Translation

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (under IFRS)

May 13, 2022

Company name: Net Protections Holdings, Inc. Listing: Tokyo Stock Exchange
Security code: 7383 URL: https://corp.netprotections.com/en/
Representative: Shin Shibata, President and Representative Director
Contact: Kazuharu Watanabe, CFO and Director
Telephone: +81-3-4530-9235
Scheduled date to hold ordinary general meeting of shareholders: June 29, 2022
Scheduled date to commence dividend payments: –
Scheduled date to file Annual Securities Report: June 30, 2022
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and securities analysts)

(Note) Amounts less than one million yen are rounded down to the nearest million yen.

1. Consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

	Total operating revenue		Operating profit		Profit before income taxes		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	18,665	3.1	897	(34.7)	630	(27.8)	235	(59.1)
March 31, 2021	18,106	19.3	1,374	–	873	–	574	–

	EBITDA (non-GAAP)		Adjusted EBITDA (non-GAAP)		Basic earnings per share	Diluted earnings per share
Fiscal year ended	Millions of yen	%	Millions of yen	%	Yen	Yen
March 31, 2022	2,246	(12.4)	3,000	8.3	2.62	2.55
March 31, 2021	2,563	244.5	2,769	122.5	7.26	6.68

	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to total operating revenue
Fiscal year ended	%	%	%
March 31, 2022	1.6	1.3	4.8
March 31, 2021	7.2	2.0	7.6

Reference: Share of profit (loss) of investments accounted for using equity method
Fiscal year ended March 31, 2022: – Fiscal year ended March 31, 2021: –

Note: 1. As the Company conducted a 1,000-for-1 stock split of common stock effective on September 30, 2021, per-share information was calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended March 31, 2021.
2. Diluted earnings per share for the current fiscal year was calculated by deeming the average share price for the period from the initial listing date to the end of the current fiscal year as the average share price during the period as the Company was listed on the First Section of the Tokyo Stock Exchange on December 15, 2021.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2022	53,037	18,642	18,642	35.2	192.56
March 31, 2021	44,920	10,509	10,509	23.4	99.78

(3) Consolidated 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 the period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	951	(767)	3,625	12,119
March 31, 2021	6,349	(894)	(1,893)	8,304

2. Cash dividends

	Annual dividends per share					Total dividends (Annual)	Dividend payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	Q1-end	Q2-end	Q3-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2021	–	0.00	–	0.00	0.00	–	–	–
March 31, 2022	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending March 31, 2023 (forecast)	–	0.00	–	0.00	0.00		–	

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

	Total operating revenue		Operating profit		Profit before income taxes		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First six months	10,053	9.1	(103)	–	(136)	–	(335)	–
Fiscal year	21,436	14.8	457	(49.0)	395	(37.3)	11	(95.1)

	EBITDA (non-GAAP)		Adjusted EBITDA (non-GAAP)		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Yen
First six months	589	(62.3)	1,261	(25.8)	(3.48)
Fiscal year	1,890	(15.8)	2,924	(2.5)	0.12

Note : For the average number of shares outstanding during the period that forms the basis for calculating "Basic earnings per share," the number of shares issued (excluding treasury shares) as of March 31, 2022 is used as a substitute.

[Notes]

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: 1 company (NP Taiwan, Inc.)

Excluded: None

NP Taiwan, Inc. has been included in the scope of consolidation since it was newly founded during the fiscal year ended March 31, 2022.

(2) Changes in accounting policies and changes in accounting estimates

1) Changes in accounting policies required by IFRS: None

2) Changes in accounting policies due to other reasons None

3) Changes in accounting estimates: None

(3) Number of issued shares (common stock)

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

As of March 31, 2022: 96,447,000 shares

As of March 31, 2021: 85,285,000 shares

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

As of March 31, 2022: – shares

As of March 31, 2021: – shares

3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Fiscal year ended March 31, 2022: 90,009,372 shares

Fiscal year ended March 31, 2021: 79,248,920 shares

Note: As the Company conducted a 1,000-for-1 common stock split effective on September 30, 2021, each number of shares was calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended March 31, 2021.

(4) Non-GAAP performance measures

The Company additionally discloses non-GAAP performance measures that are not prescribed by IFRS, the accounting standards applied by the Company, as we believe that such measures are useful for investors to assess the Group's operating performance.

Non-GAAP performance measure	Description
EBITDA	Operating profit + Depreciation and amortization + Share-based payment expenses + Loss on disposal of property, plant and equipment + Impairment loss – Gain from reversal of impairment losses
Adjusted EBITDA	EBITDA + IPO-related expenses + Marketing expenses*
*Marketing expense	Sales promotion expenses (excluding agency commissions) + Advertising expenses

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

*[Proper use of earning forecasts, and other special matters]

(Disclaimer on forward-looking statements)

The earnings forecast and other forward-looking statements contained in this report are based on information currently available to us and certain assumptions that we believe are reasonable. Accordingly, we can give no assurance that they will be achieved. Note that actual results may differ significantly from forecast figures due to a number of factors.

(How to obtain supplementary material on financial results and the details of the financial results briefing)

The Company will promptly post the supplementary material on financial results and the details of the financial results briefing on our website (https://corp.netprotections.com/ir/) after the briefing.

Contents of Attached Materials

1. Overview of Operating Results, etc.

(1) Overview of operating results for the current fiscal year

According to the FY2020 Industrial Economic Research Commissioned Project (E-Commerce Market Survey) by the Ministry of Economy, Trade and Industry released in July 2021, the size of the domestic e-commerce market, in which Net Protections Holdings, Inc. (the "Company") operates, in 2020 is as follows: the BtoC market valued at 19.3 trillion yen (down 0.4% year on year), the BtoB market valued at 334.9 trillion yen (down 5.1% year on year), and the CtoC market valued at 1.9 trillion yen (up 12.5% year on year). Under such circumstances, positioning the development of the platform-driven business as a business concept, the Company has focused on building and expanding services for Payment Solutions, namely NP *Atobarai*, atone, and AFTEE for BtoC transactions as well as NP *Kakebarai* for BtoB transactions.

Regarding operating activities, we aggressively pursued service linkages with large EC business operators and other payment platformers with the aim of increasing the number of merchants that use our services. In addition, we positioned alliance at the core of our strategy and worked on expanding alliances with partners having top-class domestic networks in fields such as non-BNPL (Buy Now Pay Later) settlement and other financial services as well as retail. We will continue to work on expand by positioning alliance at the core of our strategy. And by employing deep learning to develop a credit approval system that allows decisions on whether to grant credit to be made instantly, we have been making steady progress in winning new business deals.

The Group has declared annual GMV (gross merchandise value, a transaction volume metric we define as the total value of commercial transactions settled using the Group's payment services) as a key performance indicator, and the GMV for each service in each of the past three years has been as follows:

Annual transaction volume by service

Type of service		2nd fiscal year (from April 1, 2019 to March 31, 2020)	3rd fiscal year (from April 1, 2020 to March 31, 2021)	4th fiscal year (from April 1, 2021 to March 31, 2022)
Services for BtoC transactions	GMV (millions of yen)	302,488	362,871	374,606
	year-on-year changes (%)	–	120.0	103.2
Services for BtoB transactions	GMV (millions of yen)	59,223	75,281	97,982
	year-on-year changes (%)	–	127.1	130.2
The Group total	GMV (millions of yen)	361,711	438,152	472,589
	year-on-year changes (%)	–	121.1	107.9

The Group serves tens of thousands of companies, and while this business structure makes us less dependent on specific merchants, it also means that we are susceptible to changes in the e-commerce and payment markets resulting from changes in the macro environment.

With regard to BtoC transaction services, the beauty, health, and clothing sectors, to which most of our merchants belong, had seen a massive jump in EC consumption in the previous fiscal year due to the impact of novel coronavirus disease (COVID-19), but this was followed by a temporary slowdown in consumption during the fiscal year under review as the COVID-19 effect abated. In addition, in the second half of the fiscal year, health and beauty merchants rapidly curtailed new advertising in response to the partial revision of the Pharmaceutical Affairs Act (formally known as the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices), resulting in a temporary slowdown in the growth of our transaction volume.

As for BtoB transaction services, transactions by merchants in sectors affected by the state-of-emergency and quasi-state-of-emergency measures to curb the spread of COVID-19, stagnated temporarily, but transactions by fast-growing IT firms and startups steadily expanded.

As a result of the above, the annual GMV of the entire Group during the fiscal year under review was 472,589 million yen (up 7.9% or 34,436 million yen year on year).

Under these circumstances, the Group worked to improve and streamline its credit approval and payment follow-up operations, and to curb various transaction costs and bad debt-related expenses, resulting in gross profit (non-GAAP measure) of 7,469 million yen (up 10.6% or 716 million yen year on year). And taking advantage of the opportunity presented by the initial listing of the Company's shares on the Tokyo Stock Exchange, we made full-scale upfront investments in advertising and in the hiring of talent and the outsourcing of operations necessary to conduct this advertising. The Company recorded IPO-related expenses of 272 million yen in the fiscal year under review in connection with the initial listing. We had also completed the refinancing of loans payable at the end of the fiscal year, with the aim of alleviating the interest burden and restrictive financial covenants.

As a result of the above, we saw a year-on-year increase in revenue and year-on-year decreases in profits for the current fiscal year, with total operating revenue of 18,665 million yen (up 3.1% or 559 million yen year on year), operating profit of 897 million yen (down 34.7% or 477 million yen year on year), profit before income taxes of 630 million yen (down 27.8% or 243 million yen year on year), and profit attributable to owners of the parent of 235 million yen (down 59.1% or 339 million yen year on year).

EBITDA (non-GAAP measure) amounted to 2,246 million yen (down 12.4% or 316 million yen year on year), whereas adjusted EBITDA (non-GAAP measure), which is defined as EBITDA after adding back IPO-related expenses and marketing expenses, amounted to 3,000 million yen (up 8.3% or 230 million yen year on year)

The Company additionally discloses non-GAAP performance measures that are not prescribed by IFRS, the accounting standards applied by the Company, as we believe that such measures are useful for investors to assess the Group's operating performance.

Non-GAAP performance measure	Description
GMV	Gross Merchandise Value for the Group's payment services
Gross profit	Revenue less operating expenses related to bad debt and invoicing (including printing costs, collection agency fee, and postage charges)
EBITDA	Operating profit + Depreciation and amortization + Share-based payment expenses + Loss on disposal of property, plant and equipment + Impairment loss – Gain from reversal of impairment losses
Adjusted EBITDA	EBITDA + IPO-related expenses + Marketing expenses*
*Marketing expense	Sales promotion expenses (excluding agency commissions) + Advertising expenses

Business performance by segment is not presented as the Company and its subsidiaries (collectively, the "Group") operate a single segment, Payment Solutions.

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

a. Assets

Total assets at the end of the fiscal year under review stood at 53,037 million yen (up 8,117 million yen from the end of the previous fiscal year).

Current assets amounted to 34,631 million yen (up 6,894 million yen from the end of the previous fiscal year). This was mainly attributable to an increase in cash and cash equivalents of 3,814 million yen as a result of financing activities as well as an increase in trade and other receivables of 2,861 million yen primarily as a result of an increase in transaction volume.

Non-current assets amounted to 18,405 million yen (up 1,222 million yen from the end of the previous fiscal year). This was mainly attributable to an increase in deferred tax assets of 648 million yen primarily as a result of an increase in provision for doubtful accounts as well as an increase in property, plant and equipment of 578 million yen as a result of an increase in right-of-use assets under a renewed lease agreement pertaining to the head office.

b. Liabilities

Total liabilities at the end of the fiscal year under review stood at 34,394 million yen (down 15 million yen from the end of the previous fiscal year).

Current liabilities amounted to 29,039 million yen (up 996 million yen from the end of the previous fiscal year). This was mainly attributable to an increase in trade and other payables of 2,971 million yen primarily as a result of an increase in transaction volume, which was partially offset by a decrease in other financial liabilities of 2,070 million yen primarily as a result of the redemption of debt instruments as well as a decrease in short-term loans of 500 million yen as a result of the repayment of a term loan.

Non-current liabilities amounted to 5,354 million yen (down 1,012 million yen from the end of the previous fiscal year). This was mainly attributable to a decrease in long-term loans of 1,310 million yen as a result of refinancing.

c. Equity

Total equity at the end of the fiscal year under review stood at 18,642 million yen (up 8,132 million yen from the end of the previous fiscal year). This was mainly attributable to increases in share capital of 3,995 million yen and capital surplus of 3,867 million yen as a result of a capital increase through the third-party allotment as well as an increase in retained earnings of 235 million yen as a result of the recording of profit.

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

Cash and cash equivalents at the end of the fiscal year under review increased by ¥3,814 million from end of the previous fiscal year to ¥12,119 million.

(Cash flows from operating activities)
Net cash provided by operating activities amounted to 951 million yen (down 5,397 million yen from the end of the previous fiscal year). This is mainly because of an increase in trade and other payables by only 2,971 million yen, which is 1,798 million yen lower than an increase during the previous fiscal year; an increase in trade and other receivables, a negative cash flow factor, by 2,861 million yen, which is 2,038 million yen higher than an increase during the previous fiscal year; and income tax paid of 890 million yen (up 888 million yen from the end of the previous fiscal year).

(Cash flows from investing activities)
Net cash used in investing activities amounted to 767 million yen (down 126 million yen from the end of the previous fiscal year). This is mainly attributable to purchase of intangible assets of 799 million yen (up 105 million yen from the end of the previous fiscal year), partially offset by proceeds from collection of guarantee deposits of 52 million yen (up 49 million yen from the end of the previous fiscal year).

(Cash flows from financing activities)
Net cash provided by financing activities amounted to 3,625 million yen (up 5,519 million yen from the end of the previous fiscal year). The main factors of the increase were proceeds from issuance of shares of 7,854 million yen (up 1,953 million yen from the end of the previous fiscal year) and proceeds from long-term loans of 5,000 million yen (down 1,855 million yen from the end of the previous fiscal year) as a result of refinancing. The main cash outflow factors were repayments of long-term loans of 6,855 million yen (down 1,000 million yen from the end of the previous fiscal year) as a result of refinancing, redemption of debt instruments of 1,994 million yen (up 299 million yen from the end of the previous fiscal year), and repayments of lease liabilities of 379 million yen (up 11 million yen from the end of the previous fiscal year).

(4) Future outlook

Although uncertainty remains regarding the impact of COVID-19 on economic activity in Japan, we expect the business environment surrounding the Company to improve in the future as the economy gradually regains strength thanks to progress in vaccinating people and the reinforcement of the healthcare system.

In the BtoC business, continuing on from the fiscal year under review, we will aggressively pursue linkages with large EC business operators and other payment platformers with the aim of increasing the number of merchants that use our services. We will also be endeavoring to capture new merchants in the service sector through our alliance partners. By taking these steps, we expect annual GMV in the BtoC business to reach 409,448 million yen (up 9.3% or 34,842 million yen year on year).

In the BtoB business, as of April 2022 we are getting our mass-marketing activities into full swing, employing a combination of taxi cab ads, web ads, and TV commercials to increase awareness of our services among potential customers. We expect the effects of these marketing activities to be manifested as a rise in the number of new merchants and transaction volume in the second half of the fiscal year ending March 31, 2023 and beyond. By taking these steps, we expect annual GMV in the BtoB business to reach 130,055 million yen (up 32.7% or 32,073 million yen year on year).

Note that in September 2022 we are planning to reprice our NP *Atobarai* and NP *Kakebarai* services. The Group receives transaction fees and invoicing fees from merchants, and in response to the convenience store sector's plan to raise fees for collection agency services due to the recent labor shortage and other factors, the Group has no choice but to implement a price revision for invoicing fees. Although our take rate (the rate of revenue to GMV) will increase, we expect the impact on profitability (gross profit) to be limited.

The Company plans to significantly increase selling and administrative expenses, including upfront investments to accelerate future growth. Specifically, we plan to double marketing expenses, including for the mass-marketing activities mentioned above, to a total of 1,033 million yen (up 114.8% or 552 million yen year on year). Furthermore, to ensure that acquired leads are converted into deals, we will strengthen our sales and marketing structure, partly through outsourcing. In addition, we plan to actively hire engineers to reinforce our service development capabilities.

As a result of the above, we forecast the full-year consolidated financial results for the fiscal year ending March 31, 2022 as follows: Annual GMV of 539,504 million yen (up 14.2% or 66,921 million yen year on year), total operating revenue of 21,436 million yen (up 14.8% or 2,770 million yen year on year), operating profit of 457 million yen (down 49.0% or 440 million yen year on year), profit before income taxes of 395 million yen (down 37.3% or 235 million yen year on year), and profit attributable to owners of the parent of 11 million yen (down

95.1% or 223 million yen year on year). For non-GAAP measures, we forecast gross profit of 8,318 million yen (up 11.4% or 849 million yen year on year), EBITDA of 1,890 million yen (down 15.8% or 355 million yen year on year) and adjusted EBITDA of 2,924 million yen (down 2.5% or 76 million yen year on year). Note that during the first half, we expect to record operating loss because marketing expenses for originating transactions arise before such transactions produce profits. During the second half, however, newly acquired merchants will start using our services driven by our marketing efforts and contributing to GMV. As such, we expect to record profit on a full-year basis.

(Reference)
The Group considers EBITDA and adjusted EBITDA calculated by the formula below as key performance indicators to understand changes in operating results. The following table shows the changes in each measure for the past two fiscal years and the forecast for the fiscal year ending March 31, 2023.

(Millions of yen)

Fiscal year	For the fiscal year ended March		
	2021 (Results)	2022 (Results)	2023 (Forecast)
Total operating revenue	18,106	18,665	21,436
Operating profit	1,374	897	457
Add: Depreciation and amortization	1,242	1,315	1,416
Add: Share-based payment expenses	13	8	4
Add: Loss on disposal of property, plant and equipment	26	25	12
Subtract: Gain from reversal of impairment losses	(93)	–	–
EBITDA	2,563	2,246	1,890
(Adjustments)			
Add: IPO-related expenses (Note 4)	15	272	–
Add: Marketing expenses (Note 5)	190	481	1,033
Subtotal	205	753	1,033
Adjusted EBITDA	2,769	3,000	2,924
Adjusted EBITDA margin (= Adjusted EBITDA / total operating revenue)	15.3%	16.1%	13.6%

Notes
1. EBITDA = Operating profit + Depreciation and amortization + Share-based payment expenses + Loss on disposal of property, plant and equipment + Impairment loss – Gain from reversal of impairment losses
2. Adjusted EBITDA = EBITDA＋IPO-related expenses (Note 4) + Marketing expenses (Note 5)
3. EBITDA and adjusted EBITDA are financial measures that are not prescribed by IFRS but those that we believe are useful for investors to assess the Group’s operating performance. These financial measures eliminate the effects of expenses that are not expected to be incurred after the listing and other non-recurring items which we do not consider to be indicative of the results of our ongoing operations or the Group’s results as compared with our competitors. Accordingly, they should not be considered alternatives to the measures presented in accordance with IFRS as they have important limitations as analytical tools. Furthermore, our EBITDA and adjusted EBITDA may not be comparable to the same, or similarly titled, measures of other companies in our industry, which may define these or similarly titled measures differently, thereby diminishing their utility.
4. IPO-related expenses are one-time expenses related to IPO, including IPO preparation advisory fees, costs relating to our adoption of IFRS, costs for establishment of timely disclosure practices and legal fees related to the IPO process.
5. Marketing expenses = sales promotion expenses (excluding agency commissions) + Advertising expenses
   Since the fiscal year ended March 31, 2022, we have conducted large-scale marketing initiatives in phases primarily for the purpose of acquiring new merchants. The costs for such marketing initiatives incurred during the fiscal year ended March 31, 2022 exceeded those for previous fiscal years, and we consider such expenses as those of upfront investment nature as it takes a certain period of time to pay off with operating revenue growth. Accordingly, these marketing costs are included in the adjustments to calculate adjusted EBITDA for the purpose of providing a KPI that has eliminated the effect of such initiatives.

2. Basic Policy on the Selection of Accounting Standards

The Company has adopted International Financial Reporting Standard (IFRS) to improve international comparability and usefulness of financial information.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated statements of financial position

(Millions of yen)

	As of the fiscal year ended March 31, 2021	As of the fiscal year ended March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	8,304	12,119
Trade and other receivables	19,157	22,019
Inventories	19	19
Other current receivables	255	473
Total current assets	27,736	34,631
Non-current assets		
Property, plant and equipment	403	982
Goodwill	11,608	11,608
Intangible assets	3,516	3,566
Other financial assets	771	740
Deferred tax assets	685	1,333
Other non-current assets	198	173
Total non-current assets	17,183	18,405
Total assets	44,920	53,037
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	23,989	26,960
Short-term loans	500	–
Lease liabilities	99	397
Other current financial liabilities	2,075	5
Income taxes payable	612	816
Provisions	61	40
Liabilities for employee benefits	294	353
Other current liabilities	410	465
Total current liabilities	28,043	29,039
Non-current liabilities		
Long-term loans	6,265	4,955
Lease liabilities	20	330
Provisions	80	69
Total non-current liabilities	6,366	5,354
Total liabilities	34,410	34,394
Equity		
Share capital	100	4,095
Capital surplus	10,179	14,046
Retained earnings	230	466
Other components of equity	–	34
Total equity attributable to owners of parent	10,509	18,642
Total equity	10,509	18,642
Total liabilities and equity	44,920	53,037

(2) Consolidated statements of profit or loss and consolidated statements of comprehensive income

Consolidated statements of profit or loss

(Millions of yen)

	For the fiscal year ended March 31,	
	2021	2022
Revenue	17,579	18,224
Other operating revenue	526	441
Total operating revenue	18,106	18,665
Operating expenses	(16,731)	(17,768)
Operating profit	1,374	897
Financial income	0	0
Financial costs	(501)	(266)
Profit before income taxes	873	630
Income tax expense	(298)	(395)
Profit	574	235
Profit attributable to:		
Owners of parent	574	235
Profit	574	235
Earnings per share		
Basic earnings per share (yen)	7.26	2.62
Diluted earnings per share (yen)	6.68	2.55

Consolidated statements of comprehensive income

(Millions of yen)

	For the fiscal year ended March 31,	
	2021	2022
Profit	574	235
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	–	34
Total of items that may be reclassified to profit or loss	–	34
Other comprehensive income	–	34
Comprehensive income	574	270
Comprehensive income attributable to:		
Owners of parent	574	270
Comprehensive income	574	270

(3) Consolidated statements of changes in equity

For the fiscal year ended March 31, 2021

(Millions of yen)

	Equity attributable to owners of parent						Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total	
Balance as of April 1, 2020	100	5,684	–	(343)	–	5,440	5,440
Profit	–	–	–	574	–	574	574
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	574	–	574	574
Issuance of new shares	2,986	2,919	–	–	–	5,905	5,905
Issuance of new preferred shares	–	5	–	–	–	5	5
Transfer to retained earnings	(2,986)	2,986	–	–	–	–	–
Acquisition of treasury shares	–	–	(1,430)	–	–	(1,430)	(1,430)
Cancellation of treasury shares	–	(1,430)	1,430	–	–	–	–
Share-based payments	–	13	–	–	–	13	13
Total transactions with owners	–	4,494	–	–	–	4,494	4,494
Balance as of March 31, 2021	100	10,179	–	230	–	10,509	10,509

For the fiscal year ended March 31, 2022

(Millions of yen)

	Equity attributable to owners of parent						Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total	
Balance as of April 1, 2021	100	10,179	–	230	–	10,509	10,509
Profit	–	–	–	235	–	235	235
Other comprehensive income	–	–	–	–	34	34	34
Total comprehensive income	–	–	–	235	34	270	270
Issuance of new shares	3,995	3,859	–	–	–	7,854	7,854
Share-based payments	–	8	–	–	–	8	8
Total transactions with owners	3,995	3,867	–	–	–	7,862	7,862
Balance as of March 31, 2022	4,095	14,046	–	466	34	18,642	18,642

(4) Consolidated statements of cash flows

(Millions of yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash Flows from Operating Activities		
Profit (Loss) before income tax	873	630
Depreciation, amortization and impairment losses	1,179	1,315
Share-based payment expenses	13	8
Financial income and financial costs	410	228
Increase (decrease) in provisions	(121)	(28)
Loss on disposal of property, plant and equipment	26	25
Decrease (increase) in inventories	(2)	(0)
Decrease (increase) in trade and other receivables	(823)	(2,861)
Increase (decrease) in trade and other payables	4,769	2,971
Other	373	(190)
Subtotal	6,699	2,099
Interest received	0	0
Interest paid	(348)	(258)
Income tax paid	(1)	(890)
Net cash provided by operating activities	6,349	951
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(1)	(9)
Purchase of intangible assets	(693)	(799)
Payments of guarantee deposits	(202)	(11)
Proceeds from collection of guarantee deposits	2	52
Net cash used in investing activities	(894)	(767)
Cash Flows from Financing Activities		
Net increase (decrease) in short-term loans	(7,000)	–
Proceeds from long-term loans	6,855	5,000
Repayments of long-term loans	(7,855)	(6,855)
Proceeds from issuance of equity or debt instruments	3,700	–
Redemption of debt instruments	(1,694)	(1,994)
Repayments of lease liabilities	(368)	(379)
Proceeds from issuance of shares	5,900	7,854
Purchase of treasury shares	(1,430)	–
Net cash provided by (used in) financing activities	(1,893)	3,625
Effects of exchange rate changes on cash and cash equivalents	6	5
Net increase (decrease) in cash and cash equivalents	3,567	3,814
Cash and cash equivalents at the beginning of the period	4,737	8,304
Cash and cash equivalents at the end of the period	8,304	12,119

(5) Notes to consolidated financial statements

(Going concern assumption)

Not applicable

(Segment information)

Segment information is not presented as the Group operates a single segment, Payment Solutions.

(Per-share information)

The calculation of basic earnings per share is as follows:

(Millions of yen, unless otherwise indicated)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit attributable to owners of the parent	574	235
Profit not attributable to the parent company's common shareholders	–	–
Profit used for calculating basic earnings per share	574	235
Average number of shares of common stock during period (thousands of shares)	79,248	90,009
Basic earnings per share (yen)	7.26	2.62

The calculation of diluted earnings per share is as follows:

(Millions of yen, unless otherwise indicated)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit used for calculating basic earnings per share	574	235
Profit adjustment amount	–	–
Profit used for calculating diluted earnings per share	574	235
Average number of shares of common stock during period (thousands of shares)	79,248	90,009
Increase in number of shares of common stock		
Stock acquisition rights (thousands of shares)	6,793	2,173
Weighted average number of shares of common stock after dilution (thousands of shares)	86,042	92,182
Diluted earnings per share (yen)	6.68	2.55

Note: 1. The Company conducted a 1,000-for-1 stock split of common stock effective on September 30, 2021. All share and per share information has been retroactively adjusted for the effect of the stock split.

2. Diluted earnings per share for the current fiscal year was calculated by deeming the average share price for the period from the initial listing date to the end of the current fiscal year as the average share price during the period as the Company was listed on the First Section of the Tokyo Stock Exchange on December 15, 2021.

(Trade receivables)

The breakdown of receivables arising from contracts with customers is as follows:

(Millions of yen)

	For the fiscal year ended March 31,	
	2021	2022
Receivables arising from contracts with customers		
Trade receivables	12	17
Other trade receivables	23,893	27,017
Allowance for doubtful accounts	(4,749)	(5,015)
Total	19,157	22,019

(Operating expenses)

The breakdown of operating expenses is as follows:

(Millions of yen)

	For the fiscal year ended March 31,	
	2021	2022
Collection expense	5,342	5,241
Invoicing expense	2,259	2,188
Allowance for doubtful accounts (addition)	1,240	243
Bad debt expense	1,320	2,358
Loss on sales of trade receivables (Note)	367	351
Advertising expenses	105	335
Sales promotion expenses	649	660
Salaries	858	970
Bonuses	109	119
Legal welfare expenses	167	188
Wages	325	365
Recruiting expenses	83	100
Consignment expense	846	1,044
Operating and maintenance expenses	505	501
Maintenance cost	117	120
Depreciation and amortization	1,242	1,315
Taxes and dues	284	332
IPO-related expenses	15	272
Other	888	1,058
Total	16,731	17,768

Note: For other trade receivables for NP *Kakebarai*, the Group sold trade receivables that are no longer expected to be collected through normal collection procedures by internal reminders and outsourcing, and recognized loss on sales of trade receivables at the time of selling.

(Material subsequent events)
Not applicable.