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 Nine Months Ended December 31, 2024 (Under IFRS)

February 14, 2025

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Scheduled date to commence dividend payments: –
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 nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Total operating revenue		Operating profit		Profit before income taxes		Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
December 31, 2024	17,277	9.5	1,774	–	1,714	–	1,013	–	10.41	10.31
December 31, 2023	15,773	9.3	(459)	–	(502)	–	(440)	–	(4.55)	(4.55)

	GMV (non-GAAP)		Gross profit (non-GAAP)		EBITDA (non-GAAP)	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	478,291	12.8	7,839	33.4	2,995	319.0
December 31, 2023	423,880	13.7	5,878	3.0	714	(30.0)

(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
As of	Millions of yen	Millions of yen	Millions of yen	%
December 31, 2024	71,625	18,827	18,759	26.2
March 31, 2024	60,279	17,780	17,704	29.4

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	0.00	–	0.00	0.00
Fiscal year ending March 31, 2025	–	0.00	–		
Fiscal year ending March 31, 2025 (forecast)				0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Total operating revenue		Operating profit		Profit before income taxes		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year	23,281	11.7	2,000	–	1,900	–	1,100	–	11.31

	GMV (non-GAAP)		Gross profit (non-GAAP)		EBITDA (non-GAAP)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	635,294	12.2	10,300	32.1	3,600	247.1

Notes: 1. Revisions to the forecast of consolidated financial results most recently announced: Yes
2. 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, 2024 is used as a substitute.

[Notes]

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies and changes in accounting estimates
1) Changes in accounting policies required by IFRS: Yes
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 December 31, 2024: 97,557,284 shares
As of March 31, 2024: 97,287,285 shares
2) Number of treasury shares at the end of the period
As of December 31, 2024: – shares
As of March 31, 2024: – shares
3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)
Nine months ended December 31, 2024: 97,376,394 shares
Nine months ended December 31, 2023: 96,851,775 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* [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.

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
GMV	Gross merchandise value for the Group's payment services
Gross profit	Revenue – (Invoicing related expenses + Bad debt related expenses + Other payment related expenses)
EBITDA	Operating profit + (Depreciation and amortization + Share-based payment expenses + Loss on disposal of property, plant and equipment + Impairment losses – Gain from reversal of impairment losses)

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/en/ir/) after the briefing.

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1. Overview of Operating Results, etc.

(1) Quarterly operating results

The operating results for the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024) were as follows:

(Millions of yen, unless otherwise indicated)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024	Percentage change (%)
Total operating revenue	15,773	17,277	9.5
Operating profit (loss)	(459)	1,774	–
Profit (loss) before income taxes	(502)	1,714	–
Profit (loss) attributable to owners of parent	(440)	1,013	–

Business performance by segment is not presented as the Company and its subsidiaries (collectively, the "Group") operate a single segment, Payment Solutions. The Group, nevertheless, discloses its key performance indicators by line of service to the extent possible as shown below.

Line of service	Service category name	Service names
Services for BtoC transactions	BtoC Services: NP *Atobarai* and other	NP *Atobarai*, NP *Atobarai* air, AFTEE, etc.
	BtoC Services: atone	atone
Service for BtoB transactions	BtoB Service	NP *Kakebarai*

The key performance indicators are shown as below.

(Millions of yen, unless otherwise indicated)

	Three months ended December 31, 2023	Three months ended December 31, 2024	Percentage change (%)	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Percentage change (%)
GMV (non-GAAP)	150,057	173,497	15.6	423,880	478,291	12.8
BtoC Services: NP *Atobarai* and other	93,417	95,502	2.2	267,202	269,602	0.9
BtoC Services: atone	7,184	11,390	58.5	19,490	28,569	46.6
BtoB Service	49,455	66,604	34.7	137,187	180,120	31.3
Total operating revenue	5,442	6,255	14.9	15,773	17,277	9.5
BtoC Services: NP *Atobarai* and other	4,120	4,520	9.7	12,032	12,523	4.1
BtoC Services: atone	363	512	40.8	1,034	1,382	33.6
BtoB Service	957	1,223	27.7	2,705	3,370	24.6
– Other operating revenue	127	157	23.1	378	430	13.9
Revenue	5,314	6,098	14.8	15,394	16,846	9.4
– Invoicing related expenses (non-GAAP)	2,124	2,125	0.1	6,348	6,047	(4.7)
– Bad debt related expenses (non-GAAP)	890	941	5.8	2,856	2,649	(7.2)
– Other payment related expenses (non-GAAP)	104	95	(8.7)	312	310	(0.6)
Gross profit (non-GAAP)	2,195	2,935	33.7	5,878	7,839	33.4
BtoC Services: NP *Atobarai* and other	1,632	2,155	32.1	4,207	5,753	36.7
BtoC Services: atone	91	147	62.0	265	399	50.5
BtoB Service	471	632	34.0	1,405	1,686	20.0
– SG&A and other operating expenses (non-GAAP)	2,176	2,184	0.3	6,716	6,495	(3.3)
Operating profit (loss)	146	908	521.4	(459)	1,774	–
+ Depreciation and amortization	358	408	13.8	1,155	1,210	4.7
+ Share-based payment expenses	2	1	(44.8)	5	4	(27.7)
+ Loss on disposal of property, plant and equipment	10	(1)	–	12	5	(55.3)
+ Impairment losses	–	–	–	–	–	–
– Gain from reversal of impairment losses	–	–	–	–	–	–
EBITDA (non-GAAP)	16	1,316	–	714	2,995	319.0

Note: The Company additionally discloses non-GAAP performance measures that are not prescribed by International Financial Reporting Standards (the "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
Invoicing related expenses	Collection expense + Invoicing expense, primarily the amount of expenses incurred per invoice
Bad debt related expenses	Allowance for doubtful accounts (addition) + Bad debt expense + Loss on sale of trade receivables, primarily the expenses incurred in proportion to the amount of invoice
Other payment related expenses	Other expenses required for providing payment services, including credit screening costs and NP point expenses
Gross profit	Revenue – (Invoicing related expenses + Bad debt related expenses + Other payment related expenses)
SG&A and other operating expenses	Operating expenses – (Invoicing related expenses + Bad debt related expenses + Other payment-related expenses)
EBITDA	Operating profit + (Depreciation and amortization + Share-based payment expenses + Loss on disposal of property, plant and equipment + Impairment losses – Gain from reversal of impairment losses)

Given that the Group serves tens of thousands of merchants, our business structure makes us less dependent on specific merchants, but are susceptible to changes in the e-commerce and payment markets impacted by changes in the macro environment.

Notes on GMV

For the nine months ended December 31, 2024, GMV increased 12.8% year on year to 478,291 million yen (up 0.9% to 269,602 million yen for the BtoC Services: NP *Atobarai* and other, up 46.6% to 28,569 million yen for the BtoC Services: atone, and up 31.3% to 180,120 million yen for the BtoB Service).

Main drivers/impediments for the BtoC Services: NP *Atobarai* and other are as follows:

- GMV accumulation remained generally limited in the beauty, health and fashion industries, which account for a significant portion in the NP *Atobarai* service. In the first quarter, we were affected by a decrease in GMV at existing merchants due to media coverage of health food, but this has been eliminated since the second quarter. In addition, GMV decreased as a result of corrective actions taken by certain merchants that had problems with certain sales methods.
- GMV for NP *Atobarai* air, a BNPL service for home visit and other service sectors, achieved significant growth backed by the growing need for digital transformation (DX) of billing operations across Japan.
- GMV for AFTEE, a BNPL service provided in overseas countries, also grew significantly.

Main drivers/impediments for the BtoC Services: atone are as follows:

- The Group has completed the strengthening of sales force up to the previous fiscal year and focused on acquiring new merchants. As a result, GMV for atone grew, driven by new merchants that have started their operations during the current fiscal year.
- GMV grew at existing merchants such as apparel and entertainment stores due to expansion of use by customers.
- GMV also grew at existing merchants, particularly comprehensive e-commerce marketplaces, due to the contribution of measures to expand GMV, such as additional provision of deferred payment services and campaigns.
- The use of an atone app-exclusive card (i.e., a virtual card collaborated with JCB that can be used from the atone app) is gradually expanding not only on e-commerce platforms but also at physical stores, and we are making progress in cultivating the e-commerce and payment markets.

Main drivers/impediments for the BtoB Service are as follows:

- GMV for the BtoB Service grew as in the previous fiscal year mainly because this quarter saw the expansion in use of our service among the existing merchants, particularly the major merchants in advertising and advertising production.
- Another reason for the GMV growth was that large newly acquired merchants started their operations using our service during the current third quarter.
- In addition, the acquisition of new merchants is progressing smoothly thanks to the awareness expansion strategies of our services achieved by utilizing the know-how gained from the upfront investment in marketing to date, and therefore it is expected to continue to contribute to the growth of GMV in the future.

Notes on total operating revenue

For the nine months ended December 31, 2024, total operating revenue increased 9.5% year on year to 17,277 million yen (up 4.1% to 12,523 million yen for the BtoC Services: NP *Atobarai* and other, up 33.6% to 1,382 million yen for the BtoC Services: atone, and up 24.6% to 3,370 million yen for the BtoB Service).

Main drivers/impediments for the BtoC Services: NP *Atobarai* and other are as follows:

- The addition of the administrative fee for late payment in NP *Atobarai* since July 2024 resulted in an increase in the ratio of total operating revenue to GMV.
- Although paper invoicing expense was increased as of October 1, 2024 due to higher postal fees, the ratio of total operating revenue to GMV declined due to increased usage ratio of electronic billing services, which charge lower fees.
- Note that the revision of paper invoicing expense was offset by higher costs due to increased postal fees, so its impact on

gross profit margin is minimal. However, the increased usage of electronic billing services will contribute to gross profit margin because a reduction in postal fees outweighs an increase in the costs for electronic billing services.

- The proportion of large merchants with lower fee rates grew. As a result, the ratio of total operating revenue to GMV declined.
- The proportion of invoicing and postal fees charged to merchants per invoice relatively decreased due to a rise in the average amount billed per invoice. As a result, the ratio of total operating revenue to GMV declined.

Main drivers/impediments for the BtoC Services: atone are as follows:

- The proportion of invoicing and postal fees charged to merchants per invoice relatively decreased due to a rise in the average amount billed per invoice. As a result, the ratio of total operating revenue to GMV declined.
- The proportion of large merchants with lower fee rates grew. As a result, the ratio of total operating revenue to GMV declined.

Main drivers/impediments for the BtoB Service are as follows:

- The proportion of invoicing and postal fees charged to merchants per invoice relatively decreased due to a rise in the average amount billed per invoice. As a result, the ratio of total operating revenue to GMV declined.
- An increase in the usage of these services, which charge lower invoicing fees to merchants, resulted in a decline in the ratio of total operating revenue to GMV.
- Note that increased usage of electronic billing services will contribute to gross profit margin because a reduction in mailing expenses outweighs an increase in the costs for electronic billing services.
- The proportion of large merchants with lower fee rates grew. As a result, the ratio of total operating revenue to GMV declined.
- We intend to earn revenue other than that from payment service fees by enhancing financial services derived from payment services, such as NP *Kakebarai* Card Payment service launched in July 2023 and NP Handy Lending service launched in October 2024.

Notes on gross profit

For the nine months ended December 31, 2024, gross profit increased 33.4% year on year to 7,839 million yen (up 36.7% to 5,753 million yen for the BtoC Services: NP *Atobarai* and other, up 50.5% to 399 million yen for the BtoC Services: atone, and up 20.0% to 1,686 million yen for the BtoB Service).

Since analyses of GMV and total operating revenue have already been presented above, the following description focuses on the impact of cost of sales.

Main drivers/impediments for the BtoC Services: NP *Atobarai* and other are as follows:

- The ratio of bad debt related expenses to GMV decreased as the collection status of receivables improved due to our measures to improve the credit screening process since the previous fiscal year, leading to an increase in gross profit margin.
- The commencement of an administrative fee for late payment from July 2024 has resulted in earlier collections from users, which has lowered the estimated amount of allowance for doubtful accounts and reduced the ratio of bad debt related expenses to GMV, leading to an increase in gross profit margin.

Main drivers/impediments for the BtoC Services: atone are as follows:

- The ratio of bad debt related expenses to GMV and ratio of invoicing related expenses have decreased due to improved collection status and earlier collection of receivables, leading to an increase in gross profit margin.
- Gross profit margin has increased by reducing expenses such as agency costs in relation to GMV.

Main drivers/impediments for the BtoB Service are as follows:

- In the previous fiscal year, a deterioration in the environment surrounding micro, small and medium business operators, who are the main users of NP *Kakebarai*, led to a rise in the late payment rate. In view of this situation, as we have conservatively increased allowance for doubtful accounts in the current fiscal year, the ratio of bad debt related expenses to GMV increased during the nine months ended December 31, 2024.
- In response to deteriorating market conditions in the previous fiscal year, we took measures to improve credit screening, such as fine-tuning credit screening and payment demand procedures. As a result of these efforts, the collection status of receivables improved gradually and the ratio of bad debt related expenses to GMV for the third quarter improved year on year.
- In addition, the improved collection status of receivables resulted in a lower ratio of invoicing related expenses to GMV and an increase in gross profit margin.

The calculation rule for bad debt related expenses has been set so that we can provide an appropriate amount in the long term. Therefore, the expenses for a quarter or other short period may be subject to quarter-on-quarter or year-on-year fluctuation, irrelevant to the long-term trend.

Notes on operating profit and EBITDA

The Group posted operating profit of 1,774 million yen (compared with operating loss of 459 million yen for the same period of the previous fiscal year) and EBITDA of 2,995 million yen (up 319.0% year on year).

The main driver/impediment is as follows:

- The ratio of bad debt related expenses to GMV and the ratio of costs such as invoicing related expenses decreased year on year as a result of promoting measures to improve credit screening.
- In addition, the ratio of SG&A expenses to GMV decreased year on year owing to the progress we have made in improving operational efficiency.

(2) Quarterly financial position

(Millions of yen, unless otherwise indicated)

	As of March 31, 2024	As of December 31, 2024	Change	Percentage change (%)
Total assets	60,279	71,625	11,345	18.8
Total current assets	40,698	51,512	10,813	26.6
Total non-current assets	19,580	20,112	532	2.7
Total liabilities	42,498	52,797	10,298	24.2
Total current liabilities	37,374	47,366	9,991	26.7
Total non-current liabilities	5,123	5,430	306	6.0
Total equity	17,780	18,827	1,047	5.9

Current assets as of December 31, 2024 increased 10,813 million yen from the end of the previous fiscal year. The increase was attributable mainly to a 7,393 million yen increase in trade and other receivables due mainly to an increase in transaction volume, as well as a 3,287 million yen increase in cash and cash equivalents.

Non-current assets increased 532 million yen from the end of the previous fiscal year. This was attributable mainly to a 408 million yen increase in property, plant and equipment because the renewal of an office building leasing contract caused the equivalent amount of rent for the contract period to be recognized as a right-of-use asset, as well as a 187 million yen increase in intangible assets due to an increase in software assets as a result of the reinforcement of system development.

Current liabilities increased 9,991 million yen from the end of the previous fiscal year. This was attributable mainly to a 11,756 million yen increase in trade and other payables.

Of the Group’s current assets, trade and other receivables (before deduction of allowance for doubtful accounts) of 43,714 million yen represent primarily the receivables from end users who used our payment services. Of the Group’s current liabilities, trade and other payables of 43,983 million yen represent primarily the payables to merchants. The Group’s trade receivables and payables are well-balanced in the short term, backed by appropriately timed cycles of collection and payment from end users and to merchants, respectively. This implies that the Group has a limited need for raising additional working capital for business expansion. It can therefore be said that it is structurally less susceptible to the impact of rising interest rates. As payables to merchants for whom we provide payment services are paid mostly on Fridays, the ending balance varies significantly depending on what day of the week is the last day of the reporting period.

(3) Status of cash flows

(Millions of yen, unless otherwise indicated)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024	Change
Cash flows from operating activities	3,916	7,308	3,392
Cash flows from investing activities	(1,380)	(1,125)	255
Cash flows from financing activities	(2,952)	(2,909)	42
Effects of exchange rate changes on cash and cash equivalents	0	13	13
Net increase (decrease) in cash and cash equivalents	(416)	3,287	3,704
Cash and cash equivalents at the beginning of the period	10,564	10,810	246
Cash and cash equivalents at the end of the period	10,147	14,098	3,950

Cash and cash equivalents ("net cash") as of December 31, 2024 amounted to 14,098 million yen (compared with 10,147 million yen at the end of the previous fiscal year).

Cash flows from operating activities

Net cash provided by operating activities amounted to 7,308 million yen (compared with 3,916 million yen provided for the same period of the previous fiscal year). This is attributable mainly to:

- recording of profit before income taxes (positive 1,714 million yen),
- recording of depreciation, amortization and impairment losses (positive 1,210 million yen),
- changes in trade and other receivables (negative 7,393 million yen),
- changes in trade and other payables (positive 11,756 million yen),
- changes in other assets and liabilities (positive 418 million yen), and
- income taxes paid (negative 406 million yen).

Cash flows from investing activities

Net cash used in investing activities amounted to 1,125 million yen (compared with 1,380 million yen used for the same period of the previous fiscal year). This is attributable mainly to:

- purchase of intangible assets due to investment in system development (negative 1,128 million yen).

Cash flows from financing activities

Net cash used in financing activities amounted to 2,909 million yen (compared with 2,952 million yen used for the same period of the previous fiscal year). This is attributable mainly to:

- a net increase in short-term loans (negative 2,705 million yen) and
- repayments of lease liabilities (negative 224 million yen).

(4) Forward-looking information including consolidated earnings forecast

We have once again revised upward our full-year earnings forecast from the revised forecast "Notice Concerning Variance between Consolidated Earnings Forecasts and Actual Results for Six Months Ended September 30, 2024 and Revision to Full-Year Consolidated Forecasts for the Fiscal Year Ending March 31, 2025" announced on November 14, 2024 because the results for the third quarter of the current fiscal year have exceeded our revised forecast.

For details of the revision, please refer to the "Notice of Revision to Full-Year Earnings Forecasts for the Fiscal Year Ending March 31, 2025" announced today (February 14, 2025).

2. Condensed Quarterly Consolidated Financial Statements and Major Notes

(1) Condensed quarterly consolidated statement of financial position

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	10,810	14,098
Trade and other receivables	29,238	36,631
Inventories	11	26
Other current receivables	637	755
Total current assets	40,698	51,512
Non-current assets		
Property, plant and equipment	354	763
Goodwill	11,608	11,608
Intangible assets	4,671	4,858
Other financial assets	898	840
Deferred tax assets	1,784	1,798
Other non-current assets	262	242
Total non-current assets	19,580	20,112
Total assets	60,279	71,625

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	32,226	43,983
Short-term loans	3,431	726
Lease liabilities	101	270
Other current financial liabilities	6	17
Income taxes payable	298	772
Provisions	57	30
Liabilities for employee benefits	564	552
Other current liabilities	688	1,013
Total current liabilities	37,374	47,366
Non-current liabilities		
Long-term loans	4,974	4,982
Lease liabilities	35	334
Provisions	113	113
Total non-current liabilities	5,123	5,430
Total liabilities	42,498	52,797
Equity		
Share capital	4,134	4,147
Capital surplus	14,196	14,208
Retained earnings	(805)	207
Other components of equity	178	196
Total equity attributable to owners of parent	17,704	18,759
Non-controlling interests	76	68
Total equity	17,780	18,827
Total liabilities and equity	60,279	71,625

(2) Condensed quarterly consolidated statements of profit or loss and condensed quarterly consolidated statements of comprehensive income

Condensed quarterly consolidated statements of profit or loss

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Revenue	15,394	16,846
Other operating revenue	378	430
Total operating revenue	15,773	17,277
Operating expenses	(16,232)	(15,502)
Operating profit (loss)	(459)	1,774
Financial income	1	4
Financial costs	(43)	(64)
Profit (loss) before income taxes	(502)	1,714
Income tax expense	43	(710)
Profit (loss)	(458)	1,003
Profit (loss) attributable to:		
Owners of parent	(440)	1,013
Non-controlling interests	(18)	(9)
Profit (loss)	(458)	1,003
Earnings (loss) per share:		
Basic earnings (loss) per share (yen)	(4.55)	10.41
Diluted earnings (loss) per share (yen)	(4.55)	10.31

Condensed quarterly consolidated statements of comprehensive income

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit (loss)	(458)	1,003
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	86	19
Total of items that may be reclassified to profit or loss	86	19
Other comprehensive income	86	19
Comprehensive income (loss)	(372)	1,023
Comprehensive income (loss) attributable to:		
Owners of parent	(359)	1,031
Non-controlling interests	(13)	(8)
Comprehensive income (loss)	(372)	1,023

(3) Condensed quarterly consolidated statements of changes in equity

For the nine months ended December 31, 2023

(Millions of yen)

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Other components of equity	Total		
Balance as of April 1, 2023	4,113	14,168	22	64	18,369	98	18,467
Profit (loss)	–	–	(440)	–	(440)	(18)	(458)
Other comprehensive income	–	–	–	81	81	4	86
Total comprehensive income (loss)	–	–	(440)	81	(359)	(13)	(372)
Issuance of new shares and other shares	8	4	–	–	12	–	12
Share-based payment transactions	–	2	–	–	2	–	2
Other	–	6	0	–	6	(6)	0
Total transactions with owners	8	12	0	–	21	(6)	14
Balance as of December 31, 2023	4,121	14,181	(417)	145	18,031	78	18,109

For the nine months ended December 31, 2024

(Millions of yen)

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Other components of equity	Total		
Balance as of April 1, 2024	4,134	14,196	(805)	178	17,704	76	17,780
Profit (loss)	–	–	1,013	–	1,013	(9)	1,003
Other comprehensive income	–	–	–	18	18	1	19
Total comprehensive income (loss)	–	–	1,013	18	1,031	(8)	1,023
Issuance of new shares and other shares	12	9	–	–	22	–	22
Share-based payment transactions	–	1	–	–	1	–	1
Total transactions with owners	12	11	–	–	24	–	24
Balance as of December 31, 2024	4,147	14,208	207	196	18,759	68	18,827

(4) Condensed quarterly consolidated statements of cash flows

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Cash flows from operating activities		
Profit (loss) before income tax	(502)	1,714
Depreciation, amortization and impairment losses	1,155	1,210
Share-based payment expenses	5	4
Finance income and finance costs	35	60
Increase (decrease) in provisions	34	(25)
Loss on retirement of non-current assets	12	5
Decrease (increase) in inventories	8	(14)
Decrease (increase) in trade and other receivables	(7,153)	(7,393)
Increase in trade and other payables	9,464	11,756
Other	484	418
Subtotal	3,544	7,737
Interest received	1	3
Interest paid	(21)	(25)
Income taxes refund (paid)	391	(406)
Net cash provided by (used in) operating activities	3,916	7,308
Cash flows from investing activities		
Payments into time deposits	(0)	(0)
Purchase of property, plant and equipment	(7)	(54)
Purchase of intangible assets	(1,353)	(1,128)
Payments of guarantee deposits	(3)	(50)
Proceeds from collection of guarantee deposits	–	108
Purchase of other financial assets	(15)	–
Net cash provided by (used in) investing activities	(1,380)	(1,125)
Cash flows from financing activities		
Net increase (decrease) in short-term loans	(2,669)	(2,705)
Repayments of lease liabilities	(292)	(224)
Proceeds from issuance of shares	8	20
Net cash provided by (used in) financing activities	(2,952)	(2,909)
Effects of exchange rate changes on cash and cash equivalents	0	13
Net increase (decrease) in cash and cash equivalents	(416)	3,287
Cash and cash equivalents at the beginning of the period	10,564	10,810
Cash and cash equivalents at the end of the period	10,147	14,098

(5) Notes to condensed quarterly consolidated financial statements

Going concern assumption
Not applicable.

Changes in accounting policies
Material accounting policies applied to the condensed quarterly consolidated financial statements are identical to those applied to the consolidated financial statements for the previous fiscal year, except for the following items:

Income tax expense for the nine months ended December 31, 2024 was calculated based on the estimated annual effective tax rate.

The standards and interpretations that the Group has applied since the beginning of the third quarter of the current fiscal year are as follows:

IFRS		Overview of new standards and/or amendments
IAS 7	*Statement of Cash Flows*	Disclosure requirements to enhance the transparency of supplier finance arrangements
IFRS 7	*Financial instruments: Disclosures*	

The application of the above standards and interpretations has no significant effect on the condensed quarterly consolidated financial statements for the nine months ended December 31, 2024.

Segment information
The Group operates as a single segment, Payment Solutions, and there are no other business segments to be classified. Therefore, segment information is not presented here.

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

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Receivables arising from contracts with customers		
Trade receivables	31	105
Other trade receivables	35,796	43,609
Allowance for doubtful accounts	(6,589)	(7,083)
Total	29,238	36,631

Operating expenses

The breakdown of operating expenses is as follows:

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Collection expense	4,948	4,771
Invoicing expense	1,399	1,275
Provision for doubtful accounts	721	488
Bad debt expense	1,790	1,703
Loss on sale of trade receivables (Note 1)	343	457
Advertising expenses	369	322
Sales promotion expenses	462	408
Salaries	1,221	1,289
Bonuses and provision for bonuses (Note 2)	303	293
Legal welfare expenses	239	253
Wages	304	293
Recruiting expenses	90	71
Consignment expense	940	761
Operating and maintenance expenses	559	596
Maintenance cost	103	99
Depreciation and amortization	1,155	1,210
Taxes and dues	390	349
Other	887	855
Total	16,232	15,502

Notes: 1. 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 sale of trade receivables at the time of selling.

2. "Provision for bonuses" which was listed in the breakdown of "Bonuses" and "Other" in the nine months ended December 31, 2023 is listed as a single item of "Bonuses and provision for bonuses" from the nine months ended December 31, 2024 to clarify similar expense items. To reflect this change, the breakdown of operating expenses for the nine months ended December 31, 2023 was reclassified. As a result, "Bonuses" of 186 million yen and "Provision for bonuses" of 116 million yen, which was included in "Other," were reclassified and presented as "Bonuses and provision for bonuses" of 303 million yen in the nine months ended December 31, 2023.