



MEMBERSHIP

May 29, 2023

Company name: Net Protections Holdings, Inc.
Representative: Shin Shibata, President and
Representative Director
(Security code: 7383 the Prime Market of TSE)
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Notice Regarding Partial Revision of Consolidated Financial Results (under IFRS) and Presentation Material for the Fiscal Year Ended March 31, 2023

Net Protections Holdings hereby announces the partial revision of Consolidated Financial Results (under IFRS) and Financial Results Presentation Material for the Fiscal Year Ended March 31, 2023 released on May 15, 2023 as follows. The revised version is attached below.

1. Details and reason for the revision

As a result of reviewing and discussing with the audit firm regarding the scheduling of recovery of deferred tax assets, it was decided to make corrections.

The main corrections are a decrease in "Deferred tax assets" as of the end of the current period in the consolidated statement of financial position, an increase in "Income tax expense" as of the current period in the consolidated statement of profit and loss, and the related items.

As a result, "Total assets" and "Total equity" in the consolidated statement of financial position for the fiscal year ended March 31, 2023 decreased by 63 million yen and 63 million yen, respectively, and "Profit attributable to owners of parent" in the consolidated statement of profit and loss decreased by 63 million yen.

2. Contents of the revision

Due to the large number of corrections, the full text with the corrections is attached and the revisions are presented with underline. However, only the pages with the corrections are attached for Financial Results Presentation Material for the Fiscal Year Ended March 31, 2023.

Revised Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (under IFRS)

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, 2023
(under IFRS)

May 15, 2023

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, 2023
 Scheduled date to commence dividend payments: –
 Scheduled date to file Annual Securities Report: June 30, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Total operating revenue		Operating profit		Profit before income taxes		Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
March 31, 2023	19,330	3.6	(404)	–	(527)	–	(443)	–	(4.59)	(4.59)
March 31, 2022	18,665	3.1	897	(34.7)	630	(27.8)	235	(59.1)	2.62	2.55

Fiscal year ended	GMV (non-GAAP)		Gross profit (non-GAAP)		EBITDA (non-GAAP)		Adjusted EBITDA (non-GAAP)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	499,035	5.6	7,433	(0.5)	1,045	(53.5)	1,859	(38.0)
March 31, 2022	472,589	3.2	7,469	10.6	2,246	(12.4)	3,000	8.3

Fiscal year ended	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to total operating revenue
	%	%	%
March 31, 2023	(2.4)	(1.0)	(2.1)
March 31, 2022	1.6	1.3	4.8

Reference: Share of profit (loss) of investments accounted for using equity method

Fiscal year ended March 31, 2023: – Fiscal year ended March 31, 2022: –

- Note: 1. As the Company conducted a 1,000-for-1 common stock split effective on September 30, 2021, both basic and diluted earnings per share were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended March 31, 2022.
2. Diluted earnings per share for the fiscal year ended March 31, 2022 was calculated by deeming the average share price for the period from the initial listing date to the end of the fiscal year ended March 31, 2022 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

As of	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
	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2023	55,404	18,467	18,369	33.2	188.11
March 31, 2022	53,037	18,642	18,642	35.2	192.56

(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, 2023	(2,629)	(1,765)	2,841	10,564
March 31, 2022	951	(767)	3,625	12,119

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, 2022	–	0.00	–	0.00	0.00	–	–	–
March 31, 2023	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending March 31, 2024 (forecast)	–	0.00	–	0.00	0.00		–	

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)
(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
First six months	10,097	9.4	(676)	-	(709)	-	(721)	-	(7.45)
Fiscal year	21,576	11.6	(879)	-	(954)	-	(870)	-	(8.99)

	GMV (non-GAAP)		Gross profit (non-GAAP)		EBITDA (non-GAAP)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
First six months	267,342	11.3	3,763	2.5	61	(91.9)
Fiscal year	574,000	15.0	8,100	9.0	627	(40.0)

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, 2023 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): None
Newly included: None
Excluded: None
 - (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, 2023: 96,825,287 shares
 - As of March 31, 2022: 96,447,000 shares
 - 2) Number of treasury shares at the end of the period
 - As of March 31, 2023: – shares
 - As of March 31, 2022: – shares
 - 3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)
 - Fiscal year ended March 31, 2023: 96,580,032 shares
 - Fiscal year ended March 31, 2022: 90,009,372 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, 2022.

(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.

The Company has disclosed Adjusted EBITDA until the fiscal year ended March 31, 2023 and will end the disclosure starting the fiscal year ending March 31, 2024. The reason is stated in "1. Overview of Operating Results."

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 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/en/ir/>) after the briefing.

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1. Overview of Operating Results, etc.

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

The operating results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023) were as follows:

(Millions of yen, unless otherwise indicated)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023	Percentage change (%)
Total operating revenue	18,665	19,330	3.6
Operating profit (loss)	897	(404)	–
Profit (loss) before income taxes	630	(527)	–
Profit (loss) attributable to owners of parent	235	(443)	–

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 type of services to the extent possible. The Group’s services are divided into the following two types: services for BtoC transactions (under the brand names of NP *AtoBarai*, *atone*, *AFTEE*, *etc.*; hereinafter, the “BtoC Services”) and services for BtoB transactions (under the brand name of NP *KakeBarai*; hereinafter, the “BtoB Service”). The key performance indicators by type of services are as shown below.

(Millions of yen, unless otherwise indicated)

	Three months ended March 31, 2022	Three months ended March 31, 2023	Percentage change (%)	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Percentage change (%)
GMV (non-GAAP)	115,437	126,210	9.3	472,589	499,035	5.6
BtoC Services	89,558	88,672	(1.0)	374,606	362,070	(3.3)
BtoB Service	25,879	37,538	45.1	97,982	136,964	39.8
Total operating revenue	4,473	4,893	9.4	18,665	19,330	3.6
BtoC Services	3,872	4,114	6.3	16,343	16,400	0.4
BtoB Service	601	779	29.5	2,322	2,929	26.1
– Other operating revenue	101	122	20.4	441	489	10.9
Revenue	4,372	4,771	9.1	18,224	18,840	3.4
– Invoicing related expenses (non-GAAP)	1,788	2,042	14.2	7,429	7,888	6.2
– Bad debt related expenses (non-GAAP)	856	887	3.6	2,952	3,132	6.1
– Other payment related expenses (non-GAAP)	86	117	36.3	373	386	3.7
Gross profit (non-GAAP)	1,641	1,724	5.0	7,469	7,433	(0.5)
BtoC Services	1,262	1,288	2.0	6,049	5,710	(5.6)
BtoB Service	378	436	15.2	1,420	1,722	21.3
– SG&A and other operating expenses (non-GAAP)	1,941	2,207	13.7	7,013	8,327	18.7
Operating profit (loss)	(198)	(361)	–	897	(404)	–
+ Depreciation and amortization	333	348	4.5	1,315	1,383	5.2
+ Share-based payment expenses	1	3	67.2	8	10	25.6
+ Loss on disposal of property, plant and equipment	9	32	234.3	25	57	120.3
+ Impairment losses	–	–	–	–	–	–
– Gain from reversal of impairment losses	–	–	–	–	–	–
EBITDA (non-GAAP)	147	23	(84.1)	2,246	1,045	(53.5)
+ IPO-related expenses	2	–	(100.0)	272	–	(100.0)
– Marketing expenses (non-GAAP)	247	190	(23.2)	481	813	69.2
Adjusted EBITDA (non-GAAP)	397	213	(46.3)	3,000	1,859	(38.0)

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.

Note that the disclosure of adjusted EBITDA, one of such measures, will be discontinued from the fiscal year ending March 31, 2024. We accelerated our marketing investments in conjunction with the listing, and when comparing the fiscal year ended March 31, 2022 and prior to the fiscal year ended March 31, 2023 and beyond, the accelerated marketing investments made it difficult to make comparisons of profitability from the prior period. Therefore, we have disclosed adjusted EBITDA in order to allow the clear comparison without the effect.

However, we have decided to no longer disclose adjusted EBITDA for the fiscal year ending March 31, 2024 and beyond because the performance for the fiscal year ending March 31, 2024 and beyond will be compared year on year with the fiscal year in which an increase in the amount of marketing investment is reflected.

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)
Marketing expenses	Sales promotion expenses (excluding agency commissions) + Advertising expenses
Adjusted EBITDA	EBITDA + IPO-related expenses + Marketing expenses

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

Notes on GMV

GMV increased 5.6% year on year to 499,035 million yen (down 3.3% year on year to 362,070 million yen for the BtoC Services, and up 39.8% year on year to 136,964 million yen for the BtoB Service) for the fiscal year ended March 31, 2023.

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

- The growth of the overall e-commerce market was weak, as consumption shifted to physical stores with the easing of restrictions on activities imposed in the wake of the COVID-19 pandemic.
- GMV after the third quarter decreased due to the withdrawal of one large merchant in November 2022. (As the merchant’s store had difficulties in maintaining profitable operations, there was virtually no impact on our profits.)
- The GMV of merchants in the beauty and health related industries for the current fiscal year suffered from the impact of the partial amendments to the PMD Act in August 2021. Meanwhile, the impact of the PMD Act was seen to be easing and the GMV of new stores has been increasing, resulting in year-on-year improvement for the fourth quarter compared with the first three quarters of the current fiscal year.
- The GMV of new BtoC services grew steadily as the Group focused on the GMV growth of new BtoC services, including atone, AFTEE and NP *Atobarai* air, by strengthening sales force and other initiatives.

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

- GMV continued to trend up overall, driven by the merchants serving the food and beverage industry, among many other industries, with the easing of restrictions on activities imposed in the wake of the COVID-19 pandemic.

Notes on total operating revenue

Total operating revenue increased 3.6% year on year to 19,330 million yen (up 0.4% year on year to 16,400 million yen for the BtoC Services, and up 26.1% year on year to 2,929 million yen for the BtoB Service) for the fiscal year ended March 31, 2023. Main drivers/impediments are as follows:

- In the BtoC Services, in response to the rising fees for convenience store collection agency services, we revised the unit price of “Invoicing and postal fees” charged to merchants from September 2022. As a result, our total operating revenue for the fiscal year ended March 31, 2023 increased year on year.
- In the BtoB Service, operating revenue increased due to growth in GMV, whereas the average ratio of total operating revenue to GMV declined resulting from an increase in the proportion of GMV of the large merchants with lower fee rates to our total GMV.

Notes on gross profit

Gross profit decreased 0.5% year on year to 7,433 million yen (down 5.6% year on year to 5,710 million yen for the BtoC Services, and up 21.3% year on year to 1,722 million yen for the BtoB Service) for the fiscal year ended March 31, 2023. Main drivers/impediments are as follows:

- While the BtoB Service is comparatively lower in the ratio of gross profit to GMV than the BtoC Services, their proportion in the overall gross profit rose. This resulted in a decrease in the overall ratio of gross profit.
- For the fiscal year ended March 31, 2023, gross profit was at the same level year on year due to the GMV decrease in the BtoC Service.

Notes on operating profit and adjusted EBITDA

Operating profit was minus 404 million yen (reduced by 1,302 million yen year on year), while adjusted EBITDA decreased 38.0% year on year to 1,859 million yen for the fiscal year ended March 31, 2023. Main drivers/impediments are as follows:

- Marketing expenses increased by 332 million yen year on year mainly as a result of intensified advertising and other measures in the BtoB Service, such as TV commercials, as part of our efforts to focus on marketing initiatives.
- Personnel and consignment expenses increased by 758 million yen year on year as a result of the reinforcement of sales force and investment in system development within the scope of our plan intended to expand GMV in the future.

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

(Millions of yen, unless otherwise indicated)

	As of March 31, 2022	As of March 31, 2023	Change	Percentage change (%)
Total assets	53,037	55,404	2,366	4.5
Total current assets	34,631	36,228	1,597	4.6
Total non-current assets	18,405	19,175	769	4.2
Total liabilities	34,394	36,936	2,541	7.4
Total current liabilities	29,039	31,801	2,761	9.5
Total non-current liabilities	5,354	5,135	(219)	(4.1)
Total equity	18,642	18,467	(174)	(0.9)

Total assets at the end of the fiscal year under review stood at 55,404 million yen (up 2,366 million yen from the end of the previous fiscal year). Current assets amounted to 36,228 million yen (up 1,597 million yen from the end of the previous fiscal year). This was mainly attributable to an increase in trade and other receivables of 2,521 million yen primarily as a result of an increase in transaction volume, which was partly offset by a decrease in cash and cash equivalents of 1,554 million yen as a result of the payment of payables to merchants on the Friday, the last day of the fiscal year under review.

Non-current assets amounted to 19,175 million yen (up 769 million yen from the end of the previous fiscal year). This was mainly attributable to an increase in other financial assets of 264 million yen as a result of purchase of securities as well as an increase in intangible assets of 564 million yen as a result of the investment in system development.

Total liabilities at the end of the fiscal year under review stood at 36,936 million yen (up 2,541 million yen from the end of the previous fiscal year). Current liabilities amounted to 31,801 million yen (up 2,761 million yen from the end of the previous fiscal year). This was mainly attributable to an increase in short-term loans of 3,000 million yen as a result of a drawdown from the commitment line. Non-current liabilities amounted to 5,135 million yen (down 219 million yen from the end of the previous fiscal year). This was mainly attributable to a decrease in lease liabilities of 244 million yen.

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

(Millions of yen, unless otherwise indicated)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023	change
Cash flows from operating activities	951	(2,629)	(3,581)
Cash flows from investing activities	(767)	(1,765)	(998)
Cash flows from financing activities	3,625	(2,841)	(784)
Effects of exchange rate changes on cash and cash equivalents	5	(0)	(5)
Net increase (decrease) in cash and cash equivalents	3,814	(1,554)	(5,369)
Cash and cash equivalents at the beginning of the period	8,304	12,119	3,814
Cash and cash equivalents at the end of the period	12,119	10,564	(1,554)

Cash and cash equivalents at the end of the fiscal year under review decreased by 1,554 million yen from the end of the previous fiscal year to 10,564 million yen.

(Cash flows from operating activities)

Net cash used in operating activities amounted to 2,629 million yen (gained 951 million yen in the same period of the previous fiscal year).

This was mainly because the increase in trade and other payables by 272 million yen (gained 2,971 million yen in the same period of the previous fiscal year) remained at a low level compared to in the same period of the previous fiscal year, while profit before

income taxes decreased by 527 million yen (gained 630 million yen in the same period of the previous fiscal year) and the increase in income tax paid of 1,314 million yen (used 890 million yen in the same period of the previous fiscal year) as a factor for the decrease in funds.

Trade and other payables represent primarily the payables to merchants. As payables to merchants for whom the Group provides 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. As the end of the fiscal year under review was Friday and the end of the previous fiscal year was Thursday, there arose a significant year-on-year change.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 1,765 million yen (used 767 million yen in the same period of the previous fiscal year).

This is mainly attributable to purchase of intangible assets of 1,357 million yen (used 799 million yen in the same period of the previous fiscal year).

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 2,841 million yen (gained 3,625 million yen in the same period of the previous fiscal year).

The main factor of the increase was short-term loans of 3,000 million yen (there is no gain or use in the same period of the previous fiscal year). The main cash outflow factor was repayments of lease liabilities of 383 million yen (used 379 million yen in the same period of the previous fiscal year).

(4) Future outlook

In the BtoC business, continuing on from the fiscal year under review, we will be endeavoring to capture new merchants in the e-commerce and service sectors through our alliance partners. atone, a membership-based BNPL service, has started offering a highly convenient service scheme for new users that allows them to use the service without sign-up. In addition, we will integrate the sales forces of NP *Atobarai* and atone, thereby acquiring new merchants even more efficiently. By taking these steps, we expect annual GMV in the BtoC business to reach 394,000 million yen (up 8.8% or 31,929 million yen year on year).

In the BtoB business, we will acquire leads mainly through web ads, which provide a high return on investment. In addition, we will strengthen our sales force to boost the conversion rate of leads into negotiations and the deal closing rate, thereby acquiring new merchants efficiently. By taking these steps, we expect annual GMV in the BtoB business to reach 180,000 million yen (up 31.4% or 43,035 million yen year on year).

We will continue to spend selling, general and administrative expenses with the aim of strengthening our structure to accelerate growth. Specifically, we will promote the reinforcement of our sales structure for the purpose of expanding direct sales and developing new alliance partners. In addition, we will hire engineers to reinforce our service development capabilities. However, we plan to complete the necessary reinforcements in the fiscal year ending March 31, 2024, and thereafter, promote efficiency in selling, general and administrative expenses. Marketing expenses for the fiscal year ending March 31, 2024 are projected to be 900 million yen (up 86 million yen year on year).

As a result of the above, we forecast the full-year consolidated financial results for the fiscal year ending March 31, 2024 as follows: Annual GMV of 574,000 million yen (up 15.0% or 74,964 million yen year on year), total operating revenue of 21,576 million yen (up 11.6% or 2,246 million yen year on year), operating loss of 879 million yen (operating loss of 404 million yen for the fiscal year under review), loss before income taxes of 954 million yen (loss before income taxes of 527 million yen for the fiscal year under review), and loss attributable to owners of parent of 870 million yen (loss attributable to owners of parent of 443 million yen for the fiscal year under review). For non-GAAP measures, we forecast gross profit of 8,100 million yen (up 9.0% or 667 million yen year on year) and EBITDA of 627 million yen (down 40.0% or 417 million yen year on year).

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,	
	2022	2023
Assets		
Current assets		
Cash and cash equivalents	12,119	10,564
Trade and other receivables	22,019	24,540
Inventories	19	21
Other current receivables	473	1,102
Total current assets	<u>34,631</u>	<u>36,228</u>
Non-current assets		
Property, plant and equipment	982	743
Goodwill	11,608	11,608
Intangible assets	3,566	4,130
Other financial assets	740	1,005
Deferred tax assets	1,333	<u>1,514</u>
Other non-current assets	173	171
Total non-current assets	<u>18,405</u>	<u>19,175</u>
Total assets	<u><u>53,037</u></u>	<u><u>55,404</u></u>
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	26,960	27,233
Short-term loans	—	3,000
Lease liabilities	397	415
Other current financial liabilities	5	4
Income taxes payable	816	161
Provisions	40	28
Liabilities for employee benefits	353	443
Other current liabilities	465	513
Total current liabilities	<u>29,039</u>	<u>31,801</u>
Non-current liabilities		
Long-term loans	4,955	4,964
Lease liabilities	330	85
Provisions	69	84
Total non-current liabilities	<u>5,354</u>	<u>5,135</u>
Total liabilities	<u>34,394</u>	<u>36,936</u>
Equity		
Share capital	4,095	4,113
Capital surplus	14,046	14,168
Retained earnings	466	<u>22</u>
Other components of equity	34	64
Total equity attributable to owners of parent	<u>18,642</u>	<u>18,369</u>
Non-controlling interests	—	98
Total equity	<u>18,642</u>	<u>18,467</u>
Total liabilities and equity	<u><u>53,037</u></u>	<u><u>55,404</u></u>

(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,	
	2022	2023
Revenue	18,224	18,840
Other operating revenue	441	489
Total operating revenue	18,665	19,330
Operating expenses	(17,768)	(19,735)
Operating profit (loss)	897	(404)
Financial income	0	0
Financial costs	(266)	(123)
Profit (loss) before income taxes	630	(527)
Income tax expense	(395)	84
Profit (loss)	235	(443)
Profit (loss) attributable to:		
Owners of parent	235	(443)
Profit (loss)	235	(443)
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	2.62	(4.59)
Diluted earnings (loss) per share (yen)	2.55	(4.59)

Consolidated statements of comprehensive income

(Millions of yen)

	For the fiscal year ended March 31,	
	2022	2023
Profit (loss)	235	(443)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	34	34
Total of items that may be reclassified to profit or loss	34	34
Other comprehensive income	34	34
Comprehensive income	270	(409)
Comprehensive income attributable to:		
Owners of parent	270	(409)
Comprehensive income	270	(409)

(3) Consolidated statements of changes in equity

For the fiscal year ended March 31, 2022

(Millions of yen)

	Equity attributable to owners of parent				Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Other components of equity			
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 and other 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

For the fiscal year ended March 31, 2023

(Millions of yen)

	Equity attributable to owners of parent				Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Other components of equity			
Balance as of April 1, 2022	4,095	14,046	466	34	18,642	–	18,642
Profit (loss)	–	–	(443)	–	(443)	–	(443)
Other comprehensive income	–	–	–	34	34	–	34
Total comprehensive income	–	–	(443)	34	(409)	–	(409)
Issuance of new shares and other shares	13	13	–	–	27	–	27
Share-based payments	4	5	–	–	10	–	10
Changes in ownership interest in subsidiaries	–	102	–	(4)	98	98	196
Total transactions with owners	18	122	–	(4)	135	98	234
Balance as of March 31, 2023	4,113	14,168	22	64	18,369	98	18,467

(4) Consolidated statements of cash flows

(Millions of yen)

	For the fiscal year ended March 31,	
	2022	2023
Cash Flows from Operating Activities		
Profit (loss) before income tax	630	(527)
Depreciation, amortization and impairment losses	1,315	1,383
Share-based payment expenses	8	10
Financial income and financial costs	228	105
Increase (decrease) in provisions	(28)	2
Loss on disposal of property, plant and equipment	25	57
Decrease (increase) in inventories	(0)	(2)
Decrease (increase) in trade and other receivables	(2,861)	(2,521)
Increase (decrease) in trade and other payables	2,971	272
Other	(190)	(56)
Subtotal	2,099	(1,277)
Interest received	0	0
Interest paid	(258)	(38)
Income tax paid	(890)	(1,314)
Net cash provided by (used in) operating activities	951	(2,629)
Cash Flows from Investing Activities		
Payments into time deposits	–	(1)
Purchase of property, plant and equipment	(9)	(88)
Purchase of intangible assets	(799)	(1,357)
Payments of guarantee deposits	(11)	(79)
Proceeds from collection of guarantee deposits	52	76
Purchase of other financial assets	–	(315)
Net cash used in investing activities	(767)	(1,765)
Cash Flows from Financing Activities		
Net increase (decrease) in short-term loans	–	3,000
Proceeds from long-term loans	5,000	–
Repayments of long-term loans	(6,855)	–
Purchase of debt instruments	(1,994)	–
Repayments of lease liabilities	(379)	(383)
Proceeds from issuance of shares	7,854	27
Capital contribution from non-controlling interests	–	196
Net cash provided by financing activities	3,625	2,841
Effects of exchange rate changes on cash and cash equivalents	5	(0)
Net increase (decrease) in cash and cash equivalents	3,814	(1,554)
Cash and cash equivalents at the beginning of the period	8,304	12,119
Cash and cash equivalents at the end of the period	12,119	10,564

(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,	
	2022	2023
Profit (loss) attributable to owners of the parent	235	(443)
Profit not attributable to the parent company's common shareholders	-	-
Profit (loss) used for calculating basic earnings per share	235	(443)
Average number of shares of common stock during period (thousands of shares)	90,009	96,580
Basic earnings (loss) per share (yen)	2.62	(4.59)

The calculation of diluted earnings per share is as follows:

	(Millions of yen, unless otherwise indicated)	
	For the fiscal year ended March 31,	
	2022	2023
Profit (loss) used for calculating basic earnings (loss) per share	235	(443)
Profit adjustment amount	-	-
Profit (loss) used for calculating diluted earnings (loss) per share	235	(443)
Average number of shares of common stock during period (thousands of shares)	90,009	96,580
Increase in number of shares of common stock		
Stock acquisition rights (thousands of shares)	2,173	-
Weighted average number of shares of common stock after dilution (thousands of shares)	92,182	96,580
Diluted earnings (loss) per share (yen)	2.55	(4.59)

Note: 1. As the Company conducted a 1,000-for-1 common stock split effective on September 30, 2021, both basic and diluted earnings per share were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended March 31, 2022.

2. Diluted earnings per share for the fiscal year ended March 31, 2022 was calculated by deeming the average share price for the period from the initial listing date to the end of the fiscal year ended March 31, 2022 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.

3. Dilutive potential shares of 1,918 thousand shares during the current fiscal year were excluded from the computation of diluted loss per share as they were antidilutive.

(Trade receivables)

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

	(Millions of yen)	
	For the fiscal year ended March 31,	
	2022	2023
Receivables arising from contracts with customers		
Trade receivables	17	24
Other trade receivables	27,017	30,119
Allowance for doubtful accounts	(5,015)	(5,603)
Total	22,019	24,540

(Operating expenses)

The breakdown of operating expenses is as follows:

	(Millions of yen)	
	For the fiscal year ended March 31,	
	2022	2023
Collection expense	5,241	5,797
Invoicing expense	2,188	2,090
Allowance for doubtful accounts (addition)	243	583
Bad debt expense	2,358	2,113
Loss on sales of trade receivables (Note)	351	434
Advertising expenses	335	644
Sales promotion expenses	660	638
Salaries	970	1,248
Bonuses	119	151
Legal welfare expenses	188	245
Wages	365	380
Recruiting expenses	100	132
Consignment expense	1,044	1,242
Operating and maintenance expenses	501	664
Maintenance cost	120	133
Depreciation and amortization	1,315	1,383
Taxes and dues	332	436
IPO-related expenses	272	-
Other	1,058	1,413
Total	17,768	19,735

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.

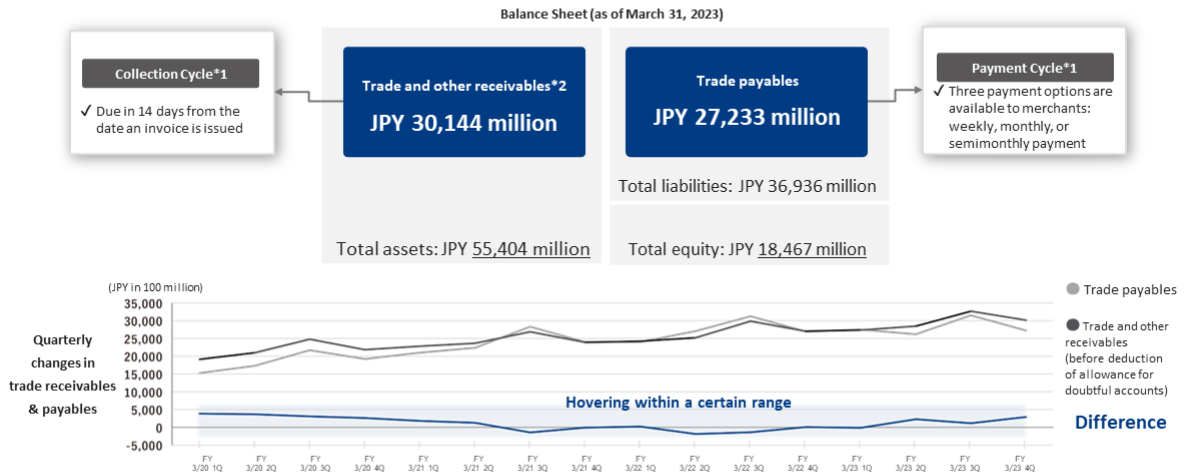
(Material subsequent events)

Not applicable.

Revised Financial Results Presentation Material for the Fiscal Year Ended March 31, 2023

Competitive Advantages: Balance Sheet with Low Working Capital

We do not need to borrow money or take other funding measures to raise working capital because our trade receivables and payables are well-balanced over the short term.
We therefore have limited financial risk even in the current phase of rising interest rates.



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Consolidated Statement of Financial Position

	(JPY in millions)	
	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	12,119	10,564
Trade and other receivables	22,019	24,540
Inventories	19	21
Other current receivables	473	1,102
Total current assets	34,631	36,228
Non-current assets		
Property, plant and equipment	982	743
Goodwill	11,608	11,608
Intangible assets	3,566	4,130
Other financial assets	740	1,005
Deferred tax assets	1,333	1,514
Other non-current assets	173	171
Total non-current assets	18,405	19,175
Total Assets	53,037	55,404
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	26,960	27,223
Short-term loans	—	3,000
Lease liabilities	397	415
Other current financial liabilities	5	4
Income taxes payable	816	161
Provisions	40	28
Liabilities for employee benefits	353	443
Other current liabilities	465	513
Total current liabilities	29,039	31,801
Non-current liabilities		
Long-term loans	4,955	4,964
Lease liabilities	330	85
Provisions	69	84
Total non-current liabilities	5,354	5,135
Total Liabilities	34,394	36,936
Equity		
Share capital	4,095	4,113
Capital surplus	14,046	14,168
Retained earnings	466	22
Other components of equity	34	64
Total equity attributable to owners of parent	18,642	18,369
Non-controlling interests	—	98
Total Equity	18,642	18,467
Total Liabilities and Equity	53,037	55,404

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Consolidated Statement of Profit or Loss

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	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Revenue	18,224	18,840
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