabilities, and other items

The previous fiscal year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Consumer Mobile Business Segment	Enterprise Solutions Business Segment	Payment Service Business and Other Business Segment	Adjustment amounts (Note)	Total
Net sales					
Smart device	238,841	10,339	–	–	249,180
Prepaid cards, etc.	–	–	11,477	–	11,477
Fees related Smart device	163,096	11,371	–	–	174,468
Sales commissions of prepaid card, etc.	–	–	15,217	–	15,217
Own solution services	–	5,908	–	–	5,908
TG Hikari & NW related	–	7,352	–	–	7,352
Other	5,203	322	7,328	–	12,854
Revenue from contracts with customers	407,141	35,294	34,022	–	476,458
Other revenue	–	–	5	–	5
Sales to external customers	407,141	35,294	34,028	–	476,464
Segment profit	5,607	1,862	3,109	–	10,579
Segment assets	42,131	8,950	98,336	91,859	241,277
Other items					
Depreciation	1,432	317	318	–	2,068
Amortization of goodwill	910	247	187	–	1,345
Interest income	0	5	0	–	6
Interest expenses	62	9	11	–	82
Equity method investment gain (loss)	6	(33)	(17)	–	(45)
Hoard profit of prepaid card	–	–	4,764	–	4,764
Extraordinary income	432	318	111	–	862
Extraordinary losses	108	0	12	–	121
Impairment losses	78	–	–	–	78
Tax expenditure	3,037	968	1,529	–	5,536
Amount of investments in equity-method affiliates	71	1,639	98	–	1,809
Increase in property, plant and equipment and intangible assets	814	851	413	3,191	5,270

(Note) The details of adjustment amounts are as follows:

- (1) The segment asset adjustment amount of 91,859 million yen comprises mostly company-level assets under head office management which are not allocated to individual reportable segments.
- (2) The adjustment amount of 3,191 million yen for the increase in the property, plant and equipment and intangible asset comprises mostly assets under head office management.

The fiscal year under review (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segments				Other (Note)	Total
	Consumer Mobile Business Segment	Enterprise Solutions Business Segment	Payment Service Business and Other Business Segment	Total		
Net sales						
Smart device	227,299	11,884	–	239,183	–	239,183
Prepaid cards, etc.	–	–	8,927	8,927	–	8,927
Fees related Smart device	148,150	11,402	–	159,553	–	159,553
Sales commissions of prepaid card, etc.	–	–	16,854	16,854	–	16,854
Own solution services	–	6,709	–	6,709	–	6,709
TG Hikari & NW related	–	7,304	–	7,304	–	7,304
Other	6,065	350	8,236	14,652	262	14,915
Revenue from contracts with customers	381,515	37,651	34,017	453,185	262	453,447
Other revenue	–	–	156	156	–	156
Sales to external customers	381,515	37,651	34,174	453,341	262	453,604
Intersegment sales or transfers	678	109	115	903	1,700	2,603
Total	382,194	37,760	34,289	454,244	1,963	456,207
Segment profit	2,583	2,032	2,999	7,615	322	7,938
Segment assets	119,414	22,427	226,222	368,064	490	368,554
Other items						
Depreciation	845	366	342	1,554	838	2,393
Amortization of goodwill	818	342	137	1,298	–	1,298
Interest income	9	4	161	176	0	176
Interest expenses	225	66	117	410	1	411
Equity method investment gain (loss)	–	34	(20)	14	–	14
Hoard profit of prepaid card	–	–	4,140	4,140	–	4,140
Extraordinary income	268	305	0	575	0	575
Gain on bargain purchase	249	–	–	249	–	249
Extraordinary losses	85	50	28	164	14	178
Impairment losses	43	–	–	43	–	43
Tax expenditure	1,672	961	1,409	4,043	171	4,215
Amount of investments in equity-method affiliates	–	1,256	169	1,425	–	1,425
Increase in property, plant and equipment and intangible assets	293	1,835	1,423	3,551	6	3,558

(Note) The “Other” segment is a segment for businesses that do not fall under reportable segments and mainly includes the Company’s systems development, operation, and maintenance operations.

4. Reconciliation of the difference between the total amount of reportable segments and the amount recorded in the consolidated financial statements

(Millions of yen)

Net sales	Amount
Reportable segments total	454,244
Net sales categorized as "Other"	1,963
Elimination of intersegment transactions	(2,603)
Net sales in consolidated financial statements	453,604

(Millions of yen)

Profit	Amount
Reportable segments total	7,615
Profit categorized as "Other"	322
Profit attributable to owners of parent in the consolidated financial statements	7,938

(Millions of yen)

Assets	Amount
Reportable segments total	368,064
Assets categorized as "Other"	490
Adjustment amounts of corporate assets and others (Note)	(122,485)
Total assets in consolidated financial statements	246,068

(Note) Corporate assets are mainly assets managed by the head office that are not attributable to any reportable segment. Other adjustment amounts mainly consist of elimination of intersegment receivables and payables and elimination of the Company's operating receivables and payables.

(Millions of yen)

Other items	Reportable segments total	Other	Adjustment amounts	Consolidated financial statements Amount recorded
Depreciation	1,554	838	–	2,393
Amortization of goodwill	1,298	–	–	1,298
Interest income (Note)	176	0	(170)	5
Interest expenses (Note)	410	1	(379)	32
Equity method investment gain (loss)	14	–	–	14
Hoard profit of prepaid card	4,140	–	–	4,140
Extraordinary income	575	0	–	575
(Gain on bargain purchase)	249	–	–	249
Extraordinary losses	164	14	–	178
(Impairment losses)	43	–	–	43
Tax expenditure	4,043	171	–	4,215
Amount of investments in equity-method affiliates	1,425	–	–	1,425
Increase in property, plant and equipment and intangible assets (Note)	3,551	6	321	3,879

(Note) Adjustment amount of interest income is mainly due to elimination of intersegment transactions. Adjustment amount of interest expenses is mainly due to elimination of intersegment transactions. Adjustment amount for the increase in property, plant and equipment and intangible assets is mainly due to capital investment by the head office.

Related information

The previous fiscal year (From April 1, 2021 to March 31, 2022)

1. Information by products and services

This information is omitted because the same information is disclosed in the segment information.

2. Information by region

(1) Net sales

Omitted as the Company's net sales for outside customers in Japan exceed 90% of net sales listed in the Consolidated Statements of Income.

(2) Property, plant and equipment

Omitted as the amount of non-current tangible assets in Japan exceed 90% of the amount of non-current tangible assets listed in the Consolidated Balance Sheets.

3. Information by major clients

(Millions of yen)

Name of client (mobile carrier)	Net sales	Related segment
KDDI CORPORATION	66,977	Consumer Mobile Business Segment and Enterprise Solutions Business Segment
NTT DOCOMO, Inc.	65,196	Consumer Mobile Business Segment and Enterprise Solutions Business Segment

The fiscal year under review (From April 1, 2022 to March 31, 2023)

1. Information by products and services

This information is omitted because the same information is disclosed in the segment information.

2. Information by region

(1) Net sales

Omitted as the Company's net sales for outside customers in Japan exceed 90% of net sales listed in the Consolidated Statements of Income.

(2) Property, plant and equipment

Omitted as the amount of non-current tangible assets in Japan exceed 90% of the amount of non-current tangible assets listed in the Consolidated Balance Sheets.

3. Information by major clients

(Millions of yen)

Name of client (mobile carrier)	Net sales	Related segment
KDDI CORPORATION	61,092	Consumer Mobile Business Segment and Enterprise Solutions Business Segment
NTT DOCOMO, Inc.	60,183	Consumer Mobile Business Segment and Enterprise Solutions Business Segment

Information concerning unamortized goodwill balances by reportable segment  
The previous fiscal year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Consumer Mobile Business Segment	Enterprise Solutions Business Segment	Payment Service Business and Other Business Segment	Total
Balance at end of period	13,511	2,914	137	16,563

The fiscal year under review (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Consumer Mobile Business Segment	Enterprise Solutions Business Segment	Payment Service Business and Other Business Segment	Other	Total
Balance at end of period	12,693	3,809	-	-	16,502

Information concerning gain on bargain purchase by reportable segment

The previous fiscal year (From April 1, 2021 to March 31, 2022)

Not applicable.

The fiscal year under review (From April 1, 2022 to March 31, 2023)

In the Consumer Mobile Business Segment, we recognized a gain on bargain purchase associated with the acquisition of shares of CCC FRONTIER Inc. (name changed to UNiCASE Inc. on October 1, 2022) and its conversion into a consolidated subsidiary in the fiscal year under review. This gain on bargain purchase amounted to 244 million yen.

(Per Share Information)

(Yen)

	The previous fiscal year (From April 1, 2021 to March 31, 2022)	The fiscal year under review (From April 1, 2022 to March 31, 2023)
Net assets per share	1,263.30	1,333.28
Earnings per share	189.74	142.31

(Notes) 1. Information on diluted earnings per share has been omitted as no dilutive shares are in existence.

2. The calculation basis for net earnings per share is as follows.

	The previous fiscal year (From April 1, 2021 to March 31, 2022)	The fiscal year under review (From April 1, 2022 to March 31, 2023)
Profit attributable to owners of parent (million yen)	10,579	7,938
Net income not available to common shareholders (million yen)	-	-
Net Income attributable to common owners of parent company (million yen)	10,579	7,938
Average number of shares outstanding during the period (shares)	55,756,422	55,783,632

(Significant subsequent events)

Not applicable.

4. Other

Transfers of directors

With regard to transfers of directors, please refer to the “Announcement Regarding Transfer of Directors and Changes in Organization” released on February 21, 2023.