

**Financial Results**  
**for the Fiscal Year Ended June 30, 2023**  
**[Japanese GAAP]**  
**(Non-consolidated)**



August 14, 2023

Company name: WELLNET CORPORATION  
 Stock exchange listing: Tokyo Stock Exchange, Sapporo Securities 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, 2023  
 Scheduled date of commencing dividend payments: September 22, 2023  
 Scheduled date of filing securities report: September 22, 2023  
 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, 2023 (July 1, 2022 to June 30, 2023)**

(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, 2023	9,424	5.3	939	27.7	935	24.0	635	19.4
June 30, 2022	8,950	1.2	735	29.7	754	13.2	532	35.1

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
June 30, 2023	33.68	33.44	8.4	3.9	10.0
June 30, 2022	28.25	28.15	7.4	3.4	8.2

(Reference) Equity in earnings/loss of affiliates: Fiscal year ended June 30, 2023: ¥- million  
 Fiscal year ended June 30, 2022: ¥- million

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2023	24,892	7,826	31.1	410.38
As of June 30, 2022	23,642	7,410	31.1	390.16

(Reference) Equity: As of June 30, 2023: ¥7,745 million  
 As of June 30, 2022: ¥7,355 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, 2023	1,114	268	(360)	14,070
As of June 30, 2022	3,285	(267)	(390)	13,049

## 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, 2022	–	0.00	–	14.13	14.13	266	50.0	3.6
Fiscal year ended June 30, 2023	–	0.00	–	16.84	16.84	317	50.0	4.1
Fiscal year ending June 30, 2024 (Forecast)	–	0.00	–	21.00	21.00		50.0	

## 3. Financial Results Forecast for the Fiscal Year Ending June 30, 2024 (July 1, 2023 to June 30, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	–	–	–	–	–	–	–
Full year	10,160	7.8	1,150	22.9	790	24.3	41.86

This forecast is based on the expectation that, with respect to the COVID-19 pandemic, the movement of people, especially in Japan, will recover to a certain degree, and will be greatly affected by the degree of recovery. The Company will promptly announce any significant events that should be disclosed.

### \* 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, 2023: 19,400,000 shares

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

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

As of June 30, 2023: 525,475 shares

As of June 30, 2022: 547,985 shares

##### 3) Average number of shares during the period:

Fiscal year ended June 30, 2023: 18,866,323 shares

Fiscal year ended June 30, 2022: 18,841,127 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

The forward-looking statements, including earnings forecasts, contained in this document are based on information available to the Company at the time of the announcement of this document and on certain assumptions judged to be reasonable. Actual business performance and other results may differ from the forecasts due to various factors. Please refer to the section of “2. Management Policy, E. Performance forecast and shareholder returns” on page 7 on the attached material of the financial results for the suppositions that form the assumptions for the financial results forecast and cautions concerning the use of the financial results forecast.

## Table of Contents

1. Overview of Business Results, etc.....	2
(1) Overview of Business Results.....	2
(2) Overview of Financial Position.....	3
(3) Basic Policy for Profit Sharing and Dividends for the Current and Next Fiscal Years .....	4
2. Management Policy .....	5
3. Basic Principle on the Selection of Accounting Standards .....	7
4. Financial Statements and Significant Notes .....	8
(1) Balance Sheet .....	8
(2) Statement of Income.....	10
(3) Statement of Changes in Equity .....	12
(4) Statement of Cash Flows.....	14
(5) Notes to Financial Statements .....	15
(Notes on going concern assumption).....	15
(Additional information).....	15
(Changes in accounting policies) .....	16
(Notes to balance sheet) .....	16
(Notes to statement of income) .....	16
(Notes to statement of changes in equity) .....	17
(Notes to statement of cash flows).....	22
(Segment information, etc.) .....	22
(Per share information) .....	24
(Significant subsequent events) .....	24
5. Others.....	25
(1) Changes to Directors .....	25
(2) Others .....	25

## 1. Overview of Business Results, etc.

### (1) Overview of Business Results

During the fiscal year ended June 30, 2023, the Japanese economy continued to encounter uncertainties ahead caused by the continuing geopolitical risks surrounding the situation in Ukraine and the sharp rise in prices such as resource prices and energy bills. Meanwhile, when it comes to the impact of the COVID-19 pandemic on economic activity, reclassification of COVID-19 to a Class V Infectious Disease effective from May 8, 2023 has prompted normalization of social activity, which in turn has culminated in signs of improvement with respect to the business environment surrounding the Company.

Under these circumstances, in the Company's main business domain markets, the transportation-related businesses such as airlines, buses, and railroads have been on a path of recovery. At the same time, Digital Transformation (DX) is being actively promoted in a variety of industries and business categories, the non-face-to-face services are increasing, and IT companies are playing an increasingly important role in society.

The Company has also been promoting activities such as "Response to the age of electronic payment" and "DX in the transportation industry and the MaaS Business" as priority measures, with "paperless" and "cashless" as the keywords, and conducting measures considering a lifestyle-based fin-tech platform in this context, and has focused on its "Payment Plus Alpha Platform," including expansion of the use of a DX tool for membership management, *ekaiin.com*, and provision of the new service for issuing and storing electronic invoices, *SHIMAYELL*. Moreover, having acquired a portion of the shares of HARP Co., Ltd., which provides innovative cloud-based services to local government bodies, in March 2023, the Company has been promoting payment services nationwide to local government bodies and other such entities.

In transportation-related businesses, the Surutto KANSAI Association, comprised of 61 train and bus operators primarily in the Kansai area as well as Okayama and Shizuoka, aims for digitalization other than for IC cards by promoting contactless and cashless services using cross-regional QR Code travel passes as the system partner for services related to the digital travel pass using QR Codes, for which services are planned to commence in spring 2024, as announced "Start of Development of a Digital Travel Pass Using QR Codes" on November 18, 2022. The Company will strengthen its relationship with members of the Association by participating in this project as well as accumulating relevant knowledge and developing thin client services for transport business operators.

In July 2023, the Company newly established its West Japan branch office in Osaka (Umeda) for the purpose of enhancing support for business operators and customers in the western region of Japan, including members of the Surutto KANSAI Association as well as those in Kansai, Chugoku, Shikoku, Kyushu, and Okinawa.

The Company has been promoting development of next-generation platforms, including "all-in-one cloud-based services for transport operators" and "electronic money," since 2016, and has embarked on a phase that will entail fully engaging in sales activities for these solutions going forward. To such ends, in addition to the establishment of the West Japan branch office, the Company has set up a three-location business network with operations in Sapporo, Tokyo and Osaka, by relocating and expanding its Tokyo head office in April 2023. This will enable the Company to fully engage in sales activities in close alignment with local communities.

As announced today (August 14, 2023), at a meeting of the Board of Directors held today, the Company decided to select the Standard Market of the Tokyo Stock Exchange for listing of the Company's shares and increase corporate value by concentrating the Company's resources in these businesses.

As a result of these business activities, for the fiscal year ended June 30, 2023, the Company reported net sales of ¥9,424 million (up 5.3% year on year), operating profit of ¥939 million (up 27.7% year on year), ordinary profit of ¥935 million (up 24.0% year on year), and profit of ¥635 million (up 19.4% year on year).

## (2) Overview of Financial Position

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

#### (Assets)

Current assets as of June 30, 2023 stood at ¥18,756 million. This mainly comprises cash and deposits of ¥14,070 million, deposits paid of ¥3,449 million and accounts receivable - trade, and contract assets of ¥604 million. Cash and deposits include ¥10,441 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 ¥6,136 million. This mainly comprises buildings of ¥2,096 million, land of ¥1,602 million, guarantee deposits of ¥1,455 million, and software of ¥443 million. As a result, total assets amounted to ¥24,892 million.

#### (Liabilities)

Current liabilities as of June 30, 2023 stood at ¥15,105 million. This mainly comprises receiving agency deposits of ¥10,441 million and deposits received of ¥3,584 million. Meanwhile, non-current liabilities amounted to ¥1,959 million. This mainly comprises long-term borrowings of ¥1,725 million. As a result, total liabilities amounted to ¥17,065 million.

#### (Net assets)

Net assets as of June 30, 2023 stood at ¥7,826 million. This mainly comprises shareholders' equity of ¥7,737 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, 2022	As of June 30, 2023
(A) Cash and deposits	13,129	14,070
(B) Receiving agency deposits	10,170	10,441
(A)-(B) Cash and deposits, net	2,958	3,629

### 2) Status of cash flows

Cash and cash equivalents (the "funds") as of June 30, 2023 stood at ¥14,070 million.

The status of cash flows as of June 30, 2023 and their contributing factors are as follows.

#### (Cash flows from operating activities)

Funds provided in operating activities for the fiscal year ended June 30, 2023 amounted to ¥1,114 million. The main factors for the increase are profit before income taxes of ¥961 million, recording of depreciation of ¥404 million and an increase in deposits received of ¥727 million, while the main factor for the decrease is an increase in deposits paid of ¥811 million.

#### (Cash flows from investing activities)

Funds provided in investing activities for the fiscal year ended June 30, 2023 amounted to ¥268 million. The main factors for the increase are proceeds from sale of property, plant and equipment of ¥251 million and proceeds from redemption of securities of ¥200 million, while the main factors for the decrease are purchase of property, plant and equipment of ¥103 million and purchase of intangible assets of ¥119 million.

(Cash flows from financing activities)

Funds used in financing activities for the fiscal year ended June 30, 2023 amounted to ¥360 million. The main factors for the decrease are dividends paid of ¥266 million and repayments of long-term borrowings of ¥100 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 and intend to provide dividends of ¥16.84 per share for the current fiscal year. In addition, for the next fiscal year the Company forecasts a dividend of ¥21 per share due to the likelihood of ongoing improvement in financial results.

## 2. Management Policy

Basic policy and strategy for the fiscal year ending June 30, 2024

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 DX for businesses as a concrete form of payment plus alpha.

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

*Shiharai-Hisho*, 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 expanding a seamless linkage with the Company's cloud services as described in B below, which are *Bus Mori!*, *ALTAIR triple star*, and *ekaiin.com*, as well as developing embedded electronic money.

For *ekaiin.com*, a membership management service that enables electronic billing and payment of various expenses using the *Shiharai-Hisho* and credit cards, its adoption is now spread across a wide range of fields in addition to its conventional use, including the collection of travel and tour fares for JR BUS KANTO CO., LTD., solicitation of support for future support crowdfunding for restaurants in Sapporo in fiscal 2022 (phase 2), solicitation for the commemorative event of the 65th anniversary of the establishment of the Japan Composer's Association "Japan Popular Song Championship," and enrollment and payment collection for DMM Eikaiwa. In the future, we will expand our service areas and focus on horizontal development of proven fields.

On the other hand, we have made *Shiharai-Hisho*-related alliances with 36 banks, including Sumitomo Mitsui Banking Corporation and Japan Post Bank Co., Ltd., and after completion of security measures 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 June 30, 2023, the number of available banks has recovered to 25. Among these banks is MUFG Bank, Ltd., a mega bank that we newly connected with in May 2023. We anticipate the expansion of usage going forward and make continuous efforts to increase the number of available banks.

### B. Actively promoting IT (DX) projects for buses

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 610 routes of bus and rail. During the COVID-19 pandemic, the Company is expanding smartphone commuter passes and smartphone coupon tickets, which can be purchased non-face-to-face. *ALTAIR triple star*, the cloud service for transport business operators that we have been developing since 2017, is an all-in-one total cloud service 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, the track record of implementation expanded as described below. As described above, the Company plans to introduce the Surutto KANSAI Association's digital travel pass service using QR Codes in spring 2024, and is actively promoting proposal activities in many areas.

January 2020:	<i>DohNa!!</i> in Hakodate City
October 2021:	<i>Sendai MaaS</i>
January 2022:	<i>OkhoNavi</i> in the Hokkaido Okhotsk area
February 2022:	<i>JAL MaaS</i>
May 2022:	<i>Going Around Hokkaido: Public Transportation Usage Promotion Campaign</i> in

	Hokkaido
June 2022:	<i>Kumamoto metropolitan area park-and-ride social experiment commuter pass and coupon tickets</i>
September 2022:	One-day subway tickets of the Transportation Bureau City of Sendai (QR electronic tickets) in <i>Sendai MaaS</i>
May 2023:	Digital travel passes for students of Tohoku Gakuin University

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 enhance 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.

In September 2022, the new smartphone barcode payment service *stanp* developed by the Company was adopted by Family Mart stores all around Japan, allowing customers using the Company's Multi Payment Services to make payments in real time without having to go through the multi-functional copy machines, by just directly scanning a barcode shown on their smartphone at the store cash registers. The Company will continue to actively promote sales activities to have the service adopted at convenience stores other than Family Mart as well.

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

We recognize that our business of "IT utilization and DX" 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 ¥86 million in scholarships was paid to a total of 768 students until the fiscal year 2022, 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 2022, continuing from last year, we received reports that four colleges of technology in Hokkaido achieved a rate of zero students who dropped out due to financial difficulties, partly as a result of our support. In November 2022, our cooperation in the education and research activities of these activities was recognized and we received a certificate of appreciation from the Japan Federation of KOSEN Association. We will continue these activities moving forward.

In addition, 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, the Company concluded a sponsorship agreement with Masaya Yamada in April 2022 and began supporting him, a speed skater who holds the Japanese record in the men's 1000 meters and is expected to compete in the Olympics. Subsequently, he joined the Company in April 2023 and continues his efforts as an employee. We intend to actively utilize *ekaiin.com* to expand support for athletes and also support sports through the Company's services.

Our new Sapporo head office, which was completed in 2021 and is already in operation, received the platinum rank of WELL Certification in September 2022 for implementing office design that considers 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. This initiative represents an investment in our employees as human capital, and we also believe that it will lead to increased corporate value in the form of increased productivity, workstyle reforms and contribution towards achieving SDGs. As of today, the majority of entities that received the platinum rank in Japan are construction-related companies, and the Company is the first one to receive the rank in the fintech industry in Japan, and the first company in Hokkaido to do so as well.

#### E. Performance forecast and shareholder returns

With regard to the financial results forecast for the fiscal year ending June 30, 2024, the Company has made the following forecasts enlisting expectations that net sales and each profit item will increase compared to results of the fiscal year ended June 30, 2023, primarily given that performance of transportation-related DX products has been favorable due to the recovery trend from the downturn caused by the COVID-19 pandemic.

(Million yen)		
Net sales	Ordinary profit	Profit
10,160	1,150	790

The year-end dividend for the fiscal year ended June 30, 2023 has been revised from the previously forecasted ¥16.43 to ¥16.84, which is an increase of ¥0.41, based on the basic policy for sharing profits with shareholders (dividend payout ratio of 50% or more). In addition, the Company forecasts a year-end dividend of ¥21 for the fiscal year ending June 30, 2024.

- \* The financial results forecast and dividends forecast above are based on certain assumptions judged to be reasonable based on information available to the Company at the time of the announcement of this document. Actual business performance and dividends may differ from the forecasts due to various factors that may arise in the future. This forecast is based on the expectation that the movement of people, especially in Japan, will recover to a certain degree, and will be greatly affected by the degree of recovery.

### 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, 2022	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	13,129,291	14,070,800
Accounts receivable - trade, and contract assets	537,865	604,434
Merchandise	2,925	3,532
Work in process	465	1,313
Supplies	391	898
Prepaid expenses	71,978	44,513
Deposits paid	2,637,730	3,449,042
Other	483,635	581,691
Total current assets	16,864,282	18,756,227
Non-current assets		
Property, plant and equipment		
Buildings	2,523,811	2,267,266
Accumulated depreciation	(249,455)	(171,257)
Buildings, net	2,274,355	2,096,009
Structures	60,315	47,515
Accumulated depreciation	(14,735)	(8,313)
Structures, net	45,579	39,201
Vehicles	870	870
Accumulated depreciation	(453)	(661)
Vehicles, net	416	208
Tools, furniture and fixtures	586,881	592,007
Accumulated depreciation	(439,340)	(457,827)
Tools, furniture and fixtures, net	147,541	134,180
Land	1,739,209	1,602,943
Construction in progress	–	15,803
Total property, plant and equipment	4,207,103	3,888,345
Intangible assets		
Trademark right	878	671
Software	564,307	443,296
Other	264	245
Total intangible assets	565,450	444,212
Investments and other assets		
Investment securities	274,769	52,307
Long-term prepaid expenses	95,108	131,850
Investments in capital	68,228	68,691
Guarantee deposits	1,449,947	1,455,915
Prepaid pension costs	14,625	4,354
Deferred tax assets	101,326	89,088
Other	1,794	1,413
Total investments and other assets	2,005,800	1,803,621
Total non-current assets	6,778,354	6,136,180
Total assets	23,642,636	24,892,407

(Thousands of yen)

	As of June 30, 2022	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	432,119	440,937
Current portion of long-term borrowings	100,000	75,000
Accounts payable - other	265,079	191,215
Accrued expenses	17,178	34,540
Income taxes payable	157,745	223,285
Contract liabilities	882	935
Deposits received	2,857,433	3,584,744
Receiving agency deposits	10,170,572	10,441,061
Provision for bonuses	–	20,697
Provision for point card certificates	49	16
Other	204,743	93,143
Total current liabilities	14,205,805	15,105,577
Non-current liabilities		
Long-term borrowings	1,800,000	1,725,000
Provision for share awards	70,740	77,221
Asset retirement obligations	10,882	13,432
Long-term accounts payable - other	119,007	119,007
Other	25,397	25,222
Total non-current liabilities	2,026,027	1,959,883
Total liabilities	16,231,833	17,065,461
<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	724,611	1,082,331
Total retained earnings	3,906,621	4,264,341
Treasury shares	(729,679)	(703,349)
Total shareholders' equity	7,353,940	7,737,990
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,307	7,791
Total valuation and translation adjustments	1,307	7,791
Share acquisition rights	55,555	81,164
Total net assets	7,410,803	7,826,946
Total liabilities and net assets	23,642,636	24,892,407

## (2) Statement of Income

(Thousands of yen)

	Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)	Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)
Net sales	8,950,177	9,424,198
Cost of sales	7,483,554	7,572,518
Gross profit	1,466,622	1,851,679
Selling, general and administrative expenses	730,735	912,386
Operating profit	735,886	939,332
Non-operating income		
Interest income	36	43
Interest on securities	8,000	504
Dividend income	–	20
Gain on investments in investment partnerships	16,952	–
Gain on forfeiture of unclaimed dividends	1,164	1,164
Rental income	3,633	925
Subsidy income	5,487	2,467
Business assistance fund income	600	1,800
Other	1,777	995
Total non-operating income	37,652	7,920
Non-operating expenses		
Interest expenses	3,925	4,902
Foreign exchange losses	15,024	2,712
Share acquisition rights issuance costs	–	2,570
Loss on investments in investment partnerships	–	900
Other	–	328
Total non-operating expenses	18,950	11,414
Ordinary profit	754,589	935,838
Extraordinary income		
Gain on reversal of share acquisition rights	17,336	1,281
Subsidy income	–	88,399
Total extraordinary income	17,336	89,680
Extraordinary losses		
Impairment losses	1,209	–
Loss on valuation of investment securities	–	63,891
Total extraordinary losses	1,209	63,891
Profit before income taxes	770,716	961,627
Income taxes - current	228,849	316,718
Income taxes - deferred	9,639	9,405
Total income taxes	238,488	326,123
Profit	532,227	635,504

## (Schedule of cost of sales)

## Schedule of cost of sales

Type	Note no.	Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)			Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)		
		Amount (Thousand yen)		Compo- sition (%)	Amount (Thousand yen)		Compo- sition (%)
I. Cost of merchandise sold							
1. Beginning merchandise		2,156			2,925		
2. Cost of purchased merchandise		26,032			28,736		
Total		28,189			31,661		
3. Ending merchandise		2,925	25,264	0.3	3,532	28,129	0.4
II. Labor cost			519,226	6.8		497,129	6.5
III. Expenses			6,867,800	90.5		6,960,968	91.1
IV. Subcontract expenses			180,445	2.4		155,737	2.0
Total			7,592,736	100.0		7,641,965	100.0
Transfer to other account			118,172			68,598	
Beginning work-in-process			9,456			465	
Ending work-in-process			465			1,313	
Cost of sales			7,483,554			7,572,518	

(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, 2022	Fiscal year ended June 30, 2023
Receiving agency fees	5,917,235	6,081,345
Invoice postage fees	220,431	202,053
Depreciation	399,795	336,086
Other	330,338	341,484
Total	6,867,800	6,960,968

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

(Thousand yen)

Item	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Software	97,168	50,590
Research and development expenses	21,003	18,007
Total	118,172	68,598

### (3) Statement of Changes in Equity

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

Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings			
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward	
Balance at beginning of period	667,782	3,509,216	3,509,216	22,010	3,160,000	724,611	3,906,621
Changes during period							
Dividends of surplus						(266,378)	(266,378)
Profit						635,504	635,504
Disposal of treasury shares						(11,405)	(11,405)
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	-	357,719	357,719
Balance at end of period	667,782	3,509,216	3,509,216	22,010	3,160,000	1,082,331	4,264,341

	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	(729,679)	7,353,940	1,307	1,307	55,555	7,410,803
Changes during period						
Dividends of surplus		(266,378)				(266,378)
Profit		635,504				635,504
Disposal of treasury shares	26,329	14,924				14,924
Net changes in items other than shareholders' equity			6,484	6,484	25,608	32,092
Total changes during period	26,329	384,049	6,484	6,484	25,608	416,142
Balance at end of period	(703,349)	7,737,990	7,791	7,791	81,164	7,826,946

## (4) Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)	Fiscal year ended June 30, 2023 (from July 1, 2021 to June 30, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	770,716	961,627
Depreciation	450,527	404,680
Impairment losses	1,209	–
Gain on reversal of share acquisition rights	(17,336)	(1,281)
Interest and dividend income	(8,036)	(567)
Interest expenses	3,925	4,902
Loss (gain) on valuation of investment securities	–	63,891
Loss (gain) on investments in investment partnerships	(16,863)	900
Foreign exchange losses (gains)	15,024	2,712
Decrease (increase) in trade receivables	(57,794)	(66,569)
Decrease (increase) in inventories	8,111	(1,961)
Increase (decrease) in trade payables	8,837	8,817
Decrease (increase) in deposits paid	(513,650)	(811,312)
Increase (decrease) in deposits received	400,194	727,310
Increase (decrease) in receiving agency deposits	1,820,974	270,489
Other, net	559,855	(198,916)
Subtotal	3,425,695	1,364,723
Interest and dividends received	8,037	8,063
Interest paid	(3,875)	(4,871)
Income taxes paid	(146,569)	(253,790)
Net cash provided by (used in) operating activities	3,283,288	1,114,125
<b>Cash flows from investing activities</b>		
Proceeds from withdrawal of time deposits	–	80,021
Payments into time deposits	(1)	–
Proceeds from sale of property, plant and equipment	–	251,561
Purchase of property, plant and equipment	(151,030)	(103,895)
Purchase of intangible assets	(141,069)	(119,327)
Proceeds from redemption of investment securities	–	200,000
Purchase of investment securities	–	(40,000)
Proceeds from share of profits on investments in capital	24,910	6,000
Proceeds from refund of leasehold deposits	–	36,947
Payments of leasehold and guarantee deposits	–	(42,915)
Net cash provided by (used in) investing activities	(267,190)	268,392
<b>Cash flows from financing activities</b>		
Dividends paid	(290,766)	(266,387)
Proceeds from issuance of share acquisition rights	–	5,400
Repayments of long-term borrowings	(100,000)	(100,000)
Net cash provided by (used in) financing activities	(390,766)	(360,987)
Net increase (decrease) in cash and cash equivalents	2,625,331	1,021,530
Cash and cash equivalents at beginning of period	10,423,938	13,049,269
Cash and cash equivalents at end of period	13,049,269	14,070,800



(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” (PITF 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 an estimate of the recoverability of deferred tax assets 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 Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter the “Guidance on Fair Value Measurement”) from the beginning of the fiscal year under review, and in accordance with the transitional treatment prescribed in paragraph 27-2 of the Guidance on Fair Value Measurement, the new accounting policies set forth in the Guidance on Fair Value Measurement have been applied prospectively.

This change has no effects on the financial statements.

(Changes in presentation)

(Statement of Income)

“Business assistance fund income,” which was included in “other” under “non-operating expenses” for the previous fiscal year, is separately presented from the current fiscal year since it exceeds 10% of the total non-operating expenses. To reflect this change in presentation, the Company reclassified its financial statements for the previous fiscal year.

As a result, ¥2,377 thousand that had been presented in “other” under “non-operating expenses” in the statement of income for the previous fiscal year was reclassified into ¥600 thousand in “business assistance fund income” and ¥1,777 thousand in “other.”

(Notes to balance sheet)

\*1 Amounts of receivables and contract assets arising from contracts with customers from among accounts receivable - trade, and contract assets are as follows.

(Thousand yen)

	As of June 30, 2022	As of June 30, 2023
Accounts receivable - trade	537,098	561,663
Contract assets, net	766	42,771

\*2 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 5% in the previous fiscal year, and 7% in the fiscal year under review. Approximate ratio of expenses included in general and administrative expenses was 95% in the previous fiscal year, and 93% 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, 2022 (from July 1, 2021 to June 30, 2022)	Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)
Advertising expenses	7,421	12,008
Directors' compensations	58,022	59,236
Salaries, allowances and bonuses	203,489	256,573
Rent expenses	43,105	58,990
Depreciation	50,731	68,593
Commission fees	54,200	94,679

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

(Thousand yen)

Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)	Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)
21,003	19,892

\*3 Impairment losses

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

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

Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

There is no relevant information.

(Notes to statement of changes in equity)

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 29,880 shares of common shares is due to the decrease of 29,880 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		—	—	—	—	—	—

### 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.

Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

#### 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)	739,585	–	22,510	717,075
Total	739,585	–	22,510	717,075

(Notes) 1. The decrease in treasury shares of common shares by 22,510 shares of common shares is due to the decrease of 22,510 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, 2023.

## 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	—	—	—	—	—	22,447
	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
	3rd series stock acquisition rights in the form of performance-based stock options	—	—	—	—	—	26,435
Total		—	—	—	—	—	81,164

### 3. Dividends

#### (1) Cash dividends paid

(Resolution)	Class of shares	Total cash dividends (Thousand yen)	Dividend per share (Yen)	Record date	Effective date
August 12, 2022 Board of Directors meeting	Common shares	266,378	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.

#### (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 14, 2023 Board of Directors meeting	Common shares	318,979	Retained earnings	16.84	June 30, 2023	September 22, 2023

(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, 2022 (from July 1, 2021 to June 30, 2022)	Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)
Cash and deposits	13,129,291	14,070,800
Time deposits with deposit terms of more than three months	(80,021)	—
Cash and cash equivalents	13,049,269	14,070,800

(Note) Cash and cash equivalents include ¥10,170,572 thousand and ¥10,434,875 thousand for the fiscal years ended June 30, 2022 and 2023, corresponding to receiving agency deposits.

(Segment information, etc.)

[Segment information]

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.

Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

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

[Related information]

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

Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

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.	2,397,340	Payment and authentication
Yahoo Japan Corporation	559,522	Payment and authentication

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

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

Segment information is omitted because the Company operates in the single segment of payment and authentication business, and it is immaterial in terms of disclosure information.

Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

Segment information is omitted because the Company operates in the single segment of payment and authentication business, and it is immaterial in terms of disclosure information.

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

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

There is no relevant information.

Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

There is no relevant information.

[Information on gain on bargain purchase by reported segment]

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

There is no relevant information.

Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

There is no relevant information.

## (Per share information)

(Yen)

	Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)	Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)
Net assets per share	390.16	410.38
Basic earnings per share	28.25	33.68
Diluted earnings per share	28.15	33.44

(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, 2022 (from July 1, 2021 to June 30, 2022)	Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)
Basic earnings per share		
Profit (Thousand yen)	532,227	635,504
Amount not attributable to common shareholders (Thousand yen)	–	–
Profit available to common shares (Thousand yen)	532,227	635,504
Average number of shares of common shares during the period (Shares)	18,841,127	18,866,323
Diluted earnings per share		
Adjustment to profit (Thousand yen)	–	–
Increase in number of shares of common shares	62,969	139,031
(Stock acquisition rights included in the above)	(62,969)	(139,031)
Overview of residual shares not included in calculation of diluted earnings per share due to lack of dilutive effect	One class of stock acquisition rights (61,900 shares of common shares)	One class of stock acquisition rights (59,700 shares of common shares)

## (Significant subsequent events)

There is no relevant information.

## 5. Others

### (1) Changes to Directors

- Candidates for new election as Director
  - Director                      Keisuke Yoshimoto
  - Director (Audit and Supervisory Committee Member)      Sachio Higashihara
- Retiring Directors
  - Director                      Shinji Munaoka
  - Director (Audit and Supervisory Committee Member)      Ryuzo Yokouchi
- Scheduled date of assuming office and retirement  
September 21, 2023

### (2) Others

There is no relevant information.